

United States Department of Transportation
Federal Aviation Administration
Office of the Chief Counsel
Enforcement Division

The Federal Aviation Administration (FAA or Agency) and The Boeing Company (Boeing) (collectively, “the Parties”) enter into this Settlement Agreement (Agreement) by and through their undersigned representatives to resolve the allegations documented in the following cases: 2019NM520001 and 2020NM520001.

RECITALS

WHEREAS, the FAA issued a civil penalty letter to Boeing in Case No. 2019NM520001 on August 5, 2020, indicating that the FAA would accept in settlement \$1,066,665.00.

WHEREAS, the FAA issued a Notice of Proposed Civil Penalty to Boeing in Case No. 2020NM520001 on August 5, 2020, proposing to assess a civil penalty of \$184,522.00.

WHEREAS, the Parties agree that it is in the best interest of the FAA and Boeing to resolve Case Nos. 2019NM520001 and 2020NM520001, and both are willing to enter into this Agreement.

WHEREAS, the Parties wish to resolve the disputes that are the subject of this litigation without the expense and drain on resources that may be associated with protracted litigation.

WHEREAS, the Parties agree that it is in the best interest of the parties and the public to resolve these pending enforcement actions against Boeing.

WHEREAS, the Aircraft Certification, Safety, and Accountability Act directs adjustments to processes under the Organization Designation Authorization (ODA) program and further review of Boeing’s ODA.

WHEREAS, the Parties agree that any interference by Boeing management officials with the ODA’s performance of delegated functions undermines the effectiveness of the FAA’s oversight and the public’s confidence in the safety of Boeing’s products.

WHEREAS, the Parties agree that preventing interference with the ODA’s performance of delegated functions is essential to aviation safety and Boeing’s qualifications to continue to hold that delegation of authority.

NOW, THEREFORE, in consideration of the mutual covenants and payments described herein, the Parties hereby AGREE as follows:

1. Civil Penalty Payments

1.1. Reduction of Civil Penalties

The FAA agrees, based on further investigation of the adequacy of the evidence, not to pursue a civil penalty related to the allegations in Case No. 2019NM52001 of retaliation against an ODA Unit manager for filing an undue pressure report. As a result, the FAA agrees to reduce the civil penalty in Case No. 2019NM52001 by \$33,333.00.

1.2. Payment of a Civil Penalty

Boeing agrees to pay a civil penalty of \$1,217,854.00 in resolution of Case Nos. 2019NM520001 and 2020NM520001. The Parties agree that \$184,522.00 of the \$1,217,854.00 will be associated with the Order Assessing Civil Penalty in Case No. 2020NM520001, and paid pursuant to Section 1.3. The remaining penalty of \$1,033,332.00 is associated with 2019NM520001 and will be paid pursuant to section 1.4.

1.3. Issuance of an Order Assessing Civil Penalty and Payment

The Parties agree that the FAA will issue an Order Assessing Civil Penalty in Case No. 2020NM52001, a draft of which is attached, that contains the factual allegations and regulatory violations alleged in the Notice of Proposed Civil Penalty dated August 5, 2020, and that assesses a civil penalty of \$184,522.00.

Boeing agrees to pay the civil penalty for 2020NM52001 within 30 days of receipt of the Order and in accordance with the terms of the Order.

1.4. Timing of Payment

Boeing agrees to pay the civil penalty of \$1,033,332.00 for 2019NM520001, referenced in section 1.2, within 30 days of the date of the full execution of this Agreement pursuant to the instructions in section 2.

2. Mechanism of Payment

Boeing will pay all civil penalties under this Agreement by wire transfer to the United States of America. To complete the wire transfer, Boeing will need the following information:

Receiver Bank Name:	TREAS NYC
Receiver ABA/Routing Number:	██████████
Receiving Institution:	U.S. Treasury c/o Federal Reserve Bank of New York 33 Liberty Street New York, NY 10045

Account Number: [REDACTED]
Beneficiary: Federal Aviation Administration
Reference: 2019NM520001
Attn: Peggy Coulter, AMK-322

3. Miscellaneous Provisions

3.1. Deviations and Noncompliances Unauthorized

Nothing in this Agreement allows Boeing to deviate from the requirements of its production certificate, and the procedures approved or accepted by the FAA therein.

3.2. Scope

This Agreement encompasses only those cases specifically identified in this Agreement and no others.

3.3. Violation History

Boeing agrees that the violations alleged in the civil penalty letter in Case Nos. 2019NM520001 and the Order Assessing Civil Penalty in 2020NM520001 will constitute a violation history, which may be used by the FAA for all purposes consistent with the guidance in the applicable version of FAA Order 2150.3.

