

[REDACTED]

If a safety problem with the bearstraps (or any of the other parts mentioned in the qui tam) is determined to exist, the DOJ will re-evaluate their declination to intervene in this lawsuit.

Please contact me at (316) 269- [REDACTED] if you have any questions. I will be out of the office for training all next week, but I will be checking my e-mail [REDACTED]@dodig.osd.mil).

Thank-you for your assistance in this matter.

Sincerely,

[REDACTED]

Special Agent
Defense Criminal Investigative Service
Wichita Post of Duty

b5 b7c b6

205

This portion referred to FAA

[Redacted]
[Redacted]@godig.osd
[Redacted] /AWA/PK06FA
[Redacted].mil
[Redacted]@usdoj.gov

To: [Redacted] AWP/FAAGFAA,
cc: [Redacted] (E-mail)
Subject: 737-NG P/Ns

(A) 01/15/03 03:10 PM

[Redacted] and [Redacted] - Attached is a listing of P/Ns for several chords and one
[Redacted] believe DeLong on the 737-NG/C-40A-B.

[Redacted] Thanks!
Special Agent [Redacted]
DOB: [Redacted] Defense Criminal Investigative Service
Wichita Post Office, Wichita, KS
Voice: (316) 265- [Redacted]
Fax: (316) 265- [Redacted]
Cellular: (316) 7- [Redacted]

<<737-NG/PNs.doc>> - *Referred to FAA*
(See attached file: 737-NG PNs.doc)

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316 265-2357

§121.704

14 CFR Ch. I (1-1-02 Edition)

Federal Aviation Act

- (7) The applicable Joint Aircraft System Component Code;
 - (8) The total cycles, if applicable, and total time of the aircraft, aircraft engine, propeller, or component;
 - (9) The manufacturer, manufacturer part number, part name, serial number, and location of the component that failed, malfunctioned, or was defective, if applicable;
 - (10) The manufacturer, manufacturer part number, part name, serial number, and location of the part that failed, malfunctioned, or was defective, if applicable;
 - (11) The precautionary or emergency action taken;
 - (12) Other information necessary for a more complete analysis of the cause of the failure, malfunction, or defect, including available information pertaining to type designation of the major component and the time since the last maintenance overhaul, repair, or inspection; and
 - (13) A unique control number for the occurrence, in a form acceptable to the Administrator.
- (f) A certificate holder that also is the holder of a Type Certificate (including a Supplemental Type Certificate), a Parts Manufacturer Approval, or a Technical Standard Order authorization, or that is a licensee of a Type Certificate holder, need not report a failure, malfunction, or defect under this section if the failure, malfunction, or defect has been reported by that certificate holder under §21.3 of this chapter or under the accident reporting provisions of 49 CFR part 23.
- (g) A report required by this section may be submitted by a certificated repair station when the reporting task has been assigned to that repair station by a part 121 certificate holder. However, the part 121 certificate holder remains primarily responsible for ensuring compliance with the provisions of this section. The part 121 certificate holder shall receive a copy of each report submitted by the repair station.
- (h) No person may withhold a report required by this section although all information required by this section is not available.
- (i) When a certificate holder gets supplemental information to complete the report required by this section, the certificate holder shall expeditiously submit that information as a supplement to the original report and use the unique control number from the original report.

- (2) Corrosion, cracks, or disbonding that requires rework or blendout because the corrosion, cracks, or disbonding exceeds the manufacturer's established allowable damage limits;
 - (3) Cracks, fractures, or disbonding in a composite structure that the equipment manufacturer has designated as a primary structure or a principal structural element; or
 - (4) Repairs made in accordance with approved data not contained in the manufacturer's maintenance manual.
- (b) In addition to the reports required by paragraph (a) of this section, each certificate holder shall report any other failure or defect in aircraft structure that occurs or is detected at any time if that failure or defect has endangered or may endanger the safe operation of an aircraft.
- (c) Each certificate holder shall submit each report required by this section, covering each 24-hour period beginning at 0900 local time of each day and ending at 0900 local time on the next day, to a centralized collection point as specified by the Administrator. Each report of occurrences during a 24-hour period shall be submitted to the FAA within the next 96 hours. However, a report due on Saturday or Sunday may be submitted on the following Monday, and a report due on a holiday may be submitted on the next workday. Each certificate holder also shall make the report data available for 30 days for examination by the certificate-holding district office in a form and manner acceptable to the Administrator.
- (d) The certificate holder shall submit the reports required by this section on a form or in another format acceptable to the Administrator. The reports shall include the following information:
- (1) The manufacturer, model, serial number, and registration number of the aircraft;
 - (2) The operator designator;
 - (3) The date on which the failure or defect was discovered;
 - (4) The stage of ground operation during which the failure or defect was discovered;
 - (5) The part name, part condition, and location of the failure or defect;

- (6) The applicable Component Code
 - (7) The total cycle total time of the air
 - (8) Other information more complete and the failure or defect classification, crack length and av. pertaining to type major component a the last maintenance or inspection; and
 - (9) A unique control occurrence, in a form Administrator.
- (c) A certificate holder of a Type Certificate, including a Supplemental Type Certificate, a Parts Manufacturer Approval, or a Technical Standard Order authorization, or that is a licensee of a Type Certificate holder, need not report a failure or defect under this chapter or under the reporting provisions of this section if the failure, malfunction, or defect has been reported by that certificate holder under §21.3 of this chapter or under the accident reporting provisions of 49 CFR part 23.
- (g) No person may withhold a report required by this section although all information required by this section is not available.
- (h) When a certificate holder gets supplemental information to complete the report required by this section, the certificate holder shall expeditiously submit that information as a supplement to the original report and use the unique control number from the original report.

§121.704 Service difficulty reports (Structural)

- (a) Each certificate holder shall report the occurrence or detection of each failure or defect related to—
 - (1) Corrosion, cracks, or disbonding that requires replacement of the affected part;

EFFECTIVE DATE NOTE: FR 58203, Sept. 15, 2000, effective Jan. 16, 2001; At 2000, the effective date July 18, 2001, At 65 FR 211 effective date was delayed At 65 FR 58212, Nov. 29 data was delayed until Ja

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ATTACH 3 99

(5) The applicable Joint Aircraft System/Component Code;

(7) The total cycles, if applicable, and total time of the aircraft;

(8) Other information necessary for a more complete analysis of the cause of the failure or defect, including corrosion classification, if applicable, or crack length and available information pertaining to type designation of the major component and the time since the last maintenance overhaul, repair, or inspection; and

(9) A unique control number for the occurrence, in a form acceptable to the Administrator.

(a) A certificate holder that also is the holder of a Type Certificate (including a Supplemental Type Certificate), a Parts Manufacturer Approval, or a Technical Standard Order authorization, or that is a licensee of a Type Certificate holder, need not report a failure or defect under this section if the failure or defect has been reported by that certificate holder under § 21.3 of this chapter or under the accident reporting provisions of 49 CFR part 830.

(b) A report required by this section may be submitted by a certificated repair station when the reporting task has been assigned to that repair station by the part 121 certificate holder. However, the part 121 certificate holder remains primarily responsible for ensuring compliance with the provisions of this section. The part 121 certificate holder shall receive a copy of each report submitted by the repair station.

(c) No person may withhold a report required by this section although all information required by this section is not available.

(d) When a certificate holder gets supplemental information to complete the report required by this section, the certificate holder shall expeditiously submit that information as a supplement to the original report and use the unique control number from the original report.

