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Description of document:	Department of Commerce (DOC) Office of Inspector General (OIG) Investigation of False Claims on Bullet Proof Vests 2007-2022
Requested date:	16-February-2024
Release date:	12-March-2024
Posted date:	25-March-2024
Source of document:	FOIA Officer Office of Inspector General U.S. Department of Commerce 1401 Constitution Avenue, N.W., Room 7898C Washington, DC 20230 Email: <a href="mailto:FOIA@oig.doc.gov">FOIA@oig.doc.gov</a> Electronic Portal: <a href="https://www.foia.gov">FOIA.gov</a>

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March 12, 2024

VIA E-MAIL

RE: FOIA Request No. DOC-OIG-2024-000091

This letter is regarding your Freedom of Information Act (FOIA) request, tracking number DOC-OIG-2024-000091, received by the Department of Commerce, Office of Inspector General (OIG) on February 16, 2024, in which you seek "A copy of the DOC OIG investigation report about this closed investigation: False Claims for Zylon Bullet Proof Vests (Honeywell)."

A search of records maintained by the OIG has located seventeen (17) pages that are responsive to your request. In processing your request, we considered the foreseeable harm standard when reviewing the records and applying FOIA exemptions. It was determined that the pages may be released to you as follows:

- Fifteen (15) pages may be released to you in full;
- Two (2) pages must be withheld in part under FOIA exemption (b)(6), 5 U.S.C. § 552(b)(6), which protects information in personnel, medical or similar files, the disclosure of which would constitute a clearly unwarranted invasion of personal privacy, and FOIA exemption (b)(7)(C), 5 U.S.C. § 552(b)(7)(C), which protects law enforcement information, the disclosure of which could reasonably be expected to constitute an unwarranted invasion of personal privacy.

For your information, Congress excluded three discrete categories of law enforcement and national security records from the requirements of FOIA. See 5 U.S.C. § 552(c). This response is limited to those records that are subject to the requirements of FOIA. This is a standard notification to all OIG requesters and should not be taken as an indication that excluded records do, or do not, exist.

You have the right to appeal this determination. An appeal may be sent by e-mail to [FOIA@oig.doc.gov](mailto:FOIA@oig.doc.gov).

The appeal should include a copy of the original request and this letter. In addition, the appeal should include a statement of the reasons why you believe that the determination was in error. The appeal letter, the envelope, and the e-mail subject line should be clearly marked "Freedom of Information Act Appeal." The e-mail and Office of Counsel mailbox are monitored only on working days during normal business hours (8:30 a.m. to 5:00 p.m., Eastern Time, Monday through Friday). FOIA appeals posted to the e-mail box or the Office of Counsel mailbox after normal business hours will be deemed received on the next normal business day. If the 90th calendar day falls on a Saturday, Sunday, or legal public holiday, an

appeal received by 5:00 p.m., Eastern Time, the next business day will be deemed timely. An appeal received after the 90-day limit will not be considered.

If you have any questions or concerns or would like to discuss any aspect of your request, you may contact the analyst who processed your request, Laura Main, by telephone at (202) 794-8066 or by email at [foia@oig.doc.gov](mailto:foia@oig.doc.gov).

In addition, you may contact the Office of Government Information Services (OGIS) at the National Archives and Records Administration to inquire about the FOIA mediation services they offer. The contact information for OGIS is as follows:

Office of Government Information Services  
National Archives and Records Administration  
8601 Adelphi Road-OGIS  
College Park, Maryland 20740-6001  
E-mail at [ogis@nara.gov](mailto:ogis@nara.gov)  
Telephone at (202) 741-5770; toll free at 1 (877) 684-6448; facsimile at (202) 741-5769

Sincerely,  
**JENNIFER  
PIEL**  
Jennifer Piel  
FOIA Officer

Digitally signed by  
JENNIFER PIEL  
Date: 2024.03.12  
11:31:58 -05'00'

Enclosures





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**OFFICE OF INSPECTOR GENERAL  
OFFICE OF INVESTIGATIONS**

## REPORT OF INVESTIGATION

**Case Title:** Zylon (Body Armor) Task Force

**Case Number:** 10-0069-1

**Subjects:**

Thomas Edgar Bachner, Jr. (Bachner)

Richard C. Davis (Davis)

Honeywell International, Inc. (Honeywell)

