

October 18, 2005

General Electric Company  
Attn: Office of General Counsel  
3135 Easton Turnpike  
Fairfield, CT 06828

Dear General Counsel of General Electric:

The Project On Government Oversight (POGO) is overhauling and renewing its Federal Contractor Misconduct Database ([www.pogo.org/db/index.cfm](http://www.pogo.org/db/index.cfm)), a compilation of information from public resources regarding government contractors, including General Electric. I have enclosed the findings relevant to General Electric and am requesting verification or refutation of the data from you by Friday, November 4, 2005.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to General Electric, please be assured that any response received by POGO will be posted on the website along with the data.

Changes to the database include: the addition of more current instances, removal of Superfund cleanup costs, and removal of information that could not be verified with official documents. Additionally, pending cases will still be included, but this information will be kept separate from the resolved cases and will not be included in any totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Kevin L. Phelps  
Project Director

Enclosure

## Instances of Misconduct

1.

Case Name: N/A

Date: 9/23/2004, agreement date

Misconduct Type: Securities

Contracting Party: N/A

Court Type: Administrative

Amount: N/A

Disposition: Administrative Agreement

Synopsis:

“The Securities and Exchange Commission announced... that it has instituted settled enforcement proceedings against General Electric Company. The Commission charged that GE failed to fully describe the substantial benefits it had agreed to provide its former chairman and CEO John F. ‘Jack’ Welch, Jr., under an ‘employment and post-retirement consulting agreement.’ GE settled the proceedings by consenting to the entry of an Order that it cease and desist from violating the proxy solicitation and periodic reporting provisions of the federal securities laws.”

Documents:

SEC Press Release <http://www.sec.gov/news/press/2004-135.htm>

Agreement <http://www.sec.gov/litigation/admin/34-50426.htm>

2.

Case Name: N/A

Date: 5/30/2003, settlement date

Misconduct Type: Environmental

Contracting Party: N/A

Court Type: Administrative

Amount: \$94,380

Disposition: Settlement

Synopsis:

“General Electric Co. has agreed to pay a \$94,380 penalty as part of a settlement of an enforcement case regarding improper storage of PCB-containing equipment at its 254-acre property in Pittsfield.

“The case was initiated after GE notified EPA that it had discovered two transformers and three capacitors containing PCBs were being stored improperly in Building 9 at its Pittsfield property. GE also notified EPA that one of the transformers had leaked PCB-containing oil.

“Following the disclosure, GE contained the leak and undertook a facility-wide sweep to determine if other PCB-containing equipment was being stored improperly on the property.

Based on that information, EPA concluded that there had been seven violations of the federal Toxic Substances Control Act (TSCA) at 11 separate locations on the property.”

Documents to include:

<http://www.epa.gov/region1/pr/2003/may/030518.html>

3.

Case Name: N/A

Date: 8/8/2002, date of fine

Misconduct Type: Other

Contracting Party: N/A

Court Type: Administrative

Amount: \$1,000,000

Disposition: Fine

Synopsis:

“The U.S. Consumer Product Safety Commission (CPSC) announced... that the General Electric Co. (GE), of Fairfield, Conn., has agreed to pay the Government a \$1 million civil penalty... The fine settles allegations that GE knowingly failed to report to CPSC in a timely manner a defect with certain models of dishwashers. Under the Consumer Product Safety Act (CPSA), manufacturers, importers, distributors, and retailers must immediately report information about potentially hazardous products to the Commission.”

Documents:

<http://www.cpsc.gov/cpscpub/prerel/prhtml02/02225.html>

<http://www.cpsc.gov/cpscpub/prerel/prhtml02/settlement.pdf>

4.

Case Name: Giles v. General Electric

Date: 3/19/2001 Date of Final Appeal

Misconduct Type: Labor

Contracting Party: N/A

Court Type: Civil

Amount: \$590,000

Disposition: Judgment against Defendant

Synopsis:

“An ADA award of [\$590,000] was... assessed against General Electric for its refusal to reasonably accommodate a machinist with a back injury. The machinist, who had injured his back on the job, was released to return to work following a functional capacity evaluation (“FCE”) with a lifting restriction of twenty pounds. The employer rejected the restriction, sending the machinist to another doctor, who recommended his return to work with a restriction of fifty-pounds. GE also rejected this accommodation, and refused to return the machinist to work. The machinist filed for long-term disability benefits, then sued under the ADA. A jury awarded \$1.2 million in damages, which the district court reduced to \$300,000 in accordance with the statutory cap on ADA damages. The machinist was also awarded \$141,110 in front pay and \$150,837 in attorney’s fees.”