EFFECTIVE DATE NOTE: By Amdt. 121-279, 65 FR 6200, Sept. 15, 2000, § 121.704 was added, effective Jan. 18, 2001. At 65 FR 80743, Dec. 22, 2000, the effective date was delayed until July 18, 2001. At 66 FR 21524, Apr. 30, 2001, the effective date was delayed until Jan. 18, 2002. At 66 FR 58912, Nov. 23, 2001, the effective date was delayed until Jan. 18, 2003.

§ 121.706 Mechanical interruption summary report.

Each certificate holder shall regularly and promptly send a summary report on the following occurrences to the Administrator:

(a) Each interruption to a flight, unscheduled change of aircraft en route, or unscheduled stop or diversion from a route, caused by known or suspected mechanical difficulties or malfunctions that are not required to be reported under § 121.703.

(b) The number of engines removed prematurely because of malfunction, failure or defect, listed by make and model and the aircraft type in which it was installed.

(c) The number of propeller featherings in flight, listed by type of propeller and engine and aircraft on which it was installed. Propeller featherings for training, demonstration, or flight check purposes need not be reported.

[Doc. No. 6258, 29 FR 19224, Dec. 31, 1964, as amended by Amdt. 121-16, 30 FR 19025, Aug. 12, 1965]

EFFECTIVE DATE NOTE: By Amdt. 121-279, 65 FR 6200, Sept. 15, 2000, § 121.706 was revised, effective Jan. 18, 2001. At 65 FR 80743, Dec. 22, 2000, the effective date was delayed until July 18, 2001. At 66 FR 21524, Apr. 30, 2001, the effective date was delayed until Jan. 18, 2002. At 66 FR 58912, Nov. 23, 2001, the effective date was delayed until Jan. 18, 2003. For the convenience of the user, the revised text is set forth as follows:

§ 121.705 Mechanical interruption summary report.

Each certificate holder shall submit to the Administrator, before the end of the 10th day of the following month, a summary report for the previous month of each interruption to a flight, unscheduled change of aircraft en route, unscheduled stop or diversion from a route, or unscheduled engine removal caused by known or suspected mechanical difficulties or malfunctions that are not required to be reported under § 121.703 or § 121.704 of this part.

§ 121.707 Alteration and repair reports.

(a) Each certificate holder shall, promptly upon its completion, prepare a report of each major alteration or major repair of an airframe, aircraft engine, propeller, or appliance of an aircraft operated by it.



DEPARTMENT OF DEFENSE INSPECTOR GENERAL
DEFENSE CRIMINAL INVESTIGATIVE SERVICE

WICHITA POST OF DUTY
271 W. 3RD STREET, SUITE 4020
WICHITA, KANSAS 67202-1202

[REDACTED]-04-APR-2002-40WC-E2

January 22, 2003

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

AHF DUCOMMUN, INC.
Gardena, CA

ADDITIONAL INFORMATION FROM THE FAA: On January 21 and 22, 2003, the reporting agent (RA) received electronic mail messages from [REDACTED] Federal Aviation Administration (FAA), Los Angeles Aircraft Certification Office, Lakewood, CA (Attachment 1). [REDACTED] provided information in addition to that provided on July 10, 2002 and January 21, 2003 (Ref: DCIS Form 1s dated July 10, 2002 and January 21, 2003).

In summary, [REDACTED] states in Attachment 1-A that the cognizant FAA Aircraft Certification Office could find no records of any service difficulties involving the suspect 737-NG parts. In Attachment 1-B she goes on to state that a search of the FAA's Flight Standards website revealed that no Service Difficulty Reports have been written on the subject parts.

Attachment

- 1) E-mails from [REDACTED] to the RA, 1/21 and 22/03 - *Referred to FAA*

Prepared by SA [REDACTED] Wichita POD

APPR [REDACTED]

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*This portion
Referred to FAA*

Beverly J

[Redacted]
[Redacted] osd
[Redacted] mil
01/15/2003 12:10
PM

To: [Redacted] /AWP/FAACFAA,
[Redacted] /AWP/FAACFAA
cc: Beverly, Alicia (E-mail) <
[Redacted]@usdoj.gov>
Subject: [Redacted] P/NS

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DEFENSE CRIMINAL INVESTIGATIVE SERVICE

WICHITA POST OF DUTY
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WICHITA, KANSAS 67202-1202

[REDACTED] 04-APR-2002-40WC-E2

January 23, 2003

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

AHF DUCOMMUN, INC.
Gardena, CA

RECEIPT OF TRIP REPORT FROM [REDACTED]

[REDACTED] On January 23, 2003, the reporting agent received a copy of the report documenting a September 4, 2002 visit to AHF Ducommun, Gardena, CA from [REDACTED] Federal Aviation Administration (FAA), Los Angeles Manufacturing Inspection District Office, Lakewood, CA (Attachment 1). The report from [REDACTED] is in addition to the information he provided on August 9th, September 5th and December 13, 2002 (Reference: DCIS Form 1s dated August 9th, September 5th and December 13, 2002).

[REDACTED] and FAA [REDACTED] found nothing that would lead them to believe that the bear straps and/or chords manufactured by Ducommun were non-conforming. Ducommun's management, which was very open with [REDACTED] and [REDACTED] during their unannounced visit, showed the FAA representatives a series of corrective action reports which they claim corrected all the problems The Boeing Company discovered during the audits they conducted three or four years ago.

Attachment

- 1) Trip Report for Ducommun Aerostructures, 9/4/02 - Referred to FAA

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Prepared by SA [REDACTED] Wichita POD

APPR [REDACTED]

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WICHITA POST OF DUTY
271 W. 3RD STREET, SUITE 4020
WICHITA, KANSAS 67202-1202

200200833I-04-APR-2002-40WC-E2

February 6, 2003

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

AHF DUCOMMUN, INC.
Gardena, CA

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QUI TAM COMPLAINT THAT REMAINS UNDER SEAL BY ORDER OF THE U.S.
DISTRICT COURT. DISSEMINATION IS RESTRICTED.

RECEIPT OF INFORMATION FROM RELATOR'S COUNSEL: On February 4, 2003, the reporting agent (RA) received an electronic mail message from [REDACTED] Attorney at Law, Helmer, Martins and Morgan, Cincinnati, OH (Attachment 1). He forwarded on an e-mail message from his client [REDACTED] (Attachment 2). The e-mail from [REDACTED] contained numerous attachments that are being maintained in the RA's case file. [REDACTED] represents several relators (including [REDACTED] in *qui tam* lawsuit that was filed against The Boeing Company, Wichita, KS and AHF Ducommun, Inc., Gardena, CA.

On February 4, 2003, the RA received a telephone call from [REDACTED] who opined [REDACTED]

Attachment:

- 1) E-mail to the RA from [REDACTED] 2/4/03
- 2) E-mail to [REDACTED] from [REDACTED] 1/31/03

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Prepared by SA [REDACTED] Wichita POD

APPR [REDACTED]

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 WICHITA POD
 271 W. 3RD STREET, SUITE 4020
 WICHITA, KS 67202-1202

██████████-04-APR-2002-40WC-B2

March 10, 2003

BOEING COMMERCIAL AIRPLANE GROUP
 3801 S. Oliver
 Wichita, KS 67210

DUCOMMUN, INC.
 111 W. Ocean Beach Blvd., Suite 900
 Long Beach, CA 90802

THE INFORMATION CONTAINED HEREIN WAS DERIVED FROM A QUI TAM
 COMPLAINT THAT REMAINS UNDER SEAL BY ORDER OF THE U.S. DISTRICT
 COURT. DISSEMINATION IS RESTRICTED.

