



DEPARTMENT OF DEFENSE INSPECTOR GENERAL
DEFENSE CRIMINAL INVESTIGATIVE SERVICE

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

04-APR-2002-40WC-E2

June 5, 2002

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

DUCOMMUN, INC.
Long Beach, 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.

RECEIPT OF TECHNICAL ANALYSIS: On June 5, 2002, the reporting agent (RA) received a technical analysis from [REDACTED] Attorney At Law, Helmer, Martins and Morgan, Cincinnati, OH (Attachment 1). This analysis, which was prepared by qui tam relator [REDACTED] Boeing Commercial Airplane Group, Wichita, KS, delineates the problems being encountered with the "bear straps" and "fail-safe chords" (structural components) that are manufactured by Ducommun, Inc., Long Beach, CA for use on Boeing's 737-NG aircraft. The RA immediately provided this information to the Federal Aviation Administration (Attachment 2).

Attachments

- 1) Bear strap and fail safe chords analysis, unsigned and undated
- 2) Fax cover sheet documenting transmission of Attachment 1 to the FAA

Prepared by SA [REDACTED] Wichita POD

CLASSIFICATION:

"FOR OFFICIAL USE ONLY"

APPR [REDACTED]

WARNING

This document is the property of the Department of Defense Inspector General and is on loan to your agency. Contents may not be disclosed to any party under investigation nor may this document be distributed outside the receiving agency without the specific prior authorization of the Assistant Inspector General for Investigations.

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TBC 000810



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

OCCL

SEP 29 2006

Ms. Suzette W. Derrevere
Perkins Cole
607 Fourteenth Street N.W.
Washington, DC 20005-2011

Dear Ms. Derrevere:

This is in response to your Freedom of Information Act (FOIA) request dated June 8, 2006, on behalf of The Boeing Company. You are requesting the following documents:

- "Copies of any and all FOIA requests submitted to the OIG made by realtors or their attorneys, including, but not limited to, attorneys from the Clausen Miller law firm.
- Copies of any and all response letters and documents the OIG provided to the relators or to their attorneys, including, but not limited to, attorneys from the Clausen Miller law firm, in connection with any FOIA requests made by Relators or their attorneys regarding allegations against Boeing and Ducommun, Inc.
- All correspondence between the OIG and the realtors or their attorneys regarding any FOIA requests described above."

We have identified documents that did not originate with our agency. The Department of Defense FOIA referral policy requires that the document originator make the release determination and a direct response to the requester. Therefore, I have referred your request and responsive documents to the agencies listed below and those offices will provide you with appeal procedures for any information that they withhold from you. Copies of the referral memorandums/letters are enclosed.

Air Force Office of Special Investigations/XILI
Post Office Box 2218
Waldorf, MD 20604-2218

Department of the Air Force
88CG/SCCMF
3810 Communications Blvd, Bldg 1455
Wright Patterson AFB, OH 45433

TBC 000751

Defense Contract Management Agency
6350 Walker Lane #300
Alexandria, VA 22310-3226

Defense Contract Audit Agency
8725 John J. Kingman Road
Suite 2135
Fort Belvoir, VA 22060-6219

Defense Contract Management Agency
6350 Walker Lane #300
Alexandria, VA 22310-3226

Defense Logistics Agency
FOIA/PA Officer
8725 John J. Kingman Road, Stop 2533
Fort Belvoir, VA 22060-6221

Naval Air Systems Command
Office of Counsel/Code 11.5
Building 435, Suite A
47076 Liljencrantz Road
Patuxent River, MD 20670-1550

Federal Aviation Administration
National FOIA Staff, ARC-40
800 Independence Avenue, S.W.
Washington, DC 20591

Department of Justice
Civil Division
Freedom of Information/Privacy Act Officer
Room 7304, 20 Massachusetts Avenue, N.W.
Washington, DC 20530-0001

Department of Justice
Criminal Division
FOIA/PA Unit
Suite 1127, Keeney Building
Washington, DC 20530-0001

Executive Office for United States Attorneys
FOIA/Privacy Unit
Department of Justice
Room 7300, 600 E Street, N.W.
Washington, DC 20530-0001

Also, we have identified other documents that did not originate with your agency. Therefore, we have referred these documents to the Law Firm of Volkema, Thomas, Miller, and Law Office of McKenna & Cuneo. They will review and recommend a release determination on the documents they originated that are responsive to your FOIA request. Once the law firms have recommended a release determination, they will return the responsive documents back to us for a subsequent release to you.

I have carefully reviewed the documents responsive to your FOIA request and determined that the enclosed documents that originated with the Office of the Inspector General of the Department of Defense may be released to you with redactions. The documents were redacted in accordance with the FOIA under the following exemptions:

(b)(2): Information consisting of internal personnel rules and practices of an agency.

(b)(5): Information is predecisional inter/intra agency data that is part of a decision-making process containing opinions and recommendations.

(b)(6): The disclosure of information would constitute a clearly unwarranted invasion of personal privacy of individuals.

(b)(7)(C): The disclosure of information could reasonably be expected to constitute an unwarranted invasion of personal privacy in law enforcement records of individuals. Also, it is used to protect the identity of government law enforcement personnel named in the files.

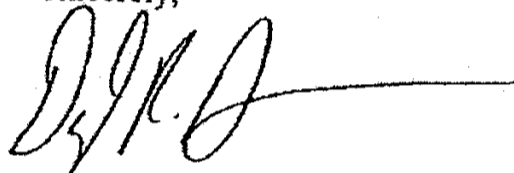
(b)(7)(D): The disclosure of information in law enforcement records could reasonably be expected to disclose the identity of a confidential source and information furnished by a confidential source.

Mr. John R. Crane
Assistant Inspector General
Office of Communications and Congressional Liaison
400 Army Navy Drive, Room 1034
Arlington, Virginia 22202-4704

To be considered your appeal should be postmarked no later than 60 calendar days from the date of this letter. Please give your reasons for the appeal and write "Freedom of Information Act Appeal" printed clearly on the envelope and the letter. Also, reference your FOIA request number 06-0294 in your appeal letter, and include a copy of this letter.

I am the official responsible for this determination and have waived all processing fees. Should you have any questions regarding this matter, please contact Ms. Barbara Davis-Flanagan at (703) 604-9779.

Sincerely,



Darryl R. Aaron
Chief
FOIA Requester Service Center/
Privacy Act Office

Enclosures:
As stated

Enclosure
1



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

OCCL

SEP 29 2006

MEMORANDUM FOR AIR FORCE OFFICE OF SPECIAL INVESTIGATIONS
(ATTN: AFOSI/XIL)

SUBJECT: Freedom of Information Act Request Referral
Ms. Suzette W. Derrevere, FOIA No. 06-0294

This memorandum refers to the attached subject request. While processing this request, we identified your information in our files. The attached information is referred for your review, release determination and direct response to Ms. Suzette W. Derrevere. A copy of our response to the requester is attached. Please furnish this office with a copy of your final response to the requester.

Should you have any questions regarding this matter, please contact Ms. Barbara Davis-Flanagan at (703) 604-9779.

