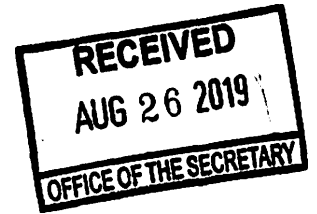


**HARD COPY**

UNITED STATES OF AMERICA  
Before the  
SECURITIES AND EXCHANGE COMMISSION



ADMINISTRATIVE PROCEEDING  
File No. 3-17950

In the Matter of

David Pruitt, CPA

Respondent.

**DIVISION OF ENFORCEMENT'S  
SUBMISSION ON RESPONDENT'S ADMISSIONS**

The Division of Enforcement ("Division") respectfully submits that, in addition to admissions made in the Answer and Affirmative Defenses of Respondent David Pruitt, Respondent has made the admissions set forth below in this proceeding. In support of this submission, the Division relies upon the Declaration of Paul G. Gizzi submitted herewith.

**Admissions at the Deposition on June 14, 2019**

1. Pruitt obtained an undergraduate degree in accounting from West Georgia College. June 14, 2019 Transcript of David Pruitt ("Tr.") 23:6-10.
2. In the Army, Pruitt served as a Controller and was trained in Controllershship. Tr. 25:1 – 25:24.
3. Pruitt is not familiar with the term "warrant." Tr. 32:20-33:7.
4. Pruitt also worked with L3 Integrated Systems as the Director of Accounting. Tr. 40:12 – 41:8.
5. Pruitt obtained his CPA license from the State of Florida in 2000 and then obtained it from the State of Kentucky. Tr. 41:7 - 18.

6. Pruitt started working at the Army Sustainment Division (“ASD”) at L3 in January 2013 as Vice-President of Finance. Tr. 44:2 - 20.
7. Pruitt also is a certified management accountant. Tr. 46:4 -16.
8. When Pruitt was VP of Finance at ASD, he was a CPA licensed in Kentucky which required 60 hours of continuing professional education every two years. Tr. 47:5-48:3.
9. Pruitt also is a certified government financial manager. Tr. 49:24 – 50:10.
10. Pruitt is also a certified defense financial manager. Tr. 50:11 - 16.
11. Pruitt has been for 19 years through today a CPA, certified management accountant, a certified government financial manager and a certified financial manager. Tr. 51:6 - 13.
12. L3 terminated Pruitt in July of 2014. Tr. 51:19 - 24.
13. Pruitt gave a presentation at an ASD leadership conference on March 28-29, 2013 at which he discussed, among other things, Sarbanes Oxley (“SOX”) controls (controls over financial reporting) and narratives. Tr. 62:11 - 24.
14. At L3 while part of ASD, Pruitt as the Vice-President of Finance was familiar with the relevant internal controls. Tr. 63:10 - 17.
15. Andi Marcum, the controller for ASD, reported to Pruitt. Tr. 72:23 - 73:8.
16. Pruitt understood that the law required public companies to maintain internal controls over financial reporting. Tr. 85:17 – 86:11.
17. Pruitt did SOX certifications that the Sarbanes-Oxley controls are in place and effective as of a certain date during the time he worked at ASD. Tr. 95:17 - 97:3.

18. Pruitt was involved in overseeing the implementation of changes to internal controls and making sure the process narratives were changed in accordance with such changes if they applied. Tr. 120:18 - 121:8.

19. Pruitt understood that Estimates at Completion (“EACs”) needed to be prepared for the C-12 Contract. Tr. 128:8 - 19.

20. Pruitt understood that EACs were always done at ASD in L3. Tr. 131:5 - 15.

21. In Early 2013, Pruitt became aware of a large Work in Progress (“WIP”) balance somewhere between \$12 million and \$14 million which Pruitt raised within ASD to its leadership, including Gordon Walsh, the president of Logistic Solutions within L3. Tr. 132:7 – 133:20.

22. In the summer of 2013, Pruitt recommended that there be a write-off or write-down of approximately \$9.7 million on the C-12 Contract. Tr. 134:9 - 135:12.

23. Gordon Walsh “wasn’t happy” with Pruitt’s recommendation and rejected that concept. Pruitt felt “devastated” by Walsh’s reaction to Pruitt’s proposal. Tr. 135:13 - 20.

24. After that, Pruitt worked on the “Revenue Recovery” project with others at L3. The project arose because Gordon Walsh was encouraging employees involved in the C-12 Contract to look for ways to create revenue from work that L3 had performed. Tr. 143:19 – 145:6.

25. On October 15, 2013, Pruitt sent Pruitt Exhibit 10, including a PowerPoint relating to Revenue Recovery, to Walsh and Mark Wentlent, Pruitt’s direct supervisor at ASD, and others, to update them on the project. Tr. 148 6:20 - 147:10.

26. Pruitt understood an ATP to be an “Authority to Proceed” which is “an administrative document that is issued to the contractor to begin work.” Tr. 157:4 - 17.

27. As of the time Pruitt Exhibit 11, which is a presentation presented to the U.S. Government on November 20, 2013, Pruitt admits that he was “in general” “involved with the revenue recovery initiative. . . .” Tr. 166:14 to 25.

28. Pruitt did not know whether the three REAs identified on the November 20, 2013 PowerPoint as “Submitted REAs” – CBA Claim (\$1.9 million), PMO Support for O&A Efforts (\$9.3 million) or AOR Wage Adjustment (\$1.2 million) – had been submitted to the Army as of that date. Tr.169:11 - 171:6.

29. Pruitt did not attend any meetings with the Army at which L3 explained what it was going to do with the Revenue Recovery items. Tr. 172:7 - 17.

30. On December 5, 2013, Pruitt sent Keenan an email (Pruitt Exhibits 14) in which Pruitt did a status update to Keenan regarding a spreadsheet that lists certain information about the Revenue Recovery items. Tr. 201:9 - 202:10. Pruitt Exhibit 14.

31. On or about December 5, 2013, Pruitt understood that the adjusted “cost per flight hour” recovery was going to be treated as an “accrual.” Tr. 206:11 - 207:13.

32. In December 2013, Pruitt did not believe that the Army had “authorized” L3 to invoice the Army but instead to “submit invoice with documentation to the government for review.” Tr. 227:10 - 228: 4.

33. Karen Fletcher did not request invoices from L3. Tr. 230:11-17.

34. Pruitt did not believe the Army would necessarily pay L3 if it was sent invoices. Tr. 232:1 - 10.

35. Pruitt does not recall telling Keenan that the Army had agreed to pay the invoices. Tr. 237:16 - 238:6.

36. Pruitt does not recall telling Keenan that the Army had agreed to pay for the amounts on the invoices. Tr. 239:1 - 11.

37. Pruitt understood at the time he issued invoices in December 2013 that the Army would only pay those invoices if L3 first provided documentary support for the services and work on the invoices and the Army approved the payment. Tr. 240:6 – 241:16.

38. Pruitt's evaluation for the SAB-104 requirement that collectability is reasonably assured for the invoices was simple: for U.S. Government customers, collectability is presumed. Tr. 242:7-17.

39. Pruitt did not write down the SAB 104 analysis he claimed to have performed before creating the Revenue Recovery invoices in December 2013. Tr. 242:18 - Tr. 243:13.

40. Pruitt claims the decision to issue invoices was not made before December 27, 2013. Tr. 252:10 - 253:3.

41. Pruitt understood that when he caused invoices to be run on or about December 27, 2013 it would create revenue for L3. Tr. 252:5 - 9.

42. At L3, Pruitt understood that 2 employees were required to authorize to get access to SAP and have invoices created. Tr. 310:6 - 311:15.

43. At the time of L3's meeting with Ms. Fletcher on January 17, 2014, Pruitt believed that L3 and the Army were still negotiating. Tr. 312:3 - 16.

44. Pruitt understands that Pruitt Exhibit 35 are L3's internal controls over financial reporting that related to, among other things, estimates at completion. Tr. 314:16 – 315:5.

45. When Pruitt arrived at ASD in L3 in 2001, estimates at completion were being done, Pruitt believed they were required to be done and there didn't come a time when he believed they no longer were required to be done. Tr. 319:2 - 19.

Dated: August 23, 2019  
New York, NY

Respectfully submitted,

DIVISION OF ENFORCEMENT

By:



Janna I. Berke (berkej@sec.gov)

Paul G. Gizzi (gizzip@sec.gov)

Steven G. Rawlings (rawlingss@sec.gov)

Alexander M. Vasilescu (vasilescua@sec.gov)

Securities and Exchange Commission

200 Vesey Street, Suite 400

New York, NY 10281

212-336-1100

**CERTIFICATE OF SERVICE**

I hereby certify that on August 23, 2019, I caused the original and three copies of the foregoing DIVISION OF ENFORCEMENT'S SUBMISSION ON RESPONDENT'S ADMISSIONS and supporting papers to be filed with:

Vanessa Countryman  
Director, Office of the Secretary  
Securities and Exchange Commission  
100 F Street NE, Mail Stop 1090  
Washington, DC 20549

I further certify that I caused to be served a copy of the foregoing via email upon:

David Pruitt  
c/o John J. Carney, Esq.  
BakerHostetler  
45 Rockefeller Plaza  
New York, NY 10111

I further certify that I caused a courtesy copy of the foregoing to be provided by email to:

The Honorable James Grimes  
Administrative Law Judge  
Securities and Exchange Commission  
100 F Street NE, Mail Stop 2582  
Washington, DC 20549

  
Paul G. Gizzi

**UNITED STATES OF AMERICA**  
**Before the**  
**SECURITIES AND EXCHANGE COMMISSION**

**ADMINISTRATIVE PROCEEDING**  
**File No. 3-17950**

**In the Matter of,**

**David Pruitt, CPA,**

**Respondent.**


**DECLARATION OF PAUL G. GIZZI**  
**IN SUPPORT OF DIVISION OF ENFORCEMENT'S**  
**SUBMISSION ON RESPONDENT'S ADMISSIONS**

I, Paul G. Gizzi, pursuant to 28 U.S.C. § 1746, declare as follows:

1. I am presently employed as Senior Trial Counsel in the Division of Enforcement in the New York Regional Office of the Securities and Exchange Commission. I submit this declaration in support of the Division of Enforcement's Submission on Respondent's Admissions.
2. A copy of excerpts of testimony of the deposition of Respondent David Pruitt taken on June 14, 2019 is attached as Exhibit A.

I declare under the penalty of perjury that the foregoing is true and correct.