Documents:

PA Dept of State

[http://www.dep.state.pa.us/dep/deputate/ChiefCounsel/ADA/ada\\_news\\_88\\_frontpage.htm](http://www.dep.state.pa.us/dep/deputate/ChiefCounsel/ADA/ada_news_88_frontpage.htm)

5.

Case Name: N/A

Date: 12/3/1998

Misconduct Type: Government Contract Fraud

Contracting Party: Government Defense

Court Type: Civil

Amount: \$250,000

Disposition: Settlement

Synopsis:

According to a GAO Report cited by Senator Harkin and Representative DeFazio, GE paid \$250,000 to settle allegations of "misuse/diversion of Government furnished materials."

Documents:

Harkin and DeFazio Press Release

6.

Case Name: N/A

Date: 11/6/1998 Date of Settlement

Misconduct Type: Environmental

Contracting Party: N/A

Court Type: Administrative

Amount: \$36,270

Disposition: Settlement

Synopsis:

In "August of 1996 the Florida Department of Environmental Protection informed Greenwich Air Services that it was seeking penalties of \$278,555 for violations of the state's hazardous waste law at its Miami facility (the facility was subsequently acquired as a portion of GE's purchase of Greenwich which was consummated in September 1997). The matter has been tentatively settled for \$36,270 plus a supplemental wastewater treatment project."

Documents:

<http://www.sec.gov/Archives/edgar/data/40545/0000040545-98-000013.txt>

7.

Case Name: N/A

Date: 9/25/1998 Date of Settlement

Misconduct Type: Government Contract Fraud

Contracting Party: Government Defense

Court Type: Administrative

Amount: \$3,500,000

Disposition: Settlement

Synopsis:

According to a GAO Report cited by Senator Harkin and Representative DeFazio, GE paid \$3,500,000 to settle allegations that the company defrauded the Government by using a substitution or nonconforming product.

Documents:

Harkin and DeFazio Press Release

8.

Case Name: N/A

Date: 8/7/1998

Misconduct Type: Financial

Contracting Party: Non-Governmental Civilian

Court Type: Civil

Amount: \$97 million

Disposition: Settlement

Synopsis:

50 States participated “in an approximately \$97 million settlement agreement with General Electric Credit Corporation (GECC), which issues dozens of private label credit cards, together with Montgomery Ward Credit Corporation, for alleged unlawful debt collection practices from consumers who declared bankruptcy. The multistate group was led by the state attorneys general in Missouri and California.”

Documents:

<http://www.state.tn.us/consumer/pdf/newsArch/98/gecredit.pdf>

9.

Case Name: N/A

Date: 7/14/1998 Date of Settlement

Misconduct Type: Antitrust

Contracting Party: N/A

Court Type: Civil

Amount: N/A

Disposition: Settlement

Synopsis:

“In an agreement that will settle an antitrust lawsuit filed in 1996 against GE, the company will remove restrictions it had imposed in software licenses with more than 500 hospitals throughout the country. The restriction prevented the hospitals from competing with GE to service medical equipment at other hospitals and at clinics.”

Documents:

<http://www.usdoj.gov/opa/pr/1998/July/327ar.html>

10.

