

Whistleblower Suits Limited by Court in Boeing Case (Update2)

By Greg Stohr

March 27 (Bloomberg) -- The U.S. Supreme Court, ruling in favor of Boeing Co., limited the ability of whistleblowers to sue for fraud on behalf of the federal government.

The court, voting 6-2, said retired engineer James S. Stone can't share in a \$4.2 million award he and the U.S. government had won in a suit against Boeing's Rockwell unit. The ruling, which reversed a lower court, might also bar Stone from collecting legal fees.

Stone accused the company of making false statements about environmental, health and safety activities at its Rocky Flats nuclear weapons facility outside Denver.

Boeing, in appealing to the high court, said the Denver-based 10th U.S. Circuit Court of Appeals made it too easy to win suits under the U.S. False Claims Act. The law lets whistleblowers sue on behalf of the federal government and then share in any recovery.

The dispute centered on the requirement that whistleblowers be the "original source" of information about wrongdoing. Boeing said in its appeal that Stone possessed only "background" information. Stone said he had direct and independent knowledge about a number of problems at the facility. He had the support of the Bush administration in the case.

Stone worked at Rocky Flats until 1986. Soon after his departure, he began giving information to the Federal Bureau of Investigation and the Environmental Protection Agency about various environmental, safety and health problems at the plant. The government's investigation culminated in 1992, when Rockwell pleaded guilty to 10 federal environmental violations.

The high court, in reviewing the case, declined to consider Boeing's broader argument that the False Claims Act is unconstitutional.

The case is *Rockwell v. United States*, 05-1272