

(“MDCI”) (collectively, “Defendants”). Relator brings this action to recover damages, penalties, and attorneys’ fees for Defendants’ violations of the False Claims Act (“FCA”), 31 U.S.C §§ 3729-3773.

INTRODUCTION

2. In February 2007, technology company Northrop Grumman entered into a contract (the “Contract”), called 3AAFLT-07-B-004, with the United States Postal Service (the “USPS”), an agency of the government of the United States. Pursuant to the Contract, Northrop Grumman agreed to design, build and deliver 100 Flats Sequencing System (“FSS”) machines to the USPS, and the USPS agreed to pay Northrop Grumman a series of milestone payments totaling, at most, \$874 million. Northrop Grumman then entered into a subcontract (the “Subcontract”) with machine company MDCI to design, build and deliver a subsystem for each of the 100 FSS machines known as the Integrated Tray Converter (“ITC”).

3. The FSS machines are part of the USPS’s strategy to substantially reduce the cost to the public of mail processing by automating the sorting of “flats” – that is, large envelopes, magazines, catalogs, and circulars – into the precise order of the delivery routes of individual letter carriers. Normally, letter carriers sort flats by hand before leaving the carrier station, which is labor-intensive, time-consuming and expensive. By automating the sorting of flats, the USPS has predicted that the 100 FSS machines will save it approximately \$600 million per year. This prediction assumes that the FSS machines meet the performance standards that are set forth in the Contract – particularly those going to the speed, reliability, accuracy and efficiency of the machines. It was the promise of these cost-savings that caused the USPS to contract with Northrop Grumman.

4. Under the Contract, the USPS was required to pay the full amount of \$874 million only if Northrop Grumman delivered 100 FSS machines meeting the performance and

maintainability standards that were spelled out in the Contract, including those standards addressing the speed, reliability, accuracy and efficiency of the machines. If Northrop Grumman fails to deliver 100 FSS machines meeting those standards, then the USPS has the express right under the Contract to pay Northrop Grumman less than \$874 million.

5. So that the USPS could be sure that it would not pay the full amount of \$874 million unless Northrop Grumman delivered 100 FSS machines meeting the performance and maintainability standards set forth in the Contract, Northrop Grumman was required by the Contract to periodically submit to the USPS certain reports with specified data on the speed, reliability, accuracy and efficiency of the FSS machines.

6. As further assurance to the USPS that it would not pay the full amount of \$874 million unless Northrop Grumman delivered 100 FSS machines meeting the performance and maintainability standards set forth in the Contract, the Contract provided that each invoice submitted by Northrop Grumman to the USPS include a certification that Northrop Grumman's services had been performed in accordance with the Contract's requirements.

7. As detailed below, Defendants repeatedly have made, and have engaged in a fraudulent course of conduct in making, false reports and certifications to the USPS that materially misrepresent the speed, reliability, accuracy and efficiency of the FSS machines and that materially misrepresent the conformity of the machines to the Contract's requirements.

8. Defendants have submitted the false reports and certifications knowing that they are false, or with deliberate ignorance of their falsity, or with reckless disregard for the likelihood of their falsity. Defendants' knowledge of the falsity of the reports and certifications is demonstrated by contemporaneous records that Defendants have in their possession but that they have deliberately concealed from the USPS, some of which are described below, including

records showing that the FSS machines are slow, unreliable, inaccurate and inefficient, and that they do not meet the performance standards of the Contract or conform to the Contract's requirements.

9. The reports on the speed, reliability, accuracy and efficiency of the FSS machines and the certifications with each invoice that Defendants' services have been performed in accordance with the Contract's requirements are material to the USPS's decisions regarding whether to pay Northrop Grumman – and, by extension, its subcontractor MDCI – the series of milestone payments that could total up to \$874 million, or to instead pay the reduced price that the Contract expressly provides the USPS has the right to pay if the FSS machines are defective or do not conform to the Contract and Defendants do not correct the defects or nonconformity.

10. Defendants' false reports and certifications have caused the USPS to pay Northrop Grumman – and, by extension, MDCI – money that the USPS would not have paid had it known the truth about the defective, non-conforming, slow, unreliable, inaccurate and inefficient FSS machines that Defendants have delivered. This causal link between Defendants' false claims and false certifications, and the USPS's actions and payments, is proven by, among other things, the fact that the USPS refused to pay Defendants for certain items under the Contract and sought to recover claims aggregating \$410,750,738 from Northrop Grumman.

11. The USPS has been damaged by Defendants' false reports and certifications. Not only has the USPS paid money that it would not have paid had it known the truth about the FSS machines, but the USPS is now left with defective, non-conforming, slow, unreliable, inaccurate and inefficient FSS machines that are not producing anywhere near the \$600 million in annual cost savings that the FSS machines were supposed to produce. On the contrary, the USPS has to bear the expense of doing manually what the FSS machines should be doing automatically, and

will have to pay to correct the defects and to make the machines conform to the performance and maintainability standards set forth in the Contract. Especially at a time when the USPS is suffering from billions of dollars in quarterly losses, the damage to the USPS and the public from Defendants' fraud is acute.

THE PARTIES

12. Relator Beau Michaud is a citizen of the United States of America and a resident of Maryland. He brings this civil action for violations of 31 U.S.C. §§ 3729(a)(1)(A), (1)(B), (1)(C), and § 3730(h) for himself and for the United States Government pursuant to 31 U.S.C. § 3730(b)(1). Relator worked on the FSS machines project for Northrop Grumman from January 2007 through February 2011, first as a subcontractor and then as an employee. During this time, Relator witnessed the Defendants' fraud on the USPS and tried to stop it but was met only with resistance and retaliation by the Defendants.

13. Defendant Northrop Grumman is a Delaware corporation with its principal place of business in Los Angeles, California.

14. Defendant MDCI is a Pennsylvania corporation with offices in Pennsylvania and Maryland. MDCI does business as MDCI Automation.

JURISDICTION AND VENUE

15. This Court has jurisdiction over this action under 28 U.S.C. § 1331, and 31 U.S.C. § 3732. Michaud's cause of action for retaliatory discharge is authorized by 31 U.S.C. § 3730(h).

16. Venue is proper in this Court under 28 U.S.C. § 1391 because defendant Northrop Grumman maintains an office within this judicial district, and both Defendants transact business within this judicial district, and committed the false and fraudulent conduct complained of within this judicial district.

THE CONTRACT

17. The Contract contains a number of provisions illustrating that certain reports, invoices and certifications by Northrop Grumman are material to the USPS in deciding whether to pay Northrop Grumman all or a portion of the milestone payments towards a possible maximum total amount of \$874 million and that reports, invoices and certifications falsely showing that the FSS machines met the Contract's standards for speed, reliability, efficiency and accuracy caused the USPS to pay out money to Defendants that it would not otherwise have paid.

