

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

2
January 21, 2003

[REDACTED] also claimed that the parts on [REDACTED] list are structural parts that are integral parts of another assembly. [REDACTED]

Attachments

- 1) E-mail from the RA to [REDACTED] and [REDACTED] (A), 1/15/03, and [REDACTED] response to the RA (B), 1/16/03 - *Refused*
- 2) Listing of 737-NG P/Ns that was attached to Attachment 1-A, 1/14/03 - *Refused*
- 3) 14 CFR 121.704 SDRs (structural), undated
- 4) E-mail from [REDACTED] to the RA, 1/21/03 - *Refused*

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Prepared by SA [REDACTED] Wichita POD

APPR [REDACTED]

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TBC 000870

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 fastener 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).

271 West 3rd Street, Suite 4020
Wichita, Kansas 67202-1202

DCIS - Wichita POD

Voice: 316-265-
Fax: 316-265-
E-mail: @dodig.osd.mil
Cellular: 316-204-

Fax

To: SEE BELOW (FAA) From: Special Agent
Fax: SEE BELOW Pages: 3 (Including cover page)
Phone: Date: 6/5/02
Re: Ducommun parts CC: USAO, Wichita, KS
☐ Urgent ☒ For Review ☐ Please Comment ☐ Please Reply ☐ Please Recycle

• Comments:

TO:

and (FAX: 703-661-)
(FAX: 562-627-)
(FAX: 562-627-)

Attached is the write-up of the problems with the Ducommun parts that I received from . It was written by one of the relators. Please let me know if and when you are going to inspect one of the 737-NG fuselages and what the results of the inspection are.

FYI - I am going to be out of the office for most of the rest of this month. If you have any questions in the meantime, please contact at the US Attorney's Office here in Wichita (316-269-).

Thanks!!

6467X

ATTACH 2 39

TBC 000812



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

04-APR-2002-40WC-E2

June 10, 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 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, 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

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June 10, 2002

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 ██████████ 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 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.

Prepared by SA ██████████ Wichita POD

APPR: ██████████

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TBC 000814



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

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

June 17, 2002

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

DUCOMMUN, INC.
Long Beach, CA

ISSUANCE OF SUP STATUS REPORT: On June 17, 2002, [REDACTED]
[REDACTED] Federal Aviation Administration, [REDACTED]
[REDACTED], Dulles, VA (703-661 [REDACTED]) issued the attached SUP Status Report
stated that this report is only issued to law enforcement agencies.

Attachment

1) SUP Status Report (Case [REDACTED], 6/17/02

Prepared by SA [REDACTED] Wichita POD

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

July 8, 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.

RESPONSES TO QUESTIONS RECEIVED FROM RELATORS COUNSEL: On
July 8, 2002, the reporting agent received the attached electronic mail message from [REDACTED]
[REDACTED] Attorney at Law, Helmer, Martins and Morgan, Cincinnati, OH. [REDACTED] represents
several relators in qui tam lawsuit that was filed against The Boeing Company and Ducommun,
Inc.

Attachment:

1) E-mail to RA from [REDACTED] 7/6/2002

Prepared by SA [REDACTED] Wichita POD

APPR [REDACTED]

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WICHITA, KANSAS 67202-1202

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

July 10, 2002

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

DUCOMMUN, INC.
Long Beach, CA

RECEIPT OF INFORMATION RE DUCOMMUN PARTS FROM THE FAA: On July 10, 2002, the reporting agent received an electronic mail message from [REDACTED] Federal Aviation Administration (FAA), Los Angeles Aircraft Certification Office (ACO), Lakewood, CA (562-627- [REDACTED]). This e-mail forwarded several messages between [REDACTED] and the Seattle ACO (Attachment 1), as well as a listing of parts produced by Ducommun, Inc. for the 737, 757 and 777 aircraft manufactured by Boeing Commercial Airplane Group (Attachment 2) and a sub-listing of the parts that appear to be the most critical (Attachment 3).

Attachments

- 1) E-mail to the RA from [REDACTED] (includes correspondence with the FAA, Seattle ACO), 7/10/02
- 2) Spreadsheet (SUparts.xls), undated
- 3) Spreadsheet (Supartssea.xls), undated

Prepared by SA [REDACTED] Wichita POD

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

FILE COPY

July 16, 2002

[REDACTED]

Sincerely,

[REDACTED]

Special Agent
Defense Criminal Investigative Service
Wichita Post of Duty

DCIS CCN: [REDACTED] (Boeing/Ducommun)

b2 b5 b6 b7c

Kansas City Resident Agency		
AUG 06 2002		
	DCIS	



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

August 8, 2002

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

AHF DUCOMMUN, INC.
Gardena, CA

INTERVIEW OF ██████████ On August 7, 2002, the reporting agent (RA), Trial Attorney ██████████ U.S. Department of Justice, Civil Division, Washington DC and Special Agent ██████████ Defense Criminal Investigative Service, Long Beach Resident Agency, Long Beach, CA, interviewed ██████████ This interview was conducted at the Long Beach Resident Agency.

Identification/contact information for ██████████ is as follows:

SSN: ██████████

DOB: ██████████

Address: ██████████

Cell phone: ██████████

Work: ██████████

(primary contact)

ext. ██████████

work history includes:

██████████ entire tenure at AHF Ducommun was as ██████████

██████████ In this position ██████████ was responsible for ██████████

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04-APR-2002-40WC-B2

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August 8, 2002

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TBC 000820

August 8, 2002

In approximately [redacted] the [redacted] of [redacted] for AHE
Ducommun. [redacted]
[redacted] stated that [redacted] is [redacted] the [redacted] at the Parsons facility.
[redacted] was the [redacted] in charge of [redacted] is [redacted] at [redacted] did
not know when or why [redacted] AHE Ducommun.

██████████ did not know the details of some parts being made via hand routing processes when AHP Ducommun stated they were being made by numeric control processes. The process used is specified in the planning documents. Some parts can be made both ways.

_____ was not aware of specific instances of defective parts leaving AHP Ducommun; nor did _____ ever hear Boeing-Wichita complain that they had received discrepant _____

██████████ was not aware of AHF Ducommun employees finding non-conforming parts and not submitting them to Boeing Wichita (or other customers) for disposition. ██████████ and ██████████ work on ██████████

Their decisions, which were documented, went to Boeing Wichita [REDACTED]
 [REDACTED] Final disposition of the parts would be
 either acceptable as is, re-work or scrap. Boeing Wichita would sometimes re-work or scrap the
 parts in Wichita, a supplier evaluation report (SER)/corrective action report would then be issued
 to AHF Ducommun.

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August 8, 2002

A lot of [redacted] at AHE Ducommun are

Boeing-Wichita wrote a SER after finding problems with the advanced technical assembly holes on the chords. [REDACTED]
[REDACTED] meeting at AHP Ducommun.

AGENT'S NOTE: Due to the volume of these documents, they are being maintained in the RA's case file.

Boeing-Wichita auditors reviewed [REDACTED] and procedures. They made sure [REDACTED] did the audits and reviewed [REDACTED] findings. They also did sample audits. [REDACTED] described Boeing-Wichita as a very strict customer.

described the audits conducted as "snapshots" in time. Some procedures were audited once per quarter, others were audited annually. The departments audited were told ahead of time when the audit was going to take place. Consequently, [redacted] was concerned that they would remove parts they did not want [redacted] to see before [redacted] got there. [redacted] usually did these audits by [redacted]

██████████ stated that an outside company (NFI) did AHF Ducommun's calibration, audited these calibrations and found them acceptable.

Boeing-Wichita Field Representative [REDACTED] did the original review and approval of AHF Ducommun's quality system (procedures, checklists, etc.) so they could receive delegated source inspection status. This took place [REDACTED]

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██████████ was one of the reasons AHF Ducommun and Boeing-Wichita were "tight." ██████████ did not know what ██████████ position was at Boeing-Wichita or if ██████████ was the one who originally gave AHF Ducommun delegated source inspection status. ██████████ never saw anything in writing from Boeing-Wichita granting this status, although ██████████ to review it annually.

At the end of 1999 or beginning of 2000, Boeing-Wichita quality employee [REDACTED] rejected the procedures [REDACTED] had approved, as they did not meet Boeing-Wichita's needs. [REDACTED] was also responsible for reviewing [REDACTED] audits. [REDACTED] was in charge of [REDACTED] AHE Ducommun's [REDACTED] procedures after several rejections by [REDACTED]. [REDACTED] could not recall what the specifics of the problems were that necessitated these re-writes.

Boeing-Wichita document D1-9000 delineates the specific requirements (training, quality procedures, etc.) a supplier must meet before they can be granted delegated source inspection status. AHP Ducommun's procedures had to be re-written because they did not meet D1-9000. Document OS-200-10 #13 is AHP Ducommun's first attempt to comply with D1-9000.

