

**UNITED STATES DISTRICT COURT
SOUTHERN DISTRICT OF MISSISSIPPI
SOUTHERN DIVISION**

**UNITED STATES OF AMERICA,
ex rel. Bryon Faulkner, Relator**

Plaintiff

v.

Civil Action No. 1:13-cv-00295-HSO-RHW

HUNTINGTON INGALLS INDUSTRIES, INC.

Defendant

FILED UNDER SEAL

FIRST AMENDED COMPLAINT

(Jury Trial Demanded)

Qui tam Relator Bryon Faulkner, by his undersigned attorneys, and pursuant to Rule 15(a) of the Federal Rules of Civil Procedure, alleges as follows as his First Amended Complaint filed under seal herein:

1. This is a civil action brought on behalf of the United States of America against the Defendant named herein to recover treble damages and civil penalties under the False Claims Act, 31 U.S.C. §§ 3729-3732, as amended (“FCA”). Relator Bryon Faulkner, acting on behalf of the United States, brings this civil action under the *qui tam* provisions of the FCA, including 31 U.S.C. § 3730(b-d).

Venue and Jurisdiction

2. This Court has jurisdiction over this action pursuant to 28 U.S.C. § 1345 and 31 U.S.C. §§ 3730(b) and 3732(a).

3. Venue is proper in this district pursuant to 28 U.S.C. § 1391(b) and (c) and

31 U.S.C. § 3732(a), as the Defendant engaged in the unlawful conduct and presented resulting false claims in, and arising out of, its Ingalls Shipbuilding facility located in Jackson County, Mississippi, and thus within this District and Division.

The Parties

4. *Qui tam* relator Bryon Faulkner (“Faulkner”) is an adult citizen of the City of Vancleave, within Jackson County, Mississippi, where he has resided throughout all of the events described herein.

5. Defendant Huntington Ingalls Industries, Inc. (hereafter, “Ingalls”), is a privately-owned corporation organized under the laws of the State of Delaware, which is authorized to and does conduct its principal operations in Jackson County, Mississippi, through its ownership and operation of the Ingalls Shipbuilding complex located in Pascagoula, Mississippi (hereafter, “the Ingalls shipyard”). It may be served herein through service on its Mississippi registered agent, C T Corporation System, 645 Lakeland East Drive, Suite 101, Flowood, Mississippi 39232. .

The False Claims Act

6. The substantive liability provision of the False Claims Act, namely 31 U.S.C. § 3729, provides in pertinent part that:

(a)(1) (A)ny person who (A) knowingly presents, or causes to be presented, a false or fraudulent claim for payment or approval; (B) knowingly makes, uses, or causes to be made or used, a false record or statement material to a false or fraudulent claim; . . . or (G) knowingly makes, uses, or causes to be made or used, a false record or statement material to an

obligation to pay or transmit money or property to the Government, or knowingly conceals or knowingly and improperly avoids or decreases an obligation to pay or transmit money or property to the Government, . . . is liable to the United States Government for a civil penalty of not less than (\$5,500) and not more than (\$11,000), plus 3 times the amount of damages which the Government sustains because of the act of that person....

(b) For purposes of this section, the terms “knowing” and “knowingly” mean that a person, with respect to information (1) has actual knowledge of the information; (2) acts in deliberate ignorance of the truth or falsity of the information; or (3) acts in reckless disregard of the truth or falsity of the information, and no proof of specific intent is required.

Factual Allegations

7. Faulkner became a full-time employee of Ingalls, working at its Ingalls shipyard, beginning in 1998, and worked there continuously (apart from medical leave) until he was placed by Ingalls on leave without pay in July of 2014. He gained personal knowledge of all of the facts set forth herein through his work at Ingalls.

8. Continuously from 1998 until the current time, the Ingalls shipyard has been engaged almost exclusively, and during many of those years exclusively, in the performance of ship-building contracts for the United States Navy and the United States Coast Guard. Ships constructed for the Navy during that period include numerous assault ships (“LHAs”) and landing ships (“LPDs”), while ships constructed for the Coast Guard include numerous “cutters”. At any one time, numerous different ships (or substantial parts of ships) have been simultaneously under construction at the Ingalls shipyard. Each

separate ship during the construction period at the Ingalls shipyard is referred to as a separate "hull", and is assigned a four-digit "hull" number unique to that ship.

9. To govern the terms of construction for each such ship during each such year, the Navy and Coast Guard each entered contracts with Ingalls which were in the nature of "fixed price with incentives" contracts. A substantial fraction of the compensation for which Ingalls was eligible (and for which Ingalls was ultimately paid) under the terms of each such contract was based on Ingalls' potential eligibility to receive periodic "incentive" payments.

10. As to each such ship "hull" constructed for the Navy and Coast Guard during all such years at the Ingalls shipyard, Ingalls' contractual entitlement to receive substantial, periodic, multi-million-dollar "incentive" payments from both such United States Government agencies was tied or conditioned, by the terms of its contracts with both such agencies, to whether or not Ingalls personnel actually constructed each part or item of any particular hull through an actual expenditure of work hours at or below a number of hours established as a target or budget with respect to each such hull and item. Each such item for each such hull was assigned an hourly target or budget by the contracting parties. Each category of a hull part or item was assigned an "order number" unique to that category of part or item. A single set of ladders and stairs, for instance, was assigned an "order number" of 1111, while a foundation for electrical equipment was assigned an "order number" of 1119, and "main rudder and stern diving planes" were

assigned an "order number" of 1901. The order numbers used for this purpose at Ingalls shipyard are included in the list attached hereto as Exhibit A hereto.

11. If an item represented by any one order number for any one hull was in fact constructed (in accordance with the contract's specifications for that order number) at or below a number of "man hours" assigned by the contract to that item and thus that order number, then Ingalls was entitled to receive a periodic incentive payment in substantial amounts (if Ingalls accurately reported that the order number had been achieved and completed at or below that assigned number of hours). If, on the other hand, Ingalls personnel in fact spent more "man hours" than the hourly total or target assigned to that order number in constructing that part or item, Ingalls would not be eligible to be paid an incentive payment attributable to that order number and hull (and the amount of its incentive payment for that period of time would thereby be reduced).