SPECIAL INTEREST CASE
TOP 100 DOD CONTRACTOR
QUI TAM NO. 02-2107-KHV, DISTRICT OF KANSAS

CASE SUMMARY: On March 2, 2002, attorneys for four qui tam relators filed a complaint against The Boeing Company (Boeing), Chicago, IL and Ducommun, Inc., Long Beach, CA, alleging numerous violations of the Federal Civil False Claims Act (31 USC, Sections 3729 et seq.).

The complaint states that from approximately 1994 to the present, Ducommun sold innumerable nonconforming parts to numerous Boeing subsidiaries, including Boeing Commercial Airplane Group (Boeing CAG), Wichita, KS (relator's employer). The parts listed are structural components used on aircraft airframes and fuselages. Each Boeing aircraft contains over 100 Ducommun parts, most of which cannot be inspected by noninvasive means. Reportedly, Boeing has identified all of these parts as "flight critical," meaning they are essential to the airworthiness of the aircraft. No failures of these components were noted in the complaint.

The Ducommun parts are installed on Boeing aircraft, including the 737, 747, 757, 767, 777, C-17, E-22, C-130, F-15, F-16, F/A-18 and CH-47D. These aircraft which are built by Boeing plants in Tulsa, OK, St. Louis, MO, Macon, GA, Long Beach, CA and Wichita, KS, were sold to commercial as well as U.S. military and Foreign Military Sales customers.

In 1999 and 2000, the relators were members of audit teams that visited Ducommun. These teams found numerous serious manufacturing nonconformances. The teams also discovered that Ducommun had no Statistical Process Control data (which Boeing audits claimed were available) and that they had falsified non-destructive testing results. A ██████████ Ducommun

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[REDACTED] -04-APR-2002-40WC-E2

March 10, 2003

[REDACTED] told one of the relators that Ducommun routinely omitted required inspections and that Ducommun management refused to correct quality problems.

The team's published reports and briefings to Boeing CAG management were allegedly ignored because the revocation of Ducommun's Delegated Source Inspection would result in Boeing CAG having to inspect incoming Ducommun parts. As Boeing CAG was arguably aware of the Ducommun quality violations even prior to the team's audits, all certifications by that company to the U.S. contain false statements as all aircraft contain undisclosed nonconforming parts. To date, the damages to the Government cannot be determined.

June 10, 2002, Update: The relators have been interviewed on two occasions and have provided detailed information regarding the "bear straps" and "chords" manufactured by Ducommun and used on Boeing CAG's 737-NG aircraft. The civilian version of this aircraft is the C-40A (Navy) and C-40B (Air Force). All information has been provided to the Federal Aviation Administration (FAA) that has agreed to inspect a commercial fuselage at Boeing CAG to determine if the Ducommun parts are defective and/or nonconforming. Currently, no C-40A or C-40B fuselages are available for inspection.

September 10, 2002, Update: A [REDACTED] for Ducommun was interviewed. While [REDACTED] was not aware of defective parts [REDACTED] Ducommun, it was very common not to follow the proper processes or procedures when making the parts. These nonconforming parts were submitted to their customers, including Boeing, for disposition. [REDACTED] Ducommun as the management would not enforce her audit findings. Sixty of these findings were "lost" prior to a customer audit. The FAA has visited both Boeing-Seattle and Ducommun. Ducommun bear straps and failsafe chords that were installed on a commercial fuselage were examined and appeared to be acceptable. Preliminary results of the inspection at Ducommun is that the company's new management is cooperative and they appear to be correcting problems identified by the 1999-2000 Boeing-Wichita audits. Documents supplied by [REDACTED] and [REDACTED] Ducommun [REDACTED] are being reviewed.

December 10, 2002, Update: Two [REDACTED] Ducommun [REDACTED] employees were interviewed. Both agreed that the bear straps and failsafe chords were not critical parts. The bear straps stiffen the aircraft doors while the chords provide rigidity for the interior ceiling of the aircraft. A failure of these parts would not create any safety concerns. If these parts could be installed they would perform their functions. SOES are scheduling interviews of two other [REDACTED] Ducommun employees, including [REDACTED] Wright-Patterson AFB (WPAFB) [REDACTED] will perform an engineering analysis of the [REDACTED] of the bear straps and chords. The [REDACTED] DOJ Trial Attorney has advised that she will likely decline to intervene in the *qui tam* if the Air Force engineer substantiates the information provided by the former Ducommun quality employees.

March 10, 2003, Update: Two [REDACTED] Ducommun employees were interviewed during this reporting period; neither provided information that substantiated any of the allegations raised in the *qui tam* complaint. The FAA researched numerous databases and was able to find no

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[REDACTED] 04-APR-2002-40WC-E2

March 10, 2003

instances where any of the parts that Ducommun supplies were the subject of a failure or complaint. The WPAFB engineer has not yet performed the requested analysis.

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Prepared by SA [REDACTED] Wichita POD
DISTR: 30ES/DOJ [REDACTED] USAO-Wichita [REDACTED]

APPR [REDACTED]

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DEPARTMENT OF DEFENSE INSPECTOR GENERAL
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WICHITA POST OF DUTY
271 W. 3RD STREET, SUITE 4020
WICHITA, KANSAS 67202-1202

[REDACTED] 04-APR-2002-40WC-E2

May 15, 2003

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

AHF DUCOMMUN, INC.
Gardena, CA

CONTACT WITH DCMA-BOEING-WICHITA AND DCMA-BOEING-

SEATTLE: On May 15, 2003, the reporting agent (RA) spoke to [REDACTED] at the Defense Contract Management Agency (DCMA), The Boeing Company, Wichita, KS and Seattle, WA regarding the C-40A and C-40B aircraft. These aircraft are the military versions of Boeing's 737-NG.

[REDACTED] DCMA-Boeing-Wichita (316-523 [REDACTED]) stated that he does not do any inspections on the C-40A/B until they are received from Boeing-Seattle. The Wichita Development and Modification Center installs the equipment specified by the Air Force and Navy. As the 737-NG is a commercial program, [REDACTED] would not see any paperwork relating to delegated source inspection status being granted to a subcontractor by Boeing. The Government actually purchases the aircraft from Boeing in Seattle where the DD Form 250 is signed.

AGENT'S NOTE: The RA was referred to [REDACTED] by DCMA [REDACTED] (316-523 [REDACTED]) said that he did not receive anything from Boeing when they certified or re-certified one of their subcontractors as a delegated source (a.k.a. "alternate release").

[REDACTED] DCMA-Boeing-Seattle (253-773 [REDACTED]) stated that there is currently no QAS assigned to the C-40A/B program. He claimed that on other military programs, he has had access to Boeing's files to see how they have rated their suppliers, but no documentation is submitted to him regarding Boeing's award of delegated source inspection status to a subcontractor. [REDACTED] was not familiar with AHF Ducommun, Gardena, CA.

[REDACTED] DCMA-Boeing-Seattle (253-773 [REDACTED]) confirmed that the Government does not receive notification of Boeing bestowing subcontractors with delegated source inspection status. He received no "hits" when he ran bear strap part number 141A3113-1 through an Air Force parts history database. [REDACTED] will research all of the suspect 737-NG parts that the RA supplied to him. He will also do some generic searches through Boeing and examine their procurement history with Ducommun. [REDACTED] stated that he had authority to conduct these searches when he receives information that military aircraft purchased from Boeing may contain discrepant parts.