Darryl R. Aaron
Chief
FOIA Requester Service Center/
Privacy Act Office

Attachments:
As stated

TBC 000756



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

OCCL

SEP 29 2006

MEMORANDUM FOR DEPARTMENT OF THE AIR FORCE
(ATTN: 88 CG/SCCMF)

SUBJECT: Freedom of Information Act Request Referral
Ms. Suzette W. Derrevere, FOIA No. 06-0294

This memorandum refers to the attached subject request. While processing this request, we identified your information in our files. The attached information is referred for your review, release determination and direct response to Ms. Suzette W. Derrevere. A copy of our response to the requester is attached. Please furnish this office with a copy of your final response to the requester.

Should you have any questions regarding this matter, please contact Ms. Barbara Davis-Flanagan at (703) 604-9779.

A handwritten signature in black ink, appearing to read "D.R. Aaron", with a horizontal line extending to the right.

Darryl R. Aaron
Chief
FOIA Requester Service Center/
Privacy Act Office

Attachments:
As stated

TBC 000757



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

SEP 29 2006

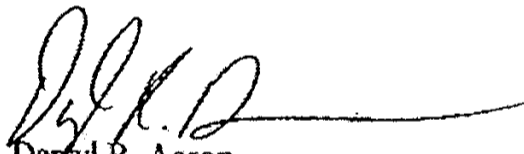
OCCL

MEMORANDUM FOR DEFENSE CONTRACT AUDIT AGENCY
(ATTN: CMR)

SUBJECT: Freedom of Information Act Request Referral
Ms. Suzette W. Derrevere, FOIA No. 06-0294

This memorandum refers to the attached subject request. While processing this request, we identified your information in our files. The attached information is referred for your review, release determination and direct response to Ms. Suzette W. Derrevere. A copy of our response to the requester is attached. Please furnish this office with a copy of your final response to the requester.

Should you have any questions regarding this matter, please contact Ms. Barbara Davis-Flanagan at (703) 604-9779.


Darryl R. Aaron
Chief
FOIA Requester Service Center/
Privacy Act Office

Attachments:
As stated

TBC 000758



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

SEP 29 2006

OCCL

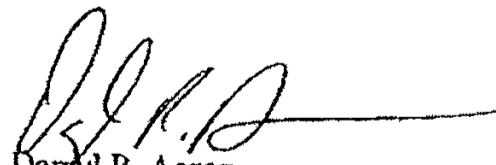
MEMORANDUM FOR DEFENSE CONTRACT MANAGEMENT AGENCY
(ATTN: DCMA-DS)

SUBJECT: Freedom of Information Act Request Referral
Ms. Suzette W. Derrevere, FOIA No. 06-0294

This memorandum refers to the attached subject request. While processing this request, we identified your information in our files. The attached information is referred for your review, release determination and direct response to Ms. Suzette W. Derrevere. A copy of our response to the requester is attached. Please furnish this office with a copy of your final response to the requester. This office has highlighted information that we request be withheld in accordance with the FOIA under exemptions (b)(6), the disclosure of information would constitute a clearly unwarranted invasion of personal privacy of individuals and (b)(7)(C), the disclosure of information could reasonably be expected to constitute an unwarranted invasion of personal privacy in law enforcement records of individuals. Also, it is used to protect the identity of government law enforcement personnel named in the files. If you determine that attached documents are releasable, please provide the following appeal information to the requester for the information that this office redacted: Your appeal should be in writing to the Office of the Inspector General of the Department of Defense, Appellate Authority:

Mr. John R. Crane
Assistant Inspector General
Office of Communications and Congressional Liaison
400 Army Navy Drive, Room 1034
Arlington, Virginia 22202-4704

Should you have any questions regarding this matter, please contact Ms. Barbara Davis-Flanagan at (703) 604-9779.

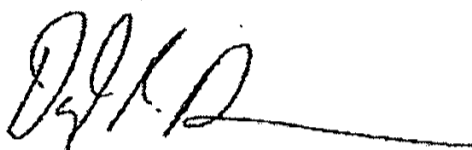

Darryl R. Aaron
Chief
FOIA Requester Service Center/
Privacy Act Office

Attachments:
As stated

TBC 000759

Should you have any questions regarding this matter, please contact Ms. Barbara Davis-Flanagan at (703) 604-9779 and reference FOIA request case number 06-0294.

Sincerely,

A handwritten signature in dark ink, appearing to read 'D. R. Aaron', followed by a horizontal line.

Darryl R. Aaron
Chief
FOIA Requester Service Center/
Privacy Act Office

Enclosures:
As stated



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

OCCL

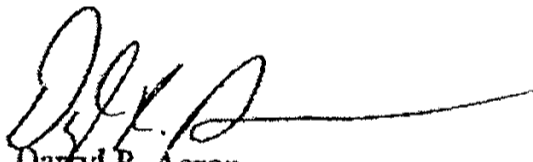
SEP 29 2006

MEMORANDUM FOR DEFENSE LOGISTICS AGENCY
(ATTN: FOIA/PA OFFICER)

SUBJECT: Freedom of Information Act Request Referral
Ms. Suzette W. Derrevere, FOIA No. 06-0294

This memorandum refers to the attached subject request. While processing this request, we identified your information in our files. The attached information is referred for your review, release determination and direct response to Ms. Suzette W. Derrevere. A copy of our response to the requester is attached. Please furnish this office with a copy of your final response to the requester.

Should you have any questions regarding this matter, please contact Ms. Barbara Davis-Flanagan at (703) 604-9779.


Darryl R. Aaron
Chief
FOIA Requester Service Center/
Privacy Act Office

Attachments:
As stated

TBC 000761



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

OCCL

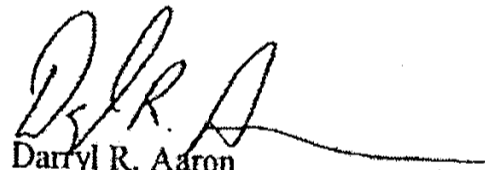
SEP 29 2006

MEMORANDUM FOR NAVAL AIR SYSTEMS COMMAND
(ATTN: FOIA OFFICE)

SUBJECT: Freedom of Information Act Request Referral
Ms. Suzette W. Derrevere, FOIA No. 06-0294

This memorandum refers to the attached subject request. While processing this request, we identified your information in our files. The attached information is referred for your review, release determination and direct response to Ms. Suzette W. Derrevere. A copy of our response to the requester is attached. Please furnish this office with a copy of your final response to the requester.

Should you have any questions regarding this matter, please contact Ms. Barbara Davis-Flanagan at (703) 604-9779.


Darryl R. Aaron
Chief
FOIA Requester Service Center/
Privacy Act Office

Attachments:
As stated

TBC 000762



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

OCCL

SEP 29 2005

Mr. Harry Olmsted
Federal Aviation Administration
National FOIA Staff, ARC-40
800 Independence Avenue, S.W.
Washington, DC 20591

Dear Mr. Olmsted:

On November 4, 2005, we received the enclosed Freedom of Information Act request from Ms. Suzette W. Derrevere, Law Office of Perkins Cole. She is requesting "copies of any and all documents and other information related to the following:

- a. investigation of allegations of improper processing and false certification of quality on aircraft parts manufactured by/installed by Ducommun and/or Boeing, including nonconforming parts or subcontractor control for the period 1994-2004; and
- b. FAA audits of Ducommun and/or Boeing related to certification or quality assurance on aircraft parts manufactured by/installed by Ducommun and/or Boeing for the period 1994-2004."