12. Ingalls throughout all such years organized and allocated its supervisory and other personnel based on Ingalls' corporate purpose of receiving the maximum dollars in periodic incentive payments. It did not organize or allocate its supervisory and other personnel according to hulls (with one team or group of employees continually and exclusively working on one hull). Instead, it organized all such personnel based on functions, with each function being the subject of a "department." Relator Faulkner, for instance, has continually worked in the "shipfitters" department, which is assigned a departmental number of "07". The welding department, on the other hand, is assigned a

departmental number of "09". All department names and numbers are reflected on the table attached as Exhibit B hereto. Each such department is headed by a senior Ingalls manager called a "Department Director." As a result of these organizational decisions by Ingalls, any one supervisor within any one department could, on any one day, be engaged in managing work on more than one hull or ship, consistent with Ingalls' departmental organization.

13. Ingalls also organized its compensation arrangements with all of its managerial personnel in all of its construction-related departments according to its corporate goal of receiving the maximum possible incentive payment dollars from the Navy and Coast Guard. A manager credited by Ingalls with causing the completion, within the hourly target or cap, of work on any particular item or order as to any particular hull, was for that reason individually and periodically paid incentive or bonus payments, funded in effect out of incentive payments paid to Ingalls for apparently achieving the same objective. All such managers were therefore individually incentivized by Ingalls to represent that such items or orders had been completed through work at or below the number of hourly caps or targets which made Ingalls itself eligible for an incentive payment for meeting the same hourly caps.

14. All or substantially all of the incentive payments made to Ingalls by the Navy or Coast Guard during such years resulted from and were caused by what is hereafter described as "false time allocations" ordered and made by Ingalls supervisors in

an effort to receive individually the incentive payments referred to in the immediately preceding paragraph.

15. The Ingalls supervisors named in paragraphs below ordered subordinates on a daily basis to write down, on "Daily Time Log" documents purporting to describe accurately the work of a particular foreman's crew during a particular day, four-digit "*hull*" numbers without regard to whether or not the work to be done that day as to those items or orders was in fact done on (or as to) the actual hull represented by that four-digit number.

16. The same Ingalls supervisors named in paragraphs below also ordered subordinates on a daily basis to write down on the same "Daily Time Log" for each foreman four-digit "*order*" numbers without regard to whether or not the work to be done that day during the represented hours was in fact done on (or in fact involved) the order or item represented by that four-digit order number.

17. Though such daily logs were each titled "P O D C Daily Time Log", they were more commonly referred to within the Ingalls shipyard as "Force Reports". Exhibit C hereto is a representative example of such a Force Report. Each "foreman" supervised one "crew", and filled out hours for one Force Report each work day. Each Force Report was designed to describe the hours devoted in the course of the day, by up to ten employees on the same crew, to as many as ten different "jobs" or assignments, each of which would be assigned by supervisors of the foremen each day with numbers for the

hull and order to describe each “job” or assignment for the crew to accomplish. Each job or set of activities was assigned an “op” number or code, which identified which department within the Ingalls shipyard was to perform the work of that job.

18. The purpose of those routine and intentional mis-allocations of hull and order numbers on the faces of such Force Reports was to avoid accurately admitting that the actual time worked (or to be worked) that day was on hulls and orders as to which the hourly target or cap had already been exceeded (or would soon be exceeded). If hull and order numbers had been accurately assigned to describe which hull or order was in fact being worked on each day, the resulting accurate Force Reports would have revealed that hourly targets or caps were being routinely exceeded for many orders as to many hulls, and neither Ingalls nor its managers would have received periodic incentive or bonus amounts arising out of work performed on those orders and hulls.

19. But in order to conceal the truth that hourly caps were routinely being exceeded for numerous orders as to numerous hulls (in that the hours actually spent on such orders would in fact have been exposed as actually exceeding the hourly caps set for incentive payment purposes), the Ingalls supervisors named in paragraphs below, on a daily and routine basis, directed subordinates (including individual foremen) to write down on Force Reports numbers of hours allocated falsely to orders and hulls which were not in fact the subject of the work performed (or to be performed) that day. The hour numbers included on the Force Reports generally captured accurately the number of hours

worked (or to be worked) by the crew referred to on an individual Fore Report. But the allocations on the Force Reports of those hourly numbers to hulls and orders did not accurately represent the hulls or orders on which those hours of work were actually performed. The practice described in this paragraph, and in Paragraphs 14 through 18 above, will hereafter be referred to as “false time allocations”.

20. Relator Faulkner learned personally about false time allocations at the Ingalls shipyard when he was directed by his own Ingalls supervisors to engage in such conduct soon after becoming a foreman at Ingalls in August of 2012. The first work his crew was assigned was on a Navy hull named Navy LPD 2617. But at the time they were assigned to do their work on a certain order for that hull, all of the hours assigned to that order and hull had already been “used”, in that the previous work had previously consumed a number of hours sufficient to hit the hourly cap assigned for incentive purposes to that order and hull. Neal Holden, an Ingalls general foreman who was among Faulkner’s supervisors, directed Faulkner to charge the hours his crew would be working to a different hull, namely Navy Destroyer DDX 5405 (though Holden knew that the hours actually being worked were actually on an entirely different hull, namely Navy LPD 2617). When Faulkner later attempted to charge the actual hours accurately to Navy LPD 2617, Holden told Faulkner, “if you don’t play the game, you are not going to be a foreman very long.” Ingalls General Superintendent Robbie Gardner, a supervisor to Holden, also told Faulkner to engage in such false time allocations. In November of

2012, Gardner in fact threatened to terminate Faulkner for not following such directives, and Faulkner as a result resigned. Faulkner in the meantime had reported the true facts about the false time allocation practices to an Ingalls internal auditor, who entirely as a result of Faulkner's information began an investigation of false time allocations which resulted in the termination of Gardner, Holden, and the remaining Ingalls supervisors named below, all resulting from an investigation begun only because of Faulkner's information. Faulkner in March of 2013 was temporarily re-instated by Ingalls to the position of Foreman.

21. For a substantial number of years, Ingalls Department Directors Pat Burleson and John Young, having been authorized by Ingalls to decide which orders and hulls would be the subject of particular time allocations for work performed in the Shipfitter and Welding Departments, engaged routinely in false time allocations, for which they were terminated by Ingalls in 2013.

