

**IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF VIRGINIA
(ALEXANDRIA DIVISION)**

L-3 COMMUNICATIONS CORPORATION

and

L-3 APPLIED TECHNOLOGIES, INC.,

Plaintiffs,

v.

SERCO INC.,

Defendant.

CASE NUMBER

DEFENDANT SERCO INC.'S NOTICE OF REMOVAL

EXHIBIT 8

VIRGINIA:

IN THE CIRCUIT COURT OF FAIRFAX COUNTY

**FILED
CIVIL INTAKE**

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**JOHN T. FREY
CLERK, CIRCUIT COURT
FAIRFAX, VA**

L-3 COMMUNICATIONS CORPORATION)
600 Third Avenue)
New York, NY 10016)

and)

L-3APPLIED TECHNOLOGIES, INC.)
10770 Wateridge Circle)
San Diego, CA 92121)

Plaintiffs,)

v.)

SERCO, INC.)
1818 Library Street, Suite 1000)
Reston, VA 20190)

Serve: Registered Agent)
CT Corporation System)
4701 Cox Road, Suite 285)
Glen Allen, Virginia, 23060)

Defendant.)

2014 05946

Case No. 2014-_____

COMPLAINT

COME NOW Plaintiffs L-3 Communications Corporation and L-3 Applied Technologies, Inc. (collectively, "L-3" or "Plaintiffs") and bring their action against Serco, Inc. ("Serco") for common law and statutory conspiracy and tortious interference, stating as follows:

Nature of the Case

1. After years of working with Plaintiff L-3 Applied Technologies, Inc., Defendant Serco (a U.S. Government prime contractor), entered into an elaborate and unlawful conspiracy

with a newly formed subcontractor, which had no track record, technical experience, security clearances, or even employees, and which would be comprised of former L-3 employees Serco helped induce to leave L-3, to misappropriate L-3's entire Colorado Springs business division, a nationwide leader in High Altitude Electro-Magnetic Pulse ("HEMP") testing equipment, methods and software used to assess and preserve the integrity of electromagnetic shielding, protecting our country's sensitive military electronic installations around the world. Specifically, Serco agreed and conspired with the new start-up subcontractor, Jaxon Engineering & Maintenance, Inc. ("Jaxon"), and others, including people Serco knew were still employed by L-3 and bound by contract, to eliminate fair and open competition, skew the bidding process and unlawfully steer HEMP-related contracts toward Jaxon.

The Parties

2. L-3 Communications Corporation is a Delaware corporation authorized to do business in, *inter alia*, Colorado and Virginia, headquartered at 600 Third Avenue, New York, NY 10016, and is a wholly-owned subsidiary of L-3 Communications Holdings, Inc.

3. L-3 Applied Technologies, Inc. is a Delaware corporation authorized to do business in Colorado and Virginia, with its principal place of business at 10770 Wateridge Circle, San Diego CA 92121, and is a wholly owned divisional subsidiary of L-3 Communications Corporation.

4. L-3's business includes providing various engineering testing and maintenance services for military and government applications.

5. Defendant Serco, Inc. is a New Jersey corporation and is headquartered at 1818 Library Street, Suite 1000, Reston, VA 20190.

Jurisdiction and Venue

6. This Court has subject matter jurisdiction over this action under Va. Code § 17.1-513 because it falls within the general jurisdiction of this Court.

7. Personal jurisdiction over Serco is proper because Serco resides in Fairfax County, Virginia and has its principle place of business in Fairfax County, Virginia.

8. Venue is proper under Va. Code § 8.01-262 because Serco resides in and has its principal place of business in Fairfax County, Virginia.

9. Venue is also proper in Fairfax County, Virginia because Serco committed tortious acts in Fairfax County, Virginia; L-3 is aggrieved by the conduct of Serco, which conspired with an organization and individuals to injure L-3 in its trade, business, and profession, in violation of Va. Code Ann. § 18.2-499 *et seq.*

Facts Common to All Counts

Serco's Contract with the Air Force for HEMP-testing projects

10. The technology at the heart of this case protects our national security and to date has predominantly been deployed for the benefit of the United States government, including its military installations around the globe containing sophisticated electronic equipment.