18. Part 3, Section 3.19, Clause 2-1 of the Contract ("Clause 2-1") provides that the USPS may "...require correction of defect and nonconformance at no cost to the Postal Service." and further provides that, "If [Northrop Grumman] fails or refuses to correct the defects or nonconformance the Postal Service may... accept the supplies or services at a reduced price."

19. The Contract also provides that Northrop Grumman's submission of an invoice to the USPS for payment constitutes a certification by Northrop Grumman that its services have been performed in accordance with the Contract's requirements. According to the Contract, "The supplier agrees that submission of an invoice to the Postal Service for payment is a certification that: (a) Any services being billed for have been performed in accordance with the contract requirements; and (b) Any supplies for which the Postal Service is being billed have been shipped or delivered in accordance with the instructions issued by the contracting officer and that the supplies are in the quantity and of the quality designated in the contract."

20. The Contract also includes several statements of work ("SOWs") setting forth the required performance standards for the FSS machines, many of which go to the speed, reliability, accuracy and efficiency of the machines. Each of these requirements is material – that is, each

formed a fundamental part of the Contract for the FSS machines and was essential to the USPS achieving the predicted \$600 million annual cost savings from deploying the 100 machines.

21. For example, SOW AA requires the FSS machines to: (a) have a Mean Time To Repair (“MTTR”) of 30 minutes or less for parts that are repairable or replaceable while on the machine; (b) be available for 95% of an 18-hour workday; and (c) be designed and built so that operator jams (machine jams simple enough to be repaired by the operator) have a MTTR of two minutes or less and maintenance jams (more complex jams requiring action by maintenance personnel) have a MTTR of five minutes or less.

22. Other SOWs have requirements to ensure achievement of SOW AA’s requirements. For example, SOW D § 4.1 requires that the FSS machines have maintenance and diagnostic functions to aid in the timely detection and repair of malfunctions and to avoid malfunctions through regular maintenance.

23. In addition, SOW F requires Northrop Grumman to periodically deliver to the USPS periodic reports of failure modes, effects, and criticality analyses (“FMECA”) that Northrop Grumman is required to perform. SOW F further requires that each FMECA Report state the time that it takes to repair or replace certain parts of an FSS machine and to accurately reflect the reliability of various parts and subassemblies of an FSS machine. SOW F further requires that Northrop Grumman plot data from the FMECA Reports on Criticality Risk Matrices and to deliver them to the USPS. The USPS relies on the FMECA Reports and Criticality Risk Matrices to evaluate Northrop Grumman’s compliance with the Contract and in determining whether to make milestone payments to Northrop Grumman.

24. As Defendants know, the FMECA Reports and Criticality Risk Matrices are and were material to the USPS’s decisions about whether to pay in full milestone payments to

Northrop Grumman (and, by extension, to MDCI) towards a possible maximum total amount of \$874 million or instead to scrutinize the FSS machines for defects and/or nonconformity with the Contract and to pay less than the full milestone payment if Northrop Grumman refuses to correct a defect and/or nonconformity.

NORTHROP GRUMMAN KNOWINGLY, DELIBERATELY AND SYSTEMATICALLY FALSIFIED MTTR DATA FOR THE USPS

25. SOW AA §§ 2.0 and 3.2 require that each FSS machine have a MTTR of 30 minutes or less for parts that are repairable or replaceable while on the machine.

26. SOW AA § 3.2 sets forth how to measure the MTTR: “All MTTR calculations start at machine stop or signal, and include response time, fault isolation, lockout tag-out [– that is, locking the machine to prevent startup and tagging the equipment with a warning against starting the machine while it is being repaired], adjustment time, remove/replace, and functional test (all events leading to restart). The response time of the assigned maintenance person to travel to the central system controller, locate the RMDC [Remote Maintenance Diagnostic Computer], an/or [sic] to retrieve parts from the store room will not be counted toward the response time in the MTTR calculation.” More detailed procedures for measuring the MTTR are set forth in Military Handbook 470A (“MIL-HDBK-470A”), which is incorporated by reference in the Contract.

27. Northrop Grumman tasked Relator and some of his co-workers with measuring the replacement times for several parts of the FSS machines. To do this, Rick Solloway, (Northrop Grumman’s FSS Program Manager) and Sean Ledford (Northrop Grumman’s Lead Hardware Engineer) instructed Relator and his co-workers to stand next to an FSS machine with a spare part, tools, and a stopwatch, and to time with the stopwatch only the time that it took for the removal and replacement of the part. Northrop Grumman further instructed them to guess

fault isolation times based on their prior experience with the FSS machines and to add that time to the time that they measured with the stopwatch for removal and replacement for the total measurement. Northrop Grumman further instructed them to exclude from the total measurement the time that it took for: (a) accessing the part for replacement, (b) lockout/tag-out, and (c) function testing.

28. Northrop Grumman then used these total measurements taken by Relator and his co-workers – which, in violation of the express terms of the Contract, excluded the times for critical stages of each repair – to calculate false MTTRs.

29. Excluding critical stages of each repair from the total measurements resulted in false MTTRs that were substantially lower than the actual MTTRs. If, for example, and as required by the Contract, for the many parts on an FSS machine that are high off of the ground, Northrop Grumman included in the total measurements the time for accessing the part for replacement, that time would have included the time for deploying lift trucks and donning specialized personal protection equipment.

30. When Relator and some of his co-workers questioned Northrop Grumman about guessing – rather than measuring – times used for calculating the false MTTRs, management told them to report their “best guess, so long as it fits the 30 minute MTTR requirement.” Eventually, Relator and his co-workers began using the term “tribal lore” to describe the “measurements” that were used to calculate the false MTTRs.

**NORTHROP GRUMMAN DELIVERED A FALSE
MAINTAINABILITY ANALYSIS REPORT TO THE USPS**

31. Under the Contract, Northrop Grumman was required to prepare and deliver to the USPS a Maintainability Analysis Report (“MAR”) for the FSS machines, and to include in

the MAR a table summarizing some of the most important information bearing on the maintainability of the machines.

32. Northrop Grumman delivered a false MAR to the USPS even while knowing that it was false, or with deliberate ignorance of its falsity, or with reckless disregard for the likelihood of its falsity.

