

## Two of the Largest Shipping Companies Agrees to Pay Government \$13 Million for Violating False Claims Act by Overbilling DOD for Shipping Costs

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*Menlo Worldwide Government Services* of San Mateo, California (Menlo), and *Estes Forwarding Worldwide LLC* of Richmond, Virginia (Estes), have agreed to pay the U.S. Government \$13 million for allegedly violating the **False Claims Act (FCA)** by overbilling the U.S. Department of Defense (DOD) for air shipments that were shipped by ground and for submitting inflated charges for air fuel instead of ground fuel. A lawsuit accusing Menlo and Estes of knowingly overcharging the government on thousands of military freight shipments was filed by two former employees of Menlo and Estes, respectively. The realtors in this case, also referred to as the whistleblowers, will receive an award totaling \$2.86 million for exposing years of government fraud allegedly committed by Menlo and Estes.

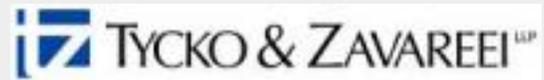
Menlo and Este are providers of domestic and international transportation and freight services. In August 2007, Menlo was awarded the \$1.635 billion nationwide DTCL contract for shipping military freight domestically. Menlo was awarded the contract after years of the DOD soliciting bids from Federal Express, UPS, and other companies in the U.S. that specialized in shipping. Menlo's contract objective was to ship military freight efficiently and effectively across the U.S., while at the same time saving taxpayer's high costs for shipping. Este was later hired by Menlo a subcontractor.

According to the complaint filed by Richard Ricks and Marcelo Cuellar, each working for different companies, Menlo allegedly violated the agreement outlined in the contract when it billed the government for the cost of air shipments that Este shipped by ground. For example, the complaint states that Menlo billed the government and paid its subcontractor, Estes, \$541.22 for air shipping, but it only cost Estes \$163.53 to ship the freight by ground. The government was overcharged for this shipment by \$377.69. The government was billed for another air shipment that same month to Fort Stewart, Georgia, for \$2,038.93. However, the shipment actually went by ground and only cost Este \$864.14. In this case, Menlo overbilled the government by a whopping \$1,174.79. In addition, the lawsuit also alleged that Menlo and Este billed the government for inflated charges for air fuel instead of ground fuel.

These types of practices are dishonest and are a blatant violation of the FCA. Provisions of the FCA make it unlawful for a person or company to defraud the government. Additional provisions of the FCA allows for a whistleblower who files a case against a company that has committed fraud against the government to receive compensation of up to 30 percent of the amount ultimately recovered by the government and also protects the realtor against any retaliation by the company that is exposed. In this case Mr. Ricks and Mr. Cuellar were awarded 22 percent of the settlement. In addition, Mr. Cuellar, who was fired because he exposed the illegal practices of the company he work for, is now seeking compensation for additional damages.

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