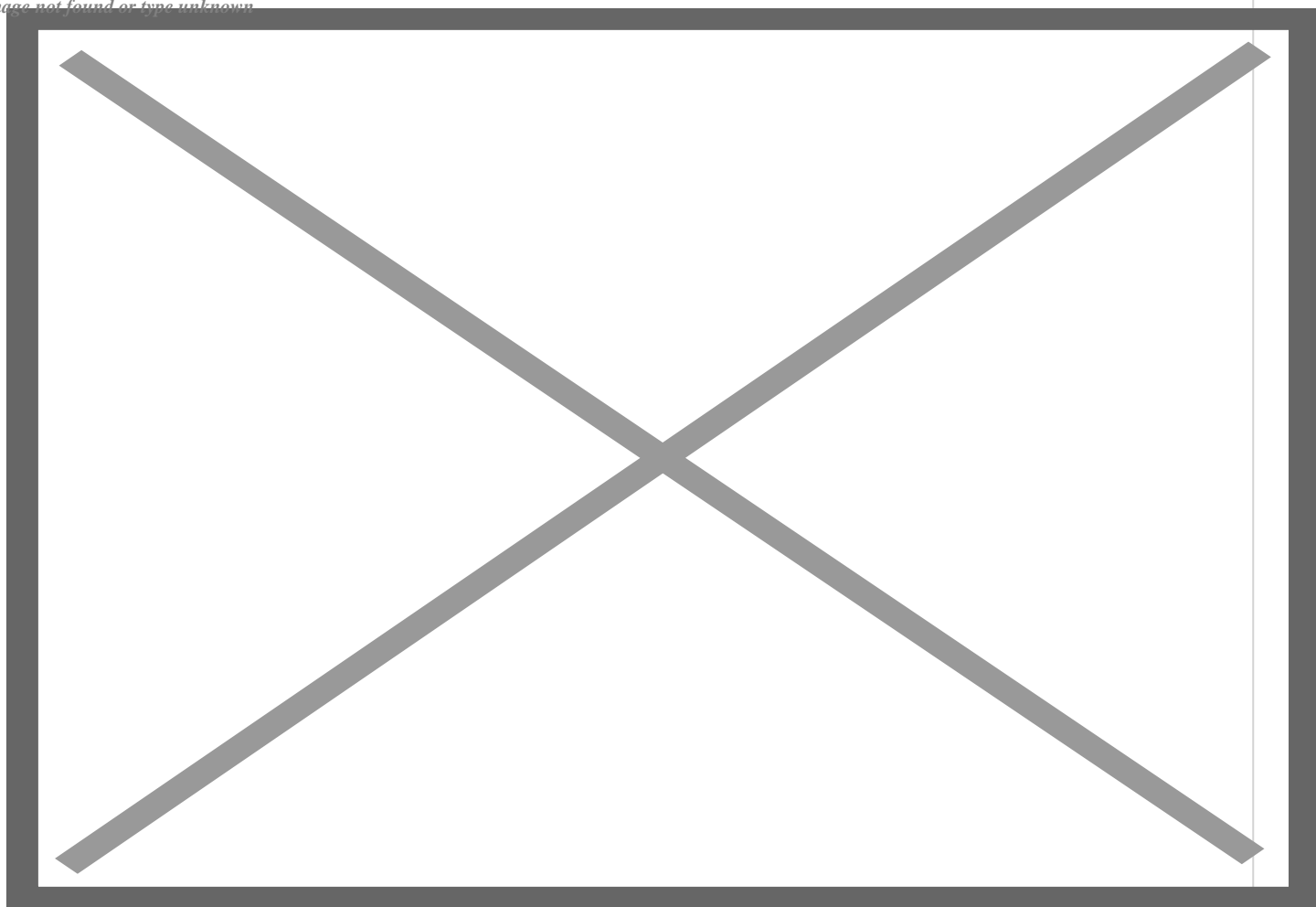


Shareholders say Boeing lied about 737 MAX after deadly crashes

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Chicago, February 10 (RHC)-- Boeing Co. directors, including current Chief Executive Officer David Calhoun, lied about the company's oversight of its 737 Max 8 airliner and participated in a misleading public-relations campaign following two fatal crashes involving the plane, shareholders claim.

The board ignored red flags about the 737 Max, didn't develop its own tools to evaluate safety and didn't properly hold former chief executive officer Dennis Muilenburg accountable for launching a lobbying and public-relations effort to push back against criticism of the plane's design flaws, according to recently unsealed court filings.

"Prior to the grounding of the 737 Max, the board failed to undertake its own evaluation of the safety of keeping the 737 Max aloft," investors said in an amended Delaware Chancery Court complaint that was made public February 5. The board then "compounded its lack of oversight by publicly lying about it."

The unsealed filings, first reported by the Wall Street Journal, are part of a derivative suit first filed in 2019 by Boeing shareholders after Lion Air and Ethiopian Air 737 Max crashes claimed a total of 346 lives.

Unlike in shareholder class actions, judgments or settlements in derivative suits are usually paid back to the company from liability insurance policies for its directors and officers.

The amended complaint makes public for the first time details about Boeing's internal handling of the 737 Max debacle, which led to a two-year grounding of the planes. Delaware Chancery Court Judge Morgan Zurn agreed to make the suit's details public after concluding the "public interest" in the board's handling of the 737 Max fiasco "favors disclosure."

"It should come as no surprise that a filing by plaintiffs seeking to gain advantage in a lawsuit presents a misleading and incomplete picture of the activities of Boeing and its board of directors," Bradley Akubuiro, a Boeing spokesman, said in an emailed statement. "We believe the plaintiffs' claims lack merit, and will renew our motion to dismiss the lawsuit later this year."

In an unsealed company filing, Boeing directors argued they had "robust and well-established mechanisms" in place for evaluating the 737 Max's safety profile before it ever left the ground and "these systems operated to ensure the board's engagement on matters related to the safety and quality of Boeing's products."

Problems with the plane's automated flight-control system — which goes by the acronym MCAS — have been implicated in the crashes. The U.S. Federal Aviation Administration last year gave Boeing the green light to have the planes resume passenger flights after extensive modifications to the MCAS systems. The 737 Max is set to return to European skies this month after being cleared by regulators there as well.

But Boeing executives originally pointed to possible pilot and maintenance errors as playing a major role in the October 2018 crash of Lion Air Flight 610 in Indonesia while they secretly began to address MCAS's flaws.

Two weeks after the Lion Air crash, Muilenburg launched a "public relations, investor relations and lobbying campaign" designed to counter U.S. airline-pilot unions' condemnations of Boeing's disclosures about the 737 Max's design and a wave of negative press. The campaign made no mention of Boeing engineers' focus on MCAS but instead sought to divert attention to other possible reasons for the crashes, according to the amended suit.

Two directors — Calhoun and former Reagan White House Chief of Staff Ken Duberstein — were informed about the campaign, according to internal emails noted in the 119-page amended complaint. Calhoun succeeded Muilenburg as Boeing's chief executive officer in January 2020.

Instead of holding Muilenburg accountable for allowing the 737 Max to carry passengers with an unsound flight-control system, directors led a public defense of their embattled CEO in May 2019, the suit said. Calhoun led the charge, according to the complaint.

"Calhoun and the board only stopped defending Muilenburg when they learned in December 2019 that his relationship with the FAA had ruptured and that the FAA would not soon re-certify the 737 Max," the suit said.

<https://www.radiohc.cu/en/noticias/internacionales/247287-shareholders-say-boeing-lied-about-737-max-after-deadly-crashes>



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