33. The MAR, dated December 13, 2007, was false because the MTTR data that Northrop Grumman reported in the MAR were false. For example, in the summary table of the MAR, Northrop Grumman reported a false jam clearing MTTR for the FSS Main Electrical Cabinet Assembly of 15.93 minutes. As Northrop Grumman knew then and knows now, and as its own records show, the actual jam clearing MTTR for the component is far longer than 15.93 minutes. Northrop Grumman's own records show an MTTR of 32.67 minutes and the true MTTR is even greater than that amount because, as set forth above, Northrop Grumman engaged in a fraudulent course of conduct to falsify the MTTR data by excluding critical stages of each repair from the time measurements that were averaged to generate the false MTTRs recorded in Northrop Grumman's records.

34. The MAR was also false insofar as Northrop Grumman included in the MAR spreadsheets false MTTR times for the ITC and other sub-assemblies of the FSS machines. Each MTTR included a purported start-up time for each repair – that is, the time to start up the FSS machine once a repair is completed – of “1 minute” per repair. These start-up times for each repair were false and Northrop Grumman knew that they were false because, as Northrop Grumman knows, the process of starting up an FSS machine after completing a repair takes far longer than one minute.

35. Northrop Grumman used this MAR containing false data to create the FSS Systems Critical Design Review, which it presented to USPS in December 2007.

36. As Northrop Grumman knew, the USPS relied on the Critical Design Review to make decisions about whether to pay in full or instead to scrutinize the FSS machines for defects and/or nonconformance with the Contract and to pay less if Northrop Grumman did not correct a defect or nonconformity. By knowingly and deliberately including falsified MTTR and other data in the MAR, which was later used in the Critical Design Review, Northrop Grumman caused the USPS to pay it money that the USPS would not have paid had it known the truth about the MTTRs and the slowness, unreliability, inaccuracy and inefficiency of the FSS Machines, and that, under Clause 2-1 of the Contract, the USPS did not have to pay.

37. Besides paying money that it did not have to pay, the USPS has been damaged by Northrop Grumman's false MAR because the USPS is not realizing the \$600 million in annual cost savings that justified its \$874 million investment in the FSS machines, and instead will have to incur the cost of conforming the FSS machines to the performance standards of the Contract.

**NORTHROP GRUMMAN DELIVERED FALSE FMECA REPORTS AND
CRITICALITY RISK MATRICES TO THE USPS**

38. SOW F of the Contract required Northrop Grumman to periodically prepare and deliver FMECA Reports to the USPS.

39. SOW F contains specific guidance about creating and submitting each FMECA Report and incorporates by reference Military Standard 1649A ("MIL-STD-1649A").

40. The FMECA Report is a large spreadsheet of information on the parts and sub-assemblies of the FSS machines, including their functions, locations, likely failure mode, impact of failure, probability of failure, and the time for removal and replacement.

41. The Contract further requires Northrop Grumman to use each FMECA Report to prepare and deliver a Criticality Risk Matrix to the USPS. The Criticality Risk Matrices summarized thousands of points of data. The Contract required Northrop Grumman to provide them to the USPS so that the USPS would not have to review and analyze the underlying data, but could instead rely on the Matrices in deciding whether to pay money to the Defendants.

42. As Northrop Grumman knows, the FMECA Reports and Criticality Risk Matrices are material to the USPS's decisions about whether to pay in full a milestone payment to Northrop Grumman or, instead, to scrutinize more closely the FSS machines for defects and/or nonconformance with the Contract and to pay less than the full milestone payment if Northrop Grumman refuses to correct a defect and/or nonconformity.

43. From the outset of Northrop Grumman's work for the USPS on the FSS Machines, Northrop Grumman delivered false FMECA Reports and false Criticality Risk Matrices to the USPS while knowing that they were false, or with deliberate ignorance of their falsity, or with reckless disregard for the likelihood of their falsity.

44. For example, in September 2007, Northrop Grumman prepared a false FMECA Report, which it later delivered to the USPS. This report falsely stated that the MTTR for a sub-assembly of the FSS machines called the Stand Alone Mail Prep system ("SAMP") Unloader Assembly is 14.72 minutes. As Northrop Grumman knew then and knows now, and as its own records show, the actual MTTR for the sub-assembly is far longer than 14.72 minutes. Northrop Grumman's own records show – including a document called the SAMP Task Analysis – an MTTR for the sub-assembly of 17.76 minutes, and the true MTTR is even greater than that amount because, as set forth above, Northrop Grumman engaged in a fraudulent course of conduct to falsify the MTTR by excluding critical stages of each repair from the time

measurements that were averaged to generate the false MTTR recorded in Northrop Grumman's records.

45. For another example, the September 2007 FMECA Report falsely states that the MTTR for the removal and replacement of a bearing on the SAMP Prep Station is 18.96 minutes. As Northrop Grumman knew then and knows now, and as its own records show, the actual MTTR for the removal and replacement of the bearing is 21.57 minutes, and the true MTTR is even greater than that amount because, as set forth above, Northrop Grumman engaged in a fraudulent course of conduct to falsify the MTTR by excluding critical stages of each repair from the time measurements that were averaged to generate the false MTTR recorded in Northrop Grumman's records.

46. For another example, the September 2007 FMECA Report falsely states in a spreadsheet that 185 out of 749 replacement times for the SAMP Unloader Assembly were "59.99 minutes." As Northrop Grumman knew then and knows now, those replacement times were not all 59.99 minutes but were in fact each greater than one hour.

47. In furtherance of its fraud, so that the USPS would not see the repeated "59.99 minutes" entries in the spreadsheet for the SAMP Unloader Assembly and possibly begin to suspect that the times were false, Northrop Grumman deliberately concealed the entries by hiding the columns of the spreadsheet. That way, the USPS could only see the repeated entries of "59.99 minutes" if it knew that the columns were hidden and then unveiled the hidden data.