Toyobo Co., Ltd., Toyobo U.S.A., Inc. f/k/a Toyobo America Inc. (collectively, Toyobo)

*(And others mentioned in the attached Interim ROI)*

**Applicable Statutes or Policies:**

31 U.S.C. §§ 3729-3733 *False Claims Act*

31 U.S.C. §§ 3801-3812 *Program Fraud Civil Remedies Act*

41 U.S.C. §§ 7101-7109 *Contract Disputes Act*

<b>Distribution:</b>	Office of Inspector General, U.S. Department of Commerce
<div style="background-color: black; width: 200px; height: 40px; margin: 0 auto;"></div> Signature of Case Agent:	<div style="background-color: black; width: 350px; height: 25px; margin: 0 auto;"></div> Signature of Approving Official:

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The Office of Inspector General (OIG) determined the above-listed statutes were the most applicable to this investigation.

This report provides factual findings and makes no legal conclusions, determinations, or recommendations.

**BASIS FOR INVESTIGATION**

**Agent's note:** The information in the Interim Report of Investigation (Interim ROI) is incorporated by reference (**Exhibit I**).

On April 27, 2004, the U.S. Department of Justice (DOJ) contacted the U.S. Department of Commerce (DOC), OIG, regarding a *qui tam* suit that Aaron J. Westrick (Relator) filed against several body armor manufacturers. The *qui tam* suit alleged the body armor manufacturers used defective Zylon fiber in ballistic vests despite possessing information showing Zylon degraded quickly over time and was not suitable for ballistic use. DOJ intervened in the *qui tam* suit. DOJ decided to intervene, in part, because the federal government, along with various state, local and tribal law enforcement agencies purchased ballistic vests from the body armor manufacturers, and these purchasers were partially reimbursed by the U.S. for these purchases under DOJ's Bullet Proof Vest Grant Partnership Act (BPVGPA), 42 U.S.C. § 379611 *et seq.*, a federally funded program.

DOC OIG was involved in the investigation primarily because of the National Institute of Standards and Technology's (NIST's) expertise with the standards and testing for ballistic vests. Specifically, DOJ was relying on NIST's ballistics testing for the claims involved in the litigation. DOC OIG collaborated with numerous other law enforcement agencies in conducting this investigation.

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**DETAILS OF INVESTIGATION**

Background:

From approximately 1998 to on or about August 25, 2005, Toyobo was the manufacturer of Zylon fiber.

Davis and Bachner were among the officers, directors, shareholders and executives of Second Chance Body Armor, Inc. (Second Chance). Second Chance manufactured and sold ballistic vests which incorporated Zylon woven fiber that was manufactured by Toyobo to the U.S. under direct contracts and the General Services Administration's (GSA's) Master Supply Schedule, and to various state, local and tribal law enforcement agencies, who were partially reimbursed by the U.S. for up to 50% of the cost of the vests pursuant to the BPVGPA.

In February 2004, the Relator filed a complaint entitled U.S. ex rel. Westrick v. Second Chance Body Armor, et al. (Civ. No. 04-0280 (D.D.C.)) (Second Chance Case), which named Second Chance and its related companies as defendants and was later amended to include Bachner, Davis, Toyobo and others as defendants. On or about July 1, 2005, the U.S. filed its complaint and intervened in the Relator's complaint to the extent that it named *inter alia*, Toyobo and certain former officers of Second Chance. In the Second Chance Case, in general, the U.S. and the Relator alleged that Second Chance, Bachner, Davis and others:

- Made, or caused to be made false statements to the U.S. directly or indirectly in connection with the sale of Second Chance Zylon ballistic vests;
- Submitted, or caused to be submitted, false claims directly and indirectly in connection with the sale of Second Chance Zylon ballistic vests;
- Fraudulently induced the U.S. to pay for and to continue to pay for Second Chance Zylon ballistic vests.

In the Second Chance Case, the U.S. and the Relator alleged that the Zylon ballistic vests that Second Chance sold were defective in that they contained defective Zylon fiber manufactured

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and sold by Toyobo, that the Zylon fiber was defective in that it was not appropriate for use in ballistic applications, and that Toyobo, Second Chance, and others either knew of, or recklessly failed to determine, the defective nature of the Zylon fiber and of the Second Chance Zylon vests.