22. For a substantial number of years, Ingalls General Superintendents Danny Goldman and Robbie Gardner, having been authorized by Ingalls to decide which orders and hulls would be the subject of particular time allocations for work performed in the Shipfitter and Welding Departments, engaged routinely in false time allocations, for which they were terminated by Ingalls in 2013.

23. For a substantial number of years, Ingalls General Foremen in the Shipfitter Department, including Charles Fonte and Neil Holden, each having been authorized by

Ingalls to decide which orders and hulls would be the subject of particular time allocations for work performed in the Shipfitter Department, engaged routinely in false time allocations, for which they were each terminated by Ingalls in 2013.

24. For a substantial number of years, Ingalls General Foremen in the Welding Department, including Robbie Loftin and Jack Forrester, each having been authorized by Ingalls to decide which orders and hulls would be the subject of particular time allocations for work performed in the Welding Department, engaged routinely in false time allocations, for which they were each terminated by Ingalls in 2013.

25. For a substantial number of years, Ingalls Foremen in the Shipfitter Department, including Jasper Williams, Mac McDaniels, Billy Orso, A. D. Johnson, Dave Dantzler, Red Eckhert, John Gill, John Kannan, and David Kitchens, each having been authorized by Ingalls to decide which orders and hulls would be the subject of particular time allocations for work performed in the Shipfitter Department, engaged routinely in false time allocations, for which they were each terminated by Ingalls in 2013.

26. For a substantial number of years, Ingalls Foremen in the Welding Department, including Reubon McCon, Henry Williams, and John Harris, each having been authorized by Ingalls to decide which orders and hulls would be the subject of particular time allocations for work performed in the Shipfitter Department, engaged routinely in false time allocations, for which they were each terminated by Ingalls in 2013.

27. False time allocations were routinely made for a substantial number of years preceding and including 2012, through supervisory directives made within numerous operating departments within the Ingalls shipyard, including (but not limited to) the Pipefitting Department, the Paint Department, the Electrical Department, and the Machinery Department.

28. As Exhibit C hereto reflects, the Force Reports on which Ingalls shipyard management ordered foremen and others under their supervision to record false hull numbers and order numbers all contained the following express certification: "I hereby certify that all information contained in this PODC Daily Time Log is complete and accurate to the best of my knowledge. I understand that the information contained in this Daily Time Log will be used to prepare invoices for submission to the United States government and that the knowing submission of false information may subject me to criminal and/or civil prosecution and penalties."

29. As Ingalls admitted in the printing of that statement on the face of each such Force Report, the hourly numbers stated on each Force Report for each hull and order were indeed "used to prepare invoices for submission to the United States government," in that an accurate reporting of all such hourly numbers was material and essential to any governmental determination of Ingalls' proper legal and contractual entitlement to each periodic incentive payment made by the Navy and Coast Guard to Ingalls during the period addressed above.

30. Because the false time allocations described above caused each such Force Report to be factually false in the hours each attributed to particular hulls and orders, each such Force Report (and the certification made thereon) by Ingalls was “a false record or statement material to a false or fraudulent claim” which was “made or used” by Ingalls in conjunction with getting paid incentive payments by the Navy and Coast Guard, within the meaning of 31 U.S.C. § 3729(a)(B) of the FCA.

31. The same false time allocations also and inherently caused all later “invoices for submission to the United States government” to be factually false within the knowledge of Ingalls, since as Ingalls admitted on the face of each Force Report Ingalls “used” the hours reported on the Force Reports “to prepare (the) invoices” it submitted. The ultimate invoices were therefore also each “a false record or statement material to a false or fraudulent claim,” and were each “knowingly made (and) used” by Ingalls in claiming entitlements to incentive payments (and in causing all such incentive payments to be made).

32. The accuracy of those reported total hours worked on each order and hull was a prerequisite to the legal right and entitlement of Ingalls to be paid incentive payments throughout the years of the false time allocations described above, in that Navy and Coast Guard payment officials relied on the presumed accuracy of the resulting hour reports as material and necessary prerequisites and conditions for any decision by either such agency to make payments to Ingalls of incentive payments for each such order and

hull.

33. If Navy and Coast Guard payment officials had known that such hourly totals were not accurate, no such incentive payments would have been made to Ingalls. All such false hourly totals, and all records and invoices reflecting or affected by such false hourly totals, were material to and a precondition of any entitlement of Ingalls to receive any incentive payment. Because such false hour totals resulting from false time allocations were made, and were used by Ingalls through its invoice records in order to get such incentive payments to be made to Ingalls by the Navy and Coast Guard, such incentive payments were in fact made to and received by Ingalls during all such years.

34. All claims by Ingalls for all such incentive payments during all such years were legally and factually false when made within the meaning of the FCA, and the amounts of all such incentive payments paid to Ingalls were damages to the United States from the payment of claims not legally due.

35. Apart from false claims by Ingalls for incentive payments during all such years, all other monetary claims or invoices by Ingalls for or seeking any payments the amounts of which were in compensation for (or were affected by) the hours represented by or involved in Ingalls' false time allocations, were factually and legally false claims, and the amounts of all such payments made in reliance on and because of all such false time allocations were additional losses and damages to the United States, for which the United States is also and separately entitled to treble damages from Ingalls.

36. Ingalls having delegated to its Department Directors, and in turn its General Superintendents and General Foremen, authority and discretion to decide which hulls and orders to assign to which Force Reports and related jobs each day, and such management personnel having known of and executed the pattern of false time allocations as described above, knowledge of the falsity of the resulting Force Reports, invoices, and claims for incentive payments as described above was and is attributable to Defendant Ingalls, within the meaning of “knowledge” as defined in the FCA. The knowledge (as so defined) and activities of all such persons, including but not limited to all persons whose names appear above, was all acquired and conducted by all such persons within the scope and course of their work as supervisory and management officials on behalf of Ingalls, and is otherwise legally attributable to Ingalls as an entity.

Retaliation by Ingalls against Faulkner

37. Continually since September of 2012, supervisory personnel acting within the scope of their authority as agents and managers of Ingalls have retaliated and discriminated against Faulkner as to the terms and conditions of his employment, in their attempts, first to deter him from reporting to auditors and investigators working for Ingalls and United States Government agencies the false time allocations and related fraudulent activity described above, and then to punish him and retaliate against him for having done so, all in continuing violation by Ingalls of 31 U.S.C. § 3730(h).

