

Hahn Air Lines Agrees to Pay \$26.8 Million to Resolve False Claims Act Liability for Its Alleged Failure to Pay Travel Fees Collected from Passengers

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For Immediate Release

U.S. Attorney's Office, District of Columbia

WASHINGTON – Hahn Air Lines GmbH, a privately owned company based in Germany, and its Minneapolis-based subsidiary Hahn Air USA, Inc. (collectively, “Hahn Air”) have agreed to pay \$26.8 million to resolve allegations that Hahn Air violated the False Claims Act by knowingly failing to remit to the United States certain travel fees that Hahn Air collected from commercial airline passengers flying into or within the United States.

The settlement was announced by U.S. Attorney Matthew M. Graves, Principal Deputy Assistant Attorney General Brian M. Boynton, head of the Justice Department’s Civil Division, Inspector General Joseph V. Cuffari for the Department of Homeland Security, and Acting Special Agent in Charge Charmeka Parker for USDA Office of the Inspector General (OIG).

Hahn Air Lines GmbH operates as a commercial travel company whose primary business includes offering an electronic ticketing database that allows travel agencies worldwide to issue airline passenger tickets for travel on airlines based on agreements that Hahn Air Lines GmbH has with numerous commercial airlines located around the world. Pursuant to its business model, Hahn Air Lines GmbH collects certain mandatory travel fees, including certain passenger fees that are owed to the United States.

The settlement resolves allegations that, from 2012 to 2018, Hahn Air allegedly knowingly and improperly avoided paying to the United States certain travel fees that Hahn Air had collected from airline passengers purchasing Hahn Air tickets. These included Animal and Plant Health Inspection Service Agricultural Quarantine and Inspection User Fees owed to the U.S. Department of Agriculture (USDA); Customs User Fees and Immigration User Fees owed to U.S. Customs and Border Protection (CBP); and Passenger Civil Aviation Security Service Fees owed to the Transportation Security Administration.

"Companies cannot pocket, for their own benefit, government taxes and fees that they collect from their customers," said U.S. Attorney for the District of Columbia Matthew M. Graves. "This settlement shows that companies that intentionally do so will face stiff penalties."

"Companies that benefit from air travel in the United States must pay their fair share of the costs associated with that such travel," said Principal Deputy Assistant Attorney General Brian M. Boynton, head of the Justice Department's Civil Division. "Today's settlement demonstrates that we will protect the taxpayers by ensuring that those who are obligated to pay money to the United States, whether in the form of travel fees or other types of payments, are held accountable for what they owe."

"I appreciate the continued partnership with the Justice Department's Civil Division and our other law enforcement partners," said Inspector General Joseph V. Cuffari for the Department of Homeland Security. "Today's multimillion dollar settlement is a result of our collective efforts and demonstrates that the United States holds corporations accountable when they fail to comply with the law."

"Participation in Government travel business programs is a privilege and should not involve actors who seek to circumvent paying travel costs to the U.S. Government," said Acting Special Agent in Charge Charmeka Parker for USDA Office of the Inspector General (OIG). "Thanks to the hard work and tireless efforts of the investigative team, the interests and integrity of the United States and the business process throughout Government continue to be protected. The USDA Office of Inspector General appreciates the commitment of the Department of Justice and the cooperative efforts of our law enforcement partners. Our resources are well utilized when we work together to investigate those who intend to defraud the U.S. Government. This resolution demonstrates that we are committed to holding businesses accountable when they choose to abuse the integrity of vital government programs."

The settlement resolved a lawsuit filed under the *qui tam* or whistleblower provision of the False Claims Act, which permits private parties to file suit on behalf of the United States for false claims and share in a portion of the government's recovery. The *qui tam* case is captioned *U.S. ex rel. MGSNOVA Advisory, LLC v. Hahn Air, Inc. et al*, No. 1:15-cv-02184 (D.D.C.). As part of today's resolution, the whistleblower will receive a total of approximately \$4.8 million.

The resolution obtained in this matter was the result of a coordinated effort between the Justice Department's Civil Division, Commercial Litigation Branch, Fraud Section and the United States Attorney's Office for the District of Columbia, with assistance from the Offices of Inspector General for the Department of Homeland Security and the Department of Agriculture.

The matter was handled by Trial Attorney Richard W. Hagner of the Civil Division and Assistant U.S. Attorney Darrell Valdez for the District of Columbia.

The claims resolved by the settlement are allegations only. There has been no determination of liability.

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