Executed on August 23, 2019 in New York, NY.

  
\_\_\_\_\_  
Paul G. Gizzi  
Division of Enforcement  
Securities and Exchange Commission  
200 Vesey Street, Suite 400  
New York, NY 10281  
Phone: (212) 336-0077



# EXHIBIT A

1 UNITED STATES OF AMERICA  
2 Before the  
3 SECURITIES AND EXCHANGE COMMISSION  
4 ADMINISTRATIVE PROCEEDING  
5 File No. 3-17950  
6 \_\_\_\_\_x  
7 In the Matter of:  
8 DAVID N. PRUITT, CPA,  
9 Respondent.  
10 \_\_\_\_\_x  
11  
12  
13  
14  
15 VIDEO DEPOSITION OF  
16 DAVID NEWMAN PRUITT, CPA  
17 New York, New York  
18 Friday, June 14, 2019  
19  
20  
21  
22  
23 Reported by:  
24 Brandon R. Rainoff,  
25 RMR, CRR, RPR, FCRR  
CSR No. 13556  
JOB No. 190614BRA  
1

1 APPEARANCES:  
2  
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1 UNITED STATES OF AMERICA  
2 Before the  
3 SECURITIES AND EXCHANGE COMMISSION  
4 ADMINISTRATIVE PROCEEDING  
5 File No. 3-17950  
6 \_\_\_\_\_x  
7 In the Matter of:  
8 DAVID N. PRUITT, CPA,  
9 Respondent.  
10 \_\_\_\_\_x  
11  
12  
13  
14 Video deposition of DAVID NEWMAN  
15 PRUITT, taken by the United States Securities  
16 and Exchange Commission, at the offices of Baker  
17 Hostetler LLP, 45 Rockefeller Plaza, New York,  
18 New York, beginning at 10: 07 a.m. and ending at  
19 6:55 p.m., on Friday, June 14, 2019, before  
20 Brandon Rainoff, a Federal Certified Realtime  
21 Reporter and Notary Public of the State of New  
22 York.  
23  
24  
25  
2

1 APPEARANCES (continued):  
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25  
4

1 keep our voices up and speak clearly.  
2 MR. RAWLINGS: Okay.  
3 THE WITNESS: Thank you.  
4 BY MR. RAWLINGS:  
5 Q. So I'll ask questions. Let me finish  
6 the question before you answer so that we have a  
7 clear record.  
8 If you don't understand a question,  
9 please ask for my clarification.  
10 Don't hesitate to do that because, if  
11 you don't ask and you answer the question, I'm  
12 going to assume that you understood it.  
13 Do you understand that?  
14 A. I do.  
15 Q. Now, are you on any medication that  
16 would prevent you from testifying truthfully  
17 today?  
18 A. No.  
19 Q. The hearing problem that we've just  
20 talked about – is that something that is – and  
21 I don't mean to say "hearing problem" – the  
22 hearing situation, and you are getting tested –  
23 is that something recently?  
24 Or was that something that was  
25 occurring even back when you were at L-3 in 2013

21

1 education.  
2 I also understand that you have given  
3 prior statements in this proceeding. So I don't  
4 want to – you know, we don't need to cover  
5 absolutely every part of your education.  
6 But could you please specify: What  
7 did you get your degree in?  
8 And from where?  
9 A. Accounting. Undergrad degree in  
10 accounting from West Georgia college.  
11 Q. And then did you also get a Master's  
12 degree?  
13 A. I did. Business from Webster  
14 University, Kansas City.  
15 Q. How many years was it to get your  
16 Master's program?  
17 A. I had taken courses from different  
18 programs. But essentially, one year, once I got  
19 to Webster.  
20 Q. The title is Master's of Art in  
21 Business.  
22 Is that correct?  
23 A. Something along that line.  
24 Q. Was it business-focused?  
25 A. It was business-focused, yes.

23

1 and '14?  
2 A. Yes, I've had it for a while,  
3 apparently.  
4 Q. When you say "it", what are you  
5 referring to?  
6 A. The [REDACTED] –  
7 Q. Okay.  
8 A. -- high frequency. Yeah, it's been  
9 occurring for a while.  
10 Q. And high frequency – does that mean  
11 you are able to hear people in regular  
12 conversation?  
13 A. That's typically where I have  
14 problems.  
15 Seems like I hear volume fine, but  
16 voices, conversations, especially in a room –  
17 certain rooms, I just struggle.  
18 Q. Okay. All right.  
19 Now, we have noticed your deposition  
20 in connection with this proceeding. The name of  
21 proceeding is: The Matter of David Pruitt, CPA.  
22 You understand that you are under oath  
23 and must tell the truth, correct?  
24 A. I do.  
25 Q. Let's talk briefly about your

22

1 Q. Okay.  
2 And you joined the army in 1979?  
3 A. Yes.  
4 Q. Could you briefly relate the  
5 accounting-related positions that you've had  
6 while at the army?  
7 A. Accounting level?  
8 Q. Hm-hmm.  
9 A. Never viewed them as accounting. I  
10 was a comptroller.  
11 Q. Okay.  
12 How do you view comptroller as  
13 different from being involved in accounting?  
14 A. They had a finance core within the  
15 army. I was not a member of that.  
16 I was more focused on operations –  
17 more managerial, if you will, focused.  
18 I didn't get involved with the actual  
19 finances of the army.  
20 Q. So what does the comptroller do?  
21 A. I would say it's primarily a  
22 budgetary-type focus, analyzing operations and  
23 anticipating the cost, expenses, and analyzing  
24 future events.  
25 Q. Doesn't that have to do with

24

1 accounting?  
2 I'm just kind of curious.  
3 If you are doing --  
4 MR. FOKAS: Objection.  
5 A. From a budget standpoint.  
6 Q. From a budget standpoint, it had to do  
7 with accounting?  
8 A. Yeah.  
9 Q. Was it part of your background and  
10 education in accounting that qualified you to  
11 hold the position of comptroller?  
12 MR. FOKAS: Objection.  
13 A. I'm not sure of the criteria the army  
14 uses to select people for that functional area.  
15 But once I was selected, the army trained me at  
16 Syracuse.  
17 Q. What did they train you in?  
18 A. Comptrollership.  
19 Q. Can you describe briefly what that  
20 entailed?  
21 A. How to be an army comptroller; how to,  
22 you know, read fiscal code; how to conduct  
23 budgets; how to manage funds, balances; some  
24 related issues -- something along that line.  
25 Q. When you say "how to manage funds,"

25

1 and I would just get data from them.  
2 Q. So as the comptroller, did you  
3 supervise other people?  
4 A. Yes.  
5 Q. How many?  
6 A. Depended on the job; somewhere between  
7 three to five, all the way up to 77, I think.  
8 Q. You were the comptroller at Fort  
9 Bragg, right?  
10 MR. FOKAS: Objection.  
11 BY MR. RAWLINGS:  
12 Q. Is that correct?  
13 A. I was a comptroller at Fort Bragg, but  
14 not for Fort Bragg.  
15 Q. Okay, you were a comptroller at Fort  
16 Bragg?  
17 A. Yes.  
18 Q. Then you were a comptroller for  
19 military aviation sales at an embassy in Jordan?  
20 Is that correct?  
21 MR. FOKAS: Objection.  
22 A. Yes, although I think that job was  
23 typically -- I think it was actually coded as an  
24 aviation billet.  
25 But I was -- performing the

27

1 did that include receiving invoices and making  
2 payments?  
3 MR. FOKAS: Objection.  
4 A. No, sir. It was more of budgetary  
5 standpoint. I got X dollars, I spent XY  
6 dollars, I got Z dollars left.  
7 Q. But when you spend Y dollars, what are  
8 you spending them on?  
9 A. Fuel, bullets, beans -- things of that  
10 nature.  
11 Q. Right.  
12 Whose -- how are you finding out how  
13 much fuel you are paying for?  
14 MR. FOKAS: Objection.  
15 A. The finance people tell me how much we  
16 have spent. And I compare that against what we  
17 estimated.  
18 Q. When you say "the finance people,"  
19 those people would be in a completely different  
20 division?  
21 Or would those people be working for  
22 you?  
23 Or under you?  
24 A. No, they are in a different  
25 department, different organization sometimes,

26

1 comptroller side of that as well for embassy --  
2 for the military portion of the embassy.  
3 Q. I'm not so sure I heard what you said.  
4 You said: Coded as what?  
5 A. An aviation billet. I went to Jordan  
6 as an aviation officer.  
7 Q. Okay.  
8 A. As part of my additional duties, I  
9 also took care of the organization's budget.  
10 Q. Okay.  
11 You were the comptroller for the 4th  
12 Infantry Division in Texas.  
13 Is that correct?  
14 MR. FOKAS: Objection.  
15 A. Yes, it is. I was, yes.  
16 Q. What did that entail?  
17 A. Same duties. I was the comptroller  
18 for the division -- armor division. We had four  
19 tank battalions, infantry, aviation. And I was  
20 responsible for the budgetary oversight of that  
21 entire division.  
22 Q. So you were responsible for  
23 determining how much money they received and how  
24 it was spent?  
25 MR. FOKAS: Objection.

28

1 A. For the most part.  
2 Q. I mean, as the controller -- I'm just  
3 trying to understand -- did people have to come  
4 to you for approval to go buy things and, you  
5 know, create contracts or whatnot?  
6 MR. FOKAS: Objection, form.  
7 A. The chief of staff is the one that  
8 gave approval on expenditure.  
9 I just assisted him in managing, you  
10 know, how much funds we had; how much had been  
11 expended; and the remaining balance.  
12 And I helped him with forecasting  
13 future exercises, and then afterwards analyzing  
14 what the exercises actually cost.  
15 Q. Okay.  
16 And then you were director of resource  
17 management at Fort Rucker.  
18 Is that right?  
19 A. Yes.  
20 Q. What were your responsibilities in  
21 connection with that?  
22 A. It was an installation position. I  
23 was the director for resource management. It  
24 was primarily a budget-and-management-type  
25 organization for the military leadership there.

29

1 Q. So you determined how much the  
2 resource management would be allotted?  
3 Or helped spend those funds?  
4 Could you explain in more detail sort  
5 of what it was you did?  
6 MR. FOKAS: Objection.  
7 A. Yeah, pretty much the same as the  
8 other positions, just at a larger scale, bigger  
9 budget.  
10 But the same -- the tasks were  
11 essentially the same. I just had people helping  
12 me and assisting me in carrying out that role.  
13 Q. Is that where you were supervising  
14 upwards of a staff of 70?  
15 A. Seventy-seven, as I recall.  
16 Q. Did some people on that staff have the  
17 responsibility for receiving invoices and paying  
18 them?  
19 MR. FOKAS: Objection.  
20 A. No. That was handled by the DFAS  
21 organization -- Defense Finance and Accounting  
22 Service.  
23 Q. So you are familiar with DFAS,  
24 correct?  
25 A. Yes.