Prepared by SA [REDACTED] Wichita POD

APPR [REDACTED]

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WICHITA, KANSAS 67202-1202

[REDACTED] 04-APR-2002-40WC-E2

May 29, 2003

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

AHF DUCOMMUN, INC.
Gardena, CA

THE INFORMATION CONTAINED HEREIN WAS PARTIALLY DERIVED FROM A
QUI TAM COMPLAINT THAT REMAINS UNDER SEAL BY ORDER OF THE U.S.
DISTRICT COURT. DISSEMINATION IS RESTRICTED.

DECLINATION DECISION: On May 28, 2003, the reporting agent (RA) received the
attached "Memorandum For File" from Trial Attorney [REDACTED] U.S. Department of
Justice, Civil Division, Commercial Litigation Branch, Civil Fraud Section, Washington (202-
616-[REDACTED]). This memorandum, which is signed by Civil Division [REDACTED] gives
Trial Attorney [REDACTED] authority to decline to intervene in the qui tam action that has been filed
against The Boeing Company and Ducommun, Inc.

On May 28, 2003, Trial Attorney [REDACTED] informed the RA that she will file the notice of
declination with the U.S. District Court, District of Kansas, on or about June 3, 2003. The judge
will then issue an order regarding the declination.

This declination has been entered into the DCIS Investigative Data System.

Attachment

- 1) Memorandum To File signed by [REDACTED] 5/22/03 - *Referred*

Prepared by SA [REDACTED] Wichita POD

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APPN [REDACTED]

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DEPARTMENT OF DEFENSE
DEFENSE CRIMINAL INVESTIGATIVE SERVICE
WICHITA POST OF DUTY
271 WEST 3RD STREET, SUITE 4020
WICHITA, KS 67202-1202

July 7, 2003

The Popham Law Firm, P.C.
ATTN: [REDACTED] Attorney at Law
323 W. 8th Street, Suite 200
Kansas City, MO 64105

[REDACTED]

Enclosed please find the binders numbered 1 thru 9 of the of the information received from your clients relative to the investigation of The Boeing Company and AHF Ducommun. On June 3, 2003, [REDACTED] asked that I return these documents to you. Please call me at (316) 265-[REDACTED] if you have any questions.

Sincerely,

[REDACTED]

Special Agent

Defense Criminal Investigative Service
Wichita Post of Duty

DCIS CCN: [REDACTED]

COPY

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TBC 000883



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
DEFENSE CRIMINAL INVESTIGATIVE SERVICE
WICHITA POST OF DUTY
271 WEST 3RD STREET, SUITE 4020
WICHITA, KS 67202-1202

July 7, 2003

The Popham Law Firm, P.C.
ATTN: [REDACTED] Attorney at Law
323 W. 8th Street, Suite 200
Kansas City, MO 64105

[REDACTED]

Enclosed please find the binders numbered 10 thru 17 (and "Exhibits A-U") of the of the information received from your clients relative to the investigation of The Boeing Company and AHF Ducommun. On June 3, 2003, [REDACTED] asked that I return these documents to you. Please call me at (316) 265-[REDACTED] if you have any questions.

Sincerely,

[REDACTED]

Special Agent
Defense Criminal Investigative Service
Wichita Post of Duty

COPY

DCIS CCN: [REDACTED]

b2 b6 b7c

11



(Investigations)

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
DEFENSE CRIMINAL INVESTIGATIVE SERVICE
LONG BEACH FIELD AGENCY
501 W. OCEAN BLVD., SUITE 7300
LONG BEACH, CA 90802

REPORT OF INVESTIGATION

[REDACTED] 24-MAY-2002-50ES-Z0/U

October 22, 2003

DUCOMMUN, INC., Long Beach, CA

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DCIS Headquarters
Western Field Office

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October 22, 2003

Narrative

1. In March 2002 attorneys for ██████████ and ██████████ (qui tam relators), filed a complaint against The Boeing Company (Boeing), Chicago, IL, and Ducommun, Inc. (Ducommun), Long Beach, CA, alleging numerous violations of the Federal Civil False Claims Act (31 USC 3729). The complaint stated ██████████

These components were noted in the complaint. No failures of

2. ██████████ Ducommun ██████████ was interviewed and advised that ██████████ was not aware of any defective parts at the Ducommun facility, nor did they ever hear of Boeing-Wichita complain that they had received discrepant parts.

3. ██████████ Ducommun ██████████ was interviewed and advised that ██████████ was unaware of any non-conforming parts being shipped to Boeing-Wichita.

4. ██████████ Ducommun ██████████ was interviewed and stated ██████████ intentionally manufactured a non-conforming part. ██████████ said that Ducommun never

5. ██████████ Ducommun was interviewed and advised that ██████████ Ducommun facilities were manufacturing such modifications. ██████████ had no knowledge of any non-conforming parts being purposefully shipped by Ducommun.

6. Federal Aviation Administration (FAA) was interviewed and advised that none of the suspect parts manufactured by Ducommun have been the subject of an unapproved parts report. It was further determined that failure of the parts in question would not prevent the continued safe flight and landing of the aircraft.

7. ██████████ FAA was interviewed and concluded that ██████████ study found nothing to suggest that Ducommun's bear straps or fail-safe chords were non-conforming.

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[REDACTED] 24-MAY-2002-50ES-ZO/U

October 22, 2003

[REDACTED] Department of Justice, Civil Litigation Branch, declined to intervene in the
aforementioned Qui Tam.

9. Since no criminal activity has been identified and the Department of Justice declined to
intervene, this investigation is closed. No judicial or administrative action will occur. There
is no loss to the U.S. Government. There were no management control deficiencies
identified during the course of the investigation.

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A-2

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[REDACTED] 24-MAY-2002-50ES-ZO/U

October 22, 2003

Identity of Subject

Ducommun, Inc.
111 W. Ocean Beach Blvd., Suite 900
Long Beach, CA 90802

Commodity: Ducommun is an aerospace manufacturer and performs subcontracts on multiple DOD prime contracts.

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[REDACTED] 24-MAY-2002-50ES-ZO/U

October 22, 2003

Exhibits

- 1 - Qui Tam, March, 8, 2002.
- 2 - DCIS Form 1; Contact with FAA-SUP, April 5, 2002.
- 3 - DCIS Form 1; Meeting with Qui Tam relators, April 18, 2002.
- 4 - DCIS Form 1; Contact with attorney for Qui Tam relators, April 23, 2002.
- 5 - DCIS Form 1; Interview of [REDACTED] August 8, 2002.
- 6 - DCIS Form 1; Interview of [REDACTED] August 9, 2002.
- 7 - DCIS Form 1; Re-Interview of [REDACTED] September 5, 2002.
- 8 - DCIS Form 1, Review of 2002 contact, November 5, 2002.
- 9 - DCIS Form 1, Interview of [REDACTED] November 18, 2002.
- 10 - DCIS Form 1, Interview of [REDACTED] January 14, 2003.
- 11 - DCIS Form 1, Interview of [REDACTED] January 15, 2003.
- 12 - DCIS Form 1, Results of FAA Queries, January 21, 2003.
- 13 - DCIS Form 1, Contact with DCMA Boeing, May 15, 2003.
- 14 - DCIS Form 1, Declination Decision, May 29, 2003.