Case Name: N/A

Date: 2/3/1998 Date of Fine

Misconduct Type: Environmental

Contracting Party: N/A

Court Type: Administrative

Amount: \$234,000

Disposition: Fine

Synopsis:

New York State's Department of Environmental Conservation "alleged that GE committed the following violations of its State Pollution Discharge Elimination System (SPDES) permit, which regulates how much waste can be discharged into the Hudson River from the Waterford facility:

- Ethylene glycol was discharged into the Hudson River on three occasions in January, February and April 1996.
- Thirty-three and 42.2 pounds of zinc were discharged into the Hudson River on March 5-6, 1996, and March 11, 1997, respectively. GE's permit allows a maximum daily discharge of 18.8 pounds of zinc.
- Small quantities of untreated sewage were discharged into the Hudson River twice in April 1996.
- Silicone oil or oil was discharged into the Hudson River, causing a sheen on the river's surface, on seven occasions during August, September and October 1996 and February, April and September 1997.
- A small quantity of propylene glycol was discharged into the Hudson River on Oct. 1, 1996.
- 200 gallons of hydrochloric acid were discharged into the Mudderkill, a tributary of the Hudson River, on Oct. 22, 1996.
- Process wastewater was discharged into the Hudson River on 30 occasions in 1996 and 1997.
- Oil was discharged to a drainage ditch on March 6, 1997.
- An unknown quantity of sanitary sewage was discharged into the Hudson River on May 4, 1997.
- A small quantity of chlorine, oil and grease was discharged to the Hudson River on Sept. 9, 1997.
- Without approval, GE added neutralization to lagoon waters to normalize the water's PH prior to its entry to the Hudson River."

Documents:

<http://www.dec.state.ny.us/website/press/pressrel/1998/98x16.html>

11.

Case Name: N/A

Date: 1/10/1997, date of settlement

Misconduct Type: Government Contract Fraud

Contracting Party: Government Defense

Court Type: Civil

Amount: \$950,000

Disposition: Settlement

Synopsis:

General Electric “paid the United States \$950,000 for allegedly misrepresenting that it had conducted certain test procedures on circuit boards for hundreds of aircraft engine controls when in fact the tests were not conducted... [GE] sold hundreds of aircraft engines with engine control circuit boards that had not undergone required ionic cleanliness, electrostatic discharge and solder purity procedures. GE, in delivering the engines to the United States, said it had completed the tests.”

Documents:

<http://www.usdoj.gov/opa/pr/1997/January97/012civ.htm>

12.

Case Name: N/A

Date: 1/1/1997, est. date of settlement

Misconduct Type: Environmental

Contracting Party: N/A

Court Type: Administrative

Amount: \$70,000

Disposition: Settlement

Synopsis:

In “January 1995, the Louisiana Department of Environmental Quality announced that it was seeking a penalty of \$101,884 for alleged violations of its Groundwater Protection Act at the [General Electric’s] New Orleans, Louisiana facility. In January, 1997, [GE] settled the matter for a \$70,000 Supplemental Environmental Project.”

Documents:

10-K

<http://www.sec.gov/Archives/edgar/data/40545/0000040545-97-000005.txt>

13.

Case Name: N/A

Date: 12/1/1996, est. date of settlement

Misconduct Type: Other

Contracting Party: N/A

Court Type: Administrative

Amount: \$95,000

Disposition: Settlement

Synopsis:

In “April 1996, the Environmental Protection Agency filed an action and stated that it was seeking \$300,000 in penalties for the Company's failure to adequately respond to an Agency information request in 1994. In December, 1996, the Company settled the matter for \$95,000.”

Documents:

10-K

<http://www.sec.gov/Archives/edgar/data/40545/0000040545-97-000005.txt>

14.

Case Name: N/A

Date:8/7/1996, Date of Settlement

Misconduct Type: Environmental

Contracting Party: N/A

Court Type: Administrative

Amount: \$60,684

Disposition: Settlement

Synopsis:

“General Electric Corporation will pay a \$60,684 penalty to resolve Clean Air Act violations, voluntarily disclosed by the company, at a facility outside of Albany, New York...

“[T]he Justice Department alleged that General Electric violated the Clean Air Act by failing to install the proper pollution control equipment on two methanol storage tanks at its silicone products division in Waterford, New York. Methanol fumes are a hazardous air pollutant that contribute to the formation of smog and can cause serious health problems. In January of 1994, when General Electric recognized the violations, they promptly reported them to federal officials. In addition, General Electric made the necessary modifications at the facility.”

Documents:

<http://www.usdoj.gov/opa/pr/1996/August96/375enr.html>

15.

