

August 16, 2005

General Dynamics
Attn: General Counsel's Office
2941 Fairview Park Drive
Suite 100
Falls Church, Virginia 22042-4513

Dear General Counsel of General Dynamics:

The Project On Government Oversight (POGO) is overhauling and renewing its Federal Contractor Misconduct Database (www.pogo.org/db/index.cfm), a compilation of information from public resources regarding government contractors, including General Dynamics. I have enclosed the findings relevant to General Dynamics and am requesting verification or refutation of the data from you.

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

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

Instances of Misconduct

1.

Case Name: Dobrich v. General Dynamics. Docket #96-CV-01672, US DC CT (Civil).

Date: 9/19/00

Misconduct Type: Labor

Contracting Party: N/A

Court Type: Civil

Amount: \$300,000

Disposition: Judgment Against Defendant

Synopsis:

The lawsuit makes a hostile environment claim against General Dynamics' Electric Boat subsidiary. "From the time she was hired, she claimed in her suit, she was subjected to verbal and physical harassment, including an incident on Aug. 24, 1994, when another worker kicked a chair at her, injuring her wrist." While the jury awarded the Plaintiff \$750,000, the award was capped at \$300,000 due to statute.

Documents to include:

http://www.laborers.org/NewLondon_Judy_5-16-00.html

106 F. Supp. 2d 386

2.

Case Name: N/A

Date: 7/2/98

Misconduct Type: Environment

Contracting Party: N/A

Court Type: Administrative

Amount: \$13,600

Disposition: Fine

Synopsis:

General Dynamics Electric Boat, under contract to strip PCB-contaminated paint from storage tanks at the Department of Energy facility in Windsor, Connecticut, was fined for violating the Toxic Substances Control Act with regard to PCBs. "Electric Boat's personnel were required to use disposable protective clothing during paint removal, and the clothing was required to be shipped for disposal (with other PCB contaminated wastes) to a chemical waste management facility in New York. Instead, Electric Boat sent the personal protective equipment to a New Bedford, Mass. laundry facility."

Documents to include:

<http://www.epa.gov/boston/pr/1998/070298a.html>

3.

Case Name: Forti v. General Dynamics.

Date: 7/26/96

Misconduct Type: Securities

Contracting Party: N/A

Court Type: Civil

Amount: \$37.4 million

Disposition: Judgment Against Defendant

Synopsis:

“The plaintiffs, former employees of the company's E-Metrics subsidiary, claimed they were promised an equity interest in E-Metrics, and were not compensated when the assets and liabilities were transferred to Hughes Aircraft Company as part of the sale of the Missile Systems business in 1992.”

Documents to include:

<http://www.sec.gov/Archives/edgar/data/40533/0000950133-97-000914.txt>

4.

Case Name: N/A

Date: 4/17/96

Misconduct Type: Labor

Contracting Party: N/A

Court Type: Civil

Amount: \$2,532,294

Disposition: Settlement

Synopsis:

General Dynamics settled a lawsuit alleging a violation of the Age Discrimination in Employment Act. “The lawsuit arises out of a 1992 layoff that occurred soon after General Dynamics moved its corporate headquarters from St. Louis to Falls Church, Virginia....Laid-off employees under the age of 50 received the full five years of credited service. Employees between the ages of 50 and 55 received less credited service and employees over the age of 55 received no additional credited service under the program.... The EEOC's complaint, filed in the U.S. District Court in St. Louis, alleges that General Dynamics' failure to give employees over the age of 50 a full five years of additional credited service constitutes age discrimination.”

Documents to include:

<http://www.eeoc.gov/press/4-17-96.html>

5.

Case Name: Jerome Berchin et al. v. General Dynamics

Date: 4/4/1996

Misconduct Type: Securities

Contracting Party: N/A

Court Type: Civil

Amount: \$11,850,000

Disposition: Settlement

Synopsis:

General Dynamics paid to settle a class action suit involving allegations that it “artificially depressed” the price of its stock. “The Complaint alleges that the defendants made misstatements and omitted material facts in connection with the Offer to Purchase concerning the company's business plan regarding the retention or disposition

of its "core" businesses, thereby "artificially depressing" the price of the stock in violation of Section 10(b) of the Securities Exchange Act of 1934 and Rule 10b-5 promulgated thereunder, Section 13(e)(1) of the Exchange Act and Rule 13e-4(b)(1) promulgated thereunder, Section 20(a) of the Exchange Act, and the common law. Specifically, plaintiff alleges that defendants' misrepresentations and omissions of material fact enabled the company to complete the Offer to Purchase at \$72.25 per share and additionally resulted in the sale of common stock at artificially depressed prices by Class members in the open market.

Documents to include:

<http://www.gilardi.com/pdf/gd2not.pdf> Settlement Agreement

6.

Case Name:

United States (ex rel. 4 relators) et al. v. General Dynamics. Docket #90-CV-4703, US DC CD CA (Civil).

Date: 2/7/95

Misconduct Type: Government Contract Fraud

Contracting Party: Government Defense

Court Type: Civil

Amount: \$1,800,000

Disposition: Settlement

Synopsis:

General Dynamics settled a lawsuit alleging that it overcharged the DOD for F-16s, in violation of the False Claims Act. "They claimed that General Dynamics billed DOD for thousands of hours that were never worked, using falsified time cards from employees who regularly left the plant early. The fraud occurred from 1982 to 1986 and involved about 50 employees."