On or about June 26, 2007, the U.S. filed a complaint in a separate action, entitled U.S. v. Toyobo, Co., Ltd., et al. (Civ. No. 07-1144 (D.D.C.)) (Toyobo Case). The Relator was not a party to the Toyobo Case. The Toyobo Case concerned Toyobo's manufacturing, marketing and sales of Zylon fiber for use in body armor, including ballistic vests, sold in the U.S., and Toyobo's promotion of the use of Zylon for ballistics to various federal agencies and to various non-Second Chance body armor manufacturers, namely Armor Holdings, Inc., American Body Armor, Inc., Safariland, Inc., Protech Armor, Inc., Point Blank Body Armor, Inc., Protective Apparel Corp. of America, Inc., First Choice Armor & Equipment, Inc. Protective Products International, Inc., and Gator Hawk Armor, Inc. (collectively, the Other Body Armor Manufacturers). The U.S. alleged that the Zylon-containing body armor manufactured by the Other Body Armor Manufacturers was sold to the U.S. under GSA contracts, and to various state, local and tribal law enforcement agencies, who were partially reimbursed by the U.S. for up to 50% of the cost of the vests pursuant to the BPVGPA. The Toyobo Case contained similar allegations to those above regarding false statements, false claims and fraudulent inducement.

On June 5, 2008, the U.S. filed an action against Honeywell alleging False Claims Act violations and a claim for unjust enrichment under the common law, entitled U.S. v. Honeywell International Inc. (Civ. No. 08-00961 (D.D.C.)) (Honeywell Case). In the Honeywell case, the U.S. alleged that from July 2000 to on or about August 25, 2004, Honeywell was the manufacturer of Z Shield, a unidirectional laminated material containing Zylon fiber that Toyobo manufactured. The U.S. alleged that Honeywell sold its Z Shield to a body armor manufacturer, Armor Holdings Inc., and its affiliates, American Body Armor & Equipment, Inc., ProTech Armored Products, and Safariland Government Sales, Inc. (collectively, Armor Holdings), for use in ballistic vests. Ballistic vests containing Honeywell's Z Shield were sold by Armor Holdings to the U.S. under GSA contracts, and to various state, local and tribal law enforcement agencies, who were partially reimbursed by the U.S. for up to 50% of the cost of the vest pursuant to the BPVGPA. In the Honeywell Case, the U.S. alleged that Honeywell:

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- Made, or caused to be made false statements and records to Armor Holdings, the U.S. and to members of the vest market for whom the U.S. partially reimbursed costs in connection with ballistic vests containing Z Shield.

Document Reviews:

During this investigation, OIG and the participating agencies reviewed numerous records. These records included contracts for the purchase of ballistic vests, police reports related to officers shot in the line of duty wearing ballistic vests containing Zylon, and communications from the involved Zylon and ballistic vest manufacturers related to Zylon's quality.

Witness Interviews:

OIG and the participating agencies interviewed numerous witnesses in connection with this investigation. These interviews included potential expert witnesses and those with information regarding the subjects' knowledge of the quality of Zylon fiber.

**DISPOSITION**

Referral to the U.S. Department of Justice:

OIG was contacted by DOJ's Civil Division, Civil Frauds Section, regarding assistance with this case. The Civil Frauds Section handled all resulting litigation in this case.

A summary of the settlements with multiple body armor and Zylon manufacturers prior to February 12, 2014, are summarized in the attached Interim ROI.

After February 12, 2014, DOJ settled with four additional subjects: Davis, Bachner, Toyobo and Honeywell. The disposition of the case against each of these subjects is summarized below, and additional details are included in the attached settlement agreements for each entity.

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*Thomas Edgar Bachner, Jr.*

*Settlement Agreement*

On February 15, 2018, Bachner entered into a settlement agreement (Bachner Settlement Agreement) with the Relator and the U.S., in which the U.S. and the Relator agreed to dismiss any civil, contractual and/or administrative claims against Bachner in exchange for Bachner's payment of \$50,000.00 to the U.S. as restitution (**Exhibit 2**). The Bachner Settlement Agreement was filed with the U.S. District Court for the District of Columbia.