The delegated source inspection procedures were specific to each department at AHP Ducommun. When the re-write of the procedures for a particular department was completed and the employees were trained, [REDACTED] did an audit of that department. This took place approximately once every two weeks.

██████████ and ██████████ could "clean up" an area before ██████████ arrived for ██████████ scheduled appointments. Consequently, ██████████ audits found no problems.

██████████ was doing another re-write (document OS-200-10 #16) when ██████████ did not know if ██████████ eventually granted AHB Ducommun full delegated source inspection status or not. As far as ██████████ knew, Boeing Wichita did not suspend this status when the procedures were being re-written.

Ducommun where [redacted] whose primary responsibility was AHP
 delegated source inspection status on some particular parts that are identified on the purchase
 orders. Northrop has an inspector that comes into the facility to inspect their parts.

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TBC 000823

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On January 8, 2001, Boeing-Wichita employees [REDACTED] and [REDACTED] were at [REDACTED] and had dealt with [REDACTED] [REDACTED] was part of the fooling investigation (Attachment 1). [REDACTED] when [REDACTED] was at AHF Ducommun, [REDACTED] asked [REDACTED] some questions [REDACTED]

"AHP has wonderful processes but they don't follow them." [REDACTED] is primarily responsible for the procedures checklists not being followed. For example, parts are sometimes sent out for heat-treating prior to being inspected. [REDACTED] who was in charge of [REDACTED] also [REDACTED] as constantly bringing up these types of issues to [REDACTED].

warned them that they were delegated source and have obligations.

"Had over 60 findings that needed to be addressed. When Lockheed came in to do an audit, they conveniently lost most of them." These are findings

provided their location on the "G" drive on AHP Ducommun's computer system. (Attachment 2) opened [REDACTED]

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

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August 8, 2002

[REDACTED]
[REDACTED] recommended that the Government obtain all of the findings that were the result of audits by AHF Ducommun (internal) and their customers (external). These findings are required to be kept for a minimum of seven years.

[REDACTED] could only recall a Defense Contract Management Agency (DCMA) representative coming to AHF Ducommun on one occasion that did not have to do with a Boeing-Wichita part (NFI). The DCMA representative was there by request.

Attachments

- 1) Notes of conversation with [REDACTED] 1/8/01
- 2) "G" Drive path to audit findings, 8/7/02

Prepared by SA [REDACTED] Wichita POD

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TBC 000825

11/8/01
10:am

[redacted] at [redacted]

[redacted]

[redacted] does wonderful processes but they
[redacted] looks good [redacted]

[redacted]

[redacted]

[redacted]

[redacted]

Notes from interview with [redacted]
[redacted] Interviewed by [redacted]

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[REDACTED]

b2 b6 b7C

Rec'd From [REDACTED]
8-7-02
SA [REDACTED] SOES
[REDACTED] 54

ATTCH 2



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

[REDACTED] 1-APR-2002-40WC-E2

August 9, 2002

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

DUCOMMUN, INC.
Long Beach, CA

INTERVIEW OF [REDACTED] On August 9, 2002, the reporting agent (RA) telephonically interviewed [REDACTED] Federal Aviation Administration (FAA), Los Angeles Manufacturing Inspection District Office, Lakewood, CA (562-627-[REDACTED]) attended the May 29, 2002 meeting with the *qui tam* relators (Ref: DCIS Form 1 dated June 3, 2002).

During the week of July 22, 2002, [REDACTED] visited The Boeing Company-Seattle, WA where he looked at installed bear straps and fail-safe chords on aircraft shipped from Boeing-Wichita. Items he examined include gap conditions, short edge distance on fasteners, workmanship, etc. While everything he looked at appeared acceptable, [REDACTED] said that the pre-load (internal stress load on parts to get them to fit) on some of these components could be problematic. Any pre-load problems cannot be identified with the naked eye. [REDACTED] will have to visit Boeing-Wichita and look at their tools and how they are used to install the parts in the aircraft fuselages.

[REDACTED] obtained drawings for the approximately 25 737, 757 and 777 aircraft parts that FAA [REDACTED] identified as being sold to Boeing-Wichita by Ducommun (Ref: AOC [REDACTED] to DCIS Form 1 dated July 10, 2002). He had these "vague" drawings available when he was examining the parts at Boeing-Seattle.

[REDACTED] planned trip to AHP Ducommun, Gardena, CA during the last week of July 2002 did not take place as he could not get [REDACTED] to go with [REDACTED]. He now intends to visit Ducommun during the first week of September 2002. At that time, he will ask for first article reports (these should not be available as the Boeing-Wichita auditors were told that Ducommun did not have them and they are hard to forge) and will look at the tools Ducommun uses to produce the fail-safe chords. [REDACTED] pointed out that the relators stated that the problems with the bear straps had been fixed; he discovered no installation problems regarding these components at Boeing-Seattle.

Shortly after [REDACTED] trip to Ducommun, an FAA inspector at Boeing-Wichita will research the "red (rejection) tags" relating to the Ducommun fail-safe chords and bear straps. He did not want to do this right now as he was afraid that if Boeing-Wichita told Ducommun that some of their parts were being looked at, they (Ducommun) might hide things of interest.

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04-APR-2002-40WC-E2

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August 9, 2002

agreed to provide the RA with copies of all reports, inspection records, etc. that are prepared by the FAA relative to their inspections at Boeing and Ducommun. He will also make copies of what they obtain from Ducommun during their inspection. The RA briefed on the law of "agency;" stated that he will only get copies of Ducommun documents that are necessary for FAA purposes.

Prepared by SA [REDACTED] Wichita POD

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September 4, 2002

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Wichita, KS

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Gardena, CA

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DISTRICT COURT. DISSEMINATION IS RESTRICTED.

RECEIPT OF LISTING OF POTENTIAL INTERVIEWEES: On July 8, 2002, the
reporting agent (RA) asked [REDACTED] Attorney at Law, Helmer, Martins and Morgan,
Cincinnati, OH, to have his clients prepare a list of potential interviewees in the above-captioned
case (Ref: DCIS Form 1 dated July 8, 2002). On September 4, 2002, the RA received the
requested listing, apparently prepared by qui tam relator [REDACTED] (Attachment 1).

Attachment:

- 1) Electronic mail message from [REDACTED] to the RA, attached is a listing of potential
interviewees

Prepared by SA [REDACTED] Wichita POD

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APPR [REDACTED]

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TBC 000830



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

September 5, 2002

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

AHF DUCOMMUN, INC.
Gardena, CA

RE-INTERVIEW OF

On September 5, 2002, the reporting agent (RA) telephonically interviewed [REDACTED] Federal Aviation Administration (FAA) Los Angeles Manufacturing Inspection District Office (MIDO), Lakewood, CA (562-627- [REDACTED]) provided information in addition to the interview conducted on August 9, 2002 (Ref: DCIS Form 1 dated August 9, 2002).

[REDACTED] stated that yesterday he and another FAA inspector made an unannounced visit to AHF Ducommun, Gardena, CA. [REDACTED] coordinated this visit with [REDACTED] Boeing-Seattle; he also told [REDACTED] what the FAA would be looking for. [REDACTED] arranged for Boeing quality representative [REDACTED] who has been very helpful, to accompany the FAA inspectors. Boeing did not inform AHF Ducommun that the FAA was coming to inspect them.

According to [REDACTED] Boeing-Wichita is aware that the FAA issued a Suspect Unapproved Part (SUP) report and that the DCIS is conducting an investigation. [REDACTED] reportedly obtained this information from Boeing-Wichita employee [REDACTED].

[REDACTED] is assigned to the AHF Ducommun facility. The new Boeing representative [REDACTED] did not know when [REDACTED]

When [REDACTED] and the others arrived at AHF Ducommun [REDACTED] met them. [REDACTED] said they were investigating a whistleblower complaint from which a SUP report had been prepared.

[REDACTED] who immediately invited them into the facility, has been there for approximately [REDACTED] year. [REDACTED] briefed him on the non-conformances they were investigating, what they wanted to look at (planning documents and drawings, list of Supplier Evaluation Reports from Boeing, internal audit reports, etc.), and provided him with a short list of part numbers. An hour and a half later [REDACTED] had complied the requested planning documents, quality reports, drawings, procedures, etc. in a room where [REDACTED] began his review.

Within minutes of their arrival, [REDACTED] was introduced to [REDACTED] and several [REDACTED]

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September 5, 2002

members of the [REDACTED] Both [REDACTED] and [REDACTED] had been at AHP Ducommun for about [REDACTED] years.

[REDACTED] said that a Boeing audit team had been at AHP Ducommun about [REDACTED] years ago and "we were all screwed up." AHP Ducommun has changed their entire management team since that time; [REDACTED] said they were here to make corrections and would not hide anything. He offered to show [REDACTED] the problems they were working on and offered to fix anything the FAA deemed necessary.