Prepared By SA [REDACTED] Long Beach Resident Agency

APPR [REDACTED]

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The function of the bear straps was to act as a doubler, or middle skin, around the door of the aircraft and to stiffen the door. Bear straps were always built by numeric control machines and were not ATA parts. The bear straps were dual sourced.

Fail-safe chords are a series of stiffeners that surround the fuselage. Doublers and triplers run through the fail-safe chords. Boeing only had a few vendors that could manufacture the fail-safe chords, which included Ducommun. Boeing asked Ducommun to bid on 24 fail-safe chords per month to be manufactured using numeric control machines. Ducommun could not manufacture 24 per month using the numeric control machines so instead the holes were drilled by hand. According to Hansen, Boeing was aware of Ducommun's practice of drilling the holes by hand. Specific Boeing employees who knew were [redacted] and [redacted] Boeing's entire ATA group was familiar with the practice as well.

The bear straps and fail-safe chords were certified by a Boeing certification to ATA manufacturing which had been revised and re-written to allow for the new ATA manufacturing. The certification pertained to all of Boeing's suppliers and not just Ducommun.

Six or eight months after the award of the fail-safe chords, sometime in 1997 or 1998, [redacted] learned from Boeing there were some problems with the chords. [redacted] traveled to Wichita and met with the structural bond group at Boeing. [redacted] believed the problem was with data and not tooling. Later when he checked the data he learned that there was no problem with the data either. [redacted] afterwards went back to Wichita and met [redacted] and [redacted]. At this meeting [redacted] learned that Boeing's assembly line had been operating on a "green line" of Ducommun parts. A "green line" allows for Boeing assembly workers to re-work material. This had been occurring for a year without Ducommun's knowledge. The "green line" infuriated [redacted] when he found out how long it had been occurring. Boeing's structural bond group informed Boeing assembly that after one year of the "green line" no more re-works was to occur on Ducommun parts. Animosity was building between Boeing's structural bond group and Ducommun.

Sometime in 1999, a Boeing audit team, headed by the structural bond group, came to Ducommun to conduct an audit. According to [redacted] a team consisting of approximately 15 people combed through all aspects of Ducommun's business. The team stayed at Ducommun for 11 weeks, never informing Ducommun what they were investigating, only advising that there was an ethical conflict with Ducommun. Ducommun never learned the nature of the ethical conflict.

Four weeks after Boeing's audit team finished their audit, [redacted] was contacted and was requested to come to Wichita for a meeting concerning the results of the audit. A two-hour presentation was given to [redacted] and his team from Ducommun consisting of approximately 100 photographs taken by the Boeing audit team.

[redacted]

Over the next six weeks Ducommun went through all their files and contracts to refute the allegations one by one. [redacted] regarded the allegations as a "witch hunt" that had become personnel

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between members of the structural bond group, namely [REDACTED] and [REDACTED] and himself.

Several weeks after Ducommun had refuted the allegations proposed by Boeing's audit team, [REDACTED]

[REDACTED] Out of the approximately 1100 tools owned by Boeing, only eight could not be documented. According to [REDACTED] Ducommun and Boeing agreed to a final settlement of approximately \$30,000.00. There was no \$500,000.00 settlement with Boeing and no other settlement to his knowledge.

The fail-safe chords are not flight critical but [REDACTED] was not sure of the criticality of the bear straps. Ducommun is a NASA approved vendor and 25% of its business is related to space. Quality is a major concern for Ducommun. Many checks and balances are in place with the Quality Department and cannot be overridden.

Ducommun had on their premises a special team of first article inspectors. Boeing's [REDACTED] was part of the on-site inspectors. Part of the problem between Boeing and Ducommun started at the time when Boeing requested statistical process control (SPC) data. [REDACTED] said that initially [REDACTED] was tough but fair conducting inspections for Boeing at Ducommun. Later, when allegations of wrongdoing were floated by Boeing's structural bond group, [REDACTED] was no longer fair. Later, Boeing [REDACTED] with [REDACTED] (phonetic).

There were also Government inspectors on-site at Ducommun. [REDACTED] believed at one time there were five different inspectors working on parts from the space shuttle to bombing racks. [REDACTED] believed all of the Government inspectors pulled out over the last five to seven years. Government inspectors had nothing to do with Boeing's 737-NG.

[REDACTED] had no knowledge of 28 bear straps rejected by Boeing due to dirt residue or any knowledge if those straps were re-instated.

There is no affect for the form, fit, or function of numeric control machines or ATA techniques used for a part. Neither would affect the useful life of the product. If a part doesn't fit then the part should be rejected. According to [REDACTED] Ducommun never had a part rejected on a fail-safe chord. Furthermore, [REDACTED] had no knowledge of any non-conforming parts leaving Ducommun.

[REDACTED] had no remembrance of part numbers and advised that [REDACTED] currently located at a Ducommun division in Parson, KS, could provide more information.

[REDACTED] could not recall any other complaints by Boeing and had no knowledge of any parts that Boeing sent back to Ducommun for repair.

Ducommun received a Supplier Evaluation Report (SER) from [REDACTED] regarding the bear straps.

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[REDACTED] 24-MAY-2002 ES-ZO

January 15, 2003

SER's are not uncommon in the aerospace industry. The SER removed Ducommun's delegated source inspection status but according to [REDACTED] the status was reinstated several months later.

Statistical Process Control (SPC) data is the gathering of data to insure that parts are in compliance with required rules and regulations. SPC data is required for bear straps and chords but he did not know how the data is gathered. [REDACTED] was not sure if non-destructive testing was required for bear straps and chords. [REDACTED] or [REDACTED] would have greater knowledge in that area. A final inspection is required for each part, however this is a review to determine that the documentation was done correctly.

[REDACTED] was not sure if a Defense Contract Administrative Service (DCAS) inspector was on-site at Ducommun. Ducommun's Quality Department would be able to provide more information concerning DCAS. No one from Boeing ever stated or inferred that Ducommun's Quality Department was out of control to his knowledge. Ducommun had no major problems with any other Boeing contracts.

The most contact that [REDACTED] has with current Ducommun employees is [REDACTED] in [REDACTED] In [REDACTED] current position with [REDACTED] has contact with Boeing but no contact with Boeing's structural bond group.

Never was a ball ping hammer used to form fail-safe chords at Ducommun. [REDACTED] was familiar with the allegation that Boeing's audit team alleged, however Ducommun's response is discussed at length in their rebuttal. [REDACTED] provided no further information.

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[REDACTED] 24-MAY-2002, ES-ZO

January 15, 2003

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Prepared By SA [REDACTED] Long Beach Resident Agency.

APPR [REDACTED]

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DEFENSE CRIMINAL INVESTIGATIVE SERVICE
EL SEGUNDO POD
CASE CLOSING REVIEW CHECKSHEET

CCN: [REDACTED] -24-MAY-2002-SDCS-20

TITLE: DICKMAN, F.M.