30

1 Q. Could you explain how that interfaced  
2 with, you know, Fort Rucker at the time -- or  
3 the resource management at Fort Rucker?  
4 A. Yes.  
5 I believe DFAS then was located for us  
6 out of Orlando, Florida. And so they performed  
7 the finance and accounting function for the  
8 installation. And they provided the  
9 expenditures, disbursements.  
10 And I think I also got the obligated  
11 values and the balances from them, as well.  
12 Q. How did DFAS know when they received  
13 an invoice or an obligation to pay that you  
14 folks over at the resource management had  
15 thought that that was a valid or an okay  
16 expenditure to provide?  
17 MR. FOKAS: Objection.  
18 A. That wasn't our responsibility. That  
19 was theirs. They did the disbursement. They  
20 did the documentation, the actual recordings.  
21 I was just getting feedback from those  
22 transactions.  
23 Q. So you are saying that, in that role,  
24 you had no -- it's not as though you had to  
25 approve whether or not something would be paid.

31

1 That was all done within the DFAS.  
2 MR. FOKAS: Objection.  
3 A. Yes, as -- the way we are discussing  
4 it.  
5 My role was more of the budgetary. An  
6 organization needed to buy something, I would  
7 commit the dollars so we that wouldn't  
8 overextend our budget.  
9 Q. Who had the warrant at resource  
10 management?  
11 Who had the ability to obligate --  
12 what entity was it you were working for?  
13 MR. FOKAS: I'm sorry. What question  
14 do you want him to answer?  
15 MR. RAWLINGS: The last one.  
16 BY MR. RAWLINGS:  
17 Q. What entity were you working at Fort  
18 Rucker?  
19 A. I was working for Fort Rucker.  
20 Q. So that was Fort Rucker.  
21 You were within resource management at  
22 Fort Rucker?  
23 A. At Fort Rucker.  
24 Q. Who had the warrant?  
25 Who could obligate Fort Rucker to pay

32

1 for something at that time?  
2 A. I'm not sure I know what you mean by  
3 "warrant" in my business.  
4 Q. Okay.  
5 A. I'm not familiar with the term  
6 "warrant" inside financial management.  
7 Q. Within Fort Rucker, who had the  
8 ability to obligate Fort Rucker to pay for  
9 something?  
10 A. You mean like a contracting officer?  
11 Q. Yeah.  
12 A. Okay. Yeah, sure. If there is a  
13 contract that was needed to support whatever we  
14 were doing, the contracting office would do  
15 that.  
16 Q. Did the contracting office report up  
17 through you?  
18 Or did it – was it in another part of  
19 Fort Rucker?  
20 MR. FOKAS: Objection.  
21 A. The first part of your question – the  
22 contracting did not report to me.  
23 And as I recall at that time,  
24 contracting could have been done by personnel on  
25 Fort Rucker.

33

1 Q. What was the first title that you  
2 received in the – after you left the army?  
3 MR. FOKAS: Objection.  
4 A. I'm struggling with the title, but it  
5 may have been controller if I remember. But it  
6 was – I think it was called Eriksen Centers.  
7 It was a medical group of doctors that I worked  
8 for.  
9 Q. Do you know – I know your memory  
10 seems – maybe it might be better if we show you  
11 your prior testimony in this matter.  
12 MR. RAWLINGS: I'd like to have that  
13 marked as an exhibit. Let's go ahead and have  
14 both days marked.  
15 (Pruitt Exhibit 1, Multipage document  
16 entitled: Witness: David Pruitt, dated August 2,  
17 2016 (no Bates Nos.), marked for identification)  
18 (Pruitt Exhibit 2, Multipage document  
19 entitled: Witness: David Pruitt, dated August 3,  
20 2016 (no Bates Nos.), marked for identification)  
21 MR. RAWLINGS: I'm handing the witness  
22 two exhibits. The first exhibit is testimony  
23 before the Securities and Exchange Commission,  
24 dated August 2nd, 2016. And the second one is  
25 dated Wednesday, August 3rd, 2016.

35

1 But I seem to recall that we were  
2 going through a consolidation effort that – so  
3 they were consolidating contracting at different  
4 sites. But I believe we still had some at Fort  
5 Rucker at the time.  
6 Q. So as the director of resource  
7 management, is it your testimony that you had no  
8 oversight over approval to pay obligations for  
9 Fort Rucker?  
10 MR. FOKAS: Objection.  
11 You can answer if you understand.  
12 A. As far as I know, only the DFAS  
13 payment office could make that – decisions.  
14 Q. Then when did you decide to leave  
15 military service?  
16 A. I retired on 1 March 2001.  
17 Q. Did you give some thought prior to  
18 that to what you might do in private service –  
19 private business?  
20 MR. FOKAS: Objection.  
21 A. I'm sure I did.  
22 Q. Well, did you take some classes at  
23 that time to make yourself more marketable?  
24 A. I don't remember taking any more  
25 college classes after I retired.

34

1 (Pause)  
2 MR. RAWLINGS: Let's go off the  
3 record.  
4 THE VIDEOGRAPHER: The time now is  
5 10:26 a.m., and we are off the record.  
6 (Recess from 10:26 a.m. to 10:28 a.m.)  
7 THE VIDEOGRAPHER: The time now is  
8 10:28 a.m., and we are back on the record.  
9 BY MR. RAWLINGS:  
10 Q. Mr. Pruitt, I have given you what's  
11 been marked as Pruitt Exhibit 2 – no, 1 and 2.  
12 If you could look at the first exhibit  
13 and turn to page 34?  
14 MR. FOKAS: Do you have copies for us?  
15 MR. RAWLINGS: Oh, yeah.  
16 (Pause)  
17 BY MR. RAWLINGS:  
18 Q. Flip to page 34.  
19 A. 34 at the bottom right-hand corner?  
20 Or inside the transcript?  
21 Q. Inside the transcript.  
22 (Pause)  
23 Q. So just looking at 34, at line 14: So  
24 this first role I think it was Army Fleet  
25 Support you mentioned. What was your job title?

36

1 Director of finance.  
2 Do you recall that? Does that  
3 help you recall -- was the fact that you worked  
4 at a medical clinic, and then you joined Army  
5 Fleet Support?  
6 A. I'm sorry. What am I looking at on  
7 page 34?  
8 Q. You are looking at page 34.  
9 A. Right.  
10 Q. The question that goes from 14 to 16.  
11 We are talking about your background.  
12 (Pause)  
13 Q. Is there more that you are reading,  
14 Mr. Pruitt, to help you understand context?  
15 A. Yes.  
16 MR. BARR: This starts off on the  
17 beginning of page 34. It talks about what his  
18 responsibilities were at L-3.  
19 I think you were asking about the  
20 period before he was at L-3.  
21 So I think he should read a little bit  
22 beforehand so he understands the context.  
23 MR. RAWLINGS: Okay.  
24 MR. GIZZI: Do we know which attorney  
25 is going to represent the witness today?

37

1 (Pause)  
2 MR. RAWLINGS: No, there is only one  
3 speaking attorney. We need to get that correct,  
4 right?  
5 MR. FOKAS: We hear you. We all  
6 represent him. We are here under the rules of  
7 practice.  
8 MR. CARNEY: We are not going to  
9 pepper, so don't worry.  
10 I'm the primary attorney.  
11 But if -- this was just an aid of  
12 trying to get to the point not to interrupt you.  
13 MR. RAWLINGS: Yeah, it feels a bit  
14 like peppering. And so -- you know --  
15 MR. CARNEY: Okay, we will keep it --  
16 MR. RAWLINGS: -- I don't think  
17 it's --  
18 (Pause)  
19 MR. RAWLINGS: I think I need to be  
20 able to know who to direct when we talk about  
21 things.  
22 That's you, correct? All right.  
23 Okay.  
24 BY MR. RAWLINGS:  
25 Q. Mr. Pruitt, I'm just trying to

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1 understand your -- the background -- actually  
2 when you left private service.  
3 Does this help you sort of understand  
4 when that began?  
5 If I start at the wrong page, I  
6 apologize.  
7 (Pause)  
8 Q. Why don't you go back to page 26?  
9 (Pause)  
10 Q. Let me direct your attention to page  
11 33 where the question begins -- it's on page 10:  
12 Okay, so after you retired from the Army in  
13 2001, what did you do?  
14 Do you see that? -- where it says: I  
15 moved to Kentucky. I worked for probably about  
16 a year at a small doctor clinic.  
17 Do you recall doing that?  
18 A. Yes. That's the Eriksen Centers --  
19 Q. That's the Eriksen Centers you are  
20 talking about. Right. Okay.  
21 Then after that, what's the next thing  
22 that you did?  
23 A. Yeah -- 2003, I moved down to Alabama  
24 to begin work with a joint venture called Army  
25 Fleet Support.

39

1 Q. Right.  
2 And what was your role in that joint  
3 venture?  
4 A. Director of finance.  
5 Q. Okay.  
6 And at that -- then what did you do  
7 after that?  
8 MR. FOKAS: You can answer, if you  
9 understand. If you don't understand the  
10 question --  
11 A. How far do you want me to go forward?  
12 Q. Did you then leave and go to  
13 Greenville in your professional --  
14 A. Oh, yeah, I'm sorry.  
15 Q. -- responsibilities?  
16 A. Yeah -- I stayed at Fort Rucker for --  
17 yeah, this is right.  
18 I went to Greenville, Texas, with L-3  
19 Integrated Systems -- is what it was called at  
20 the time.  
21 Q. What were your responsibilities then?  
22 A. I believe the title was director of  
23 accounting.  
24 Q. What did you do in that role?  
25 A. It was a pretty -- pretty broad road.