As part of the Bachner Settlement Agreement, the U.S. agreed to release Bachner from any civil or administrative monetary claims the U.S. has for the following covered conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Contract Disputes Act, 41 U.S.C. §§ 7101-7109; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or the common law theories of payment by mistake, unjust enrichment, breach of contract, and fraud (Bachner Covered Conduct):

- At all times relevant from 1998 to on or about July 25, 2005, Bachner was among the officers, directors, shareholders and executives of Second Chance.
- From at least 1998 to April 2004, Second Chance, Bachner and others manufactured and sold Zylon bullet proof vests which incorporated woven Zylon fiber that was manufactured by Toyobo.
- Zylon bullet proof vests manufactured by Second Chance, Bachner and others were sold to the U.S. under direct contracts and GSA's Master Supply Schedule and to various state, local and Indian law enforcement agencies, who were partially reimbursed by the U.S. for up to 50% of the cost of the vests pursuant to the BPVGPA.
- On or about September 6, 2005, the U.S. filed an amended complaint in the Second Chance Case, which named as defendants, *inter alia*, Bachner and intervened in the Relator's complaint to the extent that it named, *inter alia*, Bachner.

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- In the Second Chance Case, the U.S. and the Relator alleged that Second Chance, Bachner and others made, or caused to be made, false statements to the U.S. directly or indirectly in connection with the sale of Zylon bullet proof vests.
- In the Second Chance case, the U.S. and the Relator alleged that Second Chance, Bachner and others submitted or caused to be submitted, false claims directly and indirectly in connection with the sale of Zylon bullet proof vests.
- In the Second Chance case, the U.S. and the Relator alleged that Second Chance, Bachner and others conspired to make, or caused to be made, false statements and claims in connection with the sale of Zylon bullet proof vests.
- In the Second Chance case, the U.S. and the Relator alleged that the Zylon bullet proof vests sold by Second Chance, Bachner and others were defective in that they contained defective Zylon fiber manufactured and sold by Toyobo, that the Zylon fiber was defective in that it was not appropriate for use in ballistic applications, and that Second Chance, Bachner and others either knew of, or recklessly failed to determine, the defective nature of the Zylon fiber and of its woven Zylon fabric.

The Bachner Settlement Agreement is neither an admission of liability by Bachner nor a concession by the U.S. that its claims are not well founded, and Bachner denies all allegations in relation to the Bachner Covered Conduct, including that he violated the False Claims Act, 31, U.S.C. §§ 3729, *et seq.*

*Richard C. Davis*

*Settlement Agreement*

On July 16, 2018, Davis entered into a settlement agreement (Davis Settlement Agreement) with the Relator and the U.S., in which the U.S. and the Relator agreed to dismiss any civil, contractual and/or administrative claims against Davis in exchange for Davis's payment of \$24,061,203 to the U.S., none of which is restitution (Davis Settlement Amount). The Davis Settlement Agreement

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was filed with the U.S. District Court for the District of Columbia. In full satisfaction of the Davis Settlement Amount, the U.S. agreed to accept:

- For claims arising from Davis's conduct that occurred prior to his filing for bankruptcy on July 18, 2002, Davis shall waive all rights to and interest in any of the funds held in an escrow account established and maintained pursuant to the terms of an escrow agreement related to Davis's bankruptcy case. As of the date of the Davis Settlement Agreement, the escrow agent was holding funds of approximately \$1,200,000.00 in connection with the escrow account. The U.S. asserts a claim to a portion of these escrow funds as a creditor of the bankruptcy estate, and if the bankruptcy court determines that Davis is entitled to any of the funds currently in the escrow account, Davis shall notify the U.S. and immediately transfer all rights to and interest in those funds to the U.S. in partial satisfaction of the Davis Settlement Amount and pay such funds to the U.S.
- For claims arising from Davis's conduct after his filing for bankruptcy on July 18, 2002, the U.S. agreed to accept \$125,000.00, plus applicable interest, starting on the effective date of the Davis Settlement Agreement and payable over [REDACTED] (**Exhibit 3**).

As part of the Davis Settlement Agreement, the U.S. agreed to release Davis from any civil or administrative monetary claims the U.S. has for the following covered conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Contract Disputes Act, 41 U.S.C. §§ 7101-7109; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or the common law theories of payment by mistake, unjust enrichment, breach of contract, and fraud (Davis Covered Conduct):

- At all times relevant from 1998 to on or about July 25, 2005, Davis was among the officers, directors, shareholders and executives of Second Chance. Not only was Davis the founder of Second Chance, but during most of that time period, he also served as both its President and Chief Executive Officer. Second Chance, which is now defunct, sold Zylon-containing body armor to federal agencies and to state, local and tribal law enforcement agencies that were reimbursed by the U.S.