Case Name: United States v. General Electric

Date: 3/22/1996, Date of Fine

Misconduct Type: Environmental

Contracting Party: N/A

Court Type: Administrative

Amount: \$225,000

Disposition: Fine

Synopsis:

Allegedly, “GE failed to obtain PSD permits in connection with the construction of two jet engine test cells in 1981 and 1982, the modification of two jet engine test cells in 1986 and 1987, the installation of a new steam-generating boiler in 1986. The complaint also alleges that the steam-generating boiler violated the NSPS limitations for the emission of nitrogen oxides (“NOX”) during certain periods of time in 1991 and 1992.

“Pursuant to the proposed consent decree, GE has agreed to pay a civil penalty of \$225,000 and to implement a Supplemental Environmental Project that involves the replacement of an [oil based] coolant with a water-based coolant for some of the lathing and milling machinery at the Lynn Facility. GE has also agreed to a cap on the overall annual NOX emissions from its 29 jet engine test cells, as well as a cap on the overall annual NOX and SO2 emissions from its four steam-generating boilers.”

Documents:

Federal Register Vol. 61, No. 71, pages 16113-16114

16.

Case Name: Johnson v. General Electric

Date: 8/9/1995 Date of Settlement

Misconduct Type: Government Contract Fraud

Contracting Party: Government Defense

Court Type: Civil

Amount: \$7.1 million

Disposition: Settlement

Synopsis:

Allegedly, “GE delivered jet engines to the Air Force, Navy and Army even though the company knew that certain controls and accessories in the engines did not meet the electrical bonding requirements as required under contracts with the government. The government said the allegations referred to F110-GE-100 and F110-GE-129 engines installed in the Air Force's F-16 single-engine fighter jet, F101-GE-102 engines installed in the B-1B Bomber, CFM56-2B engines installed in Air Force tankers, and other engines used in various Air Force, Navy and Army aircraft.”

Documents:

[http://www.usdoj.gov/opa/pr/Pre\\_96/August95/438.txt.html](http://www.usdoj.gov/opa/pr/Pre_96/August95/438.txt.html)

17.

Case Name: N/A

Date: 1/1/1995 est. Date of Settlement

Misconduct Type: Environmental

Contracting Party: N/A

Court Type: Administrative

Amount: \$36,000

Disposition: Settlement

Synopsis:

“In March 1994, EPA issued an administrative complaint against [General Electric] seeking \$125,000 in penalties for violations of the Clean Water Act at its Palmer, Puerto Rico, facility, including permit violations. The matter was settled in January 1995 for \$36,000.”

Documents:

10-K

<http://www.sec.gov/Archives/edgar/data/40545/0000040545-95-000004.txt>

18.

Case Name: N/A

Date: 1/1/1995 est. Date of Settlement

Misconduct Type: Environmental

Contracting Party: N/A

Court Type: Administrative

Amount: \$53,000

Disposition: Settlement

Synopsis:

In “June of 1992, EPA issued an administrative complaint against the Company alleging violations of regulations issued under TSCA at its Anaheim facility, including improper storage and disposal of PCBs. The complaint sought penalties of \$205,000. On March 9, 1993, EPA amended the complaint to increase the amount of the penalties being sought to \$353,000. The matter was settled in January 1995 for \$53,000.”

Documents:

10-K

<http://www.sec.gov/Archives/edgar/data/40545/0000040545-95-000004.txt>

Pending Cases

1.

In re Hanford Nuclear Reservation Litigation

The class action suit alleges General Electric (among others) didn't run the nuclear plant safely and failed to inform the public of health risks.

2.

“On April 16, 2004, the New York Department of Environmental Conservation (DEC) informed [General Electric] that it would be seeking \$97,800 in penalties for violations by our Waterford, NY facility of the State of New York's water and hazardous waste laws. In July 2004, DEC informed us that it was dropping certain allegations and including others pertaining to the reporting of information and increasing its penalty demand to \$117,000. We are currently engaged in settlement discussions with the DEC.”

-From SEC 10-K FY2004

3.

“On October 18, 2004, the California Department of Pesticide Registration informed us that it would be seeking \$202,959 in penalties for violations by our Betz Water business of the State of California’s pesticide registration requirements. The California Department of Pesticide Registration has since reduced its penalty demand to \$160,000, and settlement discussions are continuing.”

-From SEC 10-K FY2004