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1 Seems to me I spent a lot of time  
2 interfacing with government auditors as it  
3 pertained to the contracts that we had  
4 underneath the integrated systems.  
5 And I also oversaw an accounting staff  
6 of somewhere between 40 and 50, if I recall.  
7 Q. At that time, were you a CPA?  
8 A. I was.  
9 Q. When did you get your CPA  
10 certification?  
11 A. Let's see. I was still in the  
12 military, before I retired, 2000 I think.  
13 Q. What state was that?  
14 A. Date?  
15 Q. What state?  
16 A. Oh, state? Florida.  
17 Q. Are you currently licensed in Florida?  
18 Or where are you currently licensed?  
19 A. I am not licensed in Florida  
20 currently. I am licensed in Kentucky.  
21 Q. So after being director of accounting,  
22 did you then become director of finance in 2006?  
23 MR. FOKAS: Objection.  
24 Q. And of what entity?  
25 A. Went back to Fort Rucker, back to Army

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1 Understanding that we Mr. Carney told  
2 you -- notwithstanding what you believe his  
3 capabilities are or not -- we are not going to  
4 pepper you.  
5 I have been making all the objections,  
6 okay? --  
7 MR. RAWLINGS: Mr. Carney --  
8 MR. FOKAS: -- so if you want to  
9 continue your questioning, we haven't been  
10 interrupting your flow. We are preserving the  
11 objections, just like the rules of practice  
12 require.  
13 So I suggest you continue.  
14 MR. RAWLINGS: Mr. Carney, do you cede  
15 the objection-making authority to Mr. Fokas  
16 throughout the deposition?  
17 MR. CARNEY: Sure.  
18 MR. RAWLINGS: Okay.  
19 BY MR. RAWLINGS:  
20 Q. When you went to ASD, is it the case  
21 that you were the vice-president of finance?  
22 MR. FOKAS: Objection.  
23 A. Well, first, to your first question --  
24 could you state it again? There is something  
25 about the question that I wanted to make a

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1 Fleet Support, and became director of finance.  
2 And I think at that time, I also  
3 picked up -- I think it was this time --  
4 information technologies.  
5 Q. When did you join ASD?  
6 MR. FOKAS: Objection.  
7 MR. RAWLINGS: I'm going to state for  
8 the record, Jimmy, you are not the person  
9 speaking at the deposition.  
10 If you think that Mr. -- that Mr.  
11 Carney is not capable of representing the  
12 witness, then you two go discuss it, okay? But  
13 I'm not going to have --  
14 MR. FOKAS: Mr. Rawlings --  
15 MR. RAWLINGS: -- three people --  
16 MR. FOKAS: -- once again --  
17 MR. RAWLINGS: -- making objections --  
18 MR. FOKAS: -- that's --  
19 MR. RAWLINGS: -- from that side --  
20 MR. FOKAS: -- inappropriate. You  
21 haven't had three people making. I have been  
22 the only one making objections.  
23 We are here under the rules of  
24 practice which do not specify that one person  
25 has to speak.

42

1 comment about.  
2 Q. I want to talk about the circumstances  
3 behind which you took a title at ASD.  
4 A. Took a title --  
5 Q. Took a title at ASD.  
6 So when did that happen?  
7 A. Effective January, 2013.  
8 Q. Was your title vice-president of  
9 finance?  
10 A. Yes.  
11 Q. Just prior to that, describe what your  
12 responsibilities had been.  
13 A. I was still at -- I was at Army Fleet  
14 Support, director of finance.  
15 Q. Was Army Fleet Support part of Vertex?  
16 Or was it just called Army Fleet  
17 Support?  
18 A. Army Fleet Support -- it was called  
19 Army Fleet Support. It was a limited liability  
20 company, and it was partially owned by Vertex.  
21 Q. Was there other owners as well?  
22 A. Yes.  
23 Q. Who was the other owner or other  
24 owners?  
25 A. I believe the other entity was L-3

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1 Integrated Systems – I think is the company  
2 that actually owned – had the ownership.  
3 There was two small businesses. I  
4 think one of them was called Helicopter Support  
5 Company, and the other one was called – I'm  
6 sorry, I can't think of the name of the company.  
7 They were located in Ozark.  
8 I can't think of the name off the top  
9 of my head.  
10 Q. When you were with Army Fleet Support,  
11 were you in Huntsville?  
12 A. No, I was in Fort Rucker.  
13 Q. Okay.  
14 Where is that, for the record?  
15 A. It's in the southeast corner of  
16 Alabama.  
17 Q. So when you became the vice-president  
18 of finance of ASD, did you need to move?  
19 MR. FOKAS: Objection.  
20 A. Yes.  
21 Q. Where did you move to?  
22 A. Huntsville, Alabama.  
23 Q. So you were working at Huntsville at  
24 the vice-president of finance at ASD, correct?  
25 A. That's correct.

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1 Q. Was ASD a new – I've heard the term  
2 "stand-up enterprise"?  
3 Could you explain what your  
4 understanding of what ASD was when you started  
5 working there?  
6 MR. FOKAS: Objection.  
7 A. Yes.  
8 The intent was to form a new  
9 organization. And we have a habit of saying  
10 "stand up" in the organization. And that  
11 process – I think at the time we were  
12 forecasting about three years to get it  
13 completely formed.  
14 But, yes, in January, 2013, we began  
15 that process.  
16 Q. So did you move up in January, 2013?  
17 Or had you moved up in advance to  
18 Huntsville?  
19 A. No, I think I got there – I think I  
20 sold my house in lower Alabama – last few days  
21 of December and closed on the home in Huntsville  
22 the first few days of January, as I recall.  
23 Q. Okay.  
24 And you moved there shortly  
25 thereafter?

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1 A. Yes, within – I don't know how long  
2 it took – it took me – but, yes --  
3 Q. Okay.  
4 A. – I got there.  
5 Q. So when you were vice-president of  
6 finance, you had your CPA, correct?  
7 MR. FOKAS: Objection.  
8 A. Yes.  
9 Q. That was still at the state of  
10 Kentucky.  
11 Is that correct?  
12 A. Yes, it was.  
13 Q. Did that require any continuing  
14 practice obligations?  
15 A. No, it didn't. It didn't require any  
16 continuing practice.  
17 I was required continuous education  
18 credits.  
19 Q. How many continuous education credits  
20 were required for that?  
21 A. For the state of Kentucky, 60 hours  
22 over two years.  
23 Q. Do you recall doing those in 2013?  
24 MR. FOKAS: Objection.  
25 A. I don't, because it covered a two-year

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1 period.  
2 But I can tell you I've always met my  
3 CPU requirements.  
4 Q. Did you also have – were you also a  
5 certified management accountant?  
6 A. Yes, sir.  
7 Q. Could you explain what that is?  
8 A. It's a certification program that you  
9 can obtain through the Institute of Management  
10 Accountants.  
11 Q. When did you become a certified  
12 management accountant?  
13 A. It was after I had received my CPA.  
14 That was in 2000, so it was shortly after that.  
15 And it was before I retired from the army, so  
16 somewhere in that time frame.  
17 Q. Did that have any continuing education  
18 requirements?  
19 A. Yes, it did. It does.  
20 Q. Was it 80 hours every two years?  
21 A. Yes.  
22 Q. Did the same classes that you took for  
23 your CPA also qualify for your CMA?  
24 Or did you need to take completely  
25 separate continuing education classes?

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1 A. No, they were the same. I think they  
2 both had -- if I recall, they were both the same  
3 quality standard for the courses. So so long as  
4 I stuck with those courses, I could do multiple  
5 and not worry about it.  
6 Q. So since -- how long ago? -- you  
7 became the certified management accountant back  
8 right when you left.  
9 This is from the year 2000-2001,  
10 right?  
11 A. Somewhere in that time frame, yes.  
12 Q. So every two years since then, you  
13 have been doing 80 hours of continuing education  
14 credits?  
15 A. Yes.  
16 Q. And you've never not done your  
17 obligations, correct?  
18 A. That's right.  
19 If -- on my lucky years, you know, I  
20 was able to go offsite to seminars and things of  
21 that nature, which was much easier to  
22 accomplish. And it was able to, you know, meet  
23 other people in the field.  
24 Q. Tell me, were you also a certified  
25 government financial manager?

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1 requirements. I don't remember what they were.  
2 Q. But that was also from back in 2000  
3 and 2001, correct?  
4 A. Yeah, I was on a roll and got them all  
5 knocked out.  
6 Q. So for 19 years now, you have been a  
7 CPA, a certified management accountant, a  
8 certified government financial manager, and a  
9 certified defense financial manager, correct?  
10 MR. FOKAS: Objection, form, compound  
11 question.  
12 A. Yeah, I think about how to invest that  
13 money instead -- but, yes.  
14 Q. All right.  
15 Now, currently, Mr. Pruitt, do you  
16 have a job now?  
17 MR. FOKAS: Objection.  
18 A. No, I'm unemployed.  
19 Q. Do you recall leaving L-3 in July of  
20 2014?  
21 MR. FOKAS: Objection.  
22 A. Yes.  
23 Q. Was your employment terminated?  
24 A. I believe that's what you'd call it.  
25 Q. Have you worked since then?

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1 A. Yes.  
2 Q. Tell me about that certification.  
3 A. It's a certification awarded through  
4 the Association of Government Accountants.  
5 I don't remember what it took to  
6 actually qualify at the time, but I met the  
7 requirements.  
8 Q. Do you still have that currently  
9 today?  
10 A. Yes, I do.  
11 Q. And you are also a certified defense  
12 financial manager.  
13 Is that correct?  
14 A. Yes, I am.  
15 Q. What was involved in becoming a  
16 certified defense financial manager?  
17 A. Oh, let's see.  
18 That one required either a three- or  
19 four-part exam.  
20 I believe it required a certain degree  
21 of experience.  
22 And I believe that was required that  
23 you had to be in a defense entity, if I remember  
24 right.  
25 And I'm not sure about the educational

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1 A. With a company? No. I have been a  
2 consultant pretty much ever since.  
3 Q. Do you consult -- who do you consult  
4 for?  
5 A. Consultant for no one as a consultant  
6 presently.  
7 But I have consulted for Kearns  
8 Aerospace -- I think is the name of the firm.  
9 It's a small business and we were working on  
10 pursuing government contracts.  
11 Q. When was that?  
12 A. Let's see. Probably parts of 2015 and  
13 2016, if I remember correctly.  
14 Q. Was it continuous?  
15 Or is it parts of 2014 and then again  
16 in 2016?  
17 A. It wasn't continuous. It was as  
18 required, as the task was needed to be  
19 performed.  
20 Q. Were you paid an hourly rate?  
21 MR. FOKAS: Objection.  
22 A. Yes, I was.  
23 Q. How much was that?  
24 A. It was \$100 per hour.  
25 Q. Did you receive that -- was there a

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1 Q. Do you recall giving a presentation at  
2 the leadership conference?  
3 A. Oh, I'm sure I did.  
4 Q. So if we look to the next exhibit --  
5 Exhibit 4 -- do you recognize that as a  
6 PowerPoint: Finance Update, March 28-29th, with  
7 your name on it?  
8 A. That's certainly what it says.  
9 Q. So does this refresh your recollection  
10 that you gave a presentation at the leadership  
11 conference?  
12 MR. FOKAS: Just give him a second to  
13 look through it and see.  
14 (Pause)  
15 A. Yes, these would be topics that I  
16 certainly would discuss with the group.  
17 Q. Let's just walk through the  
18 PowerPoint --  
19 A. Yeah.  
20 Q. -- briefly.  
21 If you look at the second page, did  
22 part of the topics that you gave a presentation  
23 on include SOX controls and narratives?  
24 A. Are you talking about this? I must be  
25 on the wrong page.

