

October 18, 2005

BAE Systems  
Attn: Office of General Counsel  
1601 Research Boulevard  
Rockville, Maryland 20850

Dear General Counsel of BAE Systems:

The Project On Government Oversight (POGO) is overhauling and renewing its Federal Contractor Misconduct Database ([www.pogo.org/db/index.cfm](http://www.pogo.org/db/index.cfm)), a compilation of information from public resources regarding government contractors, including BAE Systems. I have enclosed the findings relevant to BAE Systems and am requesting verification or refutation of the data from you by Friday, November 4, 2005.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to BAE Systems, please be assured that any response received by POGO will be posted on the website along with the data.

Please note that the instance included involves a shared settlement in which the percentage of responsibility on the part of BAE Systems is not known. The number has been split in half between the two defendants until the proper number can be affirmed.

Changes to the database include: the addition of more current instances, removal of Superfund cleanup costs, and removal of information that could not be verified with official documents. Additionally, pending cases will still be included, but this information will be kept separate from the resolved cases and will not be included in any totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Kevin L. Phelps  
Project Director

Enclosure

## Instance of Misconduct

1.

Case Name: N/A

Date: 9/18/2002, date of settlement

Misconduct Type: Government Contract Fraud

Contracting Party: Government Defense

Court Type: Civil

Amount: \$3,100,000

Disposition: Settlement

Synopsis:

“Lockheed Martin Corporation and BAE Systems Controls... agreed to pay the United States \$6.2 million to settle their civil liability in a case involving alleged violations of the False Claims Act...

Before 1993, General Electric (GE) produced flight control electronics sets at its Johnson City, New York facility under contracts with the Navy. GE was also a principal subcontractor on McDonnell Douglas Aircraft Corporation's (MDA) contracts with the Navy to produce F/A-18 "Hornet" aircraft, a single seat and two-seat, twin engine, multi-mission fighter/attack aircraft that can operate from either aircraft carriers or land bases.

In 1993, Martin Marietta Corporation purchased GE's operation in Johnson City and in 1995 Martin Marietta combined with Lockheed Corporation resulting in the formation of Lockheed Martin. BAE Systems bought Lockheed Martin's operation in Johnson City in 2000. The government alleged that from 1987 through 1994, GE and Martin Marietta manufactured and delivered for installation in Hornet aircraft more than 1,300 Accelerometer Sensor Assemblies that did not comply with electromagnetic interference contractual requirements. The assemblies are components within flight control electronic sets that help control Hornet aircraft rudders.”

Documents:

[http://www.usdoj.gov/opa/pr/2002/September/02\\_civ\\_533.htm](http://www.usdoj.gov/opa/pr/2002/September/02_civ_533.htm)