



PRESS RELEASE

IBM Pays \$17 Million to Resolve Allegations of Discrimination Through Illegal DEI Practices

Friday, April 10, 2026

For Immediate Release

Office of Public Affairs

Acting Attorney General Blanche Announces First Civil Rights Fraud Initiative Resolution

Today, Acting Attorney General Todd Blanche announced the first False Claims Act resolution secured under the Civil Rights Fraud Initiative, which he launched in May 2025. International Business Machines Corporation (IBM) has agreed to pay the United States \$17,077,043, inclusive of civil penalties, to resolve allegations that it violated the False Claims Act by failing to comply with anti-discrimination requirements in its federal contracts due to practices the United States contends discriminated against employees and applicants for employment because of race, color, national origin, or sex.

Most federal contracts contain provisions that require contractors to comply with anti-discrimination requirements as to employees and applicants for employment. As a condition to being a federal contractor, the company must certify that it will not discriminate against an employee or applicant for employment because of race, color, national origin, or sex and must further certify that it will take steps to ensure that applicants are employed, and employees are treated during employment, without regard to race, color, national origin, or sex. The settlement resolves allegations that IBM failed to comply with these requirements and knowingly

maintained practices that the United States contends were discriminatory employment practices.

“Racial discrimination is illegal, and government contractors cannot evade the law by repackaging it as DEI,” said Acting Attorney General Todd Blanche. “The Department launched the Civil Rights Fraud Initiative to root out this misconduct, hold offenders accountable, and end this practice for good.”

In connection with the settlement, the United States acknowledged that IBM took significant steps entitling it to credit for cooperating with the government in its investigation. IBM made early disclosures of facts relevant to the government’s investigation gathered during IBM’s independent investigation, including information to assist in the calculation of damages and penalties. The company also undertook voluntary remedial measures, including the termination and/or modification of various programs and practices at issue.

“Merit drives promotion and opportunity. Not someone’s sex or race,” said Associate Attorney General Stanley Woodward. “Today’s settlement proves this Department’s commitment to ensure companies are not using taxpayer funded work to further woke unconstitutional practices in American workplaces.”

“The Nation’s anti-discrimination laws are clear and reflect our basic commitment that opportunity, compensation, and advancement should turn on merit and performance, and not immutable characteristics,” said Deputy Assistant Attorney General Brenna E. Jenny. “When a company accepts federal funding while engaging in practices that sort, prefer, or disadvantage employees on the basis of race or sex, the company is stepping outside the conditions under which the government agreed to contract with them, and we will hold them accountable.”

The United States alleged that IBM took race, color, national origin, or sex into account when making employment decisions, including by using a diversity modifier that tied bonus compensation to achieving demographic targets. The government further alleged that IBM altered interview criteria based on race or sex through the use of “diverse interview slates” and other related employment practices in connection with identifying “diverse” candidates for hiring, transfer, or promotion. Additionally, the government alleged that IBM developed race and sex demographic goals for business units and took race and sex into account when making employment decisions to achieve progress towards those demographic goals. Finally, the United States alleged that IBM offered certain training, partnerships, mentoring, leadership development programs and educational opportunities only to certain employees, with eligibility, participation, access or admission limited on the basis of race or sex.

The settlement can be viewed [here](#).

The matter was handled by the Justice Department’s Civil Division, Commercial Litigation Branch, Fraud Section.

The claims resolved by the United States in the settlement are allegations only and there has been no determination of liability.

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