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1 lead.  
2 But the process includes all -- pretty  
3 much all the functional owners, so they each  
4 have a role and part to play.  
5 But I certainly would lead the  
6 conversation.  
7 Q. You were the vice-president of  
8 finance, right?  
9 A. Hm-hmm.  
10 Q. So with respect to internal controls,  
11 isn't it the case that you were familiar with  
12 those and you -- correct?  
13 MR. FOKAS: Objection.  
14 A. Yes.  
15 Q. Let's just continue to go through the  
16 PowerPoint.  
17 A. Sure.  
18 Q. I wanted to ask you about -- if you  
19 look at the -- on the document itself, there is  
20 a page 119.  
21 And it might be difficult because I  
22 understand it's double-sided and stapled a  
23 little bit funky.  
24 So it might be easier -- I'm looking  
25 at -- the Bates No. on the top-right of the

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1 Q. No, I think it's a double-sided  
2 exhibit. So I'm looking at the document -- the  
3 page that is -- it says 942 on the bottom-right?  
4 MR. FOKAS: Turn it over --  
5 BY MR. RAWLINGS:  
6 Q. Yeah, apologies with respect to the  
7 stapling.  
8 A. The agenda?  
9 Q. The agenda.  
10 A. Okay.  
11 Q. So were you going to talk about the  
12 shared services contracts -- among other things?  
13 A. If it's on this agenda, I'm sure I  
14 talked about it, yeah.  
15 Q. So does this refresh your recollection  
16 that you talked about the SOX controls and  
17 narratives?  
18 A. Yeah.  
19 Q. Why would you be the one to actually  
20 talk about that during this presentation?  
21 A. I suppose, from a functional  
22 standpoint, SOX is a -- controls over financial  
23 reporting. So it would make sense that I would  
24 lead the discussion on the topic.  
25 Although as the lead, that's just the

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1 document is 953.  
2 A. Okay.  
3 Q. There are a few items on this page.  
4 It is called: Soft Close - Financial  
5 Schedule?  
6 A. Yes.  
7 Q. If you look at No. 6, it says:  
8 C12Army - CPFHAccrual: Send in by noon on  
9 Friday - before close.  
10 What does that refer to?  
11 A. Could I just take a minute? I think I  
12 know what this is. Let me just look.  
13 Q. Sure.  
14 (Pause)  
15 A. This as -- what we call the soft  
16 close. And it's different than the monthly hard  
17 close, I guess -- final close.  
18 And we did it prior -- the soft close  
19 came first.  
20 And what we were doing was -- let me  
21 back up and describe it a little differently.  
22 Closing the financial records requires  
23 a lot of tasks to be performed. And it can take  
24 a very long time to get through that process.  
25 Q. Right.

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1 the month, we can only journal entry the accrual  
2 to have the financials reflect activity for that  
3 month, because we didn't run -- the company did  
4 not -- maybe I need to explain this.

5 The company did not run on a calendar  
6 month basis for financials. It ran on a cycle  
7 called 4-4-5 -- four weeks, four weeks, five  
8 weeks in a quarter. So the financials often cut  
9 off before some of the data metric points  
10 were --

11 Q. Okay. All right. So I think I  
12 understand.

13 So this would be an accrual that would  
14 eventually then get reversed out when the actual  
15 billing came in for the scene.

16 Is that right?

17 MR. FOKAS: Objection.

18 You can answer if you understand.

19 A. Yeah, that's correct.

20 Q. On the 17th -- the No. 17 -- there is  
21 a: Billing Status.

22 The "BM" -- is that business manager?

23 A. Yes.

24 Q. So "BM and Controller weekly review of  
25 billing - during quarter end - daily billing

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1 each of the business managers, so that we have a  
2 handle on what's going on as we go through the  
3 month.

4 Then as we get closer, then we are  
5 going to go daily.

6 And that's -- I believe it was the  
7 intent of this step.

8 Q. The reason you would do that is so  
9 that you, as the director of finance, would know  
10 what's going on in the books --

11 MR. FOKAS: Objection.

12 Q. -- before the soft close.

13 Is that right?

14 MR. FOKAS: Objection.

15 A. No, I wouldn't necessarily agree with  
16 that particular characterization.

17 I think it would be more accurate to  
18 say that the business managers and the  
19 controller would.

20 And that if there was issues, it's  
21 very likely they would surface those to me.

22 Q. It's your expectation that they would  
23 raise to you issues, right?

24 MR. FOKAS: Objection.

25 A. Good news or bad news -- if they

71

1 review" -- that's a task that is part of the  
2 soft close?

3 Is that correct?

4 MR. FOKAS: Objection.

5 (Pause)

6 A. Okay. I think I understand what this  
7 is talking about.

8 What's the question again?

9 Q. The question was: Did you understand  
10 that this was a task that was to be done during  
11 the soft close?

12 A. Actually --

13 MR. FOKAS: Objection.

14 A. -- as I understand what this is --  
15 this particular task is talking about -- when I  
16 look at the dates and I read the narrative -- to  
17 ensure you have a good close, you can do one of  
18 two things.

19 You can wait to the close and then  
20 review all this; or you can review it over time  
21 and so you are always fairly current.

22 So what we are saying here is, if you  
23 are going to do this successfully, we are going  
24 to do these reviews regularly through the month  
25 between my controller at the finance side and

70

1 deemed it worthy to surface, then, yes, I expect  
2 them to do that.

3 Q. That's because you are in a position  
4 of authority within the department, correct?

5 MR. FOKAS: Objection.

6 A. But so are these people.

7 Q. Yes.

8 But they worked for you, correct?

9 MR. FOKAS: Objection, leading.

10 A. No, they don't.

11 The controller does.

12 The business managers work for their  
13 programs.

14 But the intent of a close -- I think  
15 it's a big misconception by a lot of people that  
16 the close is a finance function. It's not.

17 Okay, the finance group controls the  
18 process, but it's much more operationally  
19 directed. In other words, the programs need to  
20 know where their programs are financially and  
21 operationally during these -- well, during all  
22 times.

23 Q. Who was the program manager of the,  
24 C-12 contract?

25 A. The program manager at this time would

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1 have been Rick Schmidt.  
2 Q. And the controller who reported to  
3 you?  
4 MR. FOKAS: Objection.  
5 A. Andi Marcum.  
6 Q. Andi Marcum.  
7 And she did report to you, correct?  
8 A. Yes.  
9 Q. I just want to focus your attention  
10 page 112.  
11 And I recognize that the slide -- let  
12 me know when you find it.  
13 A. Yes.  
14 Q. WIP - What is it and why is it  
15 important?  
16 MR. FOKAS: Objection.  
17 BY MR. RAWLINGS:  
18 Q. I'm reading from the top of the  
19 document, and your counsel found that  
20 objectionable.  
21 MR. FOKAS: Sounded like a question to  
22 me. But --  
23 THE WITNESS: Could you share with  
24 me where on the schedule it is --  
25 MR. FOKAS: Is there a question,

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1 essentially accumulates cost until the work is  
2 complete.  
3 Is that accurate?  
4 A. I believe so.  
5 Q. I wanted to ask you about the fourth  
6 bullet after the second bullet.  
7 So there are different ways the WIP  
8 balance can be created.  
9 And I just wanted to point out the  
10 fourth way that's talked about here is:  
11 Captures contract costs that have not yet been  
12 approved by the U.S. Government.  
13 Do you see that?  
14 A. No, I don't yet.  
15 Yes, okay.  
16 Q. I just wanted to ask you generally  
17 about that.  
18 Doesn't that indicate that, with  
19 respect to a contract with the government, L-3  
20 might have costs -- or ASD might have costs --  
21 that the government hasn't approved yet, right?  
22 MR. FOKAS: Objection.  
23 A. Try that on me again now?  
24 Q. Isn't it the case that WIP is designed  
25 to capture contract costs that have not yet been

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1 counsel?  
2 MR. RAWLINGS: I wanted to ask you if  
3 you recognized --  
4 MR. FOKAS: Can you ask him a  
5 question?  
6 BY MR. RAWLINGS:  
7 Q. I wanted to ask if you recognize this  
8 as a slide that's talking about WIP, correct?  
9 A. You said 112, right?  
10 Q. 122.  
11 MR. FOKAS: We are all looking at 112.  
12 That's the problem, Steve, because you said 112.  
13 So --  
14 MR. RAWLINGS: Apologies. 122.  
15 (Pause)  
16 THE WITNESS: Now I know what you are  
17 talking about, why you chuckled. I got it.  
18 MR. RAWLINGS: All right.  
19 BY MR. RAWLINGS:  
20 Q. Do you recognize this as a slide  
21 relating to work in progress?  
22 A. Yes.  
23 Q. And the slide states at the top that  
24 it's: A balance sheet asset account that is  
25 part of gross inventory. It is an account that

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1 approved by the U.S. Government, right?  
2 MR. FOKAS: Objection.  
3 A. It could be used for that.  
4 I think it's important to know that  
5 this slide is in this packet because -- this is  
6 a concept that was different than everybody that  
7 was at Fort Rucker. We didn't use WIP at Fort  
8 Rucker, right?  
9 And when we got associated with the  
10 Vertex contracts, we noticed that these  
11 contracts were using WIP.  
12 That was a surprise, okay?  
13 So knowing that the bulk of the team,  
14 you know -- some of these guys were new, okay?  
15 So they -- I'm not talking about them.  
16 But anybody that's associated with the  
17 Fort Rucker contract would not understand this  
18 concept. In fact, I had to do some  
19 understanding myself.  
20 So this was a way to make it an item  
21 of discussion.  
22 I'm not sure who prepared this slide.  
23 I may have, or I may have asked somebody from  
24 one of the contracts that were doing it to  
25 prepare for me.