Some of the areas that [REDACTED] said he would look at more closely are tool identification and part marking. He will probably write up the fact that some tools, including three mill fixtures for the bear straps, that did not have inspection tags/straps. AHP Ducommun already has a corrective action plan for tool marking.

[REDACTED] observed that Boeing-Wichita stamp [REDACTED] was on a lot of the tools at AHP Ducommun. He will determine whose stamp that is and if that person was an employee of Boeing at the time the tools were stamped off; he will also look for a report from that person showing the tool was inspected.

The bear strap mill fixtures are AHP Ducommun tools that were not "bought off" by Boeing. [REDACTED] said these fixtures/tools were not used for inspection acceptance. They reportedly accept the bear straps based on measurements taken by a measurement machine. [REDACTED] will verify.

Regarding the allegation that AHP Ducommun is hand forming the failsafe chords, [REDACTED] observed that the stretch form machine they are using can only bend the parts so far. This part then has to be bent by hand to get it to the exact dimension. The chords are checked to a check fixture before the hand forming takes place. [REDACTED] said that hand forming is an industry-accepted practice, but he will have to make sure that it is specified in the engineering documents.

He did see them grinding some parts, but they were being deburred. The fact that some tools are stored outside is not a "big deal" to the FAA.

[REDACTED] opined that, on the surface, it did not seem like anyone at AHP Ducommun was trying to hide anything. He said, "Everything [REDACTED] said made sense, he seems to have all the right answers" and "Management has been very open and honest and want they want to do the right thing." [REDACTED] concluded by saying that, so far, it appears that they are working towards correcting the problems they had in the past.

[REDACTED] commented that while he has not yet seen anything too unusual, he would now start digging deeper into their processes, etc. as well as determining if the corrective actions and service difficulties have been corrected. He will also ask for the first article reports for the

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September 5, 2002

tooling made in the 1997/97 timeframe (which the qui tam relators said AHP Ducommun did not have). [REDACTED] said the company could have done a subsequent first article after the 2000 Boeing audit.

[REDACTED] anticipated that his visit would last today and tomorrow. He agreed to provide the RA with a copy of his trip report.

Prepared by SA [REDACTED] Wichita POD

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TBC 000833



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

(Investigations)

04-APR-2002-40WC-E2

September 10, 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 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, 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.

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 b2, b6, b7c

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TBC 000834

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

September 10, 2002

[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 leaving 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. Ducommun as [REDACTED]

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.

Prepared by SA [REDACTED], Wichita POD

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

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

October 1, 2002

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.

RESPONSES TO QUESTIONS RECEIVED FROM RELATORS COUNSEL: On
September 18, 2002, the reporting agent (RA) posed several questions to [REDACTED]
Attorney at Law, Helmer, Martins and Morgan, Cincinnati, OH (Attachment 1). [REDACTED]
represents several relators in qui tam lawsuit that was filed against The Boeing Company and
Ducommun, Inc. On October 1, 2002, the RA received answers to those questions (Attachment
2).

Attachment:

- 1) E-mail to [REDACTED] from RA, 9/18/2002
- 2) E-mail to RA from [REDACTED] 10/1/02 - *Refused*

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[REDACTED]
From: [REDACTED]@usdoj.gov
Sent: Tuesday, September 24, 2002 2:41 PM
To: [REDACTED]@dodig.osd.mil
Subject: FW: 4/23/02 e-mail

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

From: [REDACTED] [mailto:[REDACTED]@dodig.osd.mil]
Sent: Wednesday, September 18, 2002 11:44 AM
To: [REDACTED]
Cc: [REDACTED]
Subject: 4/23/02 e-mail

[REDACTED] I was reviewing an April 23, 2002 e-mail you sent me and came up with a few questions (I don't have this email electronically anymore, but if you cannot put your hands on it let me know and I'll fax it to you):

[REDACTED]

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

b5 b6 b7c

ATTACH 1

TBC 000837



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

October 1, 2002

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

AHF DUCOMMUN, INC.
Gardena, CA

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COURT. DISSEMINATION IS RESTRICTED.

QUI TAM: On March 2, 2002, attorneys for [REDACTED]
and [REDACTED] (qui tam relators), filed a complaint against The Boeing Company, Chicago,
IL and Ducommun, Inc., Long Beach, CA, in United States District Court, District of Kansas
(Attachment 1).

Attachment

1) Qui Tam Complaint 02-2107-KHV

Prepared by SA [REDACTED]

APPR [REDACTED]

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[REDACTED]
From: [REDACTED]
Sent: Thursday, April 25, 2002 2:53 PM
To: [REDACTED]
Cc: [REDACTED]

Sensitivity: Private

[REDACTED]
I have spoken to [REDACTED] and he has agreed to the following:

[REDACTED]
anytime, I'm sure we will be talking in the next day or so. Thanks again and feel free to call [REDACTED]

[REDACTED]
Resident Agent in Charge
Long Beach Resident Agency
[REDACTED]@dodig.osd.mil

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[REDACTED] 66

Kansas City Resident Agency	
APR 25 2002	
DCIS	[REDACTED]



DEPARTMENT OF DEFENSE INSPECTOR GENERAL
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WICHITA, KANSAS 67202-1202

04-APR-2002-40WC-E2

November 5, 2002

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

AHF DUCOMMUN, INC.
Gardena, CA

REVIEW OF -2034 CONTRACT: On October 31 and November 4, 2002, the reporting agent reviewed contract N00019-97-C-2034 and the files associated with that contract at the offices of the Defense Contract Management Agency (DCMA), Boeing sub office, Wichita, KS. Attachment 1 has portions of the basic contract that contain the "FAA Certification" (page 9) and "Manufacturing and Quality" (page 10) requirements imposed on Boeing-Wichita regarding the manufacture of the U.S Navy's C-40A aircraft.

Attachment 2 is a DCMA-Seattle memorandum that delineates discrepancies found in the inspection of C-40 aircraft. Attachment 3 is a letter from the Navy Contracting Officer to Boeing-Seattle describing conditional acceptance of C-40A aircraft. Attachment 4 lists the "C-40A Program Support Team Points of Contact."

Attachments:

- 1) Select pages of contract N00019-97-C-2034
- 2) DCMA-Seattle memorandum, 2/4/00
- 3) Letter from the Navy to Boeing, 4/6/01
- 4) Annex 1 to Memorandum of Agreement between C-40A Program Office and DCMC

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Prepared by SA [REDACTED] Wichita POD

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██████████ 04-APR-2002-40WC-E2

November 7, 2002

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

AHF DUCOMMUN, INC.
Gardena, CA

RECEIPT OF CHRONOLOGY: On November 7, 2002, the reporting agent (RA) received a chronology prepared by Trial Attorney ██████████ U.S. Department of Justice (DOJ), Civil Division, Washington, DC. This chronology, which is being maintained in the RA's case file, was prepared using the documents supplied to the DOJ by the relator's counsel and is protected by the attorney work product exception.

Attachment:
1) Boeing ██████████ Chronology, 11/6/02 (in RA's case file)

Prepared by SA ██████████ Wichita POD

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WICHITA, KANSAS 67202-1202

04-APR-2002-40WC-E2

November 18, 2002

BOEING-WICHITA COMMERCIAL AIRPLANE GROUP
Wichita, KS

AHF DUCOMMUN, INC.
Gardena, CA

INTERVIEW OF

On November 13, 2002,

Attorney [REDACTED] was interviewed by the reporting agent (RA), Trial Agent (SA) [REDACTED] U.S. Department of Justice, Civil Division, Washington DC and Special Agent (SA) [REDACTED] Defense Criminal Investigative Service, Long Beach Resident Agency. This interview was conducted at the Long Beach Resident Agency.

AGENT'S NOTE: On November 14, 2002, [REDACTED] gave the RA, Trial Attorney [REDACTED] and SA [REDACTED] a tour of [REDACTED] in order to familiarize them with manufacturing processes that are similar to those used by AHF Ducommun, Gardena, CA to make various parts for the 737-NG aircraft. All pertinent comments made by [REDACTED] on November 14, 2002, have been incorporated into this Form 1. [REDACTED] accompanied [REDACTED] on this tour was interviewed at its conclusion (ref. DCIS Form 1 dated November 19, 2002).

[REDACTED] who has been employed by [REDACTED] since [REDACTED] worked for Ducommun from [REDACTED] to [REDACTED]

[REDACTED] employment at Ducommun [REDACTED] spent [REDACTED] years at [REDACTED] of Ducommun [REDACTED]

Ducommun makes machined parts, skins, leading edges, etc. for various aircraft. They make about 1,000 different parts for the 737-NG manufactured by Boeing Wichita. Of the approximately \$40M a year that Ducommun used to make, \$18M was from the sale of 737-NG parts.