11. The components of such military electronic equipment are sensitive and can be damaged by electromagnetic radiation, such as high-altitude electromagnetic pulses generated from nuclear detonations in the upper atmosphere or other interference signals (*e.g.*, radar, radio, cell phone).

12. Because the threat of HEMP and interference is constant, our military's electronics must be shielded in protective enclosures, such as buildings, rooms and/or cabinets.

13. In purchasing such protective enclosures, the government requires testing of the

enclosures to determine their performance and effectiveness.

14. It is imperative that the protective enclosures retain their integrity, but the protective effect of the enclosures is known to degrade over time due to exposure and use.

15. The shielding and penetration protection devices thus must be periodically monitored and tested to ensure their effectiveness and integrity.

16. Accordingly, the Department of Defense (“DoD”) has issued a series of military Standard Specifications, namely MIL-STD-188-125, which recites and requires three distinct types of testing methodologies, protocols, and performance metrics to verify the integrity of a system’s HEMP protection: (1) shielding effectiveness (“SE”) testing; (2) pulse current injection (“PCI”) testing; and (3) continuous wave immersion (“CWI”) testing. MIL-STD-188-125 includes sample instrumentation systems for each type of testing.

17. Over several years, and as a result of the investment of tremendous resources, L-3 developed its own equipment, methodologies, and protocols for conducting SE, PCI and CWI testing, and for collecting, analyzing, and documenting the results of that testing—all of which resulted in faster, cheaper and more effective HEMP testing.

18. Serco, a large government contracting company, has an “Indefinite Delivery, Indefinite Quantity” contract with the United States Air Force Space Command located in Colorado Springs, Colorado to provide, among other things, testing and maintenance in accordance with MIL-STD-188-125. The specific contract at issue is the Command, Control, Communications, Computer, Intelligence, Information Technology, Surveillance and Reconnaissance contract (FA2517-04-D-0001), commonly called by its acronym, C4I2TSR (the “IDIQ”).

19. At all times relevant hereto, Serco did not have the technical expertise or

capability of providing such HEMP-related testing and maintenance required under the IDIQ. Historically, L-3, because of its leading-edge technology and personnel, won the vast majority of Task Orders from Serco for providing hardness testing, facility design and construction and maintenance as its subcontractor.

20. Serco, as a government contractor and the Prime on the IDIQ, is required to follow standardized and approved procurement practices and procedures that incorporate the Federal Acquisition Regulations ("FAR") in any procurement to any potential subcontractor. The FAR clauses essentially require fair, complete and comprehensive competition to obtain the best price technically acceptable product or service for the government. FAR clauses are incorporated into the IDIQ contract by reference.

21. For each Task Order under the IDIQ regarding HEMP testing and maintenance in accordance with MIL-STD-188-125, AFSPC sends the task order to Serco under the IDIQ contract for pricing and technical proposals. Serco then submits requests for proposals ("RFPs") to qualified subcontractors and makes recommendations to AFSPC after it receives responses. But Serco itself ultimately decides which subcontractor to use. Each of the HEMP-related Task Orders Serco awarded to Jaxon under the IDIQ was a firm fixed price contract, which meant the subcontractor agreed to perform the task order for a fixed price. If the subcontractor spent more than its award under the subcontract, the subcontractor solely was responsible for the difference. On the other hand, if the subcontractor was able to perform the work under the subcontract for less than its award, the subcontractor kept the difference.

Genesis of the Scheme

22. In about 1997, AFSPC embarked on a comprehensive HEMP upgrade of its critical mission systems. L-3 was generally selected as the subcontractor for this program under

contract to Serco's predecessor. Over the next several years, Randy White became the L-3 program manager of this effort. In this capacity, he worked closely with Don Eich, former Serco Vice President and manager of the IDIQ, under which all of the AFSPC HEMP upgrade, testing, and maintenance work is implemented.

23. At all times while at L-3, Randy White represented himself, and held himself out as, a loyal employee of L-3. Indeed, during his tenure with L-3 and its predecessor companies, Randy White had signed various confidentiality agreements with L-3 in which he promised not to disclose any of L-3's confidential information, including L-3's proprietary and trade secret information. Relying on those representations, L-3 placed Randy White in prominent and sensitive positions in seeking and performing on contracts for L-3 with Serco and AFSPC.