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- From at least 1998 to April 2004, Second Chance, Davis and others manufactured and sold Zylon bullet proof vests which incorporated woven Zylon fiber that was manufactured by Toyobo.
- Zylon bullet proof vests manufactured by Second Chance, Davis and others were sold to the U.S. under direct contracts and GSA's Master Supply Schedule and to various state, local and Indian law enforcement agencies, who were partially reimbursed by the U.S. for up to 50% of the cost of the vests pursuant to the BPVGPA.
- On or about September 6, 2005, the U.S. filed an amended complaint in the Second Chance Case, which named as defendants, *inter alia*, Davis and intervened in the Relator's complaint to the extent that it named, *inter alia*, Davis.
- In the Second Chance Case, the U.S. and the Relator alleged that Second Chance, Davis and others made, or caused to be made, false statements to the U.S. directly or indirectly in connection with the sale of Zylon bullet proof vests.
- In the Second Chance case, the U.S. and the Relator alleged that Second Chance, Davis and others submitted or caused to be submitted, false claims directly and indirectly in connection with the sale of Zylon bullet proof vests.
- In the Second Chance case, the U.S. and the Relator alleged that Second Chance, Davis and others conspired to make, or caused to be made, false statements and claims in connection with the sale of Zylon bullet proof vests.
- In the Second Chance case, the U.S. and the Relator alleged that the Zylon bullet proof vests sold by Second Chance, Davis and others were defective in that they contained defective Zylon fiber manufactured and sold by Toyobo, that the Zylon fiber was defective in that it was not appropriate for use in ballistic applications, and that Second Chance, Davis and others either knew of, or recklessly failed to determine, the defective nature of the Zylon fiber and of its woven Zylon fabric.

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The Davis Settlement Agreement is neither an admission of liability by Davis nor a concession by the U.S. that its claims are not well founded, and Davis denies all allegations in relation to the Davis Covered Conduct, including that he violated the False Claims Act, 31, U.S.C. §§ 3729, et seq.

*Toyobo Co., Ltd., Toyobo U.S.A., Inc. f/k/a Toyobo America Inc.*

*Settlement Agreement*

On March 15, 2018, Toyobo entered into a settlement agreement (Toyobo Settlement Agreement) with the Relator and the U.S., in which the U.S. and the Relator agreed to dismiss any civil or administrative claims against Toyobo in exchange for Toyobo's payment of \$66,000,000 to the U.S., none of which is restitution (**Exhibit 4**). The Toyobo Settlement Agreement was filed with the U.S. District Court for the District of Columbia.

As part of the Toyobo Settlement Agreement, the U.S. agreed to release Toyobo from any civil or administrative monetary claims the U.S. has for the following covered conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Contract Disputes Act, 41 U.S.C. §§ 7101-7109; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or the common law theories of payment by mistake, unjust enrichment, breach of contract, and fraud (Toyobo Covered Conduct):

- At all times relevant from 1998 to on or about August 25, 2005, Toyobo was the manufacturer of Zylon fiber.
- From at least 1998 to August 25, 2005, Toyobo manufactured, marketed and sold Zylon fiber for use in body armor, including ballistic vests, sold in the U.S. and Toyobo promoted the use of Zylon for ballistics to various federal agencies and to Second Chance.
- Zylon-containing body armor manufactured by Second Chance was sold to the U.S. under a GSA contract, and to various state, local and Indian law enforcement agencies, who

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were partially reimbursed by the U.S. for up to 50% of the cost of the vests pursuant to the BPVGPA.