As Ducommun's [REDACTED] was responsible for estimating how much it would cost to build a part and the planning and tools used to manufacture the part [REDACTED] also supervised the manufacturing engineers who made sure the shop made the part as per the plan. The data used to manufacture the parts is on compact disks that are loaded directly into the CNC

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November 18, 2002

(computer numeric control) machines. [redacted] provided a flow chart showing Ducommun's engineering organization (Attachment 1).

[redacted] reported to [redacted] of Ducommun. [redacted]
Ducommun for [redacted]
Ducommun. [redacted] is employed by [redacted]

[redacted] stated that the 737-NG built by Boeing-Wichita utilizes the advanced technology assembly (ATA) technique. [redacted] described ATA as how the aircraft is put together, the holes in one part are made to line up with the holes in the next level assembly. The parts "fixture" themselves, making it easier and faster to put the aircraft together. The ATA hole method also necessitates the use of a lot fewer tools.

Either the ATA holes (which must be in relation to the curve of the fuselage) fit together or they do not; if they do not this creates a problem for the assembler but it is not a "show stopper." The ATA holes are rarely full size, 90 percent of them are opened up at assembly with, for example, a number 30 drill. A Kleko is a fastener that is inserted through several of the ATA holes to clamp the parts in place while the remaining ATA holes are back-drilled and the rivets are inserted. The Klekos are then pulled out and those holes are back-drilled and riveted.

The first aircraft to utilize the ATA assembly method was the 777. All the plans for this aircraft are computerized; there are no traditional drawings. The 737-NG is also a computer-generated airplane.

All parts that are above the "water-line" of the aircraft are bonded together while those below this line are riveted together. Rivets are used as a hydraulic fluid leak could cause the deterioration of bonded joints. Not using the proper heat treat or alloy are the "two big sins" in the manufacture of aircraft parts.

The 737-NG is a very close tolerance aircraft. A tolerance of [redacted] was allowed previously, Boeing-Wichita requires a tolerance of [redacted] on the 737-NG. The tools used to make the parts for this aircraft have to be built to a tolerance of [redacted]. [redacted] stated the 737-NG is very well put together and everything is checked "six ways from Sunday."

Boeing-Wichita is the [redacted] customers that subcontractors like Ducommun deal with [redacted] stated that Lockheed Martin is a lot more willing to work with their subcontractors than Boeing-Wichita.

Ducommun built most of the tools they used, but they did buy some from vendors including [redacted] and [redacted]. These tools were approved internally by Ducommun, and sometimes by Boeing-Wichita.

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These tools were made using numeric control machines; they were then inspected using a coordinate measuring machine or laser. Tools can also be used to check the parts. After a tool is completed, a first article part is made from it. If the first article is acceptable, so is the tool. Exley commented that the first article "sells the tool."

described tools as "holding devices." All parts have tooling tabs that hold the part in place on the tool so the ATA holes are drilled in the proper locations and the part can be trimmed and routed to the proper dimensions. These tabs are removed before the part is shipped to the customer.

The 737-NG tools at Ducommun were calibrated about every 100 aircraft. If there is a problem with the parts coming from a particular tool it will be seen fairly quickly and the tool will be re-worked.

was not aware of any non-conforming parts made by Ducommun and accepted by Boeing-Wichita, nor did he feel that Ducommun did not respond to problems. Boeing-Wichita will immediately notify Ducommun if the part has fit, form or function problems. Boeing-Wichita has charged Ducommun for the re-work they have had to do on some skins. If a part has fit, form and function it is acceptable, if it does not it will be returned to be re-worked or scrapped.

Failsafe chords (including P/N 2321) were made by Ducommun. described them as the hoops/ribs in a covered wagon, but they are three or four levels beneath the outer mold line (OML) or air stream of an aircraft. stressed that the chords are not structural members that provide support to the outside of the aircraft, the bulkheads are what hold the aircraft together (there are 10 to 15 bulkheads in the 737-NG, most are near the doors).

If all of the chords failed and "you would not even know it." An aircraft built without chords would still fly. There are about 100 of these components on the 737-NG.

The chords are about one inch by one inch prior to extrusion and machining. These aluminum ATA parts are designed to provide rigidity to the interior ceiling. Those that go in the "barrel" of the aircraft are a true radius.

The tools used to shape the chords are stretch form blocks (STFB) that are the shape of the inner mold line (IML) of the aircraft. The aluminum is not heated prior to being stretched over the STFBs. Those chords that are true radiuses can be rolled. IML parts do not have as many Federal Aviation Administration (FAA) requirements as OML parts.

estimated that 90 percent of the failsafe chords that Ducommun made for the 737-NG were hand-routed. They were stretched into shape on the STFBs, and then put in a tool to trim the edges and drill the ATA holes. While said that the drawing allowed the hand-rout

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04-APR-2002-40WC-E2

4

November 18, 2002

method, he also said that he has never seen a drawing on which the engineer specifies how a part is to be made.

did not understand how the ATA hole in a chord could be off if the tool was right. Possible explanations could include operator error and the existence of a chip on the tool that affects the alignment of the part. A shy edge margin (SEM) on a chord might render the part unusable; but it might be able to be shimmed.

Boeing-Wichita has "boxes" of the chords for the 737-NG. If they can be installed in the aircraft they will work, as there is not a lot that can go wrong with these parts. If a chord has to be twisted or bent to make it fit it would be rejected at Boeing-Wichita.

If the contour is off when the chords are installed, shims are used to fill in the gaps. said that the 747 aircraft have about 900 pounds of these items. ATA technology has helped to do away with shims.

Other 737-NG parts made by Ducommun include bear straps (which looks like a bear skin rug) and doublers. The bear strap, which is also known as a doubler because this is what it does, is a very thin and light aluminum part that goes about a foot inside the interior of the aircraft door where it is bonded or riveted to the door. It is designed to stiffen the door. The doubler is similar to a doorframe.

Any discrepancy caused by drilling the ATA holes too close to the edge would be seen when an assembler tried to align the ATA holes on the bear strap with those on the door. It is doubtful that there would be enough stress on these SEM holes to pull them through as the part is both bonded and riveted to the door.

Edge margin would be more critical on a the skin of an aircraft where a fracture could develop. A stress engineer has to disposition SEM parts.

Neither the chords bear straps nor doublers are "fracture critical" or "grain direction" parts, therefore none of them are defined as "light critical." Ducommun was the first company to manufacture these parts for the 737-NG using ATA technology.

Boeing-Wichita gave Ducommun delegated source inspection status which means that they do not have to inspect parts that are received from Ducommun. was not sure if this status was ever rescinded on particular parts.

If a part is discrepant it goes through a material review board at Ducommun. If the problem is that, for example, the part is too long, it can be resolved internally. If, for example,

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November 18, 2002

the part is too short, the customer has to make the disposition decision. [REDACTED] said these situations occur frequently. Every time a discrepancy tag is written there must be a corrective action.

The quality side of Ducommun was responsible for any required testing. All parts that were to be used in space were subjected to both destructive and non-destructive testing. Ducommun used Durkey Laboratory, Downey, CA.

The certification/data packages that accompany parts through the manufacturing process are kept at Ducommun. These packages contain the router/traveler/planning document and final certification. Every part is subjected to a final inspection at Ducommun, but all the inspector does is make sure the paperwork matches the part. The inspector signs the certification of conformance that goes to the customer. The part will not ship until this data package is correct. Customers such as Boeing-Wichita can audit these packages anytime; Ducommun has to keep them for seven to 10 years (mainly for material traceability purposes).

Statistical process control (SPC) data shows exactly where a part is or is not in tolerance. It is collected on about the first 100 pieces, but customers then ask for a price reduction when the manufacturer gets the process under control. Almost all of Ducommun's tools had SPC data available for "key characteristics." These key characteristics are determined by an engineer or specified on the drawing. Parts can be checked without SPC data. Exley was not aware of Boeing-Wichita asking for SPC data that had not been collected.

[REDACTED] had no knowledge of Boeing-Wichita [REDACTED] stamp being used without [REDACTED] knowledge to show that he approved tools that he did not inspect. While [REDACTED] was [REDACTED] at Ducommun, he did go by the books [REDACTED] that [REDACTED] was [REDACTED] of all Boeing-Wichita [REDACTED] in the area.

In 1999 or 2000, Boeing-Wichita did a "tooling audit" at Ducommun. They complained that Ducommun had paid too much for some tools, but Boeing-Wichita had approved of and purchased these tools five years previously after conducting an extensive fact-finding process (how long to make the tool, cost, etc.). This process took so long that Ducommun had "actuals" for some of the tools.

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

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[REDACTED]
[REDACTED]
Boeing-Wichita never questioned the quality of Ducommun's tools. Boeing-Wichita
[REDACTED] made sure that all of the tools did what Ducommun
said they would do.