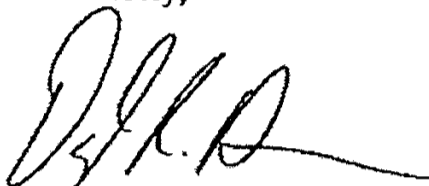
While processing this request, we identified your information in our files. The enclosed information is referred for your review, release determination and direct response to Ms. Suzette W. Derrevere. A copy of our response to the requester is enclosed. Please furnish this office with a copy of your final response to the requester. This office has highlighted information that we request be withheld in accordance with the FOIA under exemptions (b)(6), the disclosure of information would constitute a clearly unwarranted invasion of personal privacy of individuals and (b)(7)(C), the disclosure of information could reasonably be expected to constitute an unwarranted invasion of personal privacy in law enforcement records of individuals. Also, it is used to protect the identity of government law enforcement personnel named in the files. If you determine that attached documents are releasable, please provide the following appeal information to the requester for the information that this office redacted: Your appeal should be in writing to the Office of the Inspector General of the Department of Defense, Appellate Authority:

Mr. John R. Crane
Assistant Inspector General
Office of Communications and Congressional Liaison
400 Army Navy Drive, Room 1034
Arlington, Virginia 22202-4704

TBC 000763

Should you have any questions regarding this matter, please contact Ms. Barbara Davis-Flanagan at (703) 604-9779 and reference FOIA request case number 06-0294.

Sincerely,

A handwritten signature in black ink, appearing to read 'D.R. Aaron', with a long horizontal flourish extending to the right.

Darryl R. Aaron
Chief
FOIA Requester Service Center/
Privacy Act Office

Enclosures:
As stated



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

OCCL

SEP 29 2006

Mr. Thomas J. McIntyre
Chief, FOIA/PA Unit
Criminal Division
Department of Justice
Suite 1127, Keeney Building
Washington, DC 20530-0001

Dear Mr. McIntyre:

On November 4, 2005, we received the enclosed Freedom of Information Act request from Ms. Suzette W. Derrevere, Law Office of Perkins Cole. She is requesting "copies of any and all documents and other information related to the following:

- a. investigation of allegations of improper processing and false certification of quality on aircraft parts manufactured by/installed by Ducommun and/or Boeing, including nonconforming parts or subcontractor control for the period 1994-2004; and
- b. FAA audits of Ducommun and/or Boeing related to certification or quality assurance on aircraft parts manufactured by/installed by Ducommun and/or Boeing for the period 1994-2004."

While processing the enclosed requests, we identified your information in our files. The enclosed information is referred for your review, release determination and direct response to Ms. Suzette W. Derrevere. A copy of our response to the requester is enclosed. Please furnish this office with a copy of your final response to the requester.

Should you have any questions regarding this matter, please contact Ms. Barbara Davis-Flanagan at (703) 604-9779 and reference FOIA request case number 06-0294.

Sincerely,

Darryl R. Aaron
Chief

FOIA Requester Service Center/
Privacy Act Office

Enclosures:
As stated

TBC 000765



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

OCCL

SEP 29 2006

Mr. James M. Kovakas
Department of Justice
Civil Division
Freedom of Information/Privacy Act Officer
Room 7304, 20 Massachusetts Avenue, N.W.
Washington, DC 20530-0001

Dear Mr. Kovakas:

On November 4, 2005, we received the enclosed Freedom of Information Act request from Ms. Suzette W. Derrevere, Law Office of Perkins Cole. She is requesting "copies of any and all documents and other information related to the following:

- a. investigation of allegations of improper processing and false certification of quality on aircraft parts manufactured by/installed by Ducommun and/or Boeing, including nonconforming parts or subcontractor control for the period 1994-2004; and
- b. FAA audits of Ducommun and/or Boeing related to certification or quality assurance on aircraft parts manufactured by/installed by Ducommun and/or Boeing for the period 1994-2004."

While processing the enclosed requests, we identified your information in our files. The enclosed information is referred for your review, release determination and direct response to Ms. Suzette W. Derrevere. A copy of our response to the requester is enclosed. Please furnish this office with a copy of your final response to the requester.

Should you have any questions regarding this matter, please contact Ms. Barbara Davis-Flanagan at (703) 604-9779 and reference FOIA request case number 06-0294.

Sincerely,

Darryl R. Aaron
Chief
FOIA Requester Service Center/
Privacy Act Office

Enclosures:
As stated

TBC 000766



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

SEP 29 2006

OCCL

Mr. Garry Stewart, II
Acting Assistant Director
Executive Office for United States Attorneys
FOIA/Privacy Unit
Department of Justice
Room 7300, 600 E Street, N.W.
Washington, DC 20530-0001

Dear Mr. Stewart:

On November 4, 2005, we received the enclosed Freedom of Information Act request from Ms. Suzette W. Derrevere, Law Office of Perkins Cole. She is requesting "copies of any and all documents and other information related to the following:

- a. investigation of allegations of improper processing and false certification of quality on aircraft parts manufactured by/installed by Ducommun and/or Boeing, including nonconforming parts or subcontractor control for the period 1994-2004; and
- b. FAA audits of Ducommun and/or Boeing related to certification or quality assurance on aircraft parts manufactured by/installed by Ducommun and/or Boeing for the period 1994-2004."

While processing the enclosed requests, we identified your information in our files. The enclosed information is referred for your review, release determination and direct response to Ms. Suzette W. Derrevere. A copy of our response to the requester is enclosed. Please furnish this office with a copy of your final response to the requester.

Should you have any questions regarding this matter, please contact Ms. Barbara Davis-Flanagan at (703) 604-9779 and reference FOIA request case number 06-0294.

Sincerely,

Darryl R. Aaron

Chief

FOIA Requester Service Center/
Privacy Act Office

Enclosures:
As stated

TBC 000767

Enclosure

2



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

SEP 29 2006

OCCL

Mr. Rick Morgan
Attorneys at Law
Volkema, Thomas, Miller
700 Walnut Street, Suite 400
Cincinnati, OH 45202

Dear Mr. Morgan:

On November 4, 2005, we received the enclosed Freedom of Information Act request from Ms. Suzette W. Derrevere, Law Office of Perkins Cole. She is requesting "copies of any and all documents and other information related to the following:

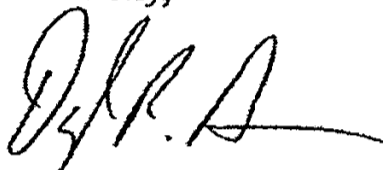
- a. investigation of allegations of improper processing and false certification of quality on aircraft parts manufactured by/installed by Ducommun and/or Boeing, including nonconforming parts or subcontractor control for the period 1994-2004; and
- b. FAA audits of Ducommun and/or Boeing related to certification or quality assurance on aircraft parts manufactured by/installed by Ducommun and/or Boeing for the period 1994-2004."