48. As shown below, because Northrop Grumman falsified the replacement times for the SAMP Unloader Assembly, the 185 instances of falsified repair times caused a material number of significant events to be plotted on the corresponding Criticality Risk Matrix, dated September 2007, in the "marginal" rather than "critical" level of severity:

	Frequent	Probable	Occasional	Remote	Improbable	Safety Effects	Availability Effects
Catastrophic (I)						Any personal injury or facility damage	Equipment degraded or downtime greater than 6 hours
Catastrophic (Safety System) (IS)				1	13	Any personal injury or facility damage (with 2nd failure)	None
Critical (II)			4			None	Equipment degraded or downtime between 1 and 6 hours
Marginal (III)			2	22	239	None	Equipment degraded or downtime between 20 minutes and 1 hour
Minor (IV)			10	73	170	None	Equipment degraded or downtime <20 minutes that requires corrective maintenance
No Impact (V)			2	9	17	None	Equipment failure that results in a scheduled corrective action
fpmh	< 10,000	< 1000	< 100	< 10	< 1		
# of F/Op Hour	1/100	1/1000	1/10,000	1/100,000	1/1,000,000		
PACC	< 0.01	< 0.001	< 0.0001	< 0.00001	< 0.000001		
	Unacceptable		Requires Approval		Acceptable		

Figure 4.2.1-1SAMP FMECA Risk Matrix

49. Northrop Grumman falsified these times because, had it reported the real times of greater than one hour for each instance of replacement, then those real times for the 185 instances of replacement would have been plotted on the corresponding Criticality Risk Matrix at a “critical” level of severity, and that would have raised a red flag to the USPS that it was not in fact receiving the FSS machines for which it had agreed to pay \$874 million, and would have caused the USPS to require Northrop Grumman to correct the defective and nonconforming FSS machines at no cost to the USPS or, if Northrop Grumman refused, to pay less than \$874 million.

50. Shortly following its submission to the USPS of the false September 2007 FMECA Report and corresponding Criticality Risk Matrix, on October 31, 2007, Northrop

Grumman submitted to the USPS Invoice No. 90173399 for a milestone payment of \$4,287,979 for the SAMP Critical Design Review, thereby falsely certifying that Northrop Grumman's services were performed in accordance with the Contract's requirements. Northrop Grumman's delivery to the USPS of its false September 2007 FMECA Report, its corresponding false Criticality Risk Matrix, and its false invoice dated October 31, 2007, caused the USPS to pay money to Northrop Grumman that it would not otherwise have paid.

51. For another example of Northrop Grumman falsifying FMECA Reports and submitting them to the USPS, Northrop Grumman's September 2007 FMECA Report for the Automated Tray Management System ("ATMS") sub-assembly falsely states in a spreadsheet that 358 of 1287 replacement times for the ATMS sub-assemblies were "59.99 minutes." As Northrop Grumman knew then and knows now, those replacement times were not all 59.99 minutes but were in fact each greater than one hour. In addition, for 668 of the 1287 instances of replacement, Northrop Grumman did not enter any replacement times.

52. In furtherance of its fraud, so that the USPS would not see the repeated "59.99 minutes" entries in the spreadsheet for the ATMS sub-assembly and the hundreds of missing entries and possibly begin to suspect that the times were false, Northrop Grumman deliberately concealed the entries by hiding the columns of the spreadsheet. That way, the USPS could only see the repeated entries of "59.99 minutes" and hundreds of missing entries if it knew that the columns were hidden and then unveiled the hidden data.

53. Because Northrop Grumman falsified the replacement times for the ATMS sub-assembly, the 358 instances of replacement were plotted on the corresponding Criticality Risk Matrix in the "marginal" rather than "critical" level of severity.

54. Shortly following its submission to the USPS of the false September 2007 FMECA Report and corresponding Criticality Risk Matrix, on November 16, 2007, Northrop Grumman submitted to the USPS Invoice No. 90174856 for a milestone payment of \$4,287,979 for the ATMS Critical Design Review, thereby falsely certifying that Northrop Grumman's services were performed in accordance with the Contract's requirements. Northrop Grumman's delivery to the USPS of its false September 2007 FMECA Report, its corresponding false Criticality Risk Matrix, and its false invoice dated November 16, 2007, caused the USPS to pay money to Northrop Grumman that it would not otherwise have paid.

55. By knowingly and deliberately falsifying the FMECA Reports, Criticality Risk Matrices, and invoices, and delivering them to the USPS, Northrop Grumman caused the USPS to pay Northrop Grumman money that the USPS would not have paid had it known the truth about the slowness, unreliability, inaccuracy and inefficiency of the FSS machines and that, under Clause 2-1 of the Contract, the USPS did not have to pay.

56. In addition to paying money that it should not have paid and would not have paid, the USPS has been damaged by Northrop Grumman's false FMECA Reports and Criticality Risk Matrices because the USPS is not realizing the approximate \$600 million in annual cost savings that justified its \$874 million investment in the FSS machines. Instead, the USPS has to bear the expense of doing manually what the FSS machines should be doing automatically, and will have to pay to correct the defects and to make the machines conform to the performance standards set forth in the Contract.

**DEFENDANTS AGREED TO AND DID DELIVER
A FRAUDULENT HANDBOOK TO THE USPS**

57. SOW H § 4 of the Contract requires Northrop Grumman to document all parts used in the FSS machines a deliver it to the USPS.

58. MDCI knows that the Contract requires Northrop Grumman to document all FSS machine parts in the handbook for the USPS. The Subcontract between Northrop Grumman and MDCI includes SOW H in the appendix.

59. MDCI has its own contractual obligation to document all parts of the ITC. The Subcontract between Northrop Grumman and MDCI requires MDCI to provide Northrop Grumman with a detailed list of parts used in the ITC.

60. The Contract also required that all 100 FSS machines be identical, with the exception of minor changes to accommodate different facilities housing the FSS machines.

61. As the Defendants knew then and know now, having a handbook that accurately and completely identifies the parts for the FSS machines is important and material to the USPS and to its goal of cost savings through automation. Unless the handbook is accurate and complete, parts for the machines cannot be easily identified or replaced, which may result in delays in repairing broken FSS machines and may also result in the USPS spending more money for larger and more expensive replacement assemblies than it would spend if it knew the actual identity of the parts to fix or replace.

62. Despite knowing the importance of accurately and completely identifying all parts of the FSS machines in the handbook, MDCI and Northrop Grumman, acting in concert, knowingly agreed to and did omit the identities of numerous parts of the ITC from the handbook, including: the verticalizer rotate box homing sensor, index table home sensor, ACT and RCT lift flight home sensors, pneumatic cylinder head retaining clip, and wedge spring clips on the empty buffer matrix. Furthermore, Defendants did not use these parts on all of the FSS machines, even though the Contract requires all of the machines to be the same and there were no differences in the facilities to justify using the parts in some machines but not others.

63. A series of e-mails demonstrates that Defendants knew that having an accurate and complete handbook was important to the USPS and that, despite this, Defendants knowingly and deliberately agreed to and did provide the USPS with a handbook that was not accurate or complete because the identities of certain parts of the ITCs were omitted from the handbook.

64. On September 16, 2010, Relator emailed Kenneth Stine (“Stine”), FSS Handbook Lead for Northrop Grumman, about the failure to identify parts of the ITC in the handbook and cited the pneumatic cylinder head retaining clip as an example.