Attachment:

- 1) Ducommun AeroStructures Engineering Organization, 11/8/2001

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Prepared by SA [REDACTED] Wichita POD

APPR [REDACTED]

CLASSIFICATION:

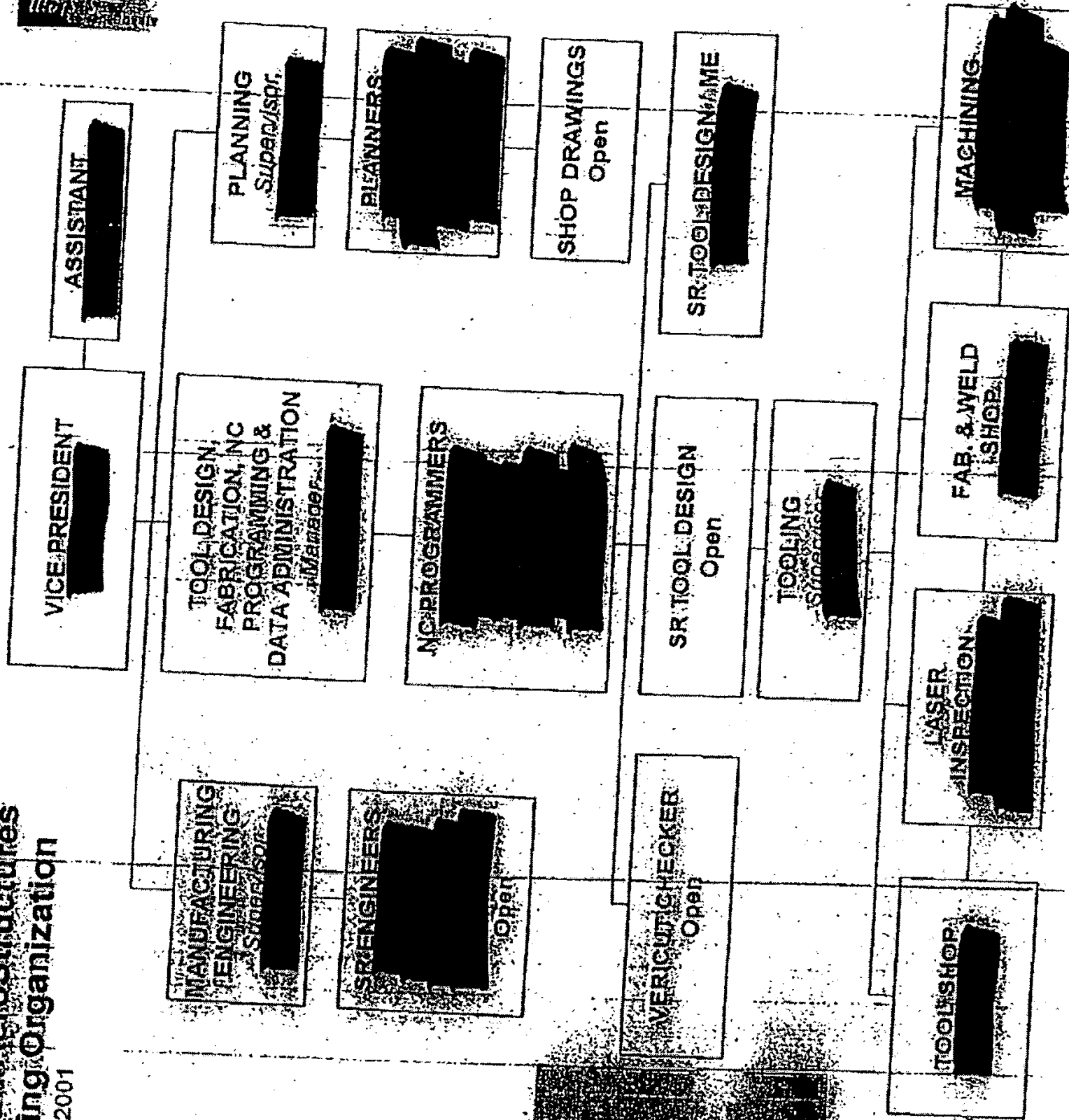
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TBC 000847

Ducommun Aero Structures
Engineering Organization
 November 08, 2001





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DEFENSE CRIMINAL INVESTIGATIVE SERVICE

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

04-APR-2002-40WC-E2

November 19, 2002

BOEING-WICHITA COMMERCIAL AIRPLANE GROUP
Wichita, KS

AHF DUCOMMUN, INC.
Gardena, CA

INTERVIEW OF

On November 14, 2002

was interviewed by the reporting agent (RA), Trial Attorney
U.S. Department of Justice, Civil Division, Washington DC and Special Agent (SA)
Defense Criminal Investigative Service, Long Beach Resident Agency. This interview
was conducted at AMSI.

AGENT'S NOTE: Prior to the interview of both he and
Attorney and SA gave the RA, Trial
a tour of in order to
familiarize them with manufacturing processes that are similar to
those used by AHF Ducommun, Gardena, CA to make various
parts for the 737-NG aircraft. had been interviewed on
November 13, 2002 (ref: DCIS Form 1 dated November 18,
2002).

who has been employed by since worked for Ducommun
from to

of Ducommun, Inc.

As of is responsible for the manufacturing side of
duties also encompass purchasing and information technology

Ducommun makes parts for both commercial and military aircraft. Commercial parts
include stringers (straight failsafe chords that go lengthwise through the fuselage), fuselage
skins, leading edges, doublers and triples (for the nose of the aircraft). Military parts include

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leading edges, skins, exhaust skins for the B-2 (hot formed from titanium), and the leading edge skins for helicopters. The "flight critical" parts made by Ducommun are the leading edges and some of the fuselage skins. But, these parts were not designated as "fracture critical."

Ducommun's main customers are Bell Helicopter, Boeing (used to be McDonnell Douglas), Northrop and Augusta (Spanish helicopter maker). [REDACTED] was not aware of Ducommun ever having any prime contracts with the Department of Defense.

Almost all of the tools for the parts Ducommun made for the 737-NG were made at Ducommun. Boeing-Wichita [REDACTED] stamp on a tool means that Ducommun can invoice the tool and it is now owned by Boeing. This stamp certifies that the tool has produced a good first article part, without which Boeing-Wichita would not accept/purchase the tool. [REDACTED] never inspected the tool, he just looked at the placard.

[REDACTED] had no knowledge of [REDACTED] stamp appearing on tools that he personally did not stamp off on. He had no discussions with [REDACTED] about this issue. Ducommun employees will either take their stamps home or lock them in their toolboxes.

[REDACTED] was a [REDACTED] had no office at Ducommun. Lockheed-Martin did have a [REDACTED] as Ducommun was making parts for the space program.

All of Ducommun's advanced technology assembly (ATA) tools were calibrated about every two years. Tools for new products were calibrated annually. These tools were calibrated in-house using a coordinate measuring machine (CMM). Occasionally Boeing validated Ducommun's CMM report, but they never did their own calibrations or checked those done by Ducommun.

Boeing-Wichita toured Ducommun's facility several times before they awarded them any ATA contracts. After they saw that Ducommun was successfully doing the hole fabrications for the 777 leading edges, they awarded them the 737-NG ATA contracts.

Some of the Boeing-Wichita employees who came to Ducommun for the 1999 tooling audit were [REDACTED] and [REDACTED] Ducommun tooling employee [REDACTED] showed the Boeing-Wichita employees around Ducommun.

Prior to the commencement of this audit, Boeing-Wichita told Ducommun they were going to conduct a "tooling audit." But they not only looked at tools, they examined methodologies, calibrations, etc.

It was during this tooling audit that [REDACTED] first heard that Boeing-Wichita was under the impression that Ducommun using numeric control (NC) as opposed to hand routing techniques for all 737-NG parts.

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November 19, 2002

[redacted] pointed out that numerous Boeing-Wichita employees (including [redacted] visited the "Boeing cell" at Ducommun where all of their failsafe chords and "J" frame (sheet metal) parts were made. There were no NC machines in this area, the closest were one-half mile away. They even brought some of their other suppliers through Ducommun and showed them the Boeing cell where the parts were made and inspected.

Ducommun asked them for an out-briefing, but none was received. They did receive a written report that basically said "send money" [redacted] might still have a copy of this report).

[redacted]
While [redacted] did not know the details of the settlement between Boeing-Wichita and Ducommun, [redacted] learned that [redacted]

[redacted]
Wichita [redacted] Ducommun's [redacted] had [redacted] who worked for Boeing. [redacted] (NEP)

[redacted]
Ducommun facility in Parsons, KS, [redacted] his plant does titanium metal fabrication [redacted] for the corporate office. [redacted] to [redacted] and that [redacted] did not request this [redacted]

The delegated source inspection status that Boeing-Wichita granted Ducommun in 1992 or 1993 was based on Ducommun's quality history. This authority covered everything except tools and first articles.