While processing the enclosed request, we identified responsive documents in our files that you had provided during the course of the investigation (the Relators and the Boeing Company at the Boeing Commercial Airplanes, Wichita Division facility in Wichita, Kansas). We are providing you an opportunity to participate in our decision making process by reviewing and commenting on the releasability of the enclosed information. Your comments will assist us in making an independent decision regarding the release of the information. If you provide comments they should refer to specific portions of the documents and specific FOIA exemptions justifying withholding that particular information. Due to the time constraints imposed by the FOIA, please return the enclosed information with your comments by **October 15, 2006**. Your failure to respond by the due date may result in your comments not being considered in my final release determination.

TBC 000769

Should you have any questions regarding this matter, please contact Ms. Barbara Davis-Flanagan at (703) 604-9779 and reference FOIA request case number 06-0294.

Sincerely,

A handwritten signature in dark ink, appearing to read "D.R. Aaron", with a stylized flourish at the end.

Darryl R. Aaron
Chief
FOIA Requester Service Center/
Privacy Act Office

Enclosures:
As stated



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

OCCL

SEP 29 2006

Mr. Richard B. Oliver
Law Offices
McKenna & Cuneo
444 South Flower Street, 8th Floor
Los Angeles, CA 90071

Dear Mr. Oliver:

On November 4, 2005, we received the enclosed Freedom of Information Act request from Ms. Suzette W. Derrevere, Law Office of Perkins Cole. She is requesting "copies of any and all documents and other information related to the following:

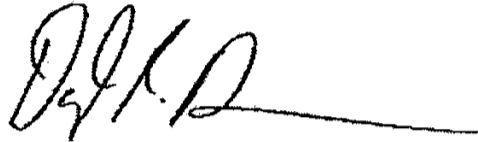
- a. investigation of allegations of improper processing and false certification of quality on aircraft parts manufactured by/installed by Ducommun and/or Boeing, including nonconforming parts or subcontractor control for the period 1994-2004; and
- b. FAA audits of Ducommun and/or Boeing related to certification or quality assurance on aircraft parts manufactured by/installed by Ducommun and/or Boeing for the period 1994-2004."

While processing the enclosed request, we identified responsive documents in our files that you had provided during the course of the investigation. We are providing you an opportunity to participate in our decision making process by reviewing and commenting on the releasability of the enclosed information. Your comments will assist us in making an independent decision regarding the release of the information. If you provide comments they should refer to specific portions of the documents and specific FOIA exemptions justifying withholding that particular information. Due to the time constraints imposed by the FOIA, please return the enclosed information with your comments by **October 15, 2006**. Your failure to respond by the due date may result in your comments not being considered in my final release determination.

TBC 000771

Should you have any questions regarding this matter, please contact Ms. Barbara Davis-Flanagan at (703) 604-9779 and reference FOIA request case number 06-0294.

Sincerely,

A handwritten signature in black ink, appearing to read "D. R. Aaron", followed by a horizontal line.

Darryl R. Aaron
Chief
FOIA Requester Service Center/
Privacy Act Office

Enclosures:
As stated

Enclosure

3

TBC 000773



DEPARTMENT OF DEFENSE INSPECTOR GENERAL
DEFENSE CRIMINAL INVESTIGATIVE SERVICE

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

REPORT OF INVESTIGATION

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

July 7, 2003

BOEING COMMERCIAL AIRPLANES GROUP, Wichita, KS
AHP DUCOMMUN, INC., Gardena, CA

DISTRIBUTION

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DCIS Long Beach Resident Agency (50BS)
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Naval Criminal Investigative Service [REDACTED]
Department of Transportation Office of Inspector General [REDACTED]
Air Force Materiel Command Law Office [REDACTED]
U.S. Department of Justice [REDACTED]

CLASSIFICATION

FOR OFFICIAL USE ONLY

WARNING
This document is the property of the Department of Defense Inspector General and is on loan to your agency. Contents may not be disclosed to any party under investigation nor may this document be distributed outside the receiving agency without the specific prior authorization of the Assistant Inspector General for Investigations.

b2 b6 b7C

TBC 000774

July 7, 2003

NARRATIVE

1. This investigation was initiated based upon a *qui tam* complaint filed against The Boeing Company (Boeing), headquartered in Chicago, IL, and AHF Ducommun, Inc., Long Beach, CA, alleging numerous violations of the Federal Civil False Claims Act. The complaint states that from 1994 to the present, AHF 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 AHF 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.
2. According to the complaint, all parts manufactured by AHF Ducommun are suspect as their quality system is "out of control" and the tooling used to make these parts is improperly designed, built or calibrated. Boeing has allegedly lost control of those subcontractors to whom they have granted Delegated Source Inspection (including, but not limited to, AHF Ducommun).
3. The AHF Ducommun parts are installed on Boeing aircraft, including the 737-Next Generation (NG), 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. Boeing CAG manufactures portions of the 737-NG, 747, 757 and 767 aircraft that they sell to commercial customers and the U.S. Air Force (C-40B) and U.S. Navy (C-40A).
4. In 1999 and 2000, the relators were members of audit teams that visited AHF Ducommun. These teams reportedly found numerous serious manufacturing nonconformances. The team's published reports and briefings to Boeing CAG management were allegedly ignored because the revocation of AHF Ducommun's Delegated Source Inspection would result in Boeing CAG having to inspect incoming AHF Ducommun parts, which would involve substantial expense.
5. The investigation was unable to discover any evidence to support the relator's allegations. The two AHF Ducommun parts that the relators felt were most discrepant were the "bearstraps" and "failsafe chords" used on the commercial and military versions of the 737-NG. The bearstraps go inside the aircraft doors; the chords support the interior ceiling of the aircraft. According to the Federal Aviation Administration (FAA), neither of these parts would affect the airworthiness of the aircraft if they failed.
6. FAA inspectors were able to physically inspect the bearstraps and failsafe chords on several 737-NG aircraft being produced at Boeing and discovered no discrepancies. A review of both

A-1

b2

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TBC 000775

04-APR-2002-40WC-E2/U

July 7, 2003

FAA and Defense Contract Management Agency databases revealed no corrective action/ deficiency reports have been written on either of the suspect parts. Former AHF Ducommun employees were adamant that no knowingly defective products were sold to either commercial or military customers. They felt that the Boeing audit (which the relators participated in) was unfair and a "witch hunt."

7. A Trial Attorney with the U.S. Department of Justice, Civil Division, Commercial Litigation Branch, Civil Fraud Section, Washington, D.C., formally declined to prosecute either AHF Ducommun or Boeing on May 22, 2003. Attorneys for the relators dismissed the qui tam complaint on June 2, 2003.

8. This investigation is now closed as no criminal, civil or administrative action is anticipated. There were no management control deficiencies identified during the course of this investigation.

A-2

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3

TBC 000776

██████████ 04-APR-2002-40WC-E2/U

July 7, 2003

IDENTITY OF SUBJECTS

Boeing Commercial Airplanes Group
3801 S. Oliver
Wichita, KS 67210

Boeing CAG produces part of every commercial jetliner except the 717, including 75 percent of the 737. For the 737-NG (737-600/ -700/ -800/-900) and Boeing Business Jet models, the CAG joins the forward and aft fuselage assemblies into one unit prior to shipment by rail to its sister division in Renton, Wash., where final assembly and delivery takes place. The modifications to the 737-NG airframes that are required by the Air Force (C-40B) and Navy (C-40A) are performed at Boeing's Wichita Development and Modification Center.

