

# ***NEWS RELEASE***

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## ***OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA San Diego, California***

***United States Attorney  
Karen P. Hewitt***

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***For Immediate Release***

### **Western Titanium, Inc., and Four Executives Indicted on Fraud Charges**

**NEWS RELEASE SUMMARY** - December 8, 2008.

San Diego, CA - United States Attorney Karen P. Hewitt announced today that a federal grand jury sitting in San Diego handed up an eight-count indictment charging Western Titanium, Inc., and four of its executives with violating Title 18, United States Code, Section 38, Fraud Involving Aircraft or Space Vehicle Parts and Conspiracy to Commit Fraud Involving Aircraft or Space Vehicle Parts. According to the indictment, Western Titanium, Inc., ("Western Titanium") operates in San Diego as a supplier of titanium metal. Western Titanium generated revenue by selling titanium metal to various manufacturers of aircraft parts and components.

The indictment also charges that owner and Chief Executive Officer Daniel Schroeder, former Vice President of Sales John Cotner, current Vice President of Sales Brian Misak, and Quality Assurance Manager Cheem Ang, repeatedly issued false and fraudulent certifications for titanium they sold that was used to make engine mounts for the F-15 fighter jet and other aircraft parts. The parts implicated in the indictment were installed on the F-22 fighter jet and the Air Force C-17 as well. The false certifications were also issued for

titanium used to make parts installed in the Spider Hub Assembly, which holds the telescope for the NASA Kepler Spacecraft. The indictment alleges that the defendants falsely certified that the titanium they sold was tested and met the specific stringent testing requirements, when in fact it did not, causing purchasers to unwittingly place into serviceable stock for use on the aircraft, parts made from substandard and non-conforming titanium.

United States Attorney Hewitt stated, “The indictment reflects our firm commitment to prosecuting those who choose to place greed over the safety of the members of the Armed Services who risk their lives fighting for our country.”

The indictment is the result of a joint investigation by the Department of Defense, Defense Criminal Investigative Service (DCIS), the Air Force Office of Special Investigations (AFOSI), the Naval Criminal Investigative Service (NCIS), and the National Aeronautics and Space Administration (NASA).

“This indictment culminated a very thorough investigation into allegations that defective titanium parts were sold to the U.S. Department of Defense and incorporated into multiple weapons platforms,” said Sharon E. Woods, Director, Defense Criminal Investigative Service. “The Department of Defense pays for and demands the highest quality and safety standards of contractors and subcontractors because lives depend on it. We are aggressively pursuing all allegations that place the safety of the U.S. Warfighters in jeopardy.”

David L. Senness, Special Agent in Charge, AFOSI Detachment 119 stated that, “Because of this thorough investigation, the Air Force was able to take swift action to protect not only our F-15s, but avoid potential casualties and property losses.”

NASA Inspector General Robert Cobb stated, “NASA makes one-of-a-kind space vehicles which advance man’s knowledge of the universe. We are dedicated to protecting NASA personnel and programs from those who may jeopardize NASA missions by providing inferior parts.”

Defendants Brian Misak, John Cotner and Cheem Ang were arraigned in federal court in San Diego before Magistrate Judge Anthony J. Battaglia today; defendant Daniel Schroeder will be arraigned in federal district court later this week.

**DEFENDANTS**

**Case Number: 08cr4229-H**

Western Titanium, Inc.  
Daniel Schroeder  
John Kotner  
Brian Misak  
Cheem Ang

### **SUMMARY OF CHARGES**

Counts: 8

Title 18, United States Code, Section 38 (Fraud Involving Aircraft or Space Craft Parts).

Maximum Penalties: Twenty Years' incarceration per count  
\$1,000,000.00 fine

### **INVESTIGATING AGENCIES**

Department of Defense, Defense Criminal Investigative Service (DCIS)  
Air Force Office of Special Investigations (AFOSI)  
Naval Criminal Investigative Service (NCIS)  
National Aeronautics and Space Administration (NASA)

**An indictment itself is not evidence that the defendant committed the crimes charged. The defendants are presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.**