

U.S. Department of Justice

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NEWS RELEASE: COOPER CITY MAN PLEADS GUILTY TO DEFENSE CONTRACT SCHEME INVOLVING MILITARY AIRCRAFT

Marcos Daniel Jimenez, United States Attorney for the Southern District of Florida, announced today that **Ralph Michael Cooper**, a Cooper City, Florida resident, pled guilty in Federal District Court in Fort Lauderdale, Florida, in connection with a scheme to supply non-authorized and sub-standard aircraft parts to the U.S. Department of Defense.

In accordance with the terms of a Plea Agreement, Cooper has pled guilty to two counts of a four-count indictment, both of which allege that Cooper used a materially false writing and document in connection with an aircraft part, in violation of Title 18, United States Code, Section 38 (a)(1)(C).

By statute, Cooper may receive up to a ten-year term of imprisonment and a possible fine of up to \$250,000 for each of the two Counts. Chief United States District Court Judge William Zloch accepted the guilty plea and scheduled sentencing for August 13, 2004 at 10:00 a.m.

According to the indictment and statements in Court, Cooper submitted the winning bid for the supply of 1,505 "plain encased seals" which had been designated by the Defense Department as operation- "critical" items, for use on the intermediate and tail rotor gear boxes of various UH-60 military helicopters, to include the UH-60A ("Blackhawk") and H-60 ("Seahawk"). As directed by the Defense Department, Cooper, who was functioning as a parts distributor under the name "Cooper Industries," was obligated to obtain the seals in question from the Chicago Rawhide Company of Elgin, Illinois, the only manufacturer approved by the Defense Department and the Sikorsky Aircraft Company, the manufacturer of the helicopters in question. Despite such instructions, Cooper made arrangements with another company to manufacture replications of the seals in a plant in Taiwan.

According to the government's presentation in Court, after obtaining the Taiwanese manufactured substitute seals at a substantially lower cost than the approved Chicago Rawhide product, Cooper ultimately provided these same items to the Defense Department with documentations, labels, and assurances that the parts thus supplied were, in fact, the required Chicago Rawhide part. In this manner, Cooper is alleged to have illegally maximized his profit margin by minimizing his own costs. In addition, the undisclosed substitute parts, which were fraudulently supplied by Cooper, and subsequently submitted to lab tests after Cooper's fraud scheme had been detected, were found to have been made from a low-grade nitrile rubber formulation, as opposed to the required fluorine elastomer polymer contained in the legitimate Chicago Rawhide product. As alleged by the government in Court, these rubber materials presented an unacceptably low tolerance to withstand the heat, stresses and hydraulic fluid exposure normally associated with the operation of the Blackhawk and Seahawk helicopters.

Cooper also is alleged in one of the two indictment counts to have supplied a fraudulent Chicago Rawhide invoice to the Defense Department after suspicions arose as to the source from

which he had obtained the subject helicopter seals. According to the indictment, and as admitted by Cooper in his guilty plea, Cooper falsified a legitimate Chicago Rawhide invoice to fraudulently reflect that Chicago Rawhide had supplied the seals in question to Cooper. This same altered document was then supplied by Cooper.

As detailed in Court by the government, the relevant conduct associated with Cooper's fraud scheme included numerous other contracts in which Cooper fraudulently supplied substitute parts in a fashion similar to the alleged indictment. These additional acts of procurement fraud included parts destined for use in F-15 and F-16 jet aircraft, M-1 Tanks, torpedos, and NASA aircraft.

Mr. Jimenez commended the investigative efforts of the Special Agents of the U.S. Department of Defense- Defense Criminal Investigative Service, U.S. Air Force-Office of Special Investigations, U.S. Department of Transportation-Office of Inspector General, U.S. Army Criminal Investigations Division Command and the National Aeronautics and Space Administration-Office of Inspector General, all of whom took part in the investigation of this case. This case is being handled by Assistant U.S. Attorney Peter B. Outerbridge.