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1 to speak about some of the controls.  
2 BY MR. RAWLINGS:  
3 Q. Because -- as you state in your  
4 PowerPoint -- isn't it the case that the  
5 controls are set up under certain headings, as  
6 you outline on page 126, correct?  
7 MR. FOKAS: Objection.  
8 A. I believe that's the way corporate  
9 publishes them.  
10 Q. So there are, for instance, controls  
11 related to purchasing and accounts payable,  
12 right?  
13 A. Yes.  
14 Q. And there are other controls relating  
15 to cash and cash equivalents, right?  
16 A. Yes.  
17 Q. Without going through all of them,  
18 there are also controls over invoicing and  
19 receivables, right?  
20 MR. FOKAS: Objection.  
21 A. Yes.  
22 Q. Why is it important that the company  
23 have internal controls?  
24 MR. FOKAS: Objection.  
25 A. Well, it's a corporate requirement.

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1 were you involved in overseeing to be sure that  
2 the controls within the division that you --  
3 were working?  
4 MR. FOKAS: Objection.  
5 Q. Strike the question.  
6 Who did the testing of the internal  
7 controls when it was done by the company?  
8 A. Shared services in Rockwall, Texas.  
9 Q. What would they do to test the  
10 controls?  
11 A. They would follow the test plan.  
12 Q. Were you involved in developing the  
13 test plan?  
14 A. I was not.  
15 Q. Do you know who Sharon Richards is?  
16 A. I know a Sharon Richards, yes.  
17 Q. Who was the Sharon Richards you know?  
18 A. She was an employee of shared services  
19 in Rockwall, Texas.  
20 Q. Did you recall when you came to ASD  
21 that you were not comfortable with the controls?  
22 MR. FOKAS: Objection.  
23 A. I don't remember that.  
24 Q. If you could refer to your prior  
25 testimony -- the second document -- which is --

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1 Q. There is a law, right?  
2 When you say "SOX" in your slide,  
3 there is a Sarbanes-Oxley, right?  
4 MR. FOKAS: Objection.  
5 A. Yes.  
6 Q. So it's your understanding that a law  
7 was passed in which it was a corporate  
8 requirement that public companies have internal  
9 controls over financial reporting?  
10 MR. FOKAS: Objection.  
11 A. Yes, I believe that to be the case.  
12 Q. As you say in the PowerPoint:  
13 Controls are tested internally.  
14 You see that at the bottom of page  
15 126?  
16 A. Yeah, I do.  
17 Q. How were these controls tested?  
18 (Pause)  
19 A. In accordance with the test plans.  
20 Q. So there would be test plans that  
21 people would have that would set them up,  
22 correct?  
23 MR. FOKAS: Objection.  
24 A. Yes.  
25 Q. And as the vice-president of finance,

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1 we are going to be looking for a page 402?  
2 MR. FOKAS: Exhibit 2, Steve?  
3 MR. RAWLINGS: Exhibit 2.  
4 BY MR. RAWLINGS:  
5 Q. If you could read -- what I would like  
6 you to focus on, Mr. Pruitt is -- the question  
7 begins on page 401: Do you ever have -- did you  
8 ever have a responsibility at ASD for certifying  
9 your financials internally at the company?  
10 Your answer is: No.  
11 And then you continue.  
12 Mr. Mele asks a question: Did you  
13 have any obligations to certify internal  
14 controls like SOX.  
15 And then if you could just read your  
16 response.  
17 (Pause)  
18 Q. So do you recall now testifying in  
19 response to that question: No, I do not. Now,  
20 I will caveat my answer and tell you that  
21 because we were a subset of Vertex Financial  
22 Business Systems, we had to follow the same SOX  
23 controls as they did. We were subject to the  
24 same testing they were, but I was just on a  
25 project ledger, not any deeper than that. Now,

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1 Q. So this is an example of the process  
2 narrative that you are referring to in your  
3 testimony that Sharon Richards helped revise and  
4 get sent out to people, correct?  
5 A. It is a narrative, yes.  
6 Q. Well, but now, if you are sending this  
7 narrative out after the March leadership  
8 conference, do you think that this is a  
9 narrative that was revised to something that you  
10 were comfortable with?  
11 Or do you think it was the narratives  
12 that you weren't so comfortable with when you  
13 first arrived?  
14 A. I don't know. All I can tell you is  
15 that this is a 2012 document.  
16 Q. If you look at the next one, there is  
17 a process narrative relating to invoices and  
18 receivables.  
19 Do you see that?  
20 A. I do.  
21 Q. Am I correct that the process  
22 narrative refers to internal controls throughout  
23 the narrative?  
24 So, for example, at the bottom of page  
25 1 where it says "(IR-2)", is it your

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1 Q. Yeah.  
2 A. No, I do not.  
3 Q. Whose signature do you think would  
4 appear on that document?  
5 A. I believe it would be the process  
6 owner.  
7 Q. Who would be the process owner for  
8 invoicing and receivables?  
9 A. I don't know.  
10 Q. What makes you think that you would  
11 not be the process owner for the controls  
12 relating to invoicing and receivables?  
13 A. Because I'm not the process owner.  
14 Q. And you know that how?  
15 A. Because I'm not – someone would have  
16 been assigned for this process.  
17 Q. Aren't you the person who signs that  
18 ASD has Sarbanes-Oxley controls?  
19 MR. FOKAS: Objection.  
20 A. No, sir.  
21 Q. Is it your testimony that you don't do  
22 a SOX sub-certification?  
23 A. I do a SOX certification.  
24 Q. What does that certification entail?  
25 A. That the Sarbanes-Oxley controls are

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1 understanding that that IR-2 refers to the  
2 internal control relating to invoicing No. 2?  
3 MR. FOKAS: Objection.  
4 A. Yes.  
5 Q. That is a nine-page document, correct?  
6 A. Yes.  
7 Q. And at the very back of the document,  
8 there is a certification where it says: I have  
9 reviewed this narrative and the Invoicing and  
10 Receivables process appears true as described.  
11 MR. FOKAS: Page 8, Dave.  
12 BY MR. RAWLINGS:  
13 Q. Page 8.  
14 A. Okay.  
15 Q. Then there is a signature block?  
16 A. Okay.  
17 Q. Do you know if – is that a signature  
18 block that would have your signature on it?  
19 Were you the person who would need to  
20 review the Sarbanes-Oxley compliance process  
21 narratives to ensure that they comply with  
22 Sarbanes Oxley?  
23 MR. FOKAS: Objection.  
24 A. Was your question if I believe my  
25 signature was needed?

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1 in place and effective as of a certain date for  
2 Army Fleet Support.  
3 Q. Now, when you say: For Army Fleet  
4 Support – but in March of 2013, you were  
5 working at ASD, correct?  
6 A. I'm working at Army Fleet Support.  
7 Q. Explain to me: What was the  
8 relationship between ASD and Army Fleet Support  
9 in 2013?  
10 A. I'm not sure there was a relationship.  
11 There wasn't an organization yet. We were in  
12 the process of creating one.  
13 And so during this time period, I was  
14 still an employee of Army Fleet Support.  
15 Q. So I understand – from 2013 through  
16 the – through July, 2014, did you understand  
17 that your employer was Army Fleet Support?  
18 A. I did.  
19 Q. But did you also understand that you  
20 were in the ASD division?  
21 MR. FOKAS: Objection.  
22 A. Again, it wasn't an organization at  
23 that point.  
24 Q. Okay.  
25 But you were the SOX certifier for

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1 Army Fleet Support, correct?  
2 A. I believe I would have signed off on  
3 that – either that or the controller.  
4 MR. RAWLINGS: Let me have marked as  
5 Exhibit 6 – go off the record for just a  
6 second.  
7 THE VIDEOGRAPHER: The time now is  
8 12:07 p.m. We are off the record.  
9 (Recess from 12:07 p.m. to 12:12 p.m.)  
10 THE VIDEOGRAPHER: The time now is  
11 12:12 p.m., and we are back on the record.  
12 BY MR. RAWLINGS:  
13 Q. I would like to have marked as  
14 Exhibits 6 and 7 two documents, one dated  
15 January 23rd, 2014, starting with Bates No.  
16 L3-SEC – a string of zeros – with 218, through  
17 232.  
18 And the next is a document entitled  
19 April 24, 2014, Bates stamped L3-SEC-000 –  
20 string of zeros – 234 to 248.  
21  
22  
23  
24  
25

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1 That's your title under the  
2 document – under the signature – correct?  
3 A. It does, but that's not correct.  
4 Q. You signed something that had your  
5 incorrect title on it?  
6 A. Apparently.  
7 MR. FOKAS: Objection.  
8 BY MR. RAWLINGS:  
9 Q. Why would you do that?  
10 MR. FOKAS: Objection.  
11 A. Because on this date, there were  
12 already – well, maybe it's the 27th – but I  
13 was being reassigned at the end of December and  
14 went to take – reassigned December.  
15 Q. Right.  
16 But you – previous to the  
17 reassignment that happened in January about  
18 which you were notified in December, you had the  
19 title vice-president of finance, correct?  
20 A. Prior to that, yes.  
21 Q. You were the Sarbanes-Oxley  
22 representative.  
23 Is that correct?  
24 A. Not for this certification.  
25 Q. The certification is for Army

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1 (Pruitt Exhibit 6, Document Bates  
2 stamped L3-SEC-0000000218 through 232,  
3 single-page letter from Lowell Green, David N.  
4 Pruitt, and Marianne P. Luttrell to John C.  
5 McNellis and Timothy J. Keenan, dated January  
6 23, 2014, with multipage attachments, marked for  
7 identification)  
8 (Pruitt Exhibit 7, Document Bates  
9 stamped L3-SEC-0000000234 through 248,  
10 single-page letter from Lowell Green, Brian T.  
11 Sinkule, and David N. Pruitt to John C. McNellis  
12 and Timothy J. Keenan, dated April 25, 2014,  
13 with multipage attachments, marked for  
14 identification)  
15 BY MR. RAWLINGS:  
16 Q. Mr. Pruitt, do you recognize what has  
17 been marked as Exhibit 6?  
18 A. Yes.  
19 Q. What is it?  
20 A. It's a cert and rep, dated January 23,  
21 2014.  
22 Q. Does it contain your signature?  
23 A. It does.  
24 Q. Does it say that you are the  
25 vice-president of finance?