38. Beginning in September of 2012, and continually through February of 2013, senior supervisory personnel acting within the scope of their authority and acting

on behalf of Ingalls, threatened Faulkner with the termination of his job at Ingalls if he continued to inquire about, gather information about, express objections to, or report to any audit or investigations unit the false time allocations and related fraudulent activity described above. Those threats included, but were not limited to, the threatening comments described in Paragraph 20 above.

39. Those threats from senior Ingalls managers made his work for Ingalls unbearable, and resulted in a constructive discharge of Faulkner from his employment with Ingalls. Such threats and the risk of a destruction of his career at Ingalls also directly and proximately caused substantial emotional injury and mental anxiety in and to Faulkner, resulting directly in the substantial worsening of a heart condition and proximately causing an actual heart attack suffered by Faulkner in December of 2012 (with resulting medical bills, loss of income, physical pain and suffering, and further anxiety and emotional trauma).

40. In March of 2013, in an apparent attempt to procure the loyalty of Faulkner to Ingalls (and apparently also to minimize or control any cooperation by Faulkner with federal investigators), the Chief Executive Officer of Ingalls offered to (and did) reinstate Faulkner to his Foreman position, and granted an "award" to Faulkner purportedly to thank him for bringing information to the attention of Ingalls auditors concerning the false time allocations.

41. Upon his resumption of the position of foreman in March of 2013, however, and continually until mid-June of 2013, senior managers at Ingalls while

engaged on behalf of Ingalls in the supervision of Faulkner, including Bill Jones and Lance Carnathan, made it impossible for Faulkner to do his job and accomplish his assigned tasks as an Ingalls foreman, by refusing to assign to Faulkner for supervision by him experienced or competent staff personnel, by refusing to train Faulkner in the documentation required to account for the tasks assigned to Faulkner, by refusing to allow Faulkner to have access to adequate materials to perform the tasks assigned to him, and by otherwise depriving him of training required for him to complete such tasks. All such discriminatory treatment of Faulkner was engaged in for the purpose of retaliating against and intimidating Faulkner for his having earlier reported to Ingalls auditors the fraudulent activities described above. All such discriminatory treatment of Faulkner also caused the constructive discharge of Faulkner from any function or title of foreman at Ingalls as of mid-June of 2013. Faulkner has not since June 10, 2013, worked or gained training or experience as a foreman at Ingalls, and has not otherwise been permitted to gain operational ship-building experience of the kind required for Faulkner to have a future career within the ship-building industry, substantially damaging Faulkner's future income potential for the remainder of his work life. Such discriminatory treatment of Faulkner from and including March of 2013 through June of 2013 also directly caused Faulkner substantial additional emotional trauma and mental anxiety.

42. Beginning in June of 2013, and for approximately twelve months thereafter, senior Ingalls management assigned Faulkner, not to any operational work at Ingalls engaged in the actual building of ships, and not to any work which would advance his

prospects for earning promotions to higher salary and responsibility levels at Ingalls (or at any other ship building company), but instead to a "Training Center" at Ingalls. Soon after he reported to work at that Training Center, an Ingalls employee working at the Center told Faulkner, "we heard the whistle was coming." During the twelve months he was assigned to work at that Training Center, Faulkner has been assigned training responsibilities for less than twenty-five percent of his working hours. He was allowed to teach one class during October and November of 2013, but otherwise has been directed to sit and listen to others teach, or to perform clerical duties, or to do nothing of any value to Ingalls or to Faulkner's career. Such unproductive work assignments have substantially destroyed Faulkner's economic ability to advance himself in the ship-building industry, through promotions within Ingalls or otherwise. Such assignments have indeed been made because of the efforts of operational management within Ingalls to punish and humiliate Faulkner for having "blown" the "whistle" on, and having otherwise reported to audit and investigative authorities, the fraudulent conduct by Ingalls described above.

43. All of the retaliatory and discriminatory treatment of Faulkner by Ingalls supervisors acting within their authority as described above has caused Faulkner continually since September of 2012, and continues to cause him now (and will cause him for the foreseeable future), very substantial emotional injury and mental anxiety, for which he has been medically treated for ongoing clinical depression and anxiety. As a result of that same conduct by Ingalls, Faulkner has been diagnosed medically with disabling clinical depression and anxiety, and has been placed on unpaid leave by Ingalls

for that reason as of July 1, 2014. In imposing on him a status of “unpaid leave of absence” since that date, Ingalls also cancelled its contributions to health insurance, disability insurance, and other insurance coverage for Faulkner and his family, without providing him with information about how he could continue or restore such insurance protection at his expense. The resulting unemployment of Faulkner, proximately caused by the retaliatory and discriminatory conduct of Ingalls as described above, is of indefinite duration, as his medical disability from his conditions as described above is of indefinite duration, all of which continues to cause him enormous emotional loss and mental anxiety, in addition to a loss of income required to support his family.

44. The retaliation, harassment, and unlawful discrimination by Ingalls as described above, all adversely affecting the terms and conditions of Faulkner’s employment, and all done because of the lawful acts of Faulkner in reporting to audit and investigative officials the fraudulent conduct of Ingalls described above, and in cooperating with such officials in uncovering the scope and extent of such fraudulent conduct (for the purpose of assisting Government officials in this action and otherwise), have been committed by Ingalls in violation of 31 U.S.C. § 3730(h), entitling Faulkner to all relief necessary to make Faulkner whole, including but not limited to an amount equal to twice his loss of income (through back pay, front pay, and otherwise), pre-judgment interest on all of his economic and non-economic losses from December of 2012 until all such losses are compensated, and further amounts required to compensate Faulkner for additional “special damages” including his past and future foreseeable physical, medical

and emotional losses, his medical expenses and treatment costs resulting from such clinical conditions, investigative costs, litigation expenses, and attorneys' fees required to investigate and litigate all such claims.

COUNT I

Claim By and on Behalf of the United States under the False Claims Act (Presenting False Claims)

45. Plaintiff realleges and incorporates by reference paragraphs 1 through 44 as though fully set forth herein.

46. This is a claim under the False Claims Act, 31 U.S.C. §§ 3729-33, as amended.

47. The Plaintiff/Relator, Bryon Faulkner, has standing to maintain this action by virtue of 31 U.S.C. §3730(b).

48. By virtue of the acts described herein, the Defendant Ingalls knowingly presented false or fraudulent claims for payment, and knowingly caused false or fraudulent claims for payment to be presented, to officials of the United States Government in violation of 31 U.S.C. § 3729(a)(1)(A).