INITIAL/DATE

WB / 6/24/02 ROI PREPARED/DATE: 6/16/02

_____ CASE TERMINATION/DATE: _____

_____ EVIDENCE DISPOSITION REQUIRED: Yes No

_____ DISPOSITION AUTHORITY: (RAC/ASA/AUSA) _____
Reflect by Name

_____ SUSPENSE OF DISPOSITION:
(30 days after closure)

_____ DISPOSITION MEMO: (RAC/ASAC/AUSA)

_____ GRAND JURY MATERIAL DISPOSITION REQUIRED: Yes No

_____ DISPOSITION AUTHORITY: AUSA _____

_____ SUSPENSE OF DISPOSITION:
(30 days from closure)

_____ AGENT'S NOTES:
(Appropriately Sealed Envelope Marked with ie. CCN, Title, SA)

_____ SOURCE FILES-ACTIVE OR CLOSED
(Date closing SUR completed)

CHECKSHEET COMPLETED BY: [REDACTED] DATE: 6/24/02

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Index Sheet

Missing Documents

Case Title: DUCOMMUN, INC

CCN: [REDACTED] 24-MAY-2002-50ES-ZO

File Folder # 1

Date	Type of Correspondence	To: Signed	From: Signed	Description of the Material
05-24-02	Form -1		[REDACTED]	CASE INITIATION & QUI TAM
04-05-02	Form -1		[REDACTED]	CONTACT WITH FAA-SUP OFFICE
04-18-02	Form -1		[REDACTED]	QUI TAM RELATORS
04-23-02	Form -1		[REDACTED]	ATTORNEY FOR RELATORS
05-08-02	Form -1		[REDACTED]	TECS/NCIC CHECK
07-10-02	Form -1		[REDACTED]	INFO. DUCOMMUN PARTS FROM FAA
08-08-02	Form -1		[REDACTED]	INTERVIEW OF [REDACTED]
08-09-02	Form -1		[REDACTED]	INTERVIEW OF [REDACTED]
08-10-02	Form -1		[REDACTED]	CASE SUMMARY
09-05-02	Form -1		[REDACTED]	RE-INTERVIEW OF [REDACTED]
10-01-02	Form -1		[REDACTED]	QUESTIONS RECEIVED FROM RELATORS COUNSEL
11-05-02	Form -1		[REDACTED]	REVIEW OF 2034 CONTRACT
11-07-02	Form -1		[REDACTED]	RECEIPT OF CHRONOLOGY
11-10-02	Form -1		[REDACTED]	CASE SUMMARY
11-18-02	Form -1		[REDACTED]	INTERVIEW OF [REDACTED]
12-12-02	Form -1		[REDACTED]	RECEIPT OF AIR FORCE RESEARCH LABORATORY MEMORANDUM
01-14-03	Form -1		[REDACTED]	LEAD RESPONSE
01-15-03	Form -1		[REDACTED]	INTERVIEW OF [REDACTED]
01-21-03	Form -1		[REDACTED]	RESULTS OF FAA QUERIES
01-22-03	Form -1		[REDACTED]	ADDITIONAL INFORMATION FROM FAA
02-10-03	Form -1		[REDACTED]	CASE SUMMARY
04-10-03	Form -1		[REDACTED]	CASE SUMMARY
05-15-03	Form -1		[REDACTED]	CONTACT WITH DCMA BOEING WICHITA AND DCMA BOEING SEATTLE
05-29-03	Form -1		[REDACTED]	DECLINATION DECISION
06/16/03	Form -1		[REDACTED]	ROI CLOSED
	Form -1		[REDACTED]	
	Form -1		[REDACTED]	
	Form -1		[REDACTED]	

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INSPECTOR GENERAL
 DEPARTMENT OF DEFENSE
 DEFENSE CRIMINAL INVESTIGATIVE SERVICE
 LONG BEACH RESIDENT AGENCY
 501 W. OCEAN BLVD, SUITE 7300
 LONG BEACH, CA 90802

(Investigations)

[REDACTED] 24-MAY-2002-50ES-Z0

May -24-2002

DUCOMMUN, INC
 LONG BEACH, CA

THE INFORMATION CONTAINED HEREIN WAS DERIVED FROM A QUI TAM COMPLAINT THAT REMAINS UNDER SEAL BY ORDER OF THE U.S. DISTRICT COURT. DISSEMINATION IS RESTRICTED.

SPECIAL INTEREST CASE
TOP 100 DOD CONTRACTOR
QUI TAM NO. 02-2107-KHV, DISTRICT OF KANSAS

CASE INFORMATION: On March 2, 2002, attorneys for [REDACTED] and [REDACTED] (qui tam relators), filed a complaint against The Boeing Company (Boeing), Chicago, IL and Ducommun, Inc., Long Beach, CA, alleging numerous violations of the Federal Civil False Claims Act (31 U.S.C., Sections 3729 et seq).

The complaint states that from approximately 1994 to the present, Ducommun sold nonconforming parts to Boeing subsidiaries, to include Boeing Commercial Airplane Group (Boeing CAG), Wichita, KS (relator's employer). The parts listed are structural components used on aircraft airframes and fuselages. Each Boeing aircraft contains over 100 Ducommun parts, most of which cannot be inspected by noninvasive means. Reportedly, Boeing has identified all of these parts as "flight critical," meaning they are essential to the airworthiness of the aircraft. No failures of these components were noted in the complaint.

The Ducommun parts are installed on Boeing aircraft, including the 737, 747, 757, 767, 777, C-17, F-22, C-130, F-15, F-16, F/A-18 and CH-47D. These aircraft, which are built by Boeing plants in Tulsa, OK, St. Louis, MO, Macon, GA, Long Beach, CA and Wichita, KS, were sold to commercial as well as U.S. military and Foreign Military Sales customers.

Records indicate as of August 2000, Boeing CAG had a five-year \$90,000,000 contract with Ducommun to procure 255 part numbers for these aircraft.

In 1999 and 2000, the relators were members of audit teams that visited Ducommun. These teams found numerous serious manufacturing nonconformances. The teams also

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discovered that Ducommun had no Statistical Process Control data (which Boeing audits claimed were available) and that they had falsified non-destructive testing results.

A [redacted] Ducommun [redacted] told one of the relators that Ducommun routinely omitted required inspections and that Ducommun management refused to correct quality problems.

DD350 and DCII checks have been requested and results will be reported upon receipt. This case will be coordinated with the local MCIO working group. To date, damages to the Government cannot be determined.

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Prepared by: SA [redacted] Long Beach Resident Agency [redacted]

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DEPARTMENT OF DEFENSE INSPECTOR GENERAL
 DEFENSE CRIMINAL INVESTIGATIVE SERVICE
 LONG BEACH RESIDENT AGENCY
 501 WEST OCEAN BOULEVARD, SUITE 7300
 LONG BEACH, CALIFORNIA 90802

Ducommun, Inc.
 Long Beach, CA 90802

August 10, 2002

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SPECIAL INTEREST CASE
TOP 100 DOD CONTRACTOR
QUI TAM NO. 02-2107-KHV, DISTRICT OF KANSAS

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May 10, 2002: On May 8, 2002, a case initiation was opened.

August 10, 2002: During this reporting period the following investigative and/or prosecutorial action occurred. In attempts to substantiate the allegations reporting agent (RA) and Special Agent [redacted] interviewed [redacted] for Ducommun, Inc. During the course of the next few months, SA [redacted] will be conducting numerous interviews of Ducommun employees [redacted]

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DEPARTMENT OF DEFENSE INSPECTOR GENERAL
 DEFENSE CRIMINAL INVESTIGATIVE SERVICE
 LONG BEACH RESIDENT AGENCY
 501 WEST OCEAN BLVD., SUITE 7300
 LONG BEACH, CA 90802-4222

[REDACTED] 24-MAY-2002-50ES-Z0

November 10, 2002

DUCOMMUN, INC
 Long Beach, CA

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 COMPLAINT THAT REMAINS UNDER SEAL BY ORDER OF THE U.S. DISTRICT
 COURT. DISSEMINATION IS RESTRICTED.

