



**Federal Aviation
Administration**

Washington Headquarters Press Release

For Immediate Release

Release No. ASW 21-00

August 2, 2000

Contact: John Clabes/Roland Herwig/Holly Baker/Tanya Wagner

Phone: 405-954-7500/425-227-2015

FAA Proposes \$741,000 Civil Penalty Against Boeing

SEATTLE — The Federal Aviation Administration has proposed civil penalties totaling \$741,000 against Boeing Commercial Airplane Group of Seattle. The penalties are for allegedly failing to assure that its suppliers and subcontractors adopt and adhere to Boeing's quality control policies and procedures. The actions occurred more than two years ago. There were no direct safety implications on aircraft from the violations.

FAA alleges that, in four separate cases, suppliers did not follow required quality control practices. Failing to do so might have resulted in Boeing's use of nonconforming materials to build airplanes. Failing to adhere to quality control standards and practices means the manufacturer cannot be certain the production process conforms to regulations. A failure of the supplier or subcontractor to meet quality control standards constitutes a violation by the certificate holder itself.

During late 1997 and early 1998, the FAA conducted a series of Aircraft Certification Systems Evaluation Program (ACSEP) inspections of Boeing suppliers. The suppliers included Parker Control Systems in Ogden, Utah; Aerospace Technologies of Australia in Port Melbourne, Australia; Kayaba Industries in Kanagawa, Japan and Northrop Grumman in Grand Prairie, Texas. During the inspections, FAA inspectors found instances in which the suppliers did not follow Boeing's quality control requirements.

The alleged violations include a failure to adhere to quality control requirements on correction of deficiencies identified in audits; failure to verify tooling periodically to ensure its continued accuracy; expiration of required certifications for quality control workers; and heat treating parts in the wrong segment of the production process.

Since the time of the alleged events, Boeing has submitted corrective action plans to the FAA and addressed the immediate fixes to the instances of supplier noncompliance, such as improvements in tooling control, recertifying operators for the processes, and revising procedures. However, the FAA continues to pursue a comprehensive corrective action plan to Boeing's supplier control system that would apply broadly across Boeing's supplier base.

Boeing requested informal conference to present its views on the proposed penalties and discussions are on going. This announcement is made in accordance with the FAA's practice of releasing information to the public on newly issued enforcement actions involving penalties of \$50,000 or more.

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FAA Proposes \$500,000 Civil Penalty Against Boeing

SEATTLE — The Federal Aviation Administration has proposed a \$500,000 civil penalty against Boeing Commercial Airplane Group of Seattle. The penalty is for failure to report cracks in critical airplane structures within 24 hours as required by law. The failure to report occurred more than two years ago.

The FAA alleges that Boeing waited 298 days to tell the FAA about cracks in the horizontal stabilizer front spar of a Boeing 737-100. An operator of the aircraft had notified Boeing of the cracks on August 7, 1997, identifying the defects as being in a critical area that could, in the worst case, result in reduced structural capability of the stabilizer. Boeing reported the defect to the FAA on June 2, 1998.

Federal aviation regulations require a "type certificate holder", such as Boeing, to report any defect in a product, part or article it manufactures that has left its quality control system and that it determines could cause a failure in a major aircraft structure due to problems such as corrosion or fatigue. The regulation also states the report must be filed within 24 hours.

The FAA also alleges that Boeing learned of a crack in the aft pressure bulkhead of a Boeing 737-200 on Sept. 29, 1997, but did not report it to the agency until Nov. 23, 1998 — 415 days later. Cracks in that area, if they grow, can cause rapid decompression of the aircraft's passenger cabin and flight deck.

Since the time of the alleged events, Boeing has cooperated with the FAA in developing an improved reporting process that exceeds the requirements of the regulation. The process lets the FAA receive reports of service events and safety issues in an efficient manner. The FAA and Boeing are continuing discussions to identify further potential improvements in the reporting process.

The two structural defects and Boeing's alleged failure to report them as required are not related to the recent quality control problems that prompted the FAA to begin a special three-month review of Boeing's manufacturing processes last December.

Boeing requested an informal conference to present its views on the proposed penalty and discussions are on going. This announcement is made in accordance with the FAA's practice of releasing information to the public on newly issued enforcement actions involving penalties of \$50,000 or more.

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