24. Beginning in 2008 and continuing through the present, Randy White colluded with Don Eich and other various individuals at Serco and elsewhere to obtain their assurances that if he (Randy White) were to create a new enterprise, *i.e.*, Jaxon Engineering & Maintenance ("Jaxon"), and steal L-3's technology, business methods and employees, Serco would award Jaxon HEMP-related task orders under the IDIQ as opposed to allowing L-3 or any other qualified company to bid competitively on those task orders. In June 2008 while he was still an L-3 employee, Randy White formally created Jaxon as a Colorado corporation for the purpose of obtaining various HEMP-related subcontracts from Serco that L-3 had historically bid on and won.

25. But the scheme with Serco began before Jaxon became a legal entity. Sometime in early 2008, while Randy White was an L-3 employee, Don Eich and other Serco employees, on Serco's behalf, began working with Mr. White on future Jaxon's bids, such that Serco and Jaxon were or would become undisclosed "team members." Although Mr. Eich was aware that

Randy White was an L-3 employee, and Mr. Eich and other Serco employees were regularly working with Mr. White as an L-3 employee, Randy White and Serco specifically agreed and schemed that the task orders Jaxon would eventually bid on would not be competitively bid, but instead would be "split up" between Jaxon and Serco.

26. With the intent to execute the scheme, Randy White, Don Eich and others used the internet and other means of interstate electronic communications. By way of illustration only, and without limitation to any of the foregoing, such communications included:

a. On or about June 10, 2008, Randy White emailed Don Eich to thank him for the morning's breakfast meeting and to remind him that their discussion was "very ... Very ..sensitive (*i.e.* Super secret)." Eich agreed and assured Randy White that he understood the need for such sensitivity.

b. On August 25, 2008, Randy White emailed Don Eich about holding a meeting with him and others at Serco's facility in Colorado Springs, but wanted to meet early with Eich to "show [him] some ideas and numbers on our own."

c. On October 6, 2008, Randall White set up another breakfast meeting with Don Eich for October 10, 2008.

d. On October 21, 2008, Randy White set up a meeting with Don Eich and others for October 22, 2008 to "spend some time talking about the split-up of work between SI [Defendant Serco] and us [Jaxon]."

e. On or about December 20, 2008, Randy White created a proposal for Serco about the support Jaxon could provide on the C4I2TSR contract. At the time this was prepared, Randy White was an L-3 employee and Jaxon had no qualified employees or ability to provide such support or perform any contracts that might be issued for providing such support.

But in that December 2008 proposal, Jaxon claimed that it could provide HEMP-related studies, analyses, upgrades, maintenance and testing, and MIL-STD-188-125 compliant acceptance, validation, evaluation and verification testing. Upon information and belief, Susan Rettig (L-3's then contracts administrator who officially joined forces with Jaxon in early 2010 after L-3 fired her in December 2009 for colluding with Randy White and others at Jaxon) was also involved with preparing this proposal, even though she too was an L-3 employee at that time.

Serco, Randy White, and Jaxon Implement the Scheme

27. Between April and December 2008, while he was still working for L-3, Randy White orchestrated the purchase of exact duplicates of L-3's equipment and materials needed to (1) duplicate and construct L-3's HEMP-testing equipment, and (2) implement L-3's confidential procedures for conducting HEMP-testing. As these materials and equipment came in (which L-3 did not need at the time) Randy White, along with other L-3 employees (including Randy White's son, Scott), purchased and then affixed labels on this equipment, falsely identifying all the equipment as "AFSPC Property," and stored it under lock and key in L-3's Forge Road facility in Colorado Springs (also known as the "North Lab"), which was managed by Randy White. Mr. White specifically restricted access to this site, prohibiting other L-3 employees not involved in the scheme from clearly seeing what was happening with these stashed materials.

28. In December 2008, shortly before he left L-3's employ, Randy White sent an AFSPC official an inventory of the equipment he collected and stashed at the North Lab. Upon information and belief, Mr. White also sent this list to Serco. Although Mr. White had no authority to address and determine what was or was not Government-owned property (indeed, L-3 had a specific person, Kathleen Isham who, as the Applied Technologies' Property Administrator, was responsible for handling all Government Furnished Equipment ("GFE")), he

provided this inventory under the false pretense that the subcontracts between L-3 and Serco required him to prepare and submit this list.