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1 Sustainment Division?  
2 Is that correct?  
3 A. No, sir, that's what I'm saying. It's  
4 incorrect.  
5 Q. You are saying that this is really for  
6 Army Fleet Support?  
7 A. I am.  
8 Q. But isn't Marianne Luttrell the  
9 controller for Army Fleet Support?  
10 A. She is.  
11 Q. Were you the vice-president of finance  
12 for Army Fleet Support at this time?  
13 A. No.  
14 Q. Who was?  
15 A. We didn't have a vice-president for  
16 Army Fleet Support.  
17 Q. So you are saying that the SOX cert  
18 that says that you were with the Army  
19 Sustainment Division is incorrect?  
20 MR. FOKAS: Objection.  
21 A. I am saying the title is incorrect for  
22 this certification, yes.  
23 Q. Is that because you are saying that  
24 your employer, to your understanding, at the  
25 time, was Army Fleet Support?

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1 A. Different organization.  
2 Q. What organization is it?  
3 A. Army Fleet Support.  
4 Q. What organization are you – what  
5 organization are you sending these documents out  
6 to on March 30, 2013?  
7 A. They relate to Vertex.  
8 Q. Is Vertex part of Army Fleet Support?  
9 A. No.  
10 (Pause)  
11 Q. Did Army Fleet Support have SOX  
12 controls?  
13 A. Yes.  
14 Q. Did they differ from Vertex's SOX  
15 controls?  
16 MR. FOKAS: Objection.  
17 A. Most likely.  
18 Q. Why do you say: Most likely?  
19 A. Different organizations. I seriously  
20 doubt they would be identical.  
21 Q. So what controls did you – when you  
22 signed the certification, what controls are you  
23 referring to when you say: There are adequate  
24 financial controls?  
25 MR. FOKAS: Objection, asked and

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1 answered.  
2 Which exhibit are you referring to?  
3 MR. RAWLINGS: I am referring to  
4 Exhibit 6.  
5 (Pause)  
6 A. So on page 6 of 15, it references  
7 Attachment B as part of that certification  
8 process. And Attachment B has it listed there.  
9 Q. Right.  
10 MR. RAWLINGS: And so – I'm going to  
11 have marked as Exhibit 8 a document titled:  
12 Internal controls over financial reporting,  
13 September 19, 2013.  
14 (Pruitt Exhibit 8, Document Bates  
15 stamped L3-DOJ-SEC-0000478736 through 478814,  
16 multipage document entitled: Internal Controls  
17 Over Financial Reporting: All Processes -  
18 September 19, 2013: Control Activity as Drafted  
19 by L-3 Corporate: Purchasing and Accounts  
20 Payable, marked for identification)  
21 BY MR. RAWLINGS:  
22 Q. You can take a look at Exhibit 8.  
23 Do you see a relation between Exhibit  
24 8 and the controls that you are certifying on  
25 page 11 of Exhibit 6?

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1 (Pause)  
2 A. Okay. The numbers correspond, but I  
3 don't believe these are the controls that match  
4 this certification.  
5 Q. Okay.  
6 Why do you not believe these are the  
7 controls that match that certification?  
8 A. This certification – the one you had  
9 me look at, which is Exhibit 6 – is through the  
10 December 31, 2013.  
11 And I believe these controls are the  
12 ones that were sent out for 2014.  
13 Q. Is that because of the date: All  
14 Processes - September 19, 2013?  
15 A. Part of the answer, yes.  
16 Q. What's the other part of the answer?  
17 A. Well, they send the controls out. We  
18 hadn't had time to incorporate them and get them  
19 set up for the new year.  
20 Q. So you are saying that, with respect  
21 to the controls that you are certifying to in  
22 Exhibit 6, it would be a document that was prior  
23 to Exhibit 8, correct?  
24 A. I believe that to be the case.  
25 Q. There would be some changes in the

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1 controls.  
2 Is that right?  
3 MR. FOKAS: Objection.  
4 A. It's possible.  
5 Q. Do you know?  
6 I mean, is it often that they actually  
7 changed any of their financial controls from  
8 year to year?  
9 MR. FOKAS: Objection.  
10 A. They have.  
11 Q. You know that because you were  
12 involved in overseeing such changes, correct?  
13 MR. FOKAS: Objection.  
14 A. No, sir, I was not involved in the  
15 changes -- overseeing the changes to the  
16 corporate controls.  
17 Q. You were involved in overseeing the  
18 implementation of the changes, correct?  
19 MR. FOKAS: Objection.  
20 A. The incorporation of the changes, yes.  
21 Q. Right.  
22 If a control changed, you would need  
23 to make sure that process narratives were  
24 changed in accordance with that, correct?  
25 MR. FOKAS: Objection.

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1 A. If it applied, yes.  
2 Q. So with respect to -- as what we were  
3 talking about here, like the process narratives  
4 that you are sending around, you know, we talked  
5 earlier about process narratives that you had  
6 Sharon review when you arrived there, correct?  
7 MR. FOKAS: Objection.  
8 A. Yes.  
9 Q. Your response needs to be audible?  
10 MR. RAWLINGS: So the witness nodded,  
11 then he said: Yes.  
12 BY MR. RAWLINGS:  
13 Q. So those process narratives that you  
14 gave testimony about that were reviewed, then  
15 sent out and followed -- correct? -- are they --  
16 would they be a similar format as these process  
17 narratives here?  
18 MR. FOKAS: Objection.  
19 A. I don't recall.  
20 Q. But you are sending these process  
21 narratives out to these individuals, correct?  
22 A. Yes.  
23 Q. Would you be sending out process  
24 narratives that had no relation whatsoever to  
25 their business?

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1 MR. FOKAS: Objection.  
2 A. Whose business?  
3 Q. To their business.  
4 MR. FOKAS: Objection, calls for  
5 speculation.  
6 A. Pick one.  
7 Q. Well, I'm saying: I have also  
8 attached a copy of the current Approval Matrix  
9 (expect revisions soon), the SOX Controls and  
10 associated narratives as we've discussed.  
11 A. Yes.  
12 Q. Okay.  
13 So the SOX controls that were attached  
14 when you sent these out -- would your  
15 understanding be that those would be the SOX  
16 controls that would be applying to the  
17 individuals that you are sending this to?  
18 A. I guess it's just the question itself.  
19 The SOX controls don't apply to  
20 individuals. They apply to an organization.  
21 Q. Right.  
22 A. So in this case, I was sending out  
23 controls that applied to Vertex.  
24 Q. But you -- but you are also saying  
25 that you are not -- so who is the SOX certifier

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1 to make sure that the controls that apply to  
2 Vertex are adequate?  
3 A. I don't know who did that  
4 certification.  
5 Q. When you certified that the controls  
6 that applied to Army Fleet Support were  
7 accurate, who were subject to those controls?  
8 Who were the people who were subject  
9 to those controls?  
10 A. Our personnel stationed and assigned  
11 at Fort Rucker for Army Fleet Support.  
12 Q. Did you believe that anyone at  
13 Huntsville was subject to the controls you are  
14 certifying to when you made the certification on  
15 Exhibit 6?  
16 MR. FOKAS: Objection.  
17 A. Yes.  
18 Q. How is that?  
19 A. We -- use me example.  
20 I am an employee of Army Fleet  
21 Support. So when I signed my time card every  
22 week, I have had comply with the control for  
23 time cards for Army Fleet Support.  
24 Q. That was the same for people working  
25 at ASD and Huntsville during 2013, correct?

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1 A. Not everyone.  
2 Q. Who wouldn't that apply to?  
3 A. Rick Schmidt is one of them.  
4 Q. Why is that?  
5 A. He wasn't an employee of Army Fleet  
6 Support.  
7 Q. He was an employee of Vertex?  
8 A. I believe so.  
9 Q. Do you think that he had different  
10 internal controls?  
11 MR. FOKAS: Objection.  
12 A. Was he subject to different internal  
13 controls?  
14 Q. Yes.  
15 A. He was.  
16 Q. Okay.  
17 A. I'm sorry, let me back up.  
18 The corporate controls are the same  
19 for everyone.  
20 How they are implemented in the  
21 process for each organization may be different.  
22 Q. So this document here -- document 8 --  
23 is the corporate control. So they would apply  
24 to whether you are at Vertex or Army Fleet  
25 Support, so long as it was for the accurate --

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1 correct year, correct?  
2 MR. FOKAS: Objection.  
3 A. The corporate controls are published  
4 for all organizations within corporate.  
5 Q. Okay.  
6 When you arrived in Huntsville and  
7 worked for ASD, did you do estimates at  
8 completion?  
9 A. I did arrive at Huntsville, but I was  
10 still Army Fleet Support.  
11 Q. I understand that.  
12 A. Okay.  
13 Q. Did you do estimates at completion?  
14 A. I did not do estimates at completion.  
15 Q. Who did estimates at completion?  
16 A. You want the name of a person?  
17 Or a contract?  
18 Or what?  
19 Q. A person.  
20 A. A person?  
21 Q. Yeah.  
22 A. Alex Cummins was doing the EACs -- or  
23 estimates at completions.  
24 Q. Did Alex Cummins report to you?  
25 A. He did not, not -- he reported inside

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1 A. Mark Wentlent.  
2 Q. Where did Mark Wentlent work?  
3 A. In 2013, he worked in Huntsville.  
4 Q. What organization?  
5 A. Army Fleet Support.  
6 Q. He was not with Vertex?  
7 A. No.  
8 Q. So were -- when you were in  
9 Huntsville, did you have any responsibilities  
10 with respect to the army C-12 contract?  
11 A. Yes.  
12 Q. What were they?  
13 A. Financial oversight.  
14 Q. So you had financial oversight over  
15 the C-12 contract, correct?  
16 MR. FOKAS: Objection.  
17 A. Yes.  
18 Q. I will not have admitted as a  
19 document, although -- unless we need to -- when  
20 I refer to "the C-12 contract," you have sat in  
21 on several depositions in which that contract  
22 was entered as an exhibit.  
23 Are you familiar with what I'm  
24 referring to when I refer to "the C-12  
25 contract"?