- In February 2004, the Relator filed the Second Chance Case, which named Second Chance and its related companies. The Relator later amended his complaint to add Toyobo and several former officers and executives of Second Chance. On or about July 1, 2005, the U.S. filed its complaint and intervened in the Relator's complaint to the extent that it named *inter alia*, Toyobo, Second Chance and four former officers of Second Chance.
- In the Second Chance Case, the U.S. and the Relator alleged that Second Chance, Toyobo and others made, or caused to be made, false statements to the U.S. directly or indirectly in connection with the sale of Second Chance Zylon ballistic vests.
- In the Second Chance case, the U.S. and the Relator alleged that Second Chance, Toyobo and others submitted or caused to be submitted, false claims directly and indirectly in connection with the sale of Second Chance Zylon ballistic vests.
- In the Second Chance case, the U.S. and the Relator alleged that Second Chance, Toyobo and others fraudulently induced the U.S. to pay for and to continue to pay for Second Chance Zylon ballistic vests.
- In the Second Chance case, the U.S. and the Relator alleged that Second Chance, Toyobo and others conspired to make, or caused to be made, false statements and claims in connection with the sale of Zylon bullet proof vests.
- In the Second Chance case, the U.S. and the Relator alleged that the Zylon ballistic vests sold by Second Chance were defective in that they contained defective Zylon fiber manufactured and sold by Toyobo, that the Zylon fiber was defective in that it was not appropriate for use in ballistic applications, and that Second Chance, Toyobo and others either knew of, or recklessly failed to determine, the defective nature of the Zylon fiber and of the Second Chance Zylon vests.

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- On or about June 26, 2007, the U.S. filed a complaint in a separate action, entitled U.S. v. Toyobo, Co., Ltd., et al. (Civ. No. 07-1144 (D.D.C.)) (Toyobo Case). The Relator was not a party to the Toyobo Case.
- From at least 1998 to August 25, 2005, Toyobo manufactured, marketed and sold of Zylon fiber for use in body armor, including ballistic vests, sold in the U.S., and Toyobo promoted the use of Zylon for ballistics to various federal agencies and to various non-Second Chance body armor manufacturers (Other Body Armor Manufacturers).
- The Zylon-containing body armor manufactured by the Other Body Armor Manufacturers was sold to the U.S. under GSA contracts, and to various state, local and Indian law enforcement agencies, who were partially reimbursed by the U.S. for up to 50% of the cost of the vests pursuant to the BPVGPA.
- In the Toyobo Case, the U.S. alleged that Toyobo made, or caused to be made, false statements to the U.S. directly or indirectly in connection with the sale of the Other Body Armor Manufacturers' Zylon ballistic vests.
- In the Toyobo case, the U.S. alleged that Toyobo submitted or caused to be submitted, false claims directly and indirectly in connection with the sale of Other Body Armor Manufacturers' Zylon ballistic vests.
- In the Toyobo case, the U.S. and the Relator alleged that Toyobo fraudulently induced the U.S. to pay for and to continue to pay for Zylon ballistic vests.
- In the Toyobo case, the U.S. alleged that the Zylon ballistic vests sold by the Other Body Armor Manufacturers were defective in that they contained defective Zylon fiber manufactured and sold by Toyobo, that the Zylon fiber was defective in that it was not appropriate for use in ballistic applications, and that Toyobo either knew of, or recklessly failed to determine, the defective nature of the Zylon fiber and of the Other Body Armor Manufacturers' Zylon vests.

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The Toyobo Settlement Agreement is neither an admission of liability by Toyobo nor a concession by the U.S. that its claims are not well founded, and Toyobo denies each and every allegation of wrongdoing in the Toyobo Covered Conduct.

*Honeywell International, Inc.*

*Settlement Agreement*

On June 5, 2008, the U.S. filed an action in the U.S. District Court for the District of Columbia alleging False Claims Act violations and a claim for unjust enrichment under the common law, entitled U.S. v. Honeywell International, Inc. (Civ. No. 1:08-cv-00961 (D.D.C.)) (Honeywell Case), and filed a First Amended Complaint on August 1, 2016.

On August 15, 2022 (entered October 26, 2022), Honeywell entered into a settlement agreement (Honeywell Settlement Agreement) with the U.S., in which the U.S. agreed to dismiss any civil or administrative claims against Honeywell in exchange for Honeywell's payment of \$3,350,000.00 to the U.S. (**Exhibit 5**). (**Agent's note:** The Honeywell Settlement Agreement was not listed on the docket for this case with the U.S. District Court for the District of Columbia, and only a joint status report as to the agreement on terms of a settlement and a stipulation of dismissal was filed.)

As part of the Honeywell Settlement Agreement, the U.S. agreed to release Honeywell from any civil or administrative monetary claims the U.S. has for the following covered conduct under the False Claims Act, 31 U.S.C. §§ 3729-3733; the Program Fraud Civil Remedies Act, 31 U.S.C. §§ 3801-3812; or the common law theories of payment by mistake, unjust enrichment, breach of contract, and fraud (Honeywell Covered Conduct):

- At all times relevant from July 2000 to on or about August 25, 2005, Honeywell was the manufacturer of Z Shield, a unidirectional laminated material containing Zylon fiber that Toyobo manufactured.