[redacted] did not know if Boeing-Wichita was paying Ducommun as if the 737-NG ATA parts were made using a NC process when in fact these parts were hand routed. [redacted] or [redacted]

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TBC 000851

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

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November 19, 2002

[REDACTED] might know how the parts were priced. The NC machines cost \$120 an hour while the Boeing cell cost about \$60 per hour.

The ATA tools for the 737-NG parts were fabricated at Ducommun in the mid-1990s when the ATA process was just beginning. At this time there were no specifications; but [REDACTED] did recall some document (NFI) that he saw "after the fact" that said the parts were to be made using NC processes. Later, after Ducommun had made acceptable first articles, Boeing-Wichita created a document that let Ducommun use hand routing techniques.

But, Ducommun did make some of their first article parts (NFI) using NC processes. They then went back to hand routing as they did not have the capacity to check all of the parts using the CMM; NC parts must be checked by a CMM. Also, at this time the mill fixtures had not been completed. Once they were, they could be used as a hand tool.

Ducommun provides a certificate of conformance with the parts they sold to Boeing-Wichita. Ducommun inspectors signed off these documents, they do not physically inspect the parts and are just buying off on the paperwork (validating the operations by checking to make sure that the inspections that took place during the fabrication process showed the parts were acceptable). The traveler is kept at Ducommun.

The failsafe chords (as well as almost all of the other machined or drilled aluminum part that goes on an aircraft) were subjected to a dye penetrant inspection in order to determine if there were any cracks in them. DV Industries, Compton, CA, did the dye penetrant inspections. The bear straps did not undergo this test.

[REDACTED] was not aware of problems with the ATA holes on the chords not lining up with the next level assembly. Ducommun made thousands of these parts for Boeing-Wichita and had an acceptance rate of over 99 percent. They had some internal failures/rejections; they were all caught before they were shipped. The chords are not serialized, they are identified with the work order number.

In mid-1998, a single lot of 24 bear straps were returned to Ducommun by Boeing-Wichita because the peripheries of the parts were "undersized." This shy edge margin (SEM) did not affect the ATA holes as they are in the middle of the bear strap. It was determined that this discrepancy was caused because the parts did not completely seat into the mill fixture. Consequently, they ended up cutting off material that should not have been cut off.

[REDACTED] said the bear straps in question were inspected on the mill fixture and they looked good. The SEM was not discovered until after they were returned and put on stretch form blocks at [REDACTED]. This situation, which did not occur before or after this time, was discussed with [REDACTED] and [REDACTED].

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November 19, 2002

Shortly after the tooling audit, Boeing-Wichita did a hardware "validation" because of the 24 bear straps with the SEM. This validation required that the source inspector (mainly [REDACTED] buy off on the parts before they were shipped to Boeing-Wichita. [REDACTED] wanted to write a supplier evaluation report (SER) pulling Ducommun's delegated source inspection status for all parts, but Boeing-Wichita said he could not. [REDACTED] thought that [REDACTED] got a lot of "heat" because of the SEM bear straps.

[REDACTED] did write a SER that rescinded Ducommun's delegated source inspection status on the bear straps. This status was reinstated about three months later.

Other than the above-mentioned bear straps, [REDACTED] could not recall any other Ducommun parts being rejected by Boeing-Wichita. While Boeing-Wichita approved Ducommun's products, not their manufacturing processes, they did like Ducommun's methodology.

Statistical process control (SPC) data is used for control and to reduce the variation from part to part. CMMs, certain inspection tools, etc. collect SPC data. [REDACTED] recalled that the 737-NG engineering drawings, fabrication outline or contract contained an SPC requirement for all of the parts for this aircraft (including the chords, bear straps and certain machined parts). But, when the mill fixtures were built they were not built with the ability to collect this variable data.

In late 1999 or early 2000 (after the tooling audit), Ducommun got "very little" SPC data for all of the 737-NG parts. [REDACTED] could not recall Ducommun ever telling Boeing-Wichita that they were or were not collecting SPC data.

The lack of SPC data did not factor into the settlement between Boeing-Wichita and Ducommun. [REDACTED] stated there is no correlation between non-existent SPC data and non-conforming parts being produced.

In 2000 Boeing-Wichita did another audit in which they validated that Ducommun had found some of the tools that were missing during the 1999 audit. [REDACTED] could not recall anything else that was reviewed at that time.

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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

██████████ 04-APR-2002-40WC-E2

November 22, 2002

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

AHF DUCOMMUN, INC.
Gardena, CA

QUALITY PROVISIONS OF -2034 CONTRACT: On November 22, 2002, the reporting agent received the quality provisions that are specified in paragraph 3.6.5 ("Manufacturing and Quality") of the Statement of Work (SOW) for contract N00019-97-C-2034 (Attachment 1). These documents (Attachments 2, 3 and 4) were obtained from Special Agent ██████████ U.S. Department of Transportation, Office of Inspector General, Chicago, IL.

Attachments

- 1) Page 20 of the SOW for contract -2034, 8/29/97
- 2) FAA Advisory Circular 00-41B, 10/10/89
- 3) FAA STD 13, undated (printed on 11/22/02)
- 4) FAA STD 16, undated (printed on 11/22/02)

inferred

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

04-APR-2002-40WC-E2

December 10, 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 QUITAM
COMPLAINT THAT REMAINS UNDER SEAL BY ORDER OF THE U.S. DISTRICT
COURT. DISSEMINATION IS RESTRICTED.

SPECIAL INTEREST CASE
TOP 100 DOD CONTRACTOR
QUITAM 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, E-15, E-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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December 10, 2002

██████████ 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 ██████████ for Ducommun was interviewed. While ██████████ was not aware of defective parts ██████████ 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. ██████████ Ducommun ██████████ 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 ██████████ and ██████████ Ducommun ██████████ are being reviewed.

December 10, 2002, Update: Two ██████████ Ducommun ██████████ 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. SOBS are scheduling interviews of two other ██████████ Ducommun employees, including the ██████████. Wright-Patterson AFB will perform an engineering analysis of the criticality of the bear straps and chords. The cognizant 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.

Prepared by SA ██████████ Wichita POD

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WICHITA, KANSAS 67202-1202

██████████ 04-APR-2002-40WC-E2

December 12, 2002

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

AHF DUCOMMUN, INC.
Gardena, CA

RECEIPT OF AIR FORCE RESEARCH LABORATORY MEMORANDUM: On December 12, 2002, the reporting agent (RA) received a memorandum that was authored by ██████████ Air Force Research Laboratory, Wright-Patterson Air Force Base (WPAFB), Dayton, OH (Attachment 1). The RA received this memorandum from ██████████ Air Force Materiel Command Law Office, WPAFB. Attachment 2 contains the RA's preliminary responses to the questions posed by ██████████ on the second page of his correspondence.

Attachment:

- 1) Memorandum from ██████████ to ██████████ 12/11/02
- 2) E-mail message from the RA to "Thal" ██████████ and ██████████ 12/12/02

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TBC 000857

[REDACTED]
From:
nt:

Thursday, December 12, 2002 2:17 PM

cc:

Subject:

[REDACTED]@wpafb.af.mil
RE: quality req's

[REDACTED] My answers to [REDACTED] questions would be: [REDACTED]

[REDACTED]

Hope this helps (I'll cc [REDACTED] [REDACTED])

b5 b6 b7C

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ATTACH 2

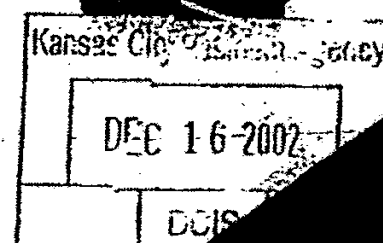
TBC 000858

[REDACTED]
From: [REDACTED]
Sent: Thursday, December 12, 2002 5:07 PM
To: [REDACTED]
Cc: [REDACTED] (E-mail)
Subject: Lead Request - Interview of [REDACTED]

[REDACTED]
[REDACTED]
Many thanks for doing this for me, I'll buy you a Happy Meal at our next In-Service.

Special Agent [REDACTED]
DOD-IG, Defense Criminal Investigative Service
Wichita Post of Duty, Wichita, KS
Voice: (316) 265-[REDACTED]
Fax: (316) 265-[REDACTED]
Cellular: (316) 204-[REDACTED]

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WICHITA, KANSAS 67202-1202

██████████-04-APR-2002-40WC-E2

December 13, 2002

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

AHF DUCOMMUN, INC.
Gardena, CA

RECEIPT OF INFORMATION FROM ██████████ On October 28, 2002, the reporting agent (RA) sent an electronic mail message (Attachment 1) to ██████████ Federal Aviation Administration (FAA), Los Angeles Manufacturing Inspection District Office (MIDO), Lakewood, CA (562-627-██████████). ██████████ responded on November 12, 2002 (Attachment 2).

