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**WHISTLEBLOWER & U.S. SETTLE CHINOOK HELICOPTER FRAUD CHARGES
MARKING RARE GOVT. SUIT FOR LOST AIRCRAFT;
Deaths of Five American Soldiers Linked to Defective Gears**

CINCINNATI, OH, AUGUST 3, 2000 --- A whistleblower acting under the protection and authority of the federal False Claims Act, joined by the United States Government, has settled civil fraud claims in two lawsuits against The Boeing Company and others. The \$61.5 million settlement announced today resolves allegations that the companies knowingly installed defective gears in hundreds of Chinook helicopters delivered to the U.S. Army which led to the deaths of five American soldiers in a 1988 helicopter crash in Honduras during the "Contra War." Other crashes linked to the defective gears occurred in Saudi Arabia during the buildup to Operation Desert Storm and at Fort Meade, Maryland.

On behalf of its client, whistleblower Brett Roby, the Cincinnati-based law firm of Helmer, Martins & Morgan Co., LPA, announced the partial settlement of whistleblower claims brought by Mr. Roby against The Boeing Company under the federal False Claims Act, as well as the intervention by the United States and settlement of a second False Claims Act case brought by Mr. Roby on behalf of the U.S. against Boeing and its subcontractor, Litton Industries.

Whistleblower Lost Job After Refusing To Go Along, And Filed Suit

Mr. Roby was a Quality Assurance Engineer for SPECO, a helicopter-gear manufacturer in Springfield, Ohio, in the early 1990s. He learned SPECO was shipping defective gears to Boeing for use in Chinook CH-47D helicopters. He reported his suspicions to Special Agent Conrad J. Swensen of the Department of Defense Inspector General's Office, Defense Criminal Investigative Service, in late 1993. In early 1994, Mr. Roby lost his job as a result of his refusal to quietly accept Boeing's decision to continue putting SPECO gears in Chinook helicopters.

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In May 1995, Mr. Roby filed a *qui tam* lawsuit against SPECO and Boeing in Cincinnati federal court. *Qui tam* lawsuits are cases where private citizens are empowered by Congress to bring fraud and abuse cases against government contractors. To encourage whistleblowers to take the often considerable risks of doing the right thing and reward them for the years typically spent working with counsel and prosecutors on the cases, *qui tam* whistleblowers receive a “bounty” of 15% to 30% of the government’s recovery. With more than \$4 billion recovered for taxpayers under *qui tam* lawsuits since 1986, such civil actions have become the nation’s premier weapon against contractor fraud and abuse.

In April 1997, the United States, represented by Dennis L. Phillips, Sara Winslow, Alicia Bentley, Army Lt. Col. Michael Child, and Paul Wogaman, attorneys with the Department of Justice, intervened as co-plaintiff in the case. The United States accused Boeing of violating the False Claims Act and of committing fraud against the government. Since that intervention, the parties have taken approximately 400 depositions and appeared in court dozens of times to prepare for a jury trial scheduled for September 2000 in the United States District Court for the Southern District of Ohio.

Government Suits Against Aircraft Companies For Losses Due to Faulty Parts Are Unusual.

Also in May 1997, Mr. Roby filed under seal a second *qui tam* complaint against The Boeing Company and Litton Industries, in which he alleged defects in Chinook gears made by a Litton division, Litton Precision Gear of Chicago, Illinois. The United States filed an Amended Complaint in the second case today in which it alleges that the fiery 1988 crash of a Chinook helicopter in La Cieba, Honduras, in which five United States Army soldiers were killed, was caused by a defective transmission gear made by Litton Precision Gear. **These two cases represent the unusual situation where the United States has viewed an aircraft manufacturer’s conduct as sufficiently egregious to warrant a suit for damages to recover the value of aircraft lost due to defective parts.**

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Mr. Roby's lawsuits led to repeated scrutiny of gears made by SPECO, and many were found to be defective as recently as early 2000. The United States Army is now replacing all SPECO-made Chinook engine transmission gears, and will replace all other SPECO gears over time. This process, which will take two years, has resulted in the grounding of about 15 percent of the Army's Chinook fleet worldwide while replacements are made.

Mr. Roby Acted To Ensure Safety of American Soldiers in Hard Fought Case

The lawsuit settlements announced today followed several months of negotiations by Mr. Roby, the United States, Boeing, and Litton Industries. **"My primary goal in this litigation was to ensure the safety of the men and women who fly in these aircraft by keeping SPECO gears out of the air,"** said Mr. Roby, 42, of Ponte Vedre Beach, Florida. **"My second goal was to satisfy the United States with the terms of any settlement with Boeing. Both goals have been met and I authorized this settlement."**

Helmer, Martins & Morgan Co., L.P.A., is one of the nation's leading *qui tam* law firms. **"This was one of the hardest-fought cases we have seen,"** said James B. Helmer, Jr., Mr. Roby's lead counsel. **"Boeing was represented by dozens of lawyers who did everything they could to defeat us. But the Justice Department put its best trial team on the case and our combined efforts developed overwhelming proof that American soldiers never should have flown in Chinook helicopters containing SPECO gears."** Mr. Roby also was represented by the Beaumont, Texas-based Provost★Umphrey Law Firm, which has led the fight against false claims by the Nation's oil industry and recovered massive damages against the tobacco industry. **"It has been a great honor for all of us to be associated with a man of Mr. Roby's integrity,"** said Michael A. Havard, the Beaumont lawyer who led a team of several Provost★Umphrey attorneys who worked on the case.

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Boeing “Escape Clause” Rejected by Federal Judge

Under the settlement, Boeing will pay the United States and Mr. Roby a combined total of either \$42,500,000 or \$61,500,000, depending on the outcome of an appeal of rulings made by United States District Judge S. Arthur Spiegel that Boeing could be liable for all damages caused by SPECO gears and that Boeing cannot escape liability by invoking a contract clause which, Boeing claims, limits its liability for fraud against the Government. **“We are confident that Judge Spiegel’s rulings were correct, and that the appeal will result in payment to the United States and Mr. Roby of the full amount of this settlement, with interest,”** said Mr. Helmer’s partner, Frederick M. Morgan, Jr.

Under the terms of the False Claims Act, Boeing agreed to pay Mr. Roby’s attorney fees and expenses, which are included in the initial payment to Mr. Roby and counsel of \$14,000,000 and the future payment of \$4,000,000, together with interest. Attorneys and other professionals from the two law firms representing Mr. Roby spent in excess of 27,000 hours of time on the cases.

A copy of the press release of the United States Department of Justice regarding the settlement of its claims against Boeing and Litton can be found on the web at: <http://www.usdoj.gov/civil/press/press00.htm> or by calling the Department’s Public Information Office at (202).

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