B-1

b2

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TBC 000777

04-APR-2002-40WC-E2/U

July 7, 2003

IDENTITY OF SUBJECTS

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

AHF Ducommun, a subsidiary of Ducommun Incorporated, is a leading supplier of aerospace structural components that are manufactured utilizing sophisticated stretch forming and thermal forming processes primarily of aluminum and titanium. AHF Ducommun uses advanced technical assembly manufacturing processes that produce large, complex aerospace structural components. AHF Ducommun is a major supplier for commercial aircraft programs such as Boeing 737, 747, 757, 767, MD-80, and MD-11 plus the Airbus A-330 and A-340. They also produce components for the external tank of the Space Shuttle. Titanium components are hot formed for use on such diverse aircraft as the MD-11 wide body commercial transport, the Stealth Bomber and U.S. Air Force military transports. AHF Ducommun also utilizes proprietary techniques for the forming of titanium leading edges for the main rotor blades used on most military helicopters. These include the Sikorsky Blackhawk, Seahawk and Super Stallion, Boeing Chinook, Bell 412 and the Agusta 129.

B-2

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TBC 000778

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

July 7, 2003

EXHIBITS

None

Prepared by SA [REDACTED] Wichita POD

APPR: [REDACTED]

C-1

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The problems with the 141A3113-901 (Boeing Engineering Part 141A3113-1) bear straps was discovered in the latter part of 1998. When the 141A3111 bonded assembly had shy edge margin (EM) on the upper forward edge of the 141A3113-1 bear strap doubler, (Ref. Engineering drawing 141A3113, sheet 1, Revision "A", zone D3 and D4 between stations (sta) 280 and 320, and water line (WL) 260 and 300. The 141A3111 bond assemblies go to the next higher assembly 141A3110; (Ref. 141A3111-5 went into the 141A3110-13 upper assembly). The Advanced Technology Assembly (ATA) holes are drilled into the 141A3111 assemblies after the lay-up process at a Numerical Controlled (NC) operation. ATA holes B96 and B36 had shy EM on the 141A3113-1 bear strap, (Ref. Engr Dwg 141A3111, sheet 7, revision B, zone C9. The faster pattern common to (CT) the upper/forward edge of the bear strap as shown on assembly drawing 141A3110, sheet 19, revision new, zone C9 and D9 were also mis located to provide for the shy EM on the 141A3113 bear strap.

Assemblies with shy EM were acceptable on a green line, which is an Engineering workaround to rework as defined by Engineering. This was done on the assemblies with up to .150 shy EM. There were 24 (ea) 141A3113-1 bear straps that were rejected with a shy EM of .300 from AHF Ducommun, (Ref Non-conformance record (NCR) N9060006459, dated 05/04/1999, Legacy ID 06459WL. These 24 received a scrap disposition. There was also an additional 24 (ea) 141A3113-1 rejected on NCR N9060009321, dated 09/29/1999, Legacy ID 09321WL, from Advance Machine & Stretch form (AMSI). The time frame would have been between 1995 and 05-04-1999.

There are several areas of concern with the fail-safe Chords that are produced by AHF Ducommun for The Boeing Company. The part numbers include but are not limited to the following, 143A1201, 146A1266, 146A1286, 147A1006, 147A1007 and 147A1027 (Ref Exhibit Book for a complete list of details). Our concerns do not only apply to the Fail-safe chords or the Bear-straps, but to all detail parts that are produced without proper inspection to the engineering requirements. This is what the team believes is happening at the majority of Boeing Suppliers. ATA hole location, contour, flatness and material damage is the major concerns.

Per engineering parts list (PL) on 143A1201, hole size and locations were identified as ATA locations. The GA note states "The basis for the ATA hole and hole size tolerances for this part are as follows: Process capability of .014 Dia features relating true position and .014 pattern-locating true position. Temperature compensation and/or control to 68 degrees F. process capability and thermal expansion effects are additive. The two factors added together shall not exceed the drawing specified tolerance. Final hole size when the temporary fastener is removed is per BAC 5004. Final hole size clean up based on removal accuracy of temporary fastener +/- .008 inch.

The process and tooling that the audit team witnessed while at AHF Ducommun would not be able to hold and maintain the ATA requirements. Boeing procedures and documents were also violated, which promoted manufacturing of defective details. Boeing Document D33200-1 (Boeing Suppliers Tooling Document) and D32042-3 (Tooling Fabrication of Blocks).



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

04-APR-2002-40WC-E2

April 4, 2002

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 INITIATION: 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). A review of this complaint on March 28 and 29, 2002, revealed that there was sufficient information to warrant the initiation of an investigation.

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.

According to the complaint, all parts manufactured by Ducommun are suspect as their quality system is "out of control" and the tooling used to make these parts is improperly designed, built or calibrated. Boeing's quality system has allegedly lost control of those subcontractors to whom they have granted Delegated Source Inspection (including, but not limited to, Ducommun).

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TBC 000781

04-APR-2002-40WC-E2

April 2002

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.

Boeing CAG manufactures portions of the 737, 747, 757 and 767 aircraft that they sell to commercial customers and the U.S. Air Force and U.S. Navy (no contract numbers are currently available). 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 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 [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.

Team members were then purportedly subjected to "pervasive and relentless retaliation" including threats and intimidation due to their efforts to disclose and correct the fraudulent activity and safety violations. Ducommun supposedly made a "token payment" (NFI) to Boeing CAG after "sham negotiations" were conducted.

On March 29, 2002, the reporting agent (RA) met with Assistant U.S. Attorney (AUSA) [redacted] U.S. Attorney's Office (USAO), Affirmative Civil Litigation Coordinator, Wichita, KS. The RA, AUSA [redacted] two Department of Justice Trial Attorneys and AUSA [redacted] USAO, Topeka, KS, will interview the relators on April 16, 2002. Coordination with the DCIS office at Long Beach, CA (SOES), and with cognizant AFOSI and NCIS offices is underway to address working group and joint investigative participation issues.

Prepared by SA [redacted] Wichita POD

DISTR: 03FD/40SL/SOES/USAO-Topeka and Wichita/DOT-OIG-Chicago/FAA-Alexandria/AFOSI-Wichita

APPR: [redacted]

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TBC 000782



DEPARTMENT OF DEFENSE INSPECTOR GENERAL
DEFENSE CRIMINAL INVESTIGATIVE SERVICE

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

04-APR-2002-40WC-E2

April 5, 2002

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

DUCOMMUN, INC.
Long Beach, CA

CONTACT WITH FAA-SUP OFFICE: On April 5, 2002, the reporting agent (RA) telephonically contacted [REDACTED] Federal Aviation Administration (FAA). [REDACTED] stated that [REDACTED] has reviewed the *qui tam* complaint involving The Boeing Company and Ducommun, Inc.