On December 12, 2002, the RA asked ██████████ several additional questions via electronic mail (Attachment 3). A response was received on December 13, 2002 (Attachment 4).

Also on December 13, 2002, ██████████ forwarded a report from ██████████ FAA, MIDO, Wichita, KS (Attachment 5). This report recorded ██████████ observations of the advanced technology assembly of a bear strap and skin panel on a 737 at Boeing-Wichita in October 2002.

AGENT'S NOTE: The part number of the bear strap observed by ██████████ (146A3270) does not correspond to any of the part numbers referenced in the technical analysis prepared by one of the relators (ref: DCIS Form 1 dated June 5, 2002).

The information provided by ██████████ was in addition to the interviews conducted on August 9, 2002 and September 5, 2002 (ref: DCIS Form 1s dated August 9, 2002 and September 5, 2002).

Attachments:

- 1) E-mail to ██████████ from the RA 10/28/02
- 2) E-mail to the RA from ██████████ 11/12/02
- 3) E-mail to ██████████ from the RA 12/12/02
- 4) E-mail to the RA from ██████████ 12/13/02
- 5) E-mail to the RA from ██████████ (forwarding e-mail received from ██████████ 12/13/02)

Prepared by SA ██████████ Wichita POD

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TBC 000860

[REDACTED]

From: [REDACTED]
Sent: Monday, October 28, 2002 5:48 PM
To: [REDACTED]@faa.gov
Cc: [REDACTED] (E-mail); [REDACTED] (E-mail); [REDACTED] (DOT-OIG) (E-mail)
Subject: AHP Ducommun

[REDACTED] I was out on 10/21 when you called, I left a message for you on the 22nd but I assume you are on the road again as I have not heard back from you. Hopefully you can check your email from where you are at and give me a call back at your earliest convenience.

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

[REDACTED]

Special Agent [REDACTED]
DOD-16, Defense Criminal Investigative Service
Wichita Post of Duty, Wichita, KS
Voice: (316) 265-[REDACTED]
Fax: (316) 265-[REDACTED]
Cellular: (316) 204-[REDACTED]

b5 b6 b7C

[REDACTED]

From: [REDACTED]
Sent: Thursday, December 12, 2002 4:24 PM
To: [REDACTED] (E-mail)
Cc: [REDACTED] @faa.gov; [REDACTED] (E-mail)
Subject: FAA Form 337

[REDACTED] and [REDACTED] - A review of one of the contracts with the DOD for a 737-NG (Navy designation C-40A) aircraft revealed a clause in the Statement of Work entitled, "FAA Certification." The first sentence of the clause states, "The Contractor shall conduct an FAA certification program on the first article aircraft [emphasis added] in accordance with its standard commercial practices." There is then a sentence about the "NUFEA-RA" being certified in accordance with 14 CFR 25, et al. The clause goes on to state that at acceptance of the aircraft all applicable documentation will be provided to the Navy on an FAA Form 337 which is described as a "summary document that lists and describes the modifications and maintenance performed on the aircraft."

(LET ME KNOW IF YOU WANT ME TO FAX YOU A COPY OF THIS CLAUSE....)

[REDACTED]

Thank you for your continued assistance in this matter!

Special Agent [REDACTED]
DOB-IG, Defense Criminal Investigative Service
Wichita Post of Duty, Wichita, KS
Voice: (316) 265-[REDACTED]
Fax: (316) 265-[REDACTED]
Cellular: (316) 204-[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

04-APR-2002-40WC-E2

December 16, 2002

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

AHF DUCOMMUN, INC.
Gardena, CA

INTERVIEW OF [REDACTED] On December 16, 2002, the reporting agent telephonically interviewed [REDACTED] Defense Contract Management Agency (DCMA), Santa Ana, CA (310-512- [REDACTED] or 310-900- [REDACTED])

[REDACTED] stated that the only prime contract between AHF Ducommun, Gardena, CA and the Department of Defense (DOD) over which the DCMA had cognizance was a contract for aircraft fairings. That contract is now closed. [REDACTED] checked with DCMA [REDACTED] who stated that the only problem with this contract was that the packaging did not contain the appropriate national stock number. His system showed that Ducommun had had four other DOD contracts, but they were all "FAR Part C" so the DCMA had no involvement in them.

Neither [REDACTED] nor [REDACTED] were aware of any DCMA QAS being at Ducommun in 2001 to inspect parts that were being sold to Boeing Space Systems, Huntsville, AL.

Prepared by SA [REDACTED] Wichita POD

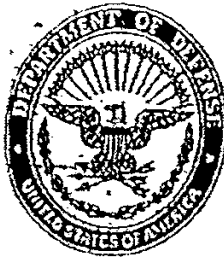
APPR [REDACTED]

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TBC 000863



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

03-OCT-2002-40WC-E3

December 16, 2002

THE BOEING COMPANY
WICHITA DEVELOPMENT AND MODIFICATION CENTER
Wichita, KS

RECEIPT OF INFORMATION RE SAIC FROM THE DCAA: On December 16, 2002, [REDACTED] Defense Contract Audit Agency (DCAA), Regional Special Investigations, Wichita, KS, received a facsimile transmission from [REDACTED] DCAA, Boeing-Wichita Suboffice, Wichita, KS, forwarded on a memorandum (with supporting documentation) that was prepared by [REDACTED] DCAA, Rainier Branch Office, Seattle, WA.

[REDACTED] memorandum (Attachment 1) stated that in 2002 the DCAA was doing a review of Boeing-Puget Sound's incurred cost audit reports covering 1995 to 2000. During the course of this audit they identified an issue related to a computer lease vs. buy decision in Boeing-Wichita's 2000 Accounts Payable costs. In June 2000, "Military Airplanes - Wichita Division" (which [REDACTED] stated is the same as the "Wichita Development and Modification Center") terminated their contract with Science Applications International Corporation (SAIC) for the lease of 1,551 computers (Attachment 2). Reportedly, the \$400,000 termination fee and a \$200,000 "deinstallation charge" were passed on to the Government. Boeing-Wichita claimed that terminating the lease with SAIC and leasing the computers from Dell would save over \$4.2 million from 2000 to 2002 (Attachment 3).

On December 16, 2002, the reporting agent (RA) contacted [REDACTED] DCAA, North County Branch Office, San Diego, CA (858-618- [REDACTED]) advised that her office has audit cognizance over SAIC and that the company has offices all over the country. She stated that SAIC purchased Boeing Information and Support Services (BISS), Reston, VA in July 1999. [REDACTED] did not know if SAIC is continuing to lease computers to Boeing-Wichita as was previously being done by BISS.

Attachments:

- 1) Memo prepared by [REDACTED] unsigned and undated
- 2) Lease Computing PC/Lease Termination Charges [REDACTED], 6/8/00
- 3) Lease Cost Comparison (Boeing), 12/7/97

referred to DCAA

Prepared by SA [REDACTED], Wichita POD

APPR [REDACTED]

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04-APR-2002-40WC-E2

January 14, 2003

BOEING COMMERCIAL AIRPLANE GROUP, Wichita, KS (et al)

LEAD RESPONSE: On January 3, 2003, [redacted] for [redacted] (SA) [redacted] and SA [redacted] of the Department of Defense Criminal Investigative Service (DCIS), Central Field Office, [redacted] provided the following personal information: SSN: [redacted] DOB: [redacted] address: [redacted] phone numbers: [redacted] (home) [redacted] (cell). Prior to the interview, [redacted] was asked if Ducommun, Inc., had offered him legal representation. [redacted] stated that he was not represented by Ducommun, Inc. attorneys and agreed to continue with the interview.

[redacted] stated that [redacted] employment at Ducommun, Inc., he had been employed by [redacted] in [redacted] Ducommun, Inc. employed him as a [redacted] responsible for the manufacturing process of C17 parts such as slat skins, bear straps and cones and forming for the wing leading edge, which were made first out of aluminum and later out of titanium. [redacted] noted that all the parts made by Ducommun, Inc., were for commercial contracts, noting that Ducommun, Inc., handled very few military contracts. [redacted] further stated that the parts were sold to Boeing, who in turn, may have used them on their military contracts, such as parts for the C40A and C40B Navy and Air Force airplanes respectively. [redacted] clarified that the C17 parts were used for commercial light cargo/passenger planes and not military aircraft. [redacted] further stated that all parts manufactured by Ducommun, Inc., were not safety of flight or flight critical parts.

Regarding the quality of tooling used by Ducommun, Inc., [redacted] was of the opinion that it was good. [redacted] stated that some initial design requirements were difficult to make, however, Ducommun, Inc., worked hard to meet the specifications. [redacted] remembered an instance where Boeing determined initially that some tools were not up to standard, but they later determined that it only applied to the bear straps. In addition, [redacted] stated that when parts were returned, Ducommun, Inc., tried to fix them, if possible, if not they would be scrapped.