65. Later that day, Stine e-mailed Joseph Hamedl (“Hamedl”), Technical Data and Training Supervisor for Northrop Grumman, advising Hamedl that the handbook should be written accurately to reflect all of the parts on the machine, and attaching Relator’s email.

66. Hamedl responded that day to Stine and Relator, admonishing them not to “open a can of worms,” and that the “Handbook needs to match the source data.” By “source data” Hamedl was referring to the Technical Data Package (“TDP”) and the Bill of Materials (“BOM”), which already had been submitted to the USPS.

67. Hamedl knew that any inconsistencies between the handbook and source data would raise questions at the USPS about the accuracy of the source data, which would result in the USPS not making milestone payments to Northrop Grumman because the source data was a key element of the Critical Design Review, which Northrop Grumman presented to the USPS periodically, and a requirement in the Contract for milestone payments.

68. Northrop Grumman, knowing that it would not receive a milestone payment if the USPS knew the truth about some (but not all) of the FSS machines having parts that were not in the source data, knowingly and deliberately falsified the handbook by omitting the identities of

certain ITC parts and then provided the USPS with the fraudulent handbook, causing the USPS to make payments to the Defendants that it would not otherwise have made.

69. By knowingly and deliberately concealing from the USPS that the FSS machines have parts that are not identified in the source data or the handbook, Defendants have caused the USPS to pay them money that the USPS would not have paid had it known the truth about the undocumented parts and that, under Clause 2-1 of the Contract, the USPS did not have to pay.

70. Besides paying money that it did not have to pay, the USPS has been damaged by Defendants' fraudulent handbook because not knowing the identities of parts when they need to be replaced or fixed leads to delays and costly repairs, which means that the USPS is not realizing the \$600 million in annual cost savings that justified its \$874 million investment in the FSS machines.

NORTHROP GRUMMAN FALSELY CERTIFIED THAT ITS SERVICES WERE PERFORMED IN ACCORDANCE WITH THE CONTRACT

71. As set forth above, each time Northrop Grumman submitted an invoice to the USPS, Northrop Grumman certified to the USPS that its services were performed in accordance with the Contract's requirements.

72. Northrop Grumman's certifications through each of the invoices that it submitted to the USPS were false because, in fact, Northrop Grumman's services were not performed in accordance with the Contract's requirements in many respects, some of which are described in paragraphs 78 through 120 below. Northrop Grumman knew that its certifications were false, or was deliberately indifferent to the falsity of its certifications, or recklessly disregarded the likelihood that they were false. The false certifications were material and caused the USPS to pay money to Northrop Grumman that it would not otherwise have paid.

**NORTHROP GRUMMAN FALSELY CERTIFIED THAT
THE FSS MACHINES ARE AVAILABLE 95% OF THE WORKDAY
AND THAT THE MEAN TIME BETWEEN FAILURES IS
MORE THAN 108 HOURS**

73. SOW AA § 3.1 of the Contract requires that “[t]he FSS must be available to process mail when requested at least 95% of the operational request time . . . Max Down Time 54 Min / 18 Hr Processing Day.”

74. SOW AA § 3.3 of the Contract requires that “[t]he FSS must perform at a level in excess of 108 Hours Mean Time Between Failure” – in other words, that, on average, the FSS machines operate more than 108 hours between failures.

75. These provisions of the Contract go directly to the USPS’s ability to gauge whether the FSS machines have the speed, reliability, accuracy and efficiency that the USPS needs them to have in order for the USPS to realize the approximate \$600 million in annual cost savings that would justify an \$874 million investment in automating the sorting of flats.

76. As Northrop Grumman knows, the FSS machines that Northrop Grumman has delivered to the USPS do not meet the 95% availability requirement or the 108 hours mean time between failures requirement. Evidence of Northrop Grumman’s knowledge includes the FSS maintenance logs showing that the FSS machines are available far less frequently than 95% of an 18-hour work day and that the mean time between failures is substantially less than 108 hours. For example, the 2011 FSS maintenance logs show that the 48 FSS machines operating at that time rarely, if ever, were available for, on average, 95% of an 18-hour workday or performed, on average, for more than 108 hours between failures.

77. Despite knowing that the FSS machines do not meet the Contract’s 95% availability requirement or 108 hours mean time between failure requirement, with each invoice that Northrop Grumman has sent to the USPS, Northrop Grumman has falsely certified that it has

performed as required by the Contract, causing the USPS to pay money to Northrop Grumman that it would not have paid (and, pursuant to Clause 2-1, that it did not have to pay) had it known the truth about the unreliability of the machines.

**NORTHROP GRUMMAN FALSELY CERTIFIED THAT
THE MTTR FOR MAINTENANCE JAMS IS FIVE MINUTES AND THAT THE
MTTR FOR OPERATOR JAMS IS TWO MINUTES**

78. SOW AA § 3.2 requires a MTTR of five minutes for maintenance jams and two minutes for operator jams. A “maintenance jam” is a jam that requires maintenance personnel to resolve, usually using tools and involving the removal of panels. An “operator jam” means jams that the operator of the machine can resolve, usually without the use of tools or the removal of any panels.

79. This provision of the Contract goes directly to the USPS’s ability to gauge whether the FSS machines have the speed, reliability, accuracy and efficiency that the USPS needs them to have in order for the USPS to realize the \$600 million in annual cost savings that would justify an \$874 million investment in the sorting of flats.

80. As Northrop Grumman knows, the FSS machines that Northrop Grumman has delivered to the USPS do not meet the jam time requirements.

81. Many jams have occurred undetected and taken up to four hours to locate and clear. For example, on March 8, 2011, the FSS machine in New Jersey had a magazine “pushed up against [the] bucket opener” causing mail trays to be overfilled. This jam resulted in just over nine hours of downtime. On the same day, the FSS machine in Miami, Florida experienced three jams, each of which took approximately 44 minutes to locate and resolve. Maintenance personnel reported that the FSS machines displayed no error messages while broken.

82. The USPS relied upon assertions by Northrop Grumman that it was working to resolve the issues and was unaware that Northrop Grumman was concealing fundamental design problems and an undeveloped alarm database when it made payments to Northrop Grumman.

DEFENDANTS FALSELY CERTIFIED THAT THEIR SERVICES WERE IN ACCORDANCE WITH THE CONTRACT'S REQUIREMENTS WHEN IN FACT THEY USED DEFECTIVE PARTS FOR THE FSS MACHINES THAT THEY KNEW WOULD RESULT IN THE MACHINES NOT MEETING THE CONTRACT'S PERFORMANCE STANDARDS

83. Despite its certifications with each invoice that it submitted to the USPS to the contrary, Defendants' services were not in accordance with the Contract's requirements and Defendants knew that they were not. They knew in particular that their use of an underpowered computer to control the ITCs would result in the FSS machines falling far short of the Contract's performance standards – including those going to the speed, reliability, accuracy and efficiency of the machines. Defendants knowingly and deliberately concealed from the USPS their use of the underpowered computer and the fact that the underpowered computer would result in the FSS machines not meeting the Contract's performance standards.