[REDACTED] and the FAA's [REDACTED] will be meeting with Trial Attorney [REDACTED] U.S. Department of Justice, Civil Division, Washington, DC sometime during the third week of April. The RA informed [REDACTED] of the [REDACTED]

After obtaining part numbers for the SUPs identified in the *qui tam* complaint, [REDACTED] office will proceed with a safety and regulatory investigation. A review of FAA's databases revealed that no nonconforming parts reports have been written on Ducommun parts.

Prepared by SA [REDACTED] Wichita POD

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TBC 000783



DEPARTMENT OF DEFENSE INSPECTOR GENERAL
DEFENSE CRIMINAL INVESTIGATIVE SERVICE

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

04-APR-2002-40WC-E2

April 18, 2002

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

DUCOMMUN, INC.
Long Beach, 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.

MEETING WITH QUI TAM RELATORS: On April 16, 2002, the reporting agent
(RA) interviewed the following employees of Boeing Commercial Airplane Group (CAG),
Wichita, KS at the United States Attorney's Office (USAO), Kansas City, KS. These employees
are the relators in a qui tam-lawsuit that was filed (under seal) against The Boeing Company,
Chicago, IL and Ducommun, Inc., Long Beach, CA on March 8, 2002:

Also present at this meeting were:

[REDACTED] Trial Attorney, U.S. Department of Justice (DOJ), Civil
Division, Washington DC (202-616- [REDACTED])

[REDACTED] USAO, Civil
Division, Wichita, KS (316-269- [REDACTED])

[REDACTED] DOJ, Civil Division, Washington,
DC (202-307- [REDACTED])

[REDACTED] Attorney at Law, The Popam Law Firm, Kansas City,
MO (816-221-2288)

[REDACTED] Attorney at Law, Helmer, Martins and Morgan,
Cincinnati, OH (513-421- [REDACTED])

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TBC 000784

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

2
April 18, 2002

[REDACTED] Defense Contract Management Agency,
Wichita, KS (316-299-[REDACTED])

[REDACTED] Attorney at Law, Helmer, Martins and Morgan, Cincinnati,
OH (513-421-2400).

[REDACTED] Special Agent in Charge, Field Operations, National
Suspect Unapproved Parts (SUP) Coordinator, U.S. Department of
Transportation (DOT), Office of Inspector General, Investigations,
Washington, DC (202-366-[REDACTED])

[REDACTED] Assistant U.S. Attorney (AUSA), USAO, Civil
Division, Wichita, KS (316-269-[REDACTED])

[REDACTED] DOT Federal Aviation Administration (FAA), Washington, DC (703-
661-[REDACTED])

[REDACTED] AUSA, USAO, Criminal Division, Topeka, KS (785-
295-[REDACTED])

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

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04-APR-2002-40WC-E2

3
April 18, 2002

[REDACTED]

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04-APR-2002-40WC-E2

4
April 18, 2002

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TBC 000787

[REDACTED]

1

[illegible]

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

6
April 18, 2002

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

AGENT'S NOTE:

[REDACTED]

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04-APR-2002-40WC-E2

7
April 18, 2002

[REDACTED]

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04-APR-2002-40WC-B2

8
April 18, 2002

[REDACTED]

Prepared by SA [REDACTED] Wichita POD

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TBC 000791



DEPARTMENT OF DEFENSE INSPECTOR GENERAL
DEFENSE CRIMINAL INVESTIGATIVE SERVICE

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

04-APR-2002-40WC-E2

April 23, 2002

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

DUCOMMUN, INC.
Long Beach, CA

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

CONTACT WITH ATTORNEY FOR OUI TAM RELATORS: On April 18 and 22,
2002, the reporting agent (RA) contacted, via electronic mail, [REDACTED] Attorney at
Law, Helmer, Martins and Morgan, Cincinnati, OH, regarding clarification of several points that
were discussed during the meeting with his clients on April 16, 2002 (reference: DEIS Form 1
dated April 18, 2002). The responses provided to the RA by [REDACTED] who consulted with his
clients, are contained at Attachments 1, 2 and 3.

Attachments:

- 1) E-mail to RA from [REDACTED] entitled "SPC data," 4/19/2002
- 2) E-mail to RA from [REDACTED] entitled, "Additional information from [REDACTED] and [REDACTED] re. SPC holes," 4/22/2002
- 3) E-mail to RA from [REDACTED] entitled, "bear straps," 4/23/2002

62-66672

Prepared by SA [REDACTED] Wichita POD

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APPR [REDACTED]

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TBC 000792



(Investigations)

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

APR 30 2002

MEMORANDUM FOR RESIDENT AGENT IN CHARGE, KANSAS CITY RESIDENT AGENCY

SUBJECT: Qui tam Complaint - DCIS No. 2002-QT-089
U.S. ex rel. Smith v. Boeing Company (KS)

Attached for your information is a qui tam complaint, filed under seal, that was provided by the Civil Division of the Department of Justice (DoJ) to the Defense Criminal Investigative Service.

This matter requires a determination as to investigative jurisdiction pursuant to the Inspector General, Department of Defense, guidance concerning jurisdiction for fraud investigations and should be presented to the cognizant Regional Management Team.

Please complete the appropriate Form 1 for a case initiation or information report on the Investigative Data System (IDS) within 10 days. The agent assigned to the investigation should coordinate with DoJ attorney, [REDACTED] at (202) 353-[REDACTED].

To correctly capture this matter as a qui tam action in the new IDS system, at the Special Interest button insert "DCISQT" in the Originating Agency block; at the Originator button, insert "DOJ" in the Originating Agency block.

[REDACTED]
Assistant Deputy Director
Field Operations

Attachment

b2 b4 b7c

Kansas City Resident Agency	
MAY - 7 2002	
DCIS	

29

TBC 000793



(Investigations)

INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
400 ARMY NAVY DRIVE
ARLINGTON, VIRGINIA 22202-4704

MAY 1 2002

MEMORANDUM FOR DIRECTOR, MAJOR PROCUREMENT FRAUD UNIT
ARMY CRIMINAL INVESTIGATION COMMAND
DIRECTOR, NAVAL CRIMINAL INVESTIGATIVE SERVICE
(ATTENTION: DESK OFFICER: CODE 23A)
COMMANDER, AIR FORCE OFFICE OF SPECIAL
INVESTIGATIONS
(ATTENTION: [REDACTED])

SUBJECT: U.S. ex rel. Smith v. Boeing Company (KS)

Attached for your information is a qui tam complaint that we received from the Department of Justice (DoJ). Please note that this complaint was filed under seal and remains under seal. The complaint alleges violations of the civil False Claims Act by the defendant(s) in connection with Department of Defense contract(s).

This matter requires a determination as to investigative jurisdiction pursuant to the Inspector General, Department of Defense, guidance concerning jurisdiction for fraud investigations and should be presented to the cognizant Regional Management Team.

Due to the time sensitivity of qui tam actions, this matter should receive prompt attention. If an investigation is initiated, please ensure that the agent assigned to the investigation coordinates with DoJ attorney, [REDACTED] at (202) 353-[REDACTED]. Please also coordinate this qui tam referral with your respective Office of General Counsel. Status reports concerning the investigation of this matter are not required by this office.