29. In January 2009, L-3 discovered the North Lab Stash with the falsified AFSPC property stickers, and launched an investigation. Just as L-3 was beginning that investigation, L-3 Senior Contracts Administrator Susie Rettig (who, unbeknownst to L-3 at the time, was already working with Randy White on Jaxon proposals for Serco) tried to thwart the investigation by claiming that the equipment stashed in the North Lab was indeed government- owned and that L-3 should not challenge such a claim as she was well aware that the inventory list had been provided to the Air Force.

30. Between January and April 2009 (when Jaxon had only three employees), Randy White, with help from Susie Rettig, her husband Charles Rettig, and others, prepared business and technical proposals for Serco. These proposals were for specific Serco projects for which Serco had not yet issued RFPs. In creating these Jaxon proposals for Serco, Randy White, Susie Rettig and others used proprietary L-3 spreadsheets that contained L-3's labor categories, labor rates, estimated hours for specific projects at specific sites, overhead rates, G&A rates, travel costs, material handling costs, fringe rates, and escalation rates. L-3 did not use General Services Administration ("GSA") approved labor rate categories. Instead, L-3 had developed its own categories that had been specifically approved by the Defense Contract Audit Agency ("DCAA") for L-3, and L-3 used its own categories in its proposals to Serco. Despite Jaxon having no technical or engineering employees capable of producing technical proposals, and no financial employees capable of creating specialized rates, its proposals to Serco used the same categories as L-3, and contained detailed technical proposals.

31. By early 2009, Susie Rettig and Randy White had in their possession L-3's 2008

approved labor rates. L-3 cost proposals, L-3 business proposals, and 2008 L-3 technical proposals L-3 had submitted to Serco on earlier C4I2TSR subcontract proposals. These L-3 technical proposals contained detailed descriptions of the specific materials L-3 used to perform HEMP engineering support, including the types of parts used, costs of those parts, and quantities used; specific labor categories and rates; formulas for calculating overhead and fringe benefits; and formulas for determining escalation rates over the life of the subcontract.

32. At least one of the proposals Jaxon created in April 2009 for an upcoming Serco task order sought Serco's involvement in obtaining the approximately 1500 items that had been stashed at L-3's North Lab. Transferring these materials from L-3 to Jaxon would have essentially provided Jaxon free capital equipment for use in performing the task orders Serco promised Jaxon. And these materials and equipment provided an immediate cost avoidance advantage to Jaxon as well as a schedule advantage due to the fact that some of this equipment had a six month delivery time after receipt of order. It also provided a basis for Jaxon claiming along with Serco that Jaxon had the capability to perform.

33. In May 2009, Scott White (while still an L-3 employee) gathered purchasing information regarding Serco's contracts with L-3 in order to inventory the purported AFSPC material that was still under investigation by L-3. Although Susie Rettig was not involved in the investigation, Scott White kept her apprised as to what he was doing.

34. Between October 2008 and June 2009, Scott White emailed from his L-3 email address to his personal email address numerous L-3 invoices, purchase orders, receipts and other business documents providing detailed pricing information on L-3's business practices in order to support Jaxon pricing on the HEMP-related task Orders. In June 2009, Scott White, while working for L-3, contacted an L-3 vendor and obtained proprietary pricing information under the

pretense that he was seeking that information for L-3. Once obtained, Scott White forwarded that information to his father Randy at Jaxon. Randy White then emailed that L-3 pricing information to Mike Stella at Serco and told Stella to "burn" (that is, delete) the message once Stella had downloaded the attached files because Randy had surreptitiously obtained the information from his son at L-3. Serco agreed, thereby acknowledging that neither Randy White at Jaxon, nor Serco, should have or be using L-3's proprietary information. Serco was made aware that Jaxon was using L-3 employees to prepare their proposals.

35. On July 26, 2009, Susan Rettig deleted 124 files from her L-3 computer. Those files contained, among other things, "Jaxon" proposal pricing spreadsheets and technical proposals. The pricing spreadsheets are proprietary L-3 pricing templates containing embedded formulas, calculations and macros, altered with the Jaxon name, Jaxon labor categories and burden rates.