49. By virtue of the false claims presented or caused to be presented by Ingalls, the United States has suffered actual damages (including all incentive payments made to Ingalls during the ten-year period preceding the filing of this action, and also and separately all other payments the amounts of which were otherwise affected or increased by the false attribution of hours resulting from Ingalls' false time allocations), and is

entitled to recover three times the amount by which it is damaged, plus civil money penalties of not less than \$5,500 and not more than \$11,000 for each of the false claims presented or caused to be presented, and other monetary relief as appropriate.

COUNT II

Claim By and on Behalf of the United States under the False Claims Act (False Records or Statements)

50. Plaintiff re-alleges and incorporates by reference paragraphs 1 through 44 as though fully set forth herein.

51. This is a claim on behalf of the United States under the False Claims Act, 31 U.S.C. §§ 3729-33, as amended.

52. The Plaintiff/Relator, Bryon Faulkner, has standing to maintain this action by virtue of 31 U.S.C. §3730(b).

53. By virtue of the acts described above, and Ingalls' uses of, and activities causing to be used, false records, certifications and other statements of the hours devoted to completion of numerous orders as to numerous hulls as described above, which representations of hours were known by Ingalls to be material to decisions by the Navy and Coast Guard as to whether to pay, and which did cause to be paid, claims for incentive payments (and other payments) for which Ingalls was only eligible if the reported hours had been truthfully reported, Ingalls used such false records, certifications and other statements in getting such incentive and other related payments to be paid by agencies of the United States Government, all in violation of 31 U.S.C. § 3729(a)(1)(B),

prohibiting and making actionable the knowing making, use, or causing to be made or used, any false record or statement material to a false or fraudulent claim.

54. By virtue of, and as a result of, the material false records and statements used by Ingalls, the United States has suffered actual damages (including the payments of all incentive payments to Ingalls as defined above, throughout the ten-year period preceding the filing of this action, and all other payments the amounts of which were otherwise affected by the false attribution of hours resulting from Ingalls' false time allocations), and is entitled to recover three times the amount by which it is damaged, plus civil money penalties of not less than \$5,500 and not more than \$11,000 for each of the false claims presented or caused to be presented, and other monetary relief as appropriate.

COUNT III

Claim By Faulkner for Retaliation and Harassment by Ingalls (Pursuant to 31 U.S.C. § 3130(h))

55. Plaintiff re-alleges and incorporates by reference paragraphs 1 through 44 as though fully set forth herein.

56. This is a claim on behalf of Faulkner individually under the False Claims Act, 31 U.S.C. §§ 3729-33, as amended, and specifically the employee protection provisions of 31 U.S.C. § 3730(h) thereof.

57. By virtue of the acts by and attributable to Ingalls as described above, and particularly in Paragraphs 20 and 37 through 44 above, Ingalls is liable to Faulkner pursuant to 31 U.S.C. § 3730(h), entitling Faulkner to a monetary judgment sufficient in

amount to compensate Faulkner and make him whole for all economic and special damages described in those paragraphs, and in particular for all losses and damages described in Paragraph 44 above.

PRAYER FOR RELIEF

WHEREFORE, the United States demands and prays that judgment be entered in favor of the United States:

1. On Counts I and II, under the False Claims Act, against Defendant Ingalls for treble (or, three times) the amount of the United States' actual damages (including investigative costs), plus civil penalties as are allowable by law for each false claim or record;
2. For all costs of this civil action; and
3. For such other and further relief as the Court deems just and equitable.

WHEREFORE, Relator Bryon Faulkner demands and prays that judgment be entered in his favor:

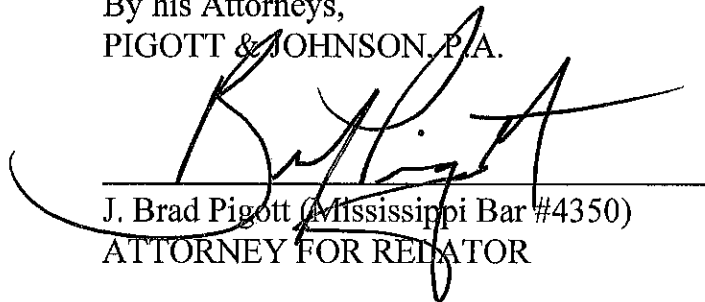
1. On Counts I - II, under the False Claims Act, for a percentage of all civil penalties and damages obtained from Ingalls pursuant to 31 U.S.C. § 3730, reasonable attorney's fees and litigation-related expenses and costs incurred on behalf of Faulkner in the pursuit of his investigation and this case;
2. On Count III, under 31 U.S.C. § 3730(h) of the False Claims Act, a judgment in a separate amount sufficient to compensate Faulkner for the economic,

medical, mental and emotional losses proximately caused to him by the retaliatory and harassing conduct described in the paragraphs referred to in Count III above, and for the remaining damages described in particular in Paragraph 44 above.

3. Such other relief as the Court deems just and proper.

This, the 25th day of September, 2014.

Respectfully submitted,
BRYON FAULKNER, Relator
By his Attorneys,
PIGOTT & JOHNSON, P.A.



J. Brad Pigott (Mississippi Bar #4350)
ATTORNEY FOR RELATOR

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ACC	ACCT DESC
0000	Accounting Use Only
0001	Hull Engineering
0002	Propulsion Subsystem Engineering
0003	Electrical Subsystem Engineering
0004	Command Communication and control System Engineering
0005	Auxiliary System Engineering
0006	Outfitting and furnishing system Engineering
0007	Armament Subsystem engineering
0009	Hull Technical (DD) and Shipbuilder's Information Drawings (LHA)
0015	Subcontract Engineering - Fixed Price
0016	Subcontract Engineering - Time and Material
0028	Technical Evaluation Test Engineering
0031	ILS Maintenance and Supply
0037	ENGINEERING COORDINATION
0040	Human Factors
0042	System Safety Engineering
0043	Reliability, Maintainability, Availability
0045	Quality Assurance Engineering
0049	Systems Engineering and Integration
0050	(Other) System Engineering
0051	Training Equipment
0053	ILS Training Services
0055	Data management
0058	Data Bank (Contractor Central)
0059	Planning yard Services and Support Plans
0060	Crew Support
0063	Familiarization Training - Nucleus and Balance Crew - LHD 1
0067	Supply and Provisioning Services and fitting out
0070	ILS Project Management/Administration
0076	Project Administration
0077	Project Engineering
0078	field Engineering
0081	Engineering Material Sourcing
82	
83	Direct Chargeable Reproduction
84	Reproduction of Special Request Data