Should you have any questions, please call [REDACTED] Assistant Deputy
Director, Field Operations, at (703) 604-[REDACTED]

[REDACTED]
Director
Investigative Operations

Attachment

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21

TBC 000794



DEPARTMENT OF DEFENSE INSPECTOR GENERAL
DEFENSE CRIMINAL INVESTIGATIVE SERVICE

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

04-APR-2002-40WC-E2

May 8, 2002

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

DUCOMMUN, INC.
Long Beach, CA

TECS/NCIC CHECK: On May 7, 2002, the reporting agent (RA) requested [REDACTED]
[REDACTED] Defense Criminal Investigative Service, Kansas City
Resident Agency, Kansas City, Missouri

Attachment

1) Electronic mail message from RA to [REDACTED] 5/7/2002

b2 b3 b4 b7c

Prepared by SA [REDACTED] Wichita POD

APP

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TBC 000795

[REDACTED]
From: [REDACTED]
Sent: Tuesday, May 07, 2002 2:02 PM
To: [REDACTED]
Cc: [REDACTED]
Subject: [REDACTED] - CON [REDACTED] (Boeing and Ducommun)

[REDACTED] - Please do a [REDACTED] on the following individuals:

SSN: [REDACTED]
DOB: [REDACTED]
DL: [REDACTED]

SSN: [REDACTED]
DOB: [REDACTED]
DL: [REDACTED]

SSN: [REDACTED]
DOB: [REDACTED]
DL: [REDACTED]

SSN: [REDACTED]
DOB: [REDACTED]
DL: [REDACTED]

Thanks!

Special Agent [REDACTED]
Defense Criminal Investigative Service
Wichita Post of Duty, Wichita, KS
Voice: 316-265-[REDACTED]
Fax: 316-265-[REDACTED]
Cell: 316-204-[REDACTED]
E-mail: [REDACTED]@dodig.osd.mil

b2 b6 b7C



INSPECTOR GENERAL
DEPARTMENT OF DEFENSE
DEFENSE CRIMINAL INVESTIGATIVE SERVICE
KANSAS CITY RESIDENT AGENCY
500 State Avenue, Ste. 565
Kansas City, KS 66101-2433

FAX TRANSMISSION

TO: SSA [REDACTED] WACIX

FAX NUMBER: 314-263-[REDACTED]

FROM: [REDACTED]

DATE: 6/3/02

VOICE: 913-551-[REDACTED]

FAX: 913-551-[REDACTED]

No. Pages
(excluding this pg)

SUBJECT: cc / Case Initiation re Breyer + Buchanan

MESSAGE: FYI - If you have, find - or want to
look for - Any links in this case, let me
know.

Thank!

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FAXED

Kansas City Resident Agency	
JUN 3 2002	
DCIS	[REDACTED]



DEPARTMENT OF DEFENSE INSPECTOR GENERAL
DEFENSE CRIMINAL INVESTIGATIVE SERVICE

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

04-APR-2002-40WC-E2

May 13, 2002

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

DUCOMMUN, INC.
Long Beach, CA

CONTACTS REGARDING 737-NG / C-40A-B: On April 24, 2002, the reporting agent (RA) telephonically contacted [REDACTED]. The Boeing Company, Defense Contract Management Agency (DCMA), Wichita, KS (316-526 [REDACTED]) stated that the military versions of the 737-NG aircraft are the C-40A (Navy) and C-40B (Air Force); these aircraft are made at Boeing-Seattle. The C-40A is a cargo/personnel transport aircraft; the C-40B is used to transport high-ranking officers. While the C-40A was modified at Boeing-Wichita, the C-40B was purchased under a purely commercial contract. The DCMA had no contact with the C-40Bs.

[REDACTED] The Boeing Company, DCMA-Wichita (316-526 [REDACTED]) said that the Navy flew four C-40As out of Boeing-Wichita last summer after modifications were completed. He verified that the DCMA had no involvement with the C-40B and assumed that it was purchased under FAR Part 12.

The DCMA supervises the Contract Logistics Support (CLS) and Plant Depot Maintenance (PDM) efforts. CLS is the day-to-day maintenance of the aircraft. Hahn did not think the C-40As had enough flight hours to need PDM. The cognizant DCMA [REDACTED] at Boeing-Seattle is [REDACTED].

[REDACTED] NAVAIR, Patuxent River, MD (301-757 [REDACTED] @navair.navy.mil) stated the Navy has taken possession of four C-40Bs; they will take delivery of the remaining two aircraft in June and August 2002. These aircraft were purchased under a commercial contract.

On May 9, 2002, the RA telephonically contacted [REDACTED] Boeing-Seattle, Renton, WA (206-544 [REDACTED] @dcmdw.dcma.mil). [REDACTED] advised that he is the [REDACTED] for both the Air Force and Navy versions of the 737-NG. On May 13th he provided the pertinent contract numbers (Attachment 1). He suggested that the RA contact [REDACTED] to review copies of the Navy and Air Force contracts. [REDACTED] stated that he has authorized [REDACTED] to "buy off" on the Navy C-40As. The Air Force will send out their own representative to accept the C-40Bs.

The Air Force is not scheduled to take delivery of their first C-40B until June 2002. While they have only purchased two, they have the option to purchase several more of these

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May 10, 2002

"VIP" aircraft. Both the C-40A and C-40B require a certification from the Federal Aviation Administration. These commercial contracts are firm fixed price.

explained that the 737-NG/C40A-B fuselage is manufactured by Boeing-Wichita; it then goes to Boeing-Seattle where the remainder of the aircraft is built. The commercial division of Boeing then sells the aircraft to the military. The completed aircraft are then flown back to Boeing-Wichita for "extensive" conversion to their particular Navy or Air Force application.

The C-40As that the Navy has purchased have been back to Boeing several times for various problems including the auxiliary power unit. did not know when the aircraft would be scheduled to undergo Plant Depot Maintenance.

The RA cautioned everyone with whom he spoke not to mention the existence of this investigation to anyone at Boeing.

Attachment

- 1) E-mail from to RA containing contract numbers, 5/13/02 - Refer to DCMA

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Prepared by SA Wichita POD

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[REDACTED]
From: [REDACTED]
Sent: Friday, May 24, 2002 5:25 PM
To: [REDACTED]
Subject: FW: USA's recusal from Boeing case

FYI....

-----Original Message-----

From: [REDACTED]
To: [REDACTED]
Cc: [REDACTED] (E-mail)
Sent: 5/24/02 5:00 PM
Subject: USA's recusal from Boeing case

FYI:

Because of our U.S. Attorney's former association with [REDACTED] the law firm that typically represents Boeing, he has been recused. Anything of significance regarding this case, in terms of higher level decisions, will need to be run by the Acting U.S. Attorney in the matter. [REDACTED] None of us should ever discuss the case with [REDACTED] the U.S. Attorney.