SPECIAL INTEREST CASE
TOP 100 DOD CONTRACTOR
QUI TAM NO. 02-2107-KHV, DISTRICT OF KANSAS

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NOVEMBER 10, 2002: [REDACTED] for Ducommun was interviewed. While [REDACTED] was not aware of defective parts [REDACTED] Ducommun, it was very common not to follow the proper processes or procedures when making the parts. These non-conforming parts were submitted to their customers, including Boeing, for disposition. [REDACTED] Ducommun [REDACTED]

The FAA has visited [REDACTED]

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both Boeing-Seattle and Ducommun. Ducommun bear straps and failsafe chords that were installed on a commercial fuselage were examined and appeared to be acceptable. Preliminary results of the inspection at Ducommun is that the company's new management is cooperative and they appear to be correcting problems identified by the 1999-2000 Boeing-Wichita audits. Documents supplied by the relators and the former Ducommun auditor are being reviewed.

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Prepared by SA [redacted] Long Beach Resident Agency [redacted]

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 DEFENSE CRIMINAL INVESTIGATIVE SERVICE
 LONG BEACH RESIDENT AGENCY
 501 WEST OCEAN BLVD., SUITE 7300
 LONG BEACH, CA 90802-4222

[REDACTED] 24-MAY-2002-50ES-Z0

February 10, 2003

DUCOMMUN, INC
 Long Beach, CA

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 COMPLAINT THAT REMAINS UNDER SEAL BY ORDER OF THE U.S. DISTRICT
 COURT. DISSEMINATION IS RESTRICTED.

SPECIAL INTEREST CASE
TOP 100 DOD CONTRACTOR
QUI TAM NO: 02-2107-KHV-DISTRICT OF KANSAS

CASE SUMMARY: On March 2, 2002, attorneys for [REDACTED] and [REDACTED] (qui tam relators), filed a complaint against The Boeing Company (Boeing), Chicago, IL and Ducommun, Inc., Long Beach, CA, alleging numerous violations of the Federal Civil False Claims Act (31 USC Sections 3729 et seq).

The complaint states that from approximately 1994 to the present, Ducommun sold nonconforming parts to Boeing subsidiaries, to include Boeing Commercial Airplane Group (Boeing CAG), Wichita, KS (relator's employer). The parts listed are structural components used on aircraft airframes and fuselages. Each Boeing aircraft contains over 100 Ducommun parts, most of which cannot be inspected by noninvasive means. Reportedly, Boeing has identified all of these parts as "flight critical," meaning they are essential to the airworthiness of the aircraft. No failures of these components were noted in the complaint.

MAY 10, 2002: On May 8, 2002, a case initiation was opened.

AUGUST 10, 2002: During this reporting period the following investigative and/or prosecutorial action occurred. In attempts to substantiate the allegations Reporting Agent (RA) and Special Agent [REDACTED] interviewed [REDACTED] for Ducommun, Inc. During the course of the next few months [REDACTED] will be conducting numerous interviews of [REDACTED] Ducommun employees.

NOVEMBER 10, 2002: [REDACTED] for Ducommun was interviewed. While [REDACTED] was not aware of defective parts [REDACTED] Ducommun it was very common not to follow the proper processes or procedures when making the parts. These non-conforming parts were submitted to their customers including Boeing for disposition. [REDACTED] Ducommun as [REDACTED]

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both Boeing-Seattle and Ducommun. Ducommun bear straps and failsafe chords that were installed on a commercial fuselage were examined and appeared to be acceptable. Preliminary results of the inspection at Ducommun is that the company's new management is cooperative and they appear to be correcting problems identified by the 1999-2000 Boeing-Wichita audits. Documents supplied by the relators and the former Ducommun auditor are being reviewed.

FEBRUARY 10, 2003: Contact with [REDACTED] Federal Aviation Administration (FAA) Aerospace Engineer, discovered that no records of any service difficulties involving the suspect Boeing or Ducommun parts could be located. [REDACTED] of Ducommun advised that Ducommun never intentionally provided defective parts to Boeing. [REDACTED] believed that Ducommun met the specifications but that there were some design problems with the parts in question. [REDACTED] of Ducommun, advised that the allegations against Ducommun were bogus and that Ducommun was diligent in its manufacturing process for all its customers.

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Prepared By SA [REDACTED] Long Beach Resident Agency

APPR [REDACTED]

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 DEFENSE CRIMINAL INVESTIGATIVE SERVICE
 LONG BEACH RESIDENT AGENCY
 501 WEST OCEAN BLVD., SUITE 7300
 LONG BEACH, CA 90802-4222

[REDACTED] -24-MAY-2002-50ES-Z0

May 10, 2003

DUCOMMUN, INC
 Long Beach, CA

THE INFORMATION CONTAINED HEREIN WAS DERIVED FROM A QUI TAM COMPLAINT THAT REMAINS UNDER SEAL BY ORDER OF THE U.S. DISTRICT COURT. DISSEMINATION IS RESTRICTED.

SPECIAL INTEREST CASE
TOP 100 DOD CONTRACTOR
QUI TAM NO. 02-2107-KHV, DISTRICT OF KANSAS

CASE SUMMARY: On March 2, 2002, attorneys for [REDACTED] and [REDACTED] (qui-tam relators), filed a complaint against The Boeing Company (Boeing), Chicago, IL and Ducommun, Inc., Long Beach, CA, alleging numerous violations of the Federal Civil False Claims Act (31 USC Sections 3729 et seq).

The complaint states that from approximately 1994 to the present, Ducommun sold nonconforming parts to Boeing subsidiaries, to include Boeing Commercial Airplane Group (Boeing CAG), Wichita, KS (relator's employer). The parts listed are structural components used on aircraft airframes and fuselages. Each Boeing aircraft contains over 100 Ducommun parts, most of which cannot be inspected by noninvasive means. Reportedly, Boeing has identified all of these parts as "flight critical," meaning they are essential to the airworthiness of the aircraft. No failures of these components were noted in the complaint.

MAY 10, 2002: On May 8, 2002, a case initiation was opened.

AUGUST 10, 2002: During this reporting period the following investigative and/or prosecutorial action occurred. In attempts to substantiate the allegations Reporting Agent (RA) and Special Agent [REDACTED] interviewed [REDACTED] for Ducommun, Inc. During the course of the next few months RA and SA [REDACTED] will be conducting numerous interviews of former Ducommun employees [REDACTED]

NOVEMBER 10, 2002: [REDACTED] for Ducommun was interviewed. While [REDACTED] was not aware of defective parts [REDACTED] Ducommun, it was very common not to follow the proper processes or procedures when making the parts. These non-conforming parts were submitted to their customers, including Boeing for disposition. [REDACTED] Ducommun, [REDACTED]

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both Boeing-Seattle and Ducommun. Ducommun bear straps and failsafe chords that were installed on a commercial fuselage were examined and appeared to be acceptable. Preliminary results of the inspection at Ducommun is that the company's new management is cooperative and they appear to be correcting problems identified by the 1999-2000 Boeing-Wichita audits. Documents supplied by the relators and the former Ducommun auditor are being reviewed.

FEBRUARY 10, 2003: Contact with [redacted] Federal Aviation Administration (FAA) Aerospace Engineer, discovered that no records of any service difficulties involving the suspect Boeing or Ducommun parts could be located [redacted] of Ducommun [redacted] advised that Ducommun never intentionally provided defective parts to Boeing. [redacted] believed that Ducommun met the specifications but that there were some design problems with the parts in question. [redacted] of Ducommun, advised that the allegations against Ducommun were bogus and that Ducommun was diligent in its manufacturing process for all its customers.