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EXHIBIT

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0112	Design Agent Services
0115	Weight Control
0116	Mockups and Models
0140	Technical Publications Preparation
0148	Provision of Engineering and Industrial Services - LHD 1
0201	Laying down, optical lofting, template and molds
0202	Preparation of mold loft bills
0203	Template storage and filing
0301	Preparation of building ways, blocking and shoring
0302	Stage building and temporary access
0303	Lines and Measurements
0304	Module Translation
0401	Preparation of floating drydock and launch
0501	Operation Test, dockside Tests, and Special Tests
0502	Steaming and operations
0503	Inclining Experiment
0504	noise tests and sound surveys, pre-installation noise and vibration tests
0505	Tool and Instrument calibration
0511	Builder's Trials
0512	Consumable Liquids and Lubricants
0513	Docking and Undocking
0514	Moving and Securing Vessel
0515	Delivery of Vessel
0516	Acceptance Trials
0520	Trial Meals (Direct)
0596	Replacement Material For Non-Major MCS Material
0597	Replacement Material for Major Components
0598	Vendor Services for Sea Trials
0599	Installation and Checkout Spares
0601	Insurance
0701	Special Watching
0702	Sweeping and Cleaning
0706	Training and Welder qualification
0708	Shipboard Planning, Craft Planning Production Checking and Methods
0709	Boat Clerks
0710	Non-Destructive Testing
0711	Annealing and Stress Relieving

0712	Weld Marking
0713	Handling Welding Equipment
0714	Material Handling In Shop
0715	Cable Planning - Surface Ships
0717	Production Engineering
0721	Program Planning and control
0723	Program Accounting
0724	Manufacturing Support
0725	Program Management
0727	Shop Fabrication Services
0729	Cost Control
0731	Data Management
0751	Quality Audits and Analysis
0771	Government Property Administration
0801	Jigs and Special Tools
0803	Special Test Equipment
0804	Refurbishment and Repair of ships deliverable test equipment
0902	Ventilation Service
0903	Crane Service Rigging and Elevator Operators
0904	Strip heating (labor only)
0905	Temporary Lights and Electric Power Service
0906	Temporary fire and alarm systems
0911	Preservation of Material, Non-Nuclear
0913	Freight and express charges on contract material
0927	Vendor services - installation and checkout
0950	Pre-Heavy Weather/Hurricane
0951	Avoidance - Heavy Weather/Hurricane
0952	Post Heavy Weather/Hurricane
0953	Repair - Heavy Weather/Hurricane
1104	Structural Bulkheads Trunk & Enclosures
1106	Decks
1107	Hatches/Manhole Covers/Scuttles And Sideports
1108	Hull Pre-Assembly Erection
1109	Foundations - Prop Plant Mach/Aux/Other Equip
1110	Masts, Kingposts, Booms, And Operatinggear
1111	Ladders And Stairs
1112	Compartment And Tank Testing

1113	Sonar Spheres And Domes
1114	Superstructure Pre-Assembly And Erection
1115	Superstructure Decks
1116	Superstructure Bulkheads And Fairwater
1117	Uptakes And Stacks
1118	Unknown Account Desc *(CG UNKNOWN)
1119	Foundations - Electrical
1120	STEEL AND ALUMINUM FREIGHT*
1121	Grating And Floor Plates
1122	Coaming And Curtain Plates
1129	Major Equipment Land Onship (Infoonly)
1132	Chipping & Grinding Forsteelhullstruc & Att
1133	Chipping & Grinding Foralum Hull Struc& Att
1134	Chip/Grind Services Foroutfitingsystems
1135	Welding Support For Outfitting
1181	Cutting Rings For Stiffeners
1183	Cutting For Bulkhead Line
1184	cutting for panel line
1185	Cutting For Shell / Csauilding
1186	Cutting For 400 Area
1191	Cutting Rings For Stiffeners (Spools)
1193	Cutting For Bulkhead Line
1194	Cutting For Panel Line
1195	Cutting For Shell/Csa Building
1196	Cutting For 400 Area
1201	Bow And Stern Castingsand Forgings
1202	Other Structural Castings Andforgings
1301	Portable Outfit Tools/Onboardrep Parts/Spares
1302	Allowance List Outfi
1303	
1304	Equipment
1305	
1401	Deck Covering Within The Hull
1501	Joiner Work - Furnitureand Partitions
1502	Galley Appliances And Equipment
1503	Hospital Dental Healthphysicsequip &Applian
1504	Laundry Appliances Andequipment

1505	Garbage Disp. Incinerator Equip & Appliance
1506	Personnel Elevators And Dumbwaiter
1507	Special Stowage
1508	Label Plates - Other Than Electrical
1509	Guards And Protectors
1511	metal joiner bulkheads
1521	Metal Joiner Doors, Frames
1531	Light Traps, Canvas
1541	Partitions
1551	Locks, Keys, Tags
1570	Unknown Acct
1600	Advance Material Scheduling
1601	Advance Material Scheduling (Non Labor)
1701	Insulation-Thermal, Acoustical for H, Decks
1702	Sheathing/Protection (In-Way-Of-Insulation)
1703	Pipe Protection, In Way Of Insulation
1705	installation of all inclusive bulkhead protection system including heavy armor covering
1706	Radiation Shielding
1707	Radar Absorbent Material
1712	Overhead Sheathing/Protection(In-Way-Of-Insul)
1714	Ventilation Duck Insulation
1722	Protective Coaming And Angle For Insulation
1724	Pipe Insulation
1734	Machinery Insulation
1801	Interior And Compartment Painting
1802	Exterior And Bottom Painting
1803	Tank Painting And Lining
1804	special coating, filling an cementing
1805	Blasting (Sand And Steel Shot)Painting(Prime)
1810	Flame Spray Thermal/High Solids Epoxycoatings
1811	Compartment Scoping (Same As 1801) (Lhd Only)
1901	Main Rudder And Stern Diving Planes
1911	Main Steering Gear & Stern Diving Gear
2012	Cargo/Boat Ordnance/Monorail/Bridgecranes
2013	Cargo Elevators and Aircraft Elevators
2101	Ammunition Handling Equipment
2102	Ammunition Stowage and Dunnage system