84. The FSS machines that the Defendants delivered to the USPS each have a touch panel computer called the EL1700 controlling the ITCs. The EL1700 contains a 300 MHz processor and has 64 MB of RAM.

85. The EL1700 uses an operating system called Windows CE 6.0. Windows CE 6.0 requires a minimum 933 MHz processor with a minimum of 512 MB of RAM. Microsoft, the manufacturer of Windows CE, recommends a 2 GHz processor and 1 GB of RAM.

86. To run the ITC, the EL1700 uses a program called VisiWinNET. VisiWinNET requires a minimum processor speed of 500 MHz and 256 MB of RAM. Inosoft, maker of VisiWinNET, recommends a 1 GHz processor with 512 MB of RAM

87. As Defendants knew then and know now, the EL1700 does not have sufficient computing power for its operating system or to run the software that controls the ITC and, as a result, frequently experiences errors, frequently crashes, and occasionally overheats, causing the FSS machine to stop working until the EL1700 is cooled and rebooted.

88. Defendants have known that the EL1700 does not have sufficient computing power for the FSS machines to meet the performance standards of the Contract – including the standards going to the speed, reliability, accuracy and efficiency of the FSS machines – since the beginning of the Contract and, despite their knowledge, have not substituted the EL1700s with sufficiently powerful computers and have concealed from the USPS that the ITCs are defective and that they will result in the FSS machines not meeting the performance standards of the Contract.

89. In 2007, when the ITC was still being tested for Northrop Grumman and the USPS, MDCI did not solely use the EL1700 to operate the ITC, but also connected an external laptop with greater processing power than the EL1700.

90. In or about August 2007, Relator sent an email to D'Wayne Strawbridge (“Strawbridge”), Northrop Grumman’s engineer responsible for system integration and testing of the FSS machines, drawing attention to the discrepancies between the capacity of the EL1700 and the requirements of VisiWinNET and Windows CE 6.0. In the email, Relator pointed out that all of the ITC testing was performed while running the ITC with an external laptop rather than the EL1700, and that, when operated with an external laptop, the ITC experiences fewer errors than when operated with the EL1700 and generally performs as it must perform in order for the FSS machine to meet the performance standards of the Contract.

91. The same day, Strawbridge sent an email reporting Relator's concerns to Rick Solloway ("Solloway"), Northrop Grumman's FSS Program Manager, and delivered a similar letter to Manfred Fox ("Fox"), Northrop Grumman's software engineer in charge of programming for the ITC.

92. According to Strawbridge's email: "[w]e noticed months ago that MDCI always has to have a laptop connect[ed] to [the] ITC in order to help it run the way it [is] supposed to." "The slower processor speed of our hardware, coupled with the increased resource requirements of the software could possibly be the reason for the reduced reliability in the ITC."

93. Strawbridge suggested that there is a "memory leak" causing "intermittent and ghosts [sic] faults as well as spurious movements by controlled components." Strawbridge noted that "[a]pparently Manfred has been going around putting band-aids on the ITCs," but "[t]here does not seem to be any long term software based solution." He concluded by stating, "[t]his only strengthens my resolve in the call for upgrading the hardware in order for the ITC to work well."

94. A few days after Relator sent his email, in furtherance of Defendants' fraud on the USPS, Ed Steinbacher ("Steinbacher"), Relator's supervisor and FSS Training Supervisor for Northrop Grumman, summoned Relator to his office and ordered Relator to "mind [his] own business," and "stop trying to undermine the program."

95. In 2009, after hearing reports of errors involving the ITC from USPS employees, Relator sent another email to Steinbacher and Fox stating that the EL1700 was not powerful enough to run the ITC.

96. Steinbacher forwarded Relator's email to his supervisor, Jennifer Poole ("Poole"), Postal Automation Training Manager for Northrop Grumman.

97. In furtherance of Defendants' fraud on the USPS, within a week and a half of sending Relator's email, Steinbacher called the Relator into his office and instructed Relator to delete the sent email.

98. By knowingly and deliberately concealing from the USPS that the ITCs on the FSS machines are being operated by underpowered computers and that that will result in the FSS machines not meeting the performance requirements of the Contract, and by certifying instead with each invoice that Defendants' services have been performed according to the Contract, Defendants have caused the USPS to pay them money that the USPS would not have paid had it known the truth about the underpowered computers and that, under Clause 2-1 of the Contract, the USPS did not have to pay.

99. Besides paying money that it did not have to pay, the USPS has been damaged by Defendants' fraudulent certifications and Defendants' fraudulent concealment of the truth about the underpowered computers because it is not realizing the \$600 million in annual cost savings that justified its \$874 million investment in the FSS machines, and has instead had to address costly issues when the ITCs malfunction and will have to incur the cost of correcting the defective ITCs.

100. Examples of the costly issues that the USPS has had to address as a result of Defendants' fraud include the following.

101. On March 31, 2011, the FSS machine located in Greensboro, NC was unavailable for one hour and 50 minutes because the EL1700 overheated.

102. On April 6, 2011, a worker was injured when a FSS machine in New Jersey unexpectedly restarted, likely as a result of the underpowered EL1700. This is despite the fact that SOW P § 5.5 provides that "remedying conditions that originally caused a machine to stop

shall not result in the automatic restarting of the machine,” and that Northrop Grumman certified with each invoice that its services are in accordance with this and all of the provisions of the Contract.

103. On April 7, 2011, Curtis Jones (“Jones”), a Northrop Grumman FSS machine field technician documented in an email to Northrop Grumman management that he observed phenomena similar to the EL1700 overheating with other FSS machines. Jones resolved the problem by power cycling (turning on and off) the ITC, which in-turn rebooted the EL1700. Jones also experienced similar unexpected starts of the system, apparently triggered by the underpowered EL1700.