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- Honeywell sold its Z Shield to a body armor manufacturer, Armor Holdings Inc. and its affiliates: American Body Armor & Equipment, Inc., ProTech Armored Products, and Safariland Government Sales, Inc. (together, Armor Holdings), for use in ballistic vests.
- Ballistic vests containing Honeywell's Z Shield were sold by Armor Holdings to U.S. agencies under the GSA's Multiple Award Schedule contracts, and to various state, local and/or tribal law enforcement agencies, which were then partially reimbursed under the BPVGPA.
- Honeywell induced, made or caused to be made, false statements and records to Armor Holdings, the U.S. and to members of the vest market for whom the U.S. partially reimbursed costs in connection with ballistic vests containing Z Shield.

Honeywell denies the allegations above related to False Claims Act violations and unjust enrichment and the allegations in the Honeywell Case. The Honeywell Settlement Agreement is neither an admission of liability by Honeywell nor a concession by the U.S. that its claims are not well founded. (**Agent's note:** Honeywell and the U.S. signed the Honeywell Settlement Agreement on August 15, 2022. The Honeywell Settlement Agreement included provisions for two different settlement amounts. These amounts were based on potential outcomes of an interlocutory appeal that Honeywell filed with the Appeals Court for the District of Columbia related to the share of damages for which Honeywell might be responsible (Case No. 21-5179). The Appeals Court heard oral arguments on March 30, 2022, and issued an opinion on August 30, 2022. The Appeals Court's decision led to the parties' acceptance of the \$3,350,000.00 amount stated above.)

#### Summary of Settlement Amounts

The table below provides a summary of all settlement amounts in this investigation. DOJ provided this information to OIG on March 16, 2018, and OIG updated it to include the Davis and Honeywell settlement amounts.

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Date	Party	Amount
10/29/2007	Hexcel	\$15,000,000.00
12/4/2007	Gator Hawk	\$425,000.00
3/3/2008	PPI	\$960,000.00
10/8/2008	Armor Holdings	\$30,000,000.00
1/15/2009	Itochu	\$6,750,000.00
12/7/2009	Barrday	\$1,050,832.00
2/12/2010	Lincoln	\$4,000,000.00
6/10/2010	Galls	\$988,222.00
1/21/2011	Teijin Shoji	\$1,500,000.00
10/27/2011	Point Blank	\$1,000,000.00
4/11/2012	McCraney's	\$100,000.00
10/18/2012	First Choice	\$250,000.00
2/6/2014	SCBA (BK)	\$4,184,805.81
4/11/2014	McCraney's	\$100,000.00
2/16/2018	Bachner	\$50,000.00
3/15/2018	Toyobo	\$66,000,000.00
7/16/2018	Davis	\$1,325,000.00
10/26/2022	Honeywell	\$3,350,000.00
<b>TOTAL:</b>		<b>\$137,033,859.81</b>

Suspension and Debarment

In 2016, OIG consulted with DOJ regarding potential suspension and debarment of the subjects of the investigation. DOJ informed OIG that the U.S. Department of the Army considered suspension and debarment but did not pursue it.

Case Status

OIG considers this matter closed.

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**Exhibits**

1. Interim Report of Investigation, dated February 12, 2014
2. Settlement Agreement by and among Bachner, the Relator and the U.S., *U.S. ex rel. Aaron J. Westrick, Ph.D., v Second Chance Body Armor, Inc., et al.*, No. 1:04-cv-00280 (D.D.C., February 20, 2018)
3. Settlement Agreement by and among Davis, the Relator and the U.S., *U.S. ex rel. Aaron J. Westrick, Ph.D., v Second Chance Body Armor, Inc., et al.*, No. 1:04-cv-00280 (D.D.C., July 16, 2018)
4. Settlement Agreement by and among Toyobo, the Relator and the U.S., *U.S. ex rel. Aaron J. Westrick, Ph.D., v Second Chance Body Armor, Inc., et al.*, No. 1:04-cv-00280 (D.D.C., March 15, 2018)
5. Settlement Agreement by and among Honeywell and the U.S., *U.S. v. Honeywell International, Inc.*, No. 1:08-cv-00961 (D.D.C., October 26, 2022) (*not filed with the court*)

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