[redacted] then read a document included in this interview and was asked for his comments. [redacted] stated that he was not qualified to answer engineering question related to safety factors, however, he noted that Boeing had stated that some of the bear straps were non-conformant but Ducommun disagreed with their review. [redacted] further explained that the

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January 14, 2003

issue was not with the production of the part as it was with the design. Ducommun had been given erroneous measurements, which were not caught by the dataset prior to its manufacture. He noted, in that particular instance, all parts were scrapped.

Regarding the submission of defective parts, [REDACTED] stated "defective parts" were submitted, but with the knowledge that they were provided "as is". [REDACTED] stated that Boeing would compare design requirements and make a determination if the part, although defective, could still be used. [REDACTED] had no knowledge of non-conforming parts being purposely submitted by Ducommun. Moreover, he stated that Boeing's Material Review Board (MRB) would have the last word in accepting or rejecting the use of a part by documenting it through a "Certificate of Conformance."

Regarding a verification process at Ducommun, Inc., [REDACTED] stated that since the company did not have design authorization, their only recourse was to either re-work the tool or scrap it. Also, [REDACTED] noted that Ducommun, Inc., had a manufacturing engineer group that would review the product prior to submission to the customer. He further stated that he was not aware of any manufacturing departures in Ducommun, Inc., that may have deviated from the contract specifications with Boeing.

[REDACTED] stated that parts went through an MRB review by Boeing at the early manufacturing stages. He further noted that it was a continuing process, parts would be submitted, Boeing would then give a disposition to buy a form or to forward a report regarding the part for further re-evaluation by Ducommun, Inc. Regarding the bear straps, Boeing deemed them non-conforming but Ducommun, Inc., believed them to be accurate. Later, it was established that the issue was not the bear strap but the assembly process. The problem was corrected by drilling pre-fabricated Advanced Technical Assembly (ATA) holes to avoid additional tooling. [REDACTED] stated that could not estimate the effect or consequences of using a short part, noting that it was an engineering and design question. [REDACTED] stated that the rejected bear straps were taken out of inventory and later either scrapped or used if deemed usable. But he remembered that all bear straps were destroyed.

[REDACTED] had no knowledge of Boeing unknowingly accepting shy edge margin bear straps. He also noted that he would not be familiar with the 1999 Supplier Evaluation Report (SER), since [REDACTED] worked for Ducommun, Inc. [REDACTED] noted that he later found out that BOEING had contracted with AMSI (Ducommun's competitor) to manufacture the parts in question.

Regarding the fail-safe chords mentioned in the report, [REDACTED] stated that they go around the fuselage, but he does not know their exact function. Moreover, he was also not aware that the ATA holes did not line up and was surprised that Boeing never brought that issue to his attention. Moreover, [REDACTED] mentioned that the parts were assembled on a fixed location.

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January 14, 2003

which allowed the use of additional fasteners or holes in their places, but he did not know if that process affected the design.

Regarding the parts being made by hand instead of via a Numeric Control (NC) process, [REDACTED] stated that by using the hand-made process Ducommun, Inc., would meet the requested 30% reduction in price asked by Boeing. He further noted that the process was not only cheaper but it also created more capacity for some parts, such as the bear straps. [REDACTED] also noted that Ducommun, Inc., charged the same price for either manufacturing process.

[REDACTED] was asked to define a Statistical Process Control (SPC) data. He stated that it was data used to show variance of measurements, such as ATA holes. He further noted that it was virtually impossible to apply the principle to all products. Boeing would identify keys on certain parts to show variances at one time but the SPC portion was not there. Sometime later, Ducommun, Inc., went back and manually re-inspected and collected the SPC data to be in 100% compliance. It was his understanding that the Quality Assurance department was responsible for the collection of the data. [REDACTED] also stated that [REDACTED] was hired to update the system but that [REDACTED] before anything was done. He did not recall the name of the person who [REDACTED] after [REDACTED]. He further noted that the SPC data was not a big issue while he was there, because Ducommun, Inc., was constantly addressing the SPC issue.

[REDACTED] stated that Ducommun, Inc., conducted all the required non-destructively testing and never failed to do the required final inspections. [REDACTED] also stated that Ducommun, Inc. [REDACTED] employed him at the time of the on site tooling audit conducted by Boeing.

Regarding his November 13, 2002 telephonic interview with the Government about his conversation with Boeing's Security employee [REDACTED] stated that his conversation with [REDACTED] took place [REDACTED] in Wichita. [REDACTED] asked him about tooling and tooling overcharge. [REDACTED] stated that at Boeing's request Ducommun, Inc. and Certified Fabricators manufactured the tool [REDACTED] knew that Ducommun, Inc. only charged for its percentage, but Boeing insisted that they were being double-billed. Mr. [REDACTED] believed that [REDACTED] assistant took notes.

Regarding a 2001 settlement between Ducommun, Inc., and Boeing, [REDACTED] stated that he did not have any first hand information, only rumors that Ducommun, Inc. [REDACTED]

Regarding other independent audits [REDACTED] stated that he was not aware of any audits conducted by other customers. He mentioned that he was aware of an old investigation in Long Beach, California, dealing with the C-17's, where some Boeing procurement people were paid

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January 14, 2003

off. He stated that he had heard rumors that ██████████ in this case.

Regarding the quality of the product manufactured by Ducommun, Inc., ██████████ stated that the company had a lot of good people and did not believe that they would compromise safety for profit. ██████████ also stated that he would not know if Boeing was culpable. He was of the opinion that a company like Boeing would not have any problems in rescinding Ducommun's delegated source inspection authority.

Regarding available documents that would further the investigation, ██████████ stated that most of the information relevant to the issues would be in the Manufacturing and planning documentation; 1st Article documentation; tool inspection records and any other contracts associated with tools and inventory. ██████████ stated that he did not keep any documents pertaining to his employment with Ducommun, Inc.

Regarding DCIS contacting other individuals associated with Ducommun, Inc., he noted that ██████████ may have some limited information regarding the implementation of the ██████████ program. However, ██████████ was employed there for a very short period and ██████████ because ██████████ individuals, such as ██████████ also mentioned other ██████████ Ducommun employee.

██████████ was asked for any final comments. ██████████ concluded by saying that he would be available for any future interviews, if necessary.

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Prepared by SA ██████████ Central FO

APPR ██████████

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

January 21, 2003

BOEING COMMERCIAL AIRPLANE GROUP
Wichita, KS

AHF DUCOMMUN, INC.
Gardena, CA

RESULTS OF FAA QUERIES: On January 15, 2003, the reporting agent (RA) sent an electronic mail message to [REDACTED]

[REDACTED] U.S. Department of Transportation Federal Aviation Administration (FAA), Washington, DC and [REDACTED] FAA, Los Angeles Manufacturing Inspection District Office, Lakewood, CA (Attachment 1-A). The RA asked [REDACTED] and [REDACTED] to determine if any of the 737-NG parts made by AHF Ducommun, Gardena, CA that are listed on Attachment 2 have been the subject of any type of FAA discrepancy report.

On January 16, 2003, [REDACTED] responded that the FAA's "PRS" (Parts Reporting System) did not show that any of the referenced part numbers (P/Ns) have been the subject an unapproved parts report (Attachment 1-B). [REDACTED] explained that the PRS is the FAA's SUP's Program database. The FAA tracks all of their investigations in this system. They can query the system to find parts, names, companies, etc. The FAA can use the data to see if trends are beginning, etc. The system also houses the electronic version of the FAA's case files.

On January 17, 2003, [REDACTED] stated that, by regulation, airline carriers are required to use SDRs (Service Difficulty Reports) to report certain malfunctions to the FAA. Reference: 14 CFR 121.704 (Attachment 3). SDRs are Significant Service Difficulty reports. On January 21, 2003, [REDACTED] FAA, Los Angeles Aircraft Certification Office, Lakewood, CA stated that the SSD database does not usually contain P/Ns (Attachment 4).

[REDACTED] went on to say that she had provided all of the P/Ns that are on Attachment 2 to the FAA's Seattle Aircraft Certification Office (ACO) in June 2002. [REDACTED] provided the Seattle ACO's response to the RA on July 10, 2002 (Reference: DCIS Form 1 dated July 10, 2002).

In summary, the Seattle ACO had reported that the FAA SUP Program categorizes the suspect parts as "Category 2" (as opposed to Principal Structural Elements) parts, meaning that their failure would not prevent the continued safe flight and landing of the aircraft. A Boeing Seattle employee [REDACTED] told the FAA on [REDACTED] that Boeing has no "service history" on these parts (i.e. no cracking or other service problems).

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