NORTHROP GRUMMAN FALSELY CERTIFIED THAT ITS SERVICES WERE IN ACCORDANCE WITH THE CONTRACT’S REQUIREMENTS WHEN IN FACT THE DIAGNOSTIC SYSTEMS ARE DEFECTIVE AND DO NOT CONFORM TO THE CONTRACT AND NORTHROP GRUMMAN KNEW THAT THAT WOULD RESULT IN THE MACHINES NOT MEETING THE CONTRACT’S PERFORMANCE STANDARDS

104. Despite its certifications with each invoice that it submitted to the USPS to the contrary, Defendants’ services were not in accordance with the Contract’s requirements and Defendants knew that they were not. They knew in particular that the diagnostic systems on the FSS machines are defective and that they do not promptly, completely or accurately identify failures of the machines or their causes, as required by the Contract. They further knew that the defective diagnostic systems would result in the FSS machines falling far short of the Contract’s performance standards – including those going to the speed, reliability, accuracy and efficiency of the machines. Defendants knowingly and deliberately concealed from the USPS the defective diagnostic systems and the fact that they would result in the FSS machines not meeting the Contract’s performance standards.

105. The Contract has a number of provisions requiring Northrop Grumman to design and build diagnostic systems for the FSS machines in order to ensure that the USPS can immediately know by way of alarms when the FSS machines have failed and the exact cause or causes of each failure so that the failure can be promptly remedied and that USPS can realize the yearly \$600 million in cost savings that justified its \$874 million investment in the FSS machines.

106. Technical Design Attachment A (“TDA-A”) to SOW D of the Contract requires that all jams and failures of the FSS machines generate an alarm that can be identified on the screens of the Human Machine Interface areas of the FSS machines.

107. The Contract also includes The System Diagnostics Program Plan, which sets forth the process and steps to be taken in the development of the FSS machines’ self-diagnostic systems.

108. TDA-A § 4.1 provides that “[t]he [FSS] system will provide maintenance and diagnostic functions to enable maintenance personnel to troubleshoot and maintain the system.”

109. As Northrop Grumman knows, the diagnostic systems that it designed and manufactured for the FSS machines are defective and do not meet the express requirements of the Contract. Numerous types of failures do not generate any sort of alarms because the FSS machines do not detect problems and the alarm code database is incomplete. As a result, many failures go unreported or cause an unintelligible numeric code to be displayed on the Human Machine Interface, which means that the FSS machines cannot and do not meet the performance standards of the Contract going to the speed, reliability, accuracy and efficiency of the machines.

110. Northrop Grumman knew that its diagnostic systems were defective early on and did nothing to correct them but instead tried to silence the concerns of Relator and others about them.

111. Through early 2009 and into early 2010, Relator and Northrop Grumman employee Pete D'Alessandro ("D'Alessandro") tested the diagnostic systems by triggering faults and recording the resulting alarms. The testing was performed to identify areas in need of additional programming.

112. The testing stopped in January 2010, when Northrop Grumman reassigned D'Alessandro to a new role preparing FSS machines for field deployment.

113. Relator and D'Alessandro recorded the results of their testing in a spreadsheet. The spreadsheet lists 1,100 tested faults, of which only 457 generated alarms in the diagnostic systems. They submitted the spreadsheet to their supervisor, Steinbacher.

114. In or about November 2009, Relator met face-to-face with Steinbacher and said that he was concerned about the incomplete alarm database and the diagnostic systems' failure to display accurate and complete alarm messages for each type of failure. Steinbacher told Relator, "that's not part of your job, don't worry about it," or words similar thereto.

115. Linn McCready, another Northrop Grumman employee, expressed similar concerns to Steinbacher and was similarly rebuffed.

116. Despite knowing that the diagnostic systems do not meet the Contract's requirements for the diagnostic systems and that the defective diagnostic systems will result in the FSS machines falling far short of the Contract's performance standards going to the speed, reliability, accuracy, and efficiency of the machines, with each invoice that Northrop Grumman has sent to the USPS, Northrop Grumman has falsely certified that it has performed as required

by the Contract, causing the USPS to pay money to Northrop Grumman that it would not have paid (and, pursuant to Clause 2-1, that it did not have to pay) had it known the truth about the defective diagnostic systems.

117. Besides paying money that it did not have to pay, the USPS has been damaged by Defendants' fraudulent certifications and Defendants' fraudulent concealment of the truth about the defective diagnostic systems because it is not realizing the \$600 million in annual cost savings that justified its \$874 million investment in the FSS machines, and has instead had to address costly issues when the diagnostic systems do not generate prompt, accurate and complete alarms and will have to incur the cost of correcting the defective diagnostic systems.

118. The following examples show that the diagnostic systems are defective and do not conform to the Contract (despite Northrop Grumman's certifications to the contrary), and that the USPS is bearing substantial costs as a direct result of Northrop Grumman's fraud.

119. On March 4, 2011, the FSS machine in Sandston, Virginia was unavailable for a 25-and-a-half hour period because a joystick for the mail feeder control arm came loose. The mail feeder control arm follows a preprogrammed sequence, but can be manually controlled with a joystick located on a nearby control panel. The joystick wobbled around causing intermittent override signals to be sent to the control arm. Because the diagnostic systems are defective, no alarm message alerted the USPS to the exact causes of the FSS machine shutting down or how to address them.

120. The FSS machine has several safety interlocks on panels that cover moving parts of the machine. The safety interlocks turn off the machine when a panel is opened and prevent panels from being opened when the machine is running. On March 5, 2011, the FSS machine in Washington, D.C. would not run. As it turns out, the machine would not run because a panel

was open. However, because the machine's diagnostic system did not detect that the panel was open, no error message was generated. Northrop Grumman instructed a USPS employee to use a jumper wire to bypass the safety interlock in order to restart the machine. The diagnostic system's failure to detect this error resulted in the machine being unavailable for over eight-and-a-half hours because the operator and maintenance personnel could not determine the cause of the problem.

**WHEN RELATOR RAISED CONCERNS ABOUT AND TRIED TO STOP
DEFENDANTS' FRAUD, NORTHROP GRUMMAN UNLAWFULLY
RETALIATED AGAINST HIM**

121. Before he began working for Northrop Grumman, Relator worked for Chessieview Services, Inc, ("Chessieview") as a subcontractor for Northrop Grumman. Relator's employment with Chessieview began on January 27, 2007. While employed by Chessieview, Relator worked on the FSS machines project.

122. Chessieview went bankrupt in September of 2009, at which time Relator was hired by Chipton-Ross, Inc., as a subcontractor for Northrop Grumman, where he continued working on the FSS machines project.

123. Throughout his employment as a subcontractor for Northrop Grumman, Relator received excellent performance evaluations.

124. In March 2010, Northrop Grumman hired Relator directly as an Engineer Technical Trainer and Curriculum Developer.

125. Relator created manuals and curriculum materials for use in training USPS employees on the operation of the FSS machines.

126. Relator also worked with the reliability and maintenance group to prepare the FMECA Reports.

127. Throughout his course of employment, both as a subcontractor and direct employee of Northrop Grumman, Relator reported to Steinbacher.