Documents to include:

<http://www.taf.org/publications/PDF/apr95qr.pdf>

Harkin and DeFazio Press Release

Pending Cases

1.

Case Name:

Gonter, et al. v. Hunt Valve, et al. Docket #01-CV-00634, US DC ND OH (Civil).

Misconduct Type: Government Contract Fraud

Contracting Party: Government Defense

Court Type: Civil

Synopsis:

General Dynamics Electric Boat faces allegations of fraud involving a contract with the Navy. "Tina and William Gonter contend that the company, All-Stainless Inc., of Whitman, Mass., was used as a mere paper pass-through for the sole purpose of allowing General Dynamics Electric Boat to meet demands that it increase the number of parts it buys from small and minority-owned businesses....The allegation regarding All-Stainless is only a part of the larger lawsuit filed by the Gonters against Hunt Valve, Electric Boat and Newport News. The suit accuses

Hunt of fraud and fraud conspiracy in its quality assurance practices in signing off on the valves, including charges that it knowingly signed off on inspections that were never done and had non-qualified personnel - including a janitor - performing the checks.”

Documents to include:

<http://www.dailypress.com/business/local/dp-32152sy0jun11,0,1963674.story?coll=dp-business-localheads>

2.

Case Name:

Campbell v. General Dynamics. Docket #03-CV-11848, US DC MA (Civil)

Misconduct Type: Labor

Court Type: Civil

Synopsis:

Plaintiff alleges that he was fired due to a condition covered by the ADA. General Dynamics has been attempting to stay the litigation on the grounds that the plaintiff must follow the company’s arbitration policy under the Federal Arbitration Act. “On December 30, 2002, General Dynamics terminated the plaintiff’s employment on account of persistent absenteeism and tardiness.

Alleging that these infractions (and, hence, his dismissal) stemmed from a medical condition known as sleep apnea that General Dynamics should have accommodated, the plaintiff filed an administrative complaint with the proper agency charging discrimination on the basis of disability. He later withdrew that complaint and sued General Dynamics in a Massachusetts state court under the ADA, 42 U.S.C. §§ 12101-12213, and Mass. Gen. Laws ch. 151B, § 4.2 General Dynamics removed the action to the federal district court. See 28 U.S.C. §§ 1331, 1367, 1441. It thereupon filed an answer in which it asserted, among other things, that the court could not try the plaintiff’s claims because they were subject to resolution under the Policy. To give teeth to this defense, the company invoked the Federal Arbitration Act (FAA), 9 U.S.C. §§ 1-16, and moved to stay the court proceedings and compel the plaintiff to submit his claims to arbitration.”

Documents to include:

<http://www.ca1.uscourts.gov/pdf/opinions/04-1828-01A.pdf>

3.

Case Name:

USA ex rel. Yannacopoulos v. General Dynamics and Lockheed Martin. Docket #03-CV-03012, US DC ND IL (Civil).

Misconduct Type: Government Contract Fraud

Contracting Party: Government Defense

Court Type: Civil

Synopsis:

“This case involves relator's claim that defendants General Dynamics and Lockheed Martin Corporation submitted a number of false certifications, false records, false statements, and false claims for payment or approval in connection with their federally-financed sales of F-16 fighter jet to Greece.”

Documents to include:

<http://www.sec.gov/Archives/edgar/data/40533/000095013303003684/w91235e10vq.htm>
<http://www.lawmbg.com/practice/whistlelit.htm>

4.

Case Name: Executive Airlines v. General Dynamics. Docket #02-CV-00194

Misconduct Type: Other

Contracting Party: Non-Governmental

Court Type: Civil

Synopsis:

Executive Airlines alleges breach of contract by General Dynamics' Electric Boat from its termination of a contract after an Executive Airlines plane crash.

“Plaintiff, Executive Airlines, has brought this action against Defendant, Electric Boat Corporation, seeking liquidated damages for Electric Boat's alleged breach of contract when it prematurely terminated a contract for air charter services following a plane crash involving an Executive Airlines jet. The amended complaint asserts four causes of action, all premised on the alleged breach of contract by [**2] Electric Boat: Count I - breach of contract, Count II - accounts stated, Count III - liquidated damages, and Count IV - actual damages. Electric Boat has counterclaimed for damages it incurred as a result of Executive Airlines' failure to furnish the air charter services that it agreed to provide.”

Documents to include:

2003 U.S. Dist. LEXIS 12340

Case Name:

Final Analysis Communication Systems v. General Dynamics, et al. Docket #03-CV-00307, US DC MD (Civil).

Misconduct Type: Contract Fraud

Contracting Party: Non-Governmental

Court Type: Civil

Synopsis:

“On October 14, 2004, FACS filed a second amended complaint alleging that the company breached contracts among the company, FACS and FACS's then-corporate parent, Final Analysis, Inc. (FAI), a Maryland corporation.... FACS also alleges tort claims for fraud, tortious interference with contractual and business relations, fraudulent inducement, negligent misrepresentation and a claim for breach of warranty.”

Documents to include:

<http://www.sec.gov/Archives/edgar/data/40533/000119312505042255/d10k.htm>