MAY 10, 2003: Contact with Department of Justice Trial Attorney [redacted] determined that she has decided to prosecute Ducommun for allegations brought forward in a Qui Tam. This investigation will be closed.

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Prepared By SA [redacted] Long Beach Resident Agency

APPR [redacted]

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 DEFENSE CRIMINAL INVESTIGATIVE SERVICE
 WICHITA POST OF DUTY
 271 W. 3RD STREET, SUITE 4020
 WICHITA, KS 67202-1202

[REDACTED] 11-MAY-2005-40WC-E2/X (IR)

May 11, 2005

THE BOEING COMPANY
 Commercial Airplane Group
 3801 S. Oliver
 Wichita, KS 67210

AHF DUCOMMUN
 a.k.a. Ducommun AeroStructures
 268 E. Gardena Blvd.
 Gardena, CA 90247

SPECIAL INTEREST CASE
TOP 100 DOD CONTRACTOR
QUI TAM NO. 05-1073-WEB

THE INFORMATION CONTAINED HEREIN WAS PARTIALLY DERIVED FROM A QUI TAM
 COMPLAINT THAT REMAINS UNDER SEAL BY ORDER OF THE U.S. DISTRICT COURT.
 DISSEMINATION IS RESTRICTED.

INFORMATION REPORT: On April 30, 2005, the Reporting Agent (RA) received a copy of the above-referenced *qui tam* that was filed on March 11, 2005, in the District of Kansas, Wichita, KS. While the lawsuit was filed against The Boeing Company, Chicago, IL, the body of the complaint specified that Boeing Commercial Airplane Group, Wichita, KS, knowingly placed nonconforming parts (including, but not limited to, bear straps and failsafe chords) manufactured by AHF Ducommun, Gardena, CA, onto both military and commercial aircraft.

A review of the March 2005 *qui tam* revealed that it is essentially the same as *qui tam* 02-2107-KHV, filed by the same relators in the District of Kansas in March 2002. The allegations set forth in the initial complaint were investigated by the Wichita POD under DCIS CCN [REDACTED] 04-APR-2002-40WC-E2/U. That investigation failed to identify any evidence to support the relator's allegations. Additionally, the Federal Aviation Administration (FAA) stated that a failure of a bear strap or failsafe chord would not affect the airworthiness of the affected aircraft. Consequently, attorneys for the relators dismissed the original *qui tam* complaint on June 2, 2003.

On May 2, 2005, the RA contacted Assistant U.S. Attorney [REDACTED] Affirmative Civil Enforcement, U.S. Attorney's Office, Wichita, KS, [REDACTED] who had been assigned to the first investigation in conjunction with Trial Attorney [REDACTED] Civil

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[REDACTED] 11-MAY-2005-40WC-E2/X IR)

May 11, 2005

Division, Commercial Litigation Branch, Civil Fraud Section, Washington, DC, stated that he had spoken to [REDACTED] who has reportedly asked the Department of Justice for permission to decline to intervene in the latest *qui tam*. AUSA [REDACTED] opined [REDACTED]

Aviation Safety Inspector [REDACTED] FAA, Suspect Unapproved Parts Office (AVR-20), Washington, D.C., stated that the FAA would monitor the AHF Ducommun parts that the relators allege are suspect to determine if any fail at some point in the future. Inspector [REDACTED] will inform the RA if a failure occurs.

Prepared by SA [REDACTED] Wichita POD
DISTR: 03EC/40SE/50ES/DOJ [REDACTED] and [REDACTED] FAA [REDACTED]

APPR [REDACTED]

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DEPARTMENT OF DEFENSE INSPECTOR GENERAL
DEFENSE CRIMINAL INVESTIGATIVE SERVICE

WICHITA POST OF DUTY
271 W. 3RD STREET, SUITE 4020
WICHITA, KANSAS 67202-1202

██████████ 11-MAY-2005-40WC-E2/X (IR)

August 18, 2005

THE BOEING COMPANY
Wichita, KS

AHF DUCOMMUN
Gardena, CA

SPECIAL INTEREST CASE
TOP 100 DOD CONTRACTOR
QUI TAM NO. 05-1073-WEB

SUPPLEMENTAL INFORMATION REPORT: On May 11, 2005, the Reporting Agent (RA) prepared an Information Report (IR) regarding the above-referenced *qui tam* that was filed in the District of Kansas in March 2005. In summary, the IR stated that a substantive investigation was not being initiated as the allegation made in this *qui tam* was similar to the allegation made under a *qui tam* that filed by the same relators in March 2002. The U.S. Department of Justice (DOJ) concurred and declined to intervene in the March 2005 *qui tam*.

Both *qui tams* alleged that The Boeing Company (now "Spirit AeroSystems"), Wichita, KS knowingly placed nonconforming parts (including, but not limited to, bear straps and failsafe chords) manufactured by AHF Ducommun, Gardena, CA, onto both military and commercial aircraft. This allegation was investigated under DCIS CCN ██████████ 04-APR-2002-40WC-E2 and was unfounded. The DOJ declined to intervene in the March 2002 *qui tam*.

Subsequent to the filing of the March 2005 *qui tam*, attorneys for the relators provided a Federal Aviation Administration (FAA) Airworthiness Directive (effective May 12, 2005) and a Boeing Service Bulletin (dated July 10, 2003) that deal with cracking of the bear straps. On June 3, 2005, the RA sent a letter to the FAA, Seattle Aircraft Certification Office (ACO), Renton, WA asking whether there was a safety problem with the bear strap, if the cracking they were experiencing was due to "shy edge distance" on drilled holes as alleged by the relators, etc.

On August 18, 2005, the RA received a response from the FAA (Attachment 1). The ACO concluded that the bear straps did not present a safety issue, nor were the cracks caused by shy edge distance on drilled holes. They also pointed out that Ducommun has not made these parts for Boeing since 2001.

Attachment

- 1) Answers to questions under cover letter to the RA from Jeffrey Duyen (FAA-ACO); Referred FAA 8/10/2005

Prepared by SA ██████████ Wichita POD

APPR: ██████████

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DEPARTMENT OF DEFENSE
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WICHITA POST OF DUTY
271 WEST 3RD STREET, SUITE 4020
WICHITA, KS 67202-1202

June 3, 2005

FAA-Seattle ACO
ANM-120S
ATTN: [REDACTED]
1601 Lind Ave., SW
Renton, WA 98055-4056

As per our conversation this afternoon, following are the questions I have for the Federal Aviation Administration regarding *qui tam* complaint 05-1073-WEB that was filed against The Boeing Company. As I explained when we spoke, lawsuit is remarkably similar to the one that was filed several years ago and involves the same allegations that Boeing-Wichita knew that parts manufactured by AHE Ducommun were nonconforming and they installed them on commercial and military aircraft anyway.

As the original investigation found no evidence of any problems with any of the parts that were mentioned in the original *qui tam*, the Department of Justice (DOJ) has declined to intervene in the recent lawsuit. But, after this declination, attorneys for the relators provided the DOJ with the Boeing Service Bulletin (dated July 2003) and the associated FAA Airworthiness Directive (effective May 12, 2005) that speaks to problems with the "bearstraps" cracking. This part is mentioned predominately in both the original and recent *qui tam* lawsuits; we were told by the relators that it is defective due to "shy edge distance" on some of the drilled hole. My questions for the FAA are

[REDACTED]

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