



October 21, 2015

MADIGAN ANNOUNCES ILLINOIS TO RECEIVE FUNDS FROM SETTLEMENT WITH SHIPPING GIANT UPS FOR OVERCHARGING GOVERNMENT ENTITIES

States, Chicago, Washington D.C. and New York City Recover \$4 Million in False Claims Case

Chicago — Attorney General Lisa Madigan today announced Illinois will recover funds from a \$4 million nationwide settlement with United Parcel Service (UPS), the world's largest package delivery company, stemming from a complaint filed by a whistleblower in the U.S. District Court for the Eastern District of Virginia alleging that UPS violated state false claims acts.

Under the agreement, Illinois will recover \$646,914. In addition to the state's recovery, the city of Chicago will receive \$24,045.

The agreement resolves allegations that certain UPS employees violated the law by recording inaccurate delivery times on packages that government customers sent via UPS next-day delivery services. The deception resulted in premium-priced packages that appeared to be delivered by their guaranteed commitment times when, in fact, they were not.

The government customers alleged that UPS employees also utilized inapplicable or inappropriate "exception codes" to excuse late next-day packages, including false claims of "weather emergencies." As a result, the government customers were unable to claim or receive refunds for the late deliveries under the terms of their contracts.

"Illinois municipalities are operating on tight budgets, and UPS' deceptive conduct took money that could have been used for needed services," said Madigan.

The settlement covers allegations of wrongdoing from 2004 to 2014 against government agencies in Illinois, California, Delaware, Florida, Hawaii, Indiana, Massachusetts, Minnesota, Montana, New Mexico, New York, North Carolina, Tennessee, and Virginia and three cities. Attorney General Schneiderman's office led the multi-jurisdictional group in investigating these allegations against the shipping company.

As a result of the settlement, state and local governments will be compensated for inaccurately recorded late deliveries. In addition, as reflected in the agreement, UPS has instituted remedial training, monitoring, and reporting compliance programs to address any potential delivery failures or policy violations.

Attorney General Madigan's investigation of UPS was led by Harpreet Khera and Long Truong, Assistant Attorneys General in the Special Litigation Bureau, which handles complex investigations and affirmative litigation, including matters aimed at protecting government resources from fraud, waste, abuse and corruption.

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