36. At some point in 2009, Serco informed Jaxon that it had set up a rule that it would speak to Susie Rettig only about L-3 matters and would speak to Chuck Rettig only about Jaxon matters. Serco knew that Susie and Chuck were married and worked together, understood that because each worked for competing subcontractors vying for the same work the risk of a creating a real conflict of interest was high, and Serco wanted to create an appearance of propriety. But Serco's "rule" was really a ruse: Serco created this rule for the sole purpose of protecting Jaxon because it never informed L-3 of either the "rule" or the potential conflict of interest.

37. In or around July 2009, Serco began awarding Jaxon numerous HEMP-related task orders, totaling approximately thirty-million dollars (\$30,000,000). At the time of the awards, Jaxon lacked the employees, equipment, technology, or know-how to perform such task orders. The 2009 Task Orders, most of which Serco never publicly advertised either as

subcontracts submitted for competitive bids or as sole-source subcontracts as required by federal regulations and Serco's contractual requirements with the government under the IDIQ, had assigned the following task order numbers:

- a. Task Order 9053
- b. Task Order 9062
- c. Task Order 9070
- d. Task Order 9071
- e. Task Order 9030
- f. Task Order 9073
- g. Task order 9094

38. Serco awarded Jaxon these task orders despite knowing full well that the proposals Serco received from Jaxon for these task orders contained information that Jaxon, as a start-up company with no employees, no security clearance, and no government-contracting history, could not have possibly had through legitimate means. Such anomalies that should have put Serco on immediate notice that Jaxon may have been violating federal regulations and statutes (including the Procurement Integrity Act, 41 U.S.C. § 2102) include:

- a. Jaxon's proposals contained detailed, non-public information about classified government sites and classified and official use only documents that Jaxon would not have had access to and was not contained in either the RFPs or the statements of work—information that was contained in non-public documents L-3 had prepared and site surveys L-3 had previously performed at the sites referenced in the proposals;
- b. Jaxon's proposals contained the same labor and rate categories that L-3 had

independently developed and had approved by the DCAA, and had the exact same format L-3 used in creating technical and cost proposals - information that Serco knew was proprietary to L-3 and was itself bound not to disclose to any other contractor;

- c. Jaxon bid fictitious labor hour amounts across multiple labor categories, such as bidding the exact same labor hours for practically all of the various different labor categories;
- d. Jaxon's proposals sought to perform work that was neither referenced in nor called for in Serco's RFPs, meaning Jaxon was proposing to do additional work that Serco had not asked for in its statements of work;
- e. Jaxon submitted its proposals complete with all of the information above, in many instances, in just a matter of a few days after receiving the RFP, which would have been impossible to do unless Jaxon already had the necessary information about the task orders (and the sites at which they would be performed) well in advance.

39. Serco never investigated Jaxon's financial or technical wherewithal to perform any task orders.

40. After Serco awarded Jaxon the initial 2009 task orders, Jaxon began hiring engineers, technicians, and others directly from L-3. For example, Scott White quit L-3 on July 28, 2009 and began to officially work for Jaxon immediately thereafter. Jim Youngman quit L-3 on August 18, 2009. Kelly Rice quit L-3 on October 16, 2009. Jerry Lubell Quit L-3 on November 9, 2009. Although John McClure had left L-3 earlier, he too joined Jaxon after the initial Serco awards.

41. In the early fall of 2009, L-3 completed its investigation into the North Lab stash

and ultimately determined that the equipment that Randy White and others surreptitiously purchased and stored at the North Lab was indeed owned by L-3 and that the purported AFSPC property stickers were fraudulent. Nevertheless, on September 22, 2009, Serco's Subcontracts Administrator Michael Stella sent L-3 (care of Susie Rettig) (and copying Don Eich) an email attaching the inventory list Randy White prepared in December 2008 and demanding that L-3 turn over all of those materials to Serco so that they could be used on "other projects we [that is, Serco and L-3] will be working together on the C4 contract." Stella falsely claimed that L-3 could use the materials on upcoming projects as a means to induce L-3 into turning the materials over to Serco. But Serco's true intent was to acquire these materials to turn over to Jaxon because Serco understood that Jaxon needed these materials to perform the task orders Serco had awarded it.