128. Relator attempted to prevent Northrop from continuing to submit false claims to the government by reporting Steinbacher's fraudulent misconduct to Steinbacher's supervisor, Poole, as well as to Dan Ellerman and Veronica Nelson in Human Resources, but Northrop Grumman took no steps to stop or remedy the fraud.

129. Relator then filed complaints about Northrop Grumman's fraud with Human Resources, the Department of Labor's Office of Federal Contract Compliance Programs, and the USPS Office of the Inspector General, an independent agency operating separately from the USPS.

130. On January 7, 2011, for the first time in Relator's employment with Northrop Grumman, Northrop Grumman gave Relator a negative performance evaluation, which was baseless and contained false statements.

131. On February 7, 2011, Northrop Grumman terminated Relator, alleging that it did not have any work for the Relator, despite the fact that work on the Contract was ongoing.

DEFENDANTS' FRAUD HAS DAMAGED THE USPS

132. One way to estimate the harm caused as a direct result of Defendants' fraud against the USPS is as follows. For each hour that the FSS machines are not operating, the USPS is being damaged in the amount of \$988.39, based upon the following reasoning: \$600 million in estimated annual cost savings as of 2011 / 100 FSS Machines = \$6 million per machine per year. There were 10 federal holidays in 2011, leaving 355 working days. SOW AA defines a "day" as 18 hours and requires 95 % up time. $355 \text{ days} \times 18 \text{ hours} \times 95\% \text{ availability} = 6,070.5 \text{ working hours per year}$. $\$6 \text{ million} / 6,070.5 \text{ hours} = \988.39 per hour .

133. Based on this estimate, and using data contained in five days of maintenance logs from March 2011 as an example, it is reasonable to predict that the USPS will incur additional costs of \$178,842,691.82 annually once all 100 FSS machines are operating.

COUNT I: FALSE CLAIMS ACT VIOLATIONS
31 U.S.C. §§ 3729(a)(1)(A) and (a)(1)(B)
Against All Defendants

134. Relator realleges and incorporates by reference the allegations made in all of the preceding paragraphs of this First Amended Complaint.

135. Defendants, by and through their officers, agents, supervisors, and employees, knowingly presented or caused to be presented to the USPS and its officials, false or fraudulent claims, and knowingly failed to disclose material facts, in order to obtain payment or approval from the USPS on the Contract, in violation of 31 U.S.C. § 3729(a)(1)(A).

136. Defendants, by and through their officers, agents, supervisors, and employees, knowingly presented and caused to be presented to the USPS and its officials false records or statements material to false or fraudulent claims and knowingly failed to disclose material facts, in order to obtain payment or approval from the USPS on the Contract, in violation of 31 U.S.C. § 3729(a)(1)(B). These false or fraudulent claims, records, and statements were material to the USPS's decision about whether to pay in full the milestone payments and whether to avail itself of Clause 2-1 of the Contract and/or other remedies.

137. The USPS, unaware of the falsity of the records, statements, and claims submitted by Defendants, and as a result thereof, was substantially damaged, and paid money to Northrop Grumman that it otherwise would not have paid if the Defendants had not made the false statements and the truth were known.

138. The USPS, unaware of the falsity of the records, statements, and claims submitted by Defendants, and as a result thereof, refrained from exercising contractual and other remedies that would have mitigated the harm caused by the Defendants to the USPS.

139. By reason of the payments made by the USPS to Northrop Grumman as a direct result of Defendants' fraud, the USPS has been damaged in the amount of millions of dollars and continues to be damaged.

COUNT II: CONSPIRACY TO SUBMIT FALSE CLAIMS
31 U.S.C. § 3729(a)(1)(C)
Against All Defendants

140. Relator realleges and incorporates by reference the allegations made in all of the preceding paragraphs of this First Amended Complaint.

141. Through the acts and omissions described in this Complaint and from on or before at least 2006 through present, Defendants and persons known and unknown, knowingly agreed and conspired to defraud the federal government by having false or fraudulent statements, records, certifications, and claims submitted to and approved by the USPS, and by concealing defects in the design of the FSS in violation of 31 U.S.C. § 3729(a)(1)(A) and (B).

COUNT III: RETALIATION
31 U.S.C. § 3730(h)
Against Northrop Grumman

142. Relator realleges and incorporates by reference the allegations made in all of the preceding paragraphs of this First Amended Complaint.

143. Relator was an "employee" and Northrop Grumman was an "employer" as the terms are defined by the False Claims Act.

144. Northrop Grumman discriminated against Relator and ultimately discharged him as a result of his performing lawful acts to stop one or more violations of the False Claims Act, including investigating, reporting and refusing to participate in the Defendants' breach of

contract, concealment of defects, and submission of false and fraudulent information and certifications to the USPS. These acts were in furtherance of a possible lawsuit under the False Claims Act.

145. At all relevant times, Relator was engaging in activity protected by the False Claims Act. Northrop Grumman, knowing that Relator was engaging in such activity, discriminated against him because of his protected activity.

146. Northrop Grumman can offer no legitimate justification for discriminating against and ultimately discharging Relator.

147. To redress the harms he suffered as a result of the acts and conduct of Northrop Grumman in violation of 31 U.S.C. § 3730(h), Relator is entitled to damages including two times the amount of back pay, interest on back pay, and compensation for any special damages, including emotional distress, and any other damages available by law including litigation costs and reasonable attorneys' fees.

PRAYER FOR RELIEF

WHEREFORE, Relator Beau Michaud, acting on behalf of and in the name of the United States of America, and on his own behalf, demands and prays that judgment be entered as follows against the Defendants for violations of the FCA:

- (a) In favor of the United States against the Defendants for treble damages (consisting of three times the amount of damages to the USPS from the submission of false claims and concealment of defects for the Contract at issue), plus maximum civil penalties for each violation of the FCA;
- (b) In favor of the Relator for the maximum damages allowed pursuant to 31 U.S.C. § 3730(d) to include reasonable expenses, attorneys' fees, and costs incurred by Relator;

- (c) In favor of the Relator for all compensatory and punitive damages, including personal injury damages for pain and suffering and loss of reputation, back pay, and interest, and attorneys' fees and costs to which he is entitled pursuant to 31 U.S.C § 3730(h);
- (d) For all costs of the FCA civil action;
- (e) In favor of the Relator and the United States for further relief as this Court deems to be just and equitable.

Respectfully Submitted,

/s/ David L. Scher

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JURY DEMAND

Pursuant to Rule 38 of the Federal Rules of Civil Procedure, Relator Beau Michaud hereby demands a jury trial.