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Japanese Toyobo Pays \$66 Million to Settle False Claims Act Allegations Over Selling Defective Fiber to Government for Use in Bullet Proof Vests

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The Department of Justice recently announced the settlement of a qui tam lawsuit against Toyobo, the sole manufacturer of Zylon fiber used in bulletproof vests, in relation to their violation of the False Claims Act (FCA). According to the allegations of the case, between 2001 and 2005, Toyobo actively marketed and sold defective Zylon fiber for bullet proof vests, knowing that Zylon degraded quickly in normal heat and humidity, which makes the material unfit for use in bullet proof vests. It is further alleged in the whistleblower lawsuit, that Toyobo published misleading degradation data, that underestimated the degradation issue and started a public campaign to influence body armor manufacturers to keep selling bullet proof vests made with Zylon fiber.

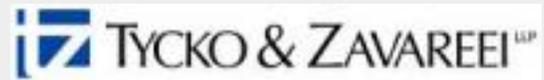
Within the Complaint that the United States filed following their decision to intervene in the case, the U.S. alleged that Toyobo's actions delayed the government's efforts to determine the defect in Zylon fiber by several years. After a study of the National Institute of Justice (NIJ) in August 2005 found out, that more than 50 percent of Zylon-containing vests could not stop bullets that they had been certified to stop, NIJ decertified all Zylon-containing vests.

The qui tam lawsuit is brought to Government's attention by relator Aaron Westrick, Ph.D., who is a law enforcement officer, formerly employed as the Director of Research and Marketing at Second Chance Body Armor (SCBA), which used to be the largest bullet proof vest company in the United States. In the lawsuit, whistleblower Westrick alleged, that Toyobo knew the strength of Zylon fibers sold to the bullet resistant vest makers would degrade quickly under certain environment, and nevertheless Toyobo did not disclose such fact or made misleading disclosures, resulting in the United States' payment for the defective bullet resistant vests.

The relator Westrick brought the qui tam lawsuit under the FCA, which allowed him to act on behalf of the U.S. government in exposing the government programs fraud. Under the FCA, relators receive a portion of the money that has been recovered by the government, which is known as the relator's share. For his participation as a relator, or whistleblower, within the case Dr. Westrick will receive \$5,775,000, as a reward for exposing the government fraud scheme. Such high rewards are not uncommon for individuals who file qui tam lawsuits on behalf of the federal government. If and when a case settles, whistleblowers can receive between 15% and 30% of the amount recovered by the government.

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[Tycko & Zavareei Whistleblower Practice Group](#)
[Tycko & Zavareei LLP Fraud Fighters](#)
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