42. On October 26, 2009, Ms. Rettig followed up with L-3's government property manager Ms. Isham to inquire when the materials would be "returned" to Serco.

43. L-3 did not provide Serco with the North Lab materials. Serco nevertheless, provided Jaxon with milestone payments that were not tied to performance on the task orders, which provided Jaxon the cash, without having to make its own investment, to then purchase the materials necessary to reconstruct HEMP-testing equipment that was functionally equivalent to L-3's HEMP-testing equipment.

44. L-3 terminated Susan Rettig for cause on December 31, 2009, because of her providing Jaxon with L-3 proprietary materials that Jaxon then used in its proposals to Serco and for her undisclosed conflicts of interest.

45. During 2010, Serco awarded Jaxon and its other team members the following HEMP-related task orders, totaling approximately twenty million dollars (\$20,000,000), also not

following the applicable federal regulations or Serco's obligations to the government under the IDIQ:

- a. Task Order 14097
- b. Task Order 14098
- c. Task Order 14058
- d. Task Order 14136
- e. Task Order 14123
- f. Task Order 14124
- g. Task Order 14119
- h. Task Order 14055

46. Serco conducted no independent validation of any of Jaxon's proposals for either the 2009 or 2010 Task Orders it awarded Jaxon. Instead, Serco secretly teamed with Jaxon knowing that Jaxon was illegally using L-3 proprietary information, both from documents and information Jaxon stole from L-3 and through L-3's employees who had for years performed HEMP-related task orders for Serco while employed by L-3, to ensure that Jaxon and Serco could split the 2009 and 2010 Task Orders, thereby increasing the profits to both Serco and Jaxon. To execute this scheme, Serco knowingly provided false information to the United States Government regarding Jaxon's capabilities, pricing, and data submissions as Serco knew Jaxon was using L-3 proprietary information because Jaxon had no data of its own and Serco personnel were intimately familiar with the style, format, and content of L-3 HEMP-related task order proposals. Serco never informed L-3 about most of these task orders, thus preventing L-3 from submitting competitive bids. On those that Serco did inform L-3 of, Serco made the bidding process for L-3 a practical impossibility (such as demanding an RFP response from L-3 within

one day, when Serco had provided Jaxon the RFP information long before it contacted L-3). As a direct result of Serco's undisclosed teaming agreement and conspiracy with Jaxon, Serco prevented L-3 from competitively bidding on almost \$50 million worth of HEMP-related task orders.

47. Because of the sensitivities surrounding the types of projects L-3 performed for Serco, Serco's prior various contracts with L-3 prohibited Serco from disclosing any of L-3's proprietary and confidential proposal information, which included L-3's labor rates, labor categories, and bid and proposal information. Serco also knew that following industry standards, L-3 required its employees to sign confidentiality agreements that prohibited L-3's employees from disclosing or using L-3's proprietary and confidential information outside the scope of their employment with L-3. Specifically, Serco knew that each of Randy White, Scott White, Susan Rettig, James Youngman, Jerry Lubell, Kelly Rice, and John McClure signed (1) a Standard Confidentiality Agreement and Assignment of Inventions ("Standard Contract), and (2) an Employee Confidentiality and Innovation Agreement ("Confidentiality Contract"). Through each of these agreements, the former L-3 employees identified above (who would eventually become Jaxon employees or consultants working Serco's task orders) promised, in perpetuity, not to use any L-3 information for any purpose other than to carry out his or her duties for L-3, and promised not to retain any L-3 materials after termination from L-3.

COUNT I

(Tortious Interference with L-3's Confidentiality Contracts with Former Employees)

48. L-3 restates and incorporates by reference the allegations in paragraphs 1 through 47.

49. Randy White, Scott White, Jim Youngman, John McClure, Kelly Rice, and Susie Rettig all signed confidentiality agreements with L-3 that prevented each of them from

disclosing L-3 proprietary or otherwise confidential information outside of L-3 both while working for L-3 and after that employment ended.

50. At all times relevant to this Complaint, Serco had actual knowledge that L-3 employees were bound by contractual confidentiality obligations, and had actual knowledge that Randy White and Jaxon intended to lure (and did lure) L-3 employees away from L-3 and encouraged them to join Jaxon for the sole purpose of exploiting L-3's confidential and proprietary information in putting together a turn-key HEMP-testing and maintenance company to directly compete with L-3 for HEMP-related task orders under the Serco/AFSPC IDIQ.