2103	Torpedo Tube Weapons Handling and Stowage Equipment
2104	Missile Handling, Loading, and Stowage Equipment
2201	Lifeboats, Davits, Winches and Gear
2202	Life Saving Equipment
2301	Bilge, Ballast and Drainage system
2302	Fuel Oil Transfer, Fill and compensating Water System
2304	Sounding Tubes and air Escapes
2305	Sea Chests
2306	Hold and Exterior Deck Drains
2307	Remote Operation of Valves for Ballast and fuel Oil systems
2309	JP5 - Transfer and Service
2401	Hot and Cold Potable Water System
2402	Plumbing Drains and Interior Deck Drains
2403	Sanitary system (salt or fresh water)
2404	Plumbing Fixtures
2406	Sewage Disposal Equipment
2407	Fresh Water Tanks and Heaters
2501	Ventilation in quarters, Ship Centerline Areas
2502	Ventilation in Quarters, Ship Portside Areas
2503	Ventilation in quarters, Ship Starboard Areas
2601	windlass
2602	Anchors and Gear
2603	CAPSTANS and Winch Heads
2604	Hawsers and Reels
2701	bits and Chocks
2801	Handrails and Stanchions, Fixed and Portable
2802	Awnings, Canopies, Stanchions and Safety Nets
2901	Airports, Windows and Wipers
3011	Watertight Doors (hinged doors)
3012	Non-Watertight Openings and Doors
3013	Sliding Watertight Doors, deck edge and aft elevator doors
3101	fixed Masts, Spars, Ships Name Plate and Lifting Lugs
3104	Accommodation Ladders/Winches/Protectors/Gates
3105	Catholic Protection
3108	Remote Mechanical Controls (Labor Only)
3301	Standing and Running riggings (Cargo Handling)
3302	Canvas and Awnings

3401	Deck Guns, Mounts and Directors
3402	Surface craft Torpedo Launching Equipment
3421	Missile Launching Equipment and systems
3501	fire Main System
3502	Inert Gas Extinguishing Systems
3503	HOse Racks and Portable Fire Equipment
3504	Countermeasure Washdown System
3505	Sprinkler System
3506	FOAM SYSTEM
3604	Multi-System Manifolds
3605	Multi-systems Compartment Piping
3640	Unknown Account Desc *(CG UNKNOWN)
3702	Speed and Distance Indicating Equipment
3703	Mechanical Depth finding Equipment
3704	Navigation and Navigational Aid System
3706	Signaling Devices
3901	Main and Vital Hydraulic Power Plant
3903	External Hydraulic System
3904	Steering or Diving Hydraulic System
3905	Stern gates and Stern Gate HYDRAULIC OPERATING Gear
4301	gasoline (mogas) systems
4401	Main propulsion engines, turbines, motors, generators, main reduction gears and jacking gear
4406	propulsion control and instrumentation
4407	main propulsion air intakes (Forced or natural)
4408	main propulsion exhaust system
4501	remote mechanical operating gear in machinery spaces
4502	hand rails and stanchions in machinery spaces
4601	main shafting
4602	main shaft bearings, stern tube (if not a casting)
4603	main propellers or load absorbers
4700	Unknown Account Desc *(CG UNKNOWN)
4802	main steam distribution system
4803	high and low pressure auxiliary steam distribution system
4804	high and low pressure drain systems
4805	main and auxiliary EXHAUST systems
4901	main and auxiliary feed and condensate system
5011	Main Sea Water Service System

5012	Auxiliary Sea Water Service Systems
5013	Fresh Water and Special Cooling Systems
5101	High Pressure Air compressors and Low Pressure Blowers
5102	Mail High Pressure Air Systems
5103	Low Pressure Air Systems
5105	Oxygen and Nitrogen Systems
5106	Air and Other Gas flasks
5201	Main Steam Generators and Accessory Piping
5203	Combusting Control Equipment
5301	Steam Heating System
5305	Safety valve Escape System
5306	Oily Drain system
5401	Forced Draft System
5501	Main Fuel Oil Service Systems
5601	Main Lubricating Oil System
5602	Auxiliary Lubricating Oil Systems
5701	Main Condensers, Air Ejectors and Vacuum Pumps
5702	Auxiliary condensers, Air Ejectors and Vacuum Pumps
5801	Distilling System (Including Salinity System)
5901	Ship's Refrigeration System
5903	Air Conditioning System
6011	DIESEL, GAS TURBINEs GASOLINE and DIRECT DRIVEN AUXILIARY GENERATOR SETS
6012	Ship's service turbo-generator sets
6013	motor generator sets and static inverters
6101	electrical power distribution equipment installation
6102	electric cable
6103	wireways, racks, and clips
6105	pre-outfitting of electrical equipment/hot work
6106	storage battery cells
6107	degaUssing system
6108	control console
6109	electrical label plates
6111	announcing and recording, telephone systems, Program safety indicating and monitoring systems, etc.
6121	radio transmitting and receiving
6122	sonar systems
6124	electronics tactical data system
6125	electronic counter measure warfare equipment

6126	Radar: air and surface
6127	electronic navigation
6131	torpedo fire control
6132	deck gun fire control (surface ships)
6133	missile fire control
6151	Electrical panel manufacture (Labor only)
6161	miscellaneous electrical material
6162	CSACF EQUIPMENT CORRECTIVE MAINTENANCE - LHD-1
6171	MULTI-SYSTEM electrical/electronics compartment completion
6172	fab/installation of electrical equipment (500 area)
6173	fab/installation of electrical equipment (600 area)
6174	fab/installation of electrical equipment (600 area)
6175	pre-outfit local cable
6176	installation of local cable (500 area)
6177	installation of local cable (600 area)
6178	installation of local cable (900 area)
6179	power hook-up 500 area
6180	power hook-up 600 area
6181	power hook-up 900 area
6182	lighting hook-up 500 area
6183	lighting hook-up 600 area
6184	lighting hook-up 900 area
6185	i/c Hook-up 400/500/600 area 7 lbtf assembly work
6186	i/c Hook-up "900" area below superstructure
6187	i/c Hook-up "900" area superstructure and above
6188	fab/install equipment electronics spaces 500 area and lbtf
6189	fab/install equipment electronics spaces "600" area
6190	fab/install equipment electronics spaces "900" area
6192	Pre-outfitting hook-up - 400 area
6193	FIBER OPTIC CABLE INSTALLATION, HOOK-UP, AND TESTING
6501	instruments, gauges, and gaugeboards
6504	atmosphere analyzers
6506	damage control console
6601	ship repair shop equipment
6701	ventilation in machinery spaces (Surface ships)
6801	replenishment at sea
7011	Cargo Hold Ventilation

