



Department of Justice

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CANADIAN FIRM AND U.S. SUBSIDIARY TO PAY \$4 MILLION TO SETTLE LAWSUIT IN CONNECTION WITH SALE OF DEFECTIVE BULLET-PROOF VESTS

WASHINGTON - Lincoln Fabrics Ltd., a Canadian weaver of ballistic fabrics, and its American subsidiary, have agreed to pay the United States \$4 million to settle the United States' lawsuit against Lincoln for violations of the False Claims Act in connection with their role in the weaving of Zylon fabric used in the manufacture and sale of defective Zylon bullet-proof vests, the Justice Department announced today.

Using Zylon fiber manufactured by Toyobo Corp., Lincoln wove ballistic fabric for the body armor industry. Lincoln's woven Zylon fabric was used in the manufacture of Zylon bullet-proof vests sold by several companies, including Second Chance Body Armor Inc., First Choice Armor Inc. and Point Blank Body Armor Inc. These vests were purchased by the United States, and by various state, local, and/or tribal law enforcement agencies, who were partially reimbursed by the United States.

The United States alleged that the Zylon in these vests lost its ballistic capability quickly, especially when exposed to heat and humidity. The United States further alleged that Lincoln was aware of the defective nature of the Zylon by at least December 2001, but continued to sell Zylon for use in ballistic armor until August 2005, when the National Institute of Justice issued a report that Zylon degraded quickly in ballistic applications. At that time, all American body armor manufacturers stopped using Zylon in body armor.

In October 2009, the United States filed suit against Lincoln for violations of the False Claims Act and related claims. The settlement announced today resolves this lawsuit.

"Companies that knowingly sell the government defective bulletproof vests not only commit fraud, they put the lives of our law enforcement women and men at risk," said Tony West, Assistant Attorney General for the Civil Division of the Department of Justice. "We will pursue vigorously allegations that these or any other companies manufactured flawed vests, knew about their problems, yet sold them anyway."

This settlement is part of a larger investigation of the body armor industry's use of Zylon in body armor. As part of today's agreement, Lincoln has pledged its cooperation in the Government's on-going investigation. The United States previously has settled with six other participants in the Zylon body armor industry for over \$54 million. Additionally, the United States has pending lawsuits against Toyobo Co., Honeywell Inc., Second Chance Body Armor, Inc. and First Choice Armor Inc.

Today's settlement with Lincoln was the result of an ongoing investigation by the Justice Department's Civil Division, the U.S. Attorney's Office for the District of Columbia, the General Services Administration Office of the Inspector General, the Department of Homeland Security Office of Inspector General, the Treasury Inspector General for Tax Administration, the Defense Criminal Investigative Service, the U.S. Army Criminal Investigative Command, the Air Force Office of Special Investigations, the Department of Energy Office of the Inspector General, the U.S. Agency for International Development Office of the Inspector General and the Defense Contracting Audit Agency.

This settlement is part of the government's emphasis on combating fraud. One of the most powerful tools in that effort is the False Claims Act. The Justice Department's total recoveries in False Claims Act cases since January 2009 have topped \$3 billion.

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