51. At all times relevant to this Complaint, Serco had actual knowledge that L-3's HEMP-testing equipment, procedures, and methodologies were proprietary to L-3 and L-3 considered them confidential. Indeed, Serco itself had, previous to the scheme, entered into contracts with L-3 in which it was bound not to disclose L-3's proposal and bid information to other contractors.

52. At all times relevant to this Complaint, Serco also had actual knowledge that L-3 developed confidential labor categories and rates that had been accepted by the Government and were unique to L-3. Serco was bound not to disclose L-3's labor rates and categories to other contractors.

53. By working with, encouraging, and assisting Randy White, Susie Rettig, and others to prepare Jaxon proposals for Serco using L-3 proprietary labor categories and rates, and by encouraging and allowing Jaxon to use L-3 confidential and proprietary HEMP-testing equipment and methodology information on various HEMP-related Task Orders, Serco intentionally interfered with L-3's contracts with Randy White, Scott White, Jim Youngman, John McClure, Kelly Rice and Susie Rettig, causing each of them to breach their contractual

obligations to L-3.

54. As a direct result of Serco's tortious interference with L-3's contractual entitlements, L-3 has suffered damages in excess of \$50,000,000.00.

WHEREFORE, Plaintiffs respectfully request that the Court enter judgment in their favor and against Defendant Serco in the amount of \$50,000,000.00, or in such greater amount to be determined at trial, costs and pre-judgment interest and grant such other and further relief that the Court may deem appropriate.

COUNT II

**(Tortious Interference with a Contract or Business Expectancy
for HEMP-related Task Orders in 2009 and 2010)**

55. L-3 restates and incorporates by reference the allegations in paragraphs 1 through 54.

56. L-3 has had a long history of performing HEMP-related task orders for Serco through L-3's subcontract with Serco concerning its contracts with AFSPC. Through this history and experience, L-3 had a valid business expectancy to continue receiving task orders and other subcontracts in 2009 and 2010 from Serco for HEMP-related projects. Indeed, L-3 has been at the forefront in performing HEMP-related projects for Serco for many years. Because of its expertise in the industry, L-3 enjoyed a high probability of success in winning HEMP-related task orders in both 2009 and 2010.

57. At all times relevant to this Complaint, Serco had actual knowledge of L-3's contracts and business expectancies.

58. By secretly teaming with third-parties Randy White, Susie Rettig, Charles Rettig, and subsequently Jaxon to steer and then award the 2009 and 2010 Task Orders to Jaxon, Serco intentionally and tortiously interfered with L-3's valid business expectancies.

59. Serco's actions in involving these third parties and awarding Jaxon the 2009 and 2010 Task Orders were improper and violated various FARs by eliminating fair and open competition and skewing the bidding process, including by providing Jaxon with inside information on the bidding process.

60. But for Serco's involvement in providing Jaxon with assistance and inside information not provided to other qualified subcontractors, Jaxon could not have secured the 2009 or 2010 Task Orders, which L-3 was in the best position to perform. Indeed, in awarding Jaxon the 2009 and 2010 Task Orders, Serco intentionally failed to evaluate Jaxon bids objectively, had a conflict of interest in evaluating its own secret team member and failing to disclose its teaming agreement with Jaxon, and made false statements and false claims to the government concerning Jaxon's capabilities.

61. Serco's actions in tortuously interfering with L-3's contractual relations and/or business expectancy were undertaken willfully, wantonly, maliciously and with a conscious and deliberate disregard for L-3's rights.

62. As a direct result of Serco's tortious interference with L-3's contractual relations and/or business expectancies, L-3 has suffered damages in excess of \$50,000,000.00.

WHEREFORE, Plaintiffs respectfully request that the Court enter judgment in their favor and against Defendant Serco in the amount of \$50,000,000.00, or in such greater amount to be determined at trial, costs and pre-judgment interest and grant such other and further relief that the Court may deem appropriate.