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[REDACTED]

Kansas City Resident Agency		
JUN 4 2002		
	DCIS	

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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

██████████ 04-APR-2002-40WC-B2

May 23, 2002

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

DUCOMMUN, INC.
Long Beach, CA

INTERVIEW OF ██████████ **AND** ██████████ **ON** May 21, 2002, the reporting agent (RA) interviewed ██████████ 316-526-██████████@dcmdw.dcm.mil), ██████████ Defense Contract Management Agency (DCMA), Wichita, KS and ██████████ 316-526-██████████@dcmdw.dcm.mil), ██████████ DCMA, at the DCMA office at The Boeing Company, Wichita, KS. ██████████ provided information in addition to the interview conducted on April 24, 2002 (Ref.: DCIS Form I dated May 13, 2002). The RA directed both ██████████ and ██████████ not to discuss the existence of the above-captioned investigation with any Boeing employee.

Neither ██████████ nor ██████████ had heard of Ducommun, Inc., Long Beach, CA, nor were they familiar with the chords and/or bear straps that are used in the fuselage of the Boeing 737-700C, nether had heard any rumors about these parts not fitting, etc. The fuselages ("tubes") for these aircraft are manufactured in Wichita; they are then shipped by rail to Boeing-Seattle where the rest of the aircraft is assembled.

The military versions of the 737-700C are the C-40A (Navy) and C-40B (Air Force). The DCMA only has delegation authority to accept the C-40As; ██████████ did not know who in the Air Force accepts the C-40Bs. ██████████ opined that they might be relying on the inspections done by the Designated Alteration Station (DAS) inspectors. He explained that the DAS inspectors are Boeing inspectors who have been trained and certified by the Federal Aviation Administration (FAA) to do the inspections that determine whether or not an aircraft is airworthy. The FAA inspections are an additional duty for these Boeing employees.

The C-40As are painted with Navy markings at Boeing-Seattle; they then come back to Boeing-Wichita where the passenger and cargo compartments are completed. The first C-40A that was purchased under contract N00019-97-C-2034 had to undergo a lot of flight testing to make sure it could handle class "C" explosives. Part of the modification process is the installation of bulkheads/barriers between the passenger and cargo compartments. These "smoke tests" and other engineering, design and prototype costs could be why the first C-40A under the 2034 contract cost more than the other three that were purchased by the Navy under that contract.

The DCMA has no delegation authority from either the Navy or the Air Force to inspect the 737-700C fuselages while they are being manufactured by Boeing-Wichita. The C-40A and

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C-40B fuselages are identifiable by the front cargo door. The only delegation authority the DCMA has is to inspect the C-40As when they come back to the Boeing-Wichita Modification Center. [redacted] inspects to "best commercial practice" quality standards.

[redacted] opined that the structural parts in question are installed during the fabrication of the fuselage at Boeing-Wichita. He suggested that the RA contact DCMA [redacted] Boeing-Seattle (206-655- [redacted]) to determine if the bear straps and chords are covered in the interior of the tube when it gets to Seattle. [redacted] thought the interior panels are put on after the aircraft gets to Seattle. When the aircraft comes back to Wichita for modifications they do take the panels around the doors off in order to install the bulkheads, wiring in ceiling panels, etc.

[redacted] bought the first C-40A on April 19, 2001 as per the request of [redacted] NAVAIR, Patuxent River, MD. [redacted] Boeing-Seattle, is the C-40A [redacted] for Boeing Derivative Aircraft Programs (206-655- [redacted]). He "sells" the aircraft that [redacted] "buys" (Attachment 1). Final payments are withheld until the modifications are completed. The modifications are separate line items within the contract; the final contract price includes these modifications.

The Navy has taken delivery of four C-40As under contract 2034 and will buy at least two more under contracts N00019-00-0299 and N00019-01-C-0071. [redacted] stated that one is currently on the ramp; the Navy will take possession of it on May 28th. Another C-40A is due in Wichita for modifications in June 2002.

Before [redacted] accepts a C-40A, four or five Navy people have already spent several days flight testing the aircraft and going over the records. He will not buy the aircraft until all of these technical specialists are satisfied. During flight test the Navy pilots perform every operation in the aircraft's syllabus. [redacted] point-of-contact is [redacted] (NFI), C-40A APML, Patuxent River, MD (301-757- [redacted]) signs off on the flight books, including the pre-flight manual.

[redacted] explained that the readiness log, etc. goes with the aircraft, as do the FAA supplemental type certifications (a.k.a. airworthiness certifications). The C-40A has three of these certifications, cargo, passenger and combi when it leaves the modification center. It only has a passenger certification when it arrives from Boeing-Seattle.

[redacted] said there are currently one or two C-40Bs at Boeing-Wichita. One is on the flight line where it is undergoing flight test; it is about ready to be purchased by the Air Force. There are several commercial 737-700 fuselages currently being manufactured at Boeing-Wichita, but the DCMA cannot get access to them as they have no reason to go to the area on the west side of Oliver where the fuselages are made.

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explained that FAR part 12 deals with commercial pricing (fixed or catalog price). Instead of Boeing providing the Government with detailed pricing, they provide a set price based upon the Statement of Work given to them by the Government.

AGENT'S NOTE provided the RA with the first 18 pages of contract 2034, letters from the Navy giving him delegation authority to accept the C-40As, the complete Boeing invoice (a portion of which is Attachment 1), and several articles on the C-40 from the "Boeing News." These documents are being retained in the RA's case file.

Attachment

- 1) Bill of Sale for C-40A (S/N 30200), 4/19/01 - *Refer DCMA*

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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
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04-APR-2002-40WC-B2

June 3, 2002

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

DUCOMMUN, INC.
Long Beach, 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.

MEETING WITH QUI TAM RELATORS: On May 29, 2002, the reporting agent
(RA) met with the following employees of Boeing Commercial Airplane Group (CAG), Wichita,
KS at the United States Attorney's Office (USAO), Wichita, KS. These employees are the
relators in a qui tam lawsuit that was filed (under seal) against The Boeing Company, Chicago,
IL and Ducommun, Inc., Long Beach, CA on March 8, 2002.

Also present at this meeting were:

Administration (FAA), Federal Aviation

Dulles, VA (703-661-)

Division, Wichita, KS (316-269-)

USAO, Civil

Manufacturing Inspection District Office, Lakewood, CA (562-627-)

Attorney at Law, The Popam Law Firm, Kansas City,
MO (816-221-2288).

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[REDACTED] 04-APR-2002-40WC-B2

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June 3, 2002

[REDACTED] FAA, Los
Angeles Aircraft Certification Office; Lakewood, CA (562-627-[REDACTED])

[REDACTED] Attorney at Law, Helmer, Martins and Morgan,
Cincinnati, OH (513-421-2400).

[REDACTED] Defense Contract Management Agency,
Wichita, KS (316-299-[REDACTED])

[REDACTED] FAA,
Washington, DC (703-661-[REDACTED])

[REDACTED] noted that the qui tam is still under seal. [REDACTED]

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[REDACTED]

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[illegible]

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June 3, 2002

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04-APR-2002-40WC-E2

5
June 3, 2002

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

In February 2001, Boeing CAG reached a settlement in which Ducommun paid Boeing CAG \$36,000 out of approximately \$5 million in damages. Boeing CAG negotiator [REDACTED] said the Ducommun team was very unprofessional.

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

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June 3, 2002

[REDACTED]

Prepared by SA [REDACTED], Wichita POD

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