A violation history often justifies imposing a sanction at the higher end of the normal range. A significant violation history, such as multiple careless violations in the past five years or a prior violation involving reckless or intentional conduct, may warrant a sanction above the identified sanction range. It might also justify revocation rather than suspension if the pattern of violation reflects a lack of qualification. A violation history might justify a certificate suspension against an entity if previously issued civil penalties have not produced the desired deterrent effect. In deciding the extent and nature of the aggravation applied, the FAA considers such factors as the length of time that has elapsed between violations, whether the violations involved the same or similar regulations, and whether the violations are factually similar.

3.4. No Further Notice

Boeing irrevocably waives any and all rights to further notice of the allegations contained in the EIRs listed above.

3.5. Waiver

Both parties irrevocably waive any right to appeal or otherwise seek administrative or judicial review of any case covered by this Agreement. Boeing irrevocably waives any and all causes of action it may have against the Administrator, the FAA, and any current or former FAA officials and employees

relating to, or arising from, this Agreement and the cases covered by this agreement. Boeing irrevocably waives any and all causes of action and judicial review of any decision or action by the FAA taken under paragraph 3.1 or 3.2 of this Agreement.

3.6. *Enforcement*

The FAA and Boeing each reserve the right to judicially enforce any terms or provisions of this Agreement that were not specifically waived. Venue shall be proper in any United States District Court for the District of Washington or the District of Columbia.

3.7. *Freedom of Information Act*

The Parties agree that the FAA will release this Agreement to the public upon request.

3.8. *Third-Parties*

No person or entity is intended to be a third-party beneficiary of the provisions of this Agreement for purposes of any civil, criminal, or administrative action and, accordingly, no person or entity may assert any claim or right as a beneficiary or protected class under this Agreement in any civil, criminal, or administrative action.

3.9. *Completeness*

The terms set forth in this Agreement shall constitute a full settlement and release of any and all civil penalties that have been, or could have been, pursued against Boeing as a result of the alleged violations described in Case Nos. 2019NM520001 and 2020NM520001. This Agreement constitutes the entire agreement and understanding between the parties. Any statement, representation, agreement, or understanding, in oral or written form, that is not contained in this Agreement shall not be enforced, recognized, or used to interpret this Agreement.

3.10. *Severability*

Except as expressly stated with respect to particular provisions in this Agreement, if any provision of this Agreement is determined by a court or administrative body to be illegal, invalid, or unenforceable, this Agreement will be construed as if the severed term or provision had never comprised a part of this Agreement, and the remaining terms and provisions of this Agreement will remain in full force and effect and will not be affected by the severed term or provisions or by its severance from this Agreement.

3.11. *Choice of Governing Law*

Federal law shall apply to interpret and enforce this Agreement.

3.12. *Calculation of Time*

For purposes of calculating any time period arising under this agreement, the date of an act, event, or notice, after which a designated time period begins to run, is not included in a computation of time under this agreement. The last day of a time period is included in a computation of time, unless the last day is a Saturday, Sunday, or Federal legal holiday. In such case, the time period runs until the end of the next day that is not a Saturday, Sunday, or Federal legal holiday. Time periods will be calculated using calendar days and expire at 5:00 P.M., Pacific Time, on the last day of the period.

Where any time period pursuant to this Agreement expires on a Saturday, Sunday, or Federal legal holiday, the period in question will be extended to 5:00 P.M., Pacific Time, on the next business day.

3.13. *Costs*

Each party to this Agreement shall bear its own costs relating to any of the cases covered by this agreement or the enforcement of any provision or term of this agreement, including attorney fees.

3.14. *Joint Drafting*

This Agreement shall be considered a jointly drafted agreement and shall not be construed against any party as the drafter.

3.15. *Amendment*

This Agreement cannot be modified or amended except through a written instrument that specifically refers to this Agreement and that is signed by the parties' counsel. No provision of this Agreement may be waived or altered except through a written waiver or amendment signed by the parties counsel.

3.16. *Copies and Counterparts*

A photocopy, facsimile, or PDF copy of this Agreement shall have the same force and effect as an original of this Agreement.

3.17. *Authority*

The counsel for each party signing this Agreement pledge that they are duly authorized to do so on behalf of the FAA or Boeing and, by their signatures on the next page, indicate the consent of the FAA and Boeing to the terms and conditions set forth above.

4. Signatures

For the Federal Aviation Administration

For The Boeing Company



Adam Runkel
Deputy Assistant Chief Counsel
Office of the Chief Counsel
Enforcement Division
Federal Aviation Administration

Mark Fava
Chief Counsel
Boeing Engineering, Regulatory
& South Carolina Operations
The Boeing Company

February 18, 2021

February 19, 2021

Date

Date