COUNT III
(Civil Conspiracy)

63. L-3 restates and incorporates by reference the allegations in paragraphs 1 through 62.

64. In late 2008, and through 2009 and 2010, Serco, Jaxon, and others such as Susie Rettig and Charles Rettig, agreed to use L-3 proprietary and confidential data and other information to prepare legitimate-appearing proposals for the 2009 and 2010 Task Orders.

65. In March and April 2009, the Rettigs and Jaxon prepared proposals for Serco in which, among other things, Jaxon made representations to Serco that both Jaxon and Serco knew were false, such as that Jaxon had certain employees with significant HEMP-testing experience when those individuals were actually L-3 employees; and that Jaxon could perform HEMP-testing as early as August 2009. Serco in turn, made these same false representations to the government.

66. Jaxon's RFP responses also contained business proposals that used the exact same labor categories as L-3, and in some cases, still maintained L-3's name in the title of the spreadsheet. Serco allowed Jaxon to use L-3's labor rate calculations and categories without challenge or question as a way of disguising the fact that Serco was planning to award Jaxon the 2009 and 2010 task orders without competitively bidding them.

67. Serco awarded Jaxon the 2009 Task Orders knowing that at the time of the awards, Jaxon had neither the employees nor the capital and equipment to actually perform the Task Orders.

68. Serco designed the awards to provide Jaxon up-front milestone payments that had nothing to do with paying for work as it was completed in order to prove Jaxon financing so that Jaxon could hire employees away from L-3 and begin purchasing the materials necessary to construct HEMP-testing equipment that was at the least the functional equivalent of L-3's proprietary test equipment.

69. Serco's combining with Jaxon and others, and its assisting Jaxon in setting up a

turn-key HEMP-testing operation that directly competes with L-3 tortiously interfered with L-3's contractual entitlements that Randy White, Scott White, Jim Youngman, John McClure, Kelly Rice, and Susie Rettig not disclose L-3's proprietary and confidential information.

70. Serco's combining with Jaxon and others, and its assisting Jaxon in setting up a turn-key HEMP-testing operation that directly competes with L-3 tortiously interfered with L-3's valid contractual expectancies that L-3 would obtain the HEMP-related Task Orders in 2009 and 2010.

71. As a direct result of Serco's tortious interference with L-3's contractual relations and/or business expectancies, L-3 has suffered damages in excess of \$50,000,000.00.

WHEREFORE, Plaintiffs respectfully request that the Court enter judgment in their favor and against Defendant Serco in the amount of \$50,000,000.00, or in such greater amount to be determined at trial, costs and pre-judgment interest and grant such other and further relief that the Court may deem appropriate.

COUNT IV

(Statutory Business Conspiracy, Va. Code §§ 18.2-499, 500)

72. L-3 restates and incorporates by reference the allegations in paragraphs 1 through 71.

73. As set forth specifically above, Serco combined with Randy White, Jaxon, Susie and Charles Rettig, and others to use L-3 proprietary and confidential information to create a direct turn-key competitor to L-3's HEMP-testing operations, and did so.

74. Serco and its co-conspirators did so knowing that their actions were unlawful and took various steps to conceal those actions as described above, which included failing to evaluate bids objectively, evaluating its own team member and failing to disclose its teaming agreement with Jaxon, and making false statements and false claims to the government

concerning Jaxon's capabilities.

75. Serco's and its co-conspirators' actions were aimed at injuring and did injure L-3's HEMP-testing operations. Serco and its co-conspirators actions to injure L-3 were undertaken willfully, wantonly, intentionally, purposefully, improperly, without legal justification, and with a conscious disregard to L-3's rights.

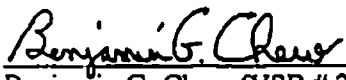
76. As a result of the statutory conspiracy among Serco, Jaxon, and others, L-3 has been injured in its business, reputation, trade, and profession, in excess of \$50,000,000.00.

WHEREFORE, Plaintiffs respectfully request that the Court enter judgment in their favor and against Defendant Serco in the amount of \$50,000,000.00, or in such greater amount to be determined at trial, punitive damages in the amount of \$350,000, treble damages, attorneys' fees, costs and pre-judgment interest, and grant such other and further relief that the Court may deem appropriate.

Jury Demand

L-3 requests a jury trial of all issues so triable.

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