7801	Non-Nuclear Structural Fabrication and Hull Erection Inspection
7817	Ships Completion Inspection
8503	Off-site Frigtemp Warehousing
8750	Direct Travel Expense - Miscellaneous
8753	Direct Travel Expense - Program Office
8800	Material Control System Clearing Account
8801	Steel Plates and Shapes
8802	Aluminum Plates and Shapes
8803	CRES and Non-Ferrous Plates and Shapes
8804	Cable
8805	Paint, Paint Supplies and blasting Materials
8806	Pipe and tubing
8807	Fuels
8808	Lubricants
8809	Pipe Fittings and Tube Fittings
8810	Valves
8811	Miscellaneous Electrical and electrical Installation Material
8812	Fasteners
8813	Marine Hardware and Shapes
8814	Miscellaneous Allowance and Outfitting
8815	Miscellaneous Deck Machinery and Cargo Handling
8816	Miscellaneous Piping System Components
8817	Miscellaneous Raw Material Shapes
8818	Miscellaneous Auxiliary Machinery Components
8819	Miscellaneous Ordnance Items
8820	Miscellaneous Propulsion Machinery Components
8821	Miscellaneous Electrical and electronic Components
8822	Sheetmetal
8823	Miscellaneous Casting and Forgings
8824	Miscellaneous Refrigeration, Air conditioning and Ventilation
8825	Weld Rod, Wire, Gas and Welding Supplies
8826	Tools and Instruments
8827	Direct Consumable Stores
8828	Equipment
8829	Repair Parts
8840	Installation and Checkout Spares
8851	Major Procurements - Million Dollar Items

8852	Major Procurement - 100K to 999K Items
8853	Major Procurement - Under 100K Items
8854	Major Procurements/In-House Subcontracts
8855	Material Not Subject To escalation Recovery
8856	DDG Advance Procurement (J-40)
8895	New CWBS Acct for Material
9001	SUPERVISION
9101	Warranty/guaranty costs
9102	support service after delivery
9103	Warranty/guaranty - final contract trial card (fctc) costs
9106	post delivery - inspection of supplies and correction of defects
9111	vendor backcharge recoveries - direct
9113	ceremonial expense - keel laying, launching, christening
9114	warranty engineer support
9203	psa - construction service orders (CSO's)
9425	reclamation of material/hardware
9751	direct automatic data processing costs - ils engineering
9752	direct automatic data processing costs - engineering design & manufacturing support
9753	direct automatic data processing costs - data support (data management)
9802	accounts payable accrual
9804	direct purchase discount
9812	inventory adjustment and reserve allocation
9902	Holding account for dsd idwa costs
9908	dsd idwa program costs
9912	unreleased budget account
9915	cg 47 and lhd special studies
9933	idwa final cost distribution - Sperry
9936	IDWA COST DISTRIBUTION - FULL SERVICE CENTER (FSC)
9939	idwa final cost distribution - westinghouse
9953	Raytheon Systems Corp
9954	Holding account for continental Maritime
9990	Inventory store issues
9991	Provision for Surplus and Obsolescence
9994	SHOP STANDARD COST SUPPORT
EDPS	Electronic Data Processing Services
REPR	Reproduction
TM/TM	Raytheon Systems Corp

TRAV	Travel
UNBM	Unknown Account Desc *(CG UNKNOWN)

DEPT	DEPT_DESC
03	Transportation & Material Handling
04	Facility Cleaners
05	Mold Loft
06	Fab Shop
07	Shipfitters
09	Welders
10	Carpenters
11	Grinding
12	Ship Cleaners
13	Burners
14	Operating Engineers
15	Warehouse
17	Joiners/Insulators
18	Maintenance
19	Rigging
20	Inside Machinists
21	Pipe
22	Sheetmetal
23	Maintenance Electricians
24	Outside Machinist
25	Security (Guards)
26	Tool Room
27	Paint
28	Straighteners
29	Hydraulics
30	Storekeepers
31	Maintenance Storekeepers
32	Steel Checkers
33	X-ray - Non Destructive Testing
34	Repairs - Hourly
35	Marine Electricians
36	Test & Trials
37	Panel Manufacturing (Electrical)
39	Combination Welder/Burner
41	Tallulah Facility - Hourly
42	Steel Sales - Hourly
43	Material & Technical Services
44	Contract Labor
46	Metallurgical
47	Gulfport Facility - Hourly
48	Component Packaging
49	Industrial Products
50	Industrial Engineering/Manpower Planning
51	Finance
52	Engineering
53	Executive
55	Human Resources
56	Communications/Employee Services
57	Strategic Planning and Advanced Programs
58	Information Systems
60	Contract Changes - Estimating



61	Business Development/Customer Relations
62	Contract Administration
63	Legal
64	Plant Engineering
65	Material
67	Cost Engineering
68	LHD/LPD OPS
70	Production Control
71	Production Systems and Planning
73	Operations Office
77	Quality/Process Improvement
79	Overhaul, Kitting, DD Planning Yard Prog Office



Ingalls Shipbuilding

PODC DAILY TIME LOG

FOREMAN	FOREMAN SIGNATURE		DATE		
	NAME	BADGE	MONTH	DAY	YEAR
EMPLOYEE NAME	BADGE	SHIFT	COMMENTS/OVERTIME COMMITMENT		
		DEPT			
		C/C			
1					
2					
3					
4					
5					
6					
7					
8					
9					
10					

"I hereby certify that all information contained in this PODC Daily Time Log is complete and accurate to the best of my knowledge. I understand that the information contained in this Daily Time Log will be used to prepare invoices for submission to the United States government and that the knowing submission of false information may subject me to criminal and/or civil prosecution and penalties."

Signature _____ Date _____

SSF M1659 (01/22/13)
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