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## **Northrop Lied to U.S., Papers Say**

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Northrop Grumman Corp. lied to the Air Force to cover up problems with a radar-jamming system it was developing in the late 1980s and submitted fraudulent bills on other equipment, according to documents unsealed Wednesday. "We lied our teeth off" and "now we need to make these lies come true," one of the documents quotes a Northrop manager telling employees in 1985, as the radar-evading equipment was undergoing a critical design review.

The documents were unsealed by a federal judge in Chicago as part of a whistleblower lawsuit scheduled to go to trial later this year. When the suit was filed 15 years ago, it appeared to focus mainly on alleged accounting irregularities. The documents show there also are fraud accusations against Northrop in connection with the company's alleged overcharging for materials and falsifying of data.

The Justice Department, representing the former Northrop employees who filed the suit, says Northrop managers lied about the readiness of radar-evading technology for the company's B-2 stealth bomber. Filed under the False Claims Act, the suit seeks \$369 million in damages. If Northrop is found guilty, the damages can be trebled.

A Northrop spokesman said Wednesday that the company was likely to file a motion Friday to dismiss the lawsuit. "The company denies these allegations and will continue to vigorously defend the actions," Frank Moore said.

The documents unsealed Wednesday pose new headaches for the nation's third-largest defense contractor, which has its headquarters in Century City.

In recent years, the company has tried to put much of its troubled past behind it. Northrop was the target of several high-profile criminal and civil cases in the late 1980s and early 1990s. In the last year, it has settled -- without admitting any wrongdoing -- three of the four whistle-blower lawsuits that were filed against it during the early 1990s for about \$200 million.

The remaining whistle-blower suit was filed by Rex A. Robinson and James H. Holzrichter, who worked at Northrop's facility in Rolling Meadows, Ill. According to court documents, Robinson was laid off by Northrop and ended up living in a trailer before he died last year, while Holzrichter, who took a disability leave, has been sweeping driveways and delivering newspapers.

The U.S. attorney's office investigated their claims and didn't file criminal charges.

In 2001, the government intervened in the case based on new information that apparently was gathered during the discovery stage of the civil suit.

The Northrop radar-evading program was eventually canceled by the Air Force because of problems with the systems and after rival Lockheed Martin Corp. provided an alternative.

According to the documents unsealed by U.S. District Judge Ronald Guzman, Northrop allegedly billed the government for time employees sat idly while awaiting security clearances.

Northrop designated rooms known as "holding tanks" at its Rolling Meadows plant for new hires, who did crossword puzzles, played computer games, talked and sometimes left the facility for lunch and didn't return, the government said, citing an internal Northrop memorandum.

The documents also said Northrop lied about materials and material costs, concealed deficiencies in handling of inventory and scrap by fraudulent accounting and deceived government auditors.

Northrop shares rose 46 cents to \$98.16 on the New York Stock Exchange.

Bloomberg News was used in compiling this report.

---- INDEX REFERENCES ----

COMPANY: Northrop Grumman Corp (NRTHRP)

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