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1 the C-12. We had a dotted functional line,  
2 obviously, but it went --  
3 Q. Well, I don't -- what do you mean by  
4 "dotted functional line" -- means?  
5 A. Just a functional oversight, but he  
6 did not report.  
7 Q. What do you mean by "functional  
8 oversight"?  
9 A. He's in the finance chain, so --  
10 Q. You are in the finance chain, correct?  
11 A. I am in the finance chain.  
12 Q. Right.  
13 Is it a true statement to say that he  
14 reported to Mr. Schmidt and also to you?  
15 MR. FOKAS: Objection.  
16 A. No. We typically -- you could only  
17 report to one person, for obvious reasons --  
18 well, maybe not obvious to you.  
19 But, no, we only had one person -- one  
20 boss.  
21 Q. Who was Mr. Cummins' boss?  
22 A. I believe -- it depends on when you  
23 ask. I'm not sure if it was Rick Schmidt or Ron  
24 Hynes. It may have changed there in the year.  
25 Q. Who was your boss?

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1 A. Yes, in general terms, I'm familiar  
2 with the relationship of that term, yes.  
3 Q. I'm fine with that.  
4 And if we ever need to get more  
5 specific about something, we can certainly do  
6 that.  
7 A. Sure.  
8 Q. For the record, C-12 contract is a  
9 contract, but there are also modifications that  
10 occurred to the contract, right?  
11 MR. FOKAS: Objection.  
12 A. Over time, yes.  
13 Q. So were EACs prepared for the C-12  
14 contract?  
15 A. They were.  
16 Q. Did you tell Mr. Cummins that EACs no  
17 longer needed to be prepared for the C-12  
18 contract?  
19 A. I did not.  
20 Q. Did you -- you were present at Mr.  
21 Cummins' deposition, correct?  
22 MR. FOKAS: Objection.  
23 A. The one that we had in -- here couple  
24 weeks ago?  
25 Or -- yeah, I was, here, on this one.

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1 Q. So do you recall that Mr. Cummins  
2 testified that -- you recall that there was a  
3 time when Mr. Pruitt informed that you EACs were  
4 not required for the C-12 contract?  
5 Is that correct?  
6 MR. FOKAS: Objection.  
7 Q. And his answer was: That's correct?  
8 A. I don't remember specifically. Be  
9 happy to look at it if you --  
10 MR. RAWLINGS: Could we have Mr.  
11 Cummins' deposition testimony?  
12 I would like to have marked as Exhibit  
13 9 --  
14 (Pruitt Exhibit 9, Multipage document  
15 entitled: Videotaped Deposition of Alex Cummins,  
16 dated May 14, 2019 (no Bates Nos.), marked for  
17 identification)  
18 BY MR. RAWLINGS:  
19 Q. If you could turn to page 261.  
20 MR. RAWLINGS: Exhibit 9, for the  
21 record, is a copy of the transcript of Alex  
22 Cummins' deposition on May 14, 2019.  
23 (Pause)  
24 BY MR. RAWLINGS:  
25 Q. If I could direct your attention to

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1 MR. FOKAS: Objection, asked and  
2 answered.  
3 A. Yes, I did not tell Mr. Cummins he  
4 had -- did not have to do EACs.  
5 Q. So if I asked you who in corporate you  
6 spoke to with respect to doing -- not having to  
7 do EACs, did you speak to anyone in corporate  
8 about whether or not EACs had to be done?  
9 MR. FOKAS: Objection.  
10 A. We always did EACs. I didn't talk to  
11 anybody about not doing them.  
12 Q. Okay.  
13 So your understanding is that you  
14 always did EACs?  
15 A. Yes.  
16 Q. Do you recall being interviewed by  
17 Simpson Thacher & Bartlett in this matter in  
18 early 2014?  
19 MR. CAMPBELL: I would just caution  
20 the witness not to enter into the substance of  
21 that interview for purposes of privilege.  
22 (Pause)  
23 MR. RAWLINGS: Go ahead and go off the  
24 record for a second.  
25 THE VIDEOGRAPHER: The time is now

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1 page 261, line 3.  
2 Do you recall there came a time when  
3 Mr. Pruitt informed that you EACs were not  
4 required for the C-12 contract; is that correct?  
5 Answer: That's correct.  
6 Question: And did he say that he had  
7 approval from corporate?  
8 Answer: That's correct.  
9 Question: And did he tell you who he  
10 had approval from?  
11 Answer: I don't recall. I just  
12 remember corporate.  
13 Do you see that testimony?  
14 A. I do.  
15 Q. Does that refresh your recollection of  
16 seeing Mr. Cummins testify in that way on March  
17 14, 2019?  
18 A. Oh, I recall him testifying.  
19 Q. Do you remember -- does that help you  
20 recall telling Mr. Cummins that EACs no longer  
21 had to be prepared for the C-12 contract?  
22 MR. FOKAS: Objection.  
23 A. It does not.  
24 Q. So it is your testimony that you did  
25 not tell Mr. Cummins that?

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1 12:54 p.m., and we are off the record.  
2 (Recess from 12:54 p.m. to 1:03 p.m.)  
3 THE VIDEOGRAPHER: The time is 1:03  
4 p.m., and we are back on the record.  
5 BY MR. RAWLINGS:  
6 Q. Mr. Pruitt, speaking about EACs and  
7 the C-12 contract, do you recall a situation  
8 that occurred with respect to the C-12 contract?  
9 And then that you became aware of a  
10 large WIP balance --  
11 MR. FOKAS: Objection.  
12 Q. -- on the C-12 contracts, on or about  
13 the summer of 2013?  
14 MR. FOKAS: Objection.  
15 A. Which contract -- C-12 contract, you  
16 say?  
17 Q. C-12 contract.  
18 A. Yes, I'm aware.  
19 Q. Could you describe that real briefly?  
20 A. It was a balance sitting on the WIP  
21 line for about -- I don't remember the number --  
22 but somewhere between \$12 million and \$14  
23 million.  
24 Q. Did you raise that issue up to people  
25 within ASD?

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1 A. Yes, but it was before -- it was  
2 earlier in the year.  
3 Q. When was it that you raised it up?  
4 A. Could have been February, but more  
5 likely at quarter close at -- during the  
6 March-early April time frame.  
7 Q. What did you do to raise it up?  
8 A. I don't recall how I communicated it,  
9 but I communicated it to the leadership.  
10 Q. Do you recall there being a meeting in  
11 which, after the main meeting, you approached  
12 Mr. Walsh -- well, let me start with a  
13 foundation.  
14 Do you know who Mr. Walsh is?  
15 A. Gordon Walsh?  
16 Q. Gordon Walsh.  
17 A. Yes.  
18 Q. Who is Gordon Walsh?  
19 A. He's the president -- at that time, he  
20 was the president of Logistic Solutions.  
21 Q. Did he -- as the president of Logistic  
22 Solutions -- have some financial responsibility  
23 for the C-12 contract?  
24 A. In what respect?  
25 Q. Did the C-12 contract roll up into his

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1 A. You could refer to it as that, a  
2 write-down of our asset.  
3 Q. You informed Mr. Wentlent that this  
4 was what your recommendation was.  
5 Is that right?  
6 MR. FOKAS: Objection.  
7 A. Yes.  
8 Q. And he believed then it was actually  
9 okay to inform Mr. Walsh of that recommendation,  
10 correct?  
11 MR. FOKAS: Objection.  
12 A. Yes.  
13 Q. Do you recall what Mr. Walsh's  
14 reaction to that was?  
15 A. Yes.  
16 Q. What was it?  
17 A. He wasn't happy.  
18 Q. Do you recall feeling devastated?  
19 MR. FOKAS: Objection.  
20 A. You could use that description.  
21 Q. Let's refer to your prior testimony  
22 which is at page -- just one second -- 79.  
23 So it's the first day of your  
24 testimony, Exhibit 1.  
25 A. I'm sorry. What page again?

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1 financial numbers?  
2 A. Yes.  
3 Q. So was he one of the people who you  
4 would have thought of to alert to the fact that  
5 you found there to be a large WIP balance on the  
6 C-12 contract?  
7 MR. FOKAS: Objection.  
8 A. Yes.  
9 Q. Do you recommend -- do you recall  
10 recommending that there be a write-off -- a  
11 write-down of approximately 9.7 million on the  
12 C-12 contract?  
13 A. In the summer?  
14 When are you talking about?  
15 Q. At any time.  
16 A. Yes, I do.  
17 Q. What do you recall -- so can you state  
18 with more specificity what you were recommending  
19 be done?  
20 A. Sure.  
21 I was going to recommend -- the  
22 recommendation was to absorb that WIP back into  
23 cost of sales and eliminate the balance.  
24 Q. And that would involve a write-down,  
25 correct?

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1 Q. It's page 78 and 79 of Exhibit 1.  
2 (Pause)  
3 Q. So referring to the line 16 where the  
4 question begins: You said the meeting after the  
5 Ops review did not last too long.  
6 Answer: Yes, it did not. I think I  
7 only had one or maybe just a couple of  
8 backup slides --  
9 A. I'm sorry. I'm not reading where you  
10 are.  
11 You said 77, right?  
12 Q. No. I'm sorry -- sorry. Did I say  
13 77?  
14 MR. FOKAS: Page 78, line 16.  
15 THE WITNESS: Oh, 78.  
16 MR. FOKAS: Line 16.  
17 THE WITNESS: Okay. Line 16. All  
18 right.  
19 MR. RAWLINGS: Right. Okay.  
20 BY MR. RAWLINGS:  
21 Q. So if you pick up on line 18 -- I have  
22 read 16.  
23 Yes, it did not. I think I only had  
24 one or maybe just a couple of backup slides --  
25 A. I'm sorry. I'm obviously not on the

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1 MR. FOKAS: Objection.  
2 A. I can't say. I don't know. I don't  
3 know what he was thinking.  
4 Q. Is that the incident that sort of  
5 started leading to a lot of the meetings that  
6 eventually became the revenue recovery  
7 initiative?  
8 MR. FOKAS: Objection.  
9 A. No, sir. There was none.  
10 Q. So what happened after this meeting?  
11 A. We did have a lot of meetings after  
12 this, but we were also having meetings before  
13 this.  
14 But we were asked to do more analysis.  
15 Q. Did you do that analysis?  
16 A. We did.  
17 Q. Did that analysis include trying to  
18 figure out ways to try and get additional  
19 revenue from the C-12 contract?  
20 A. My analysis did not include that, no.  
21 Q. What did your analysis include?  
22 A. Understand -- initially it was to  
23 under the WIP balance.  
24 Q. Okay.  
25 Did you feel like you did that

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1 analysis and understood it?  
2 A. We certainly did a lot of analysis and  
3 we started to understand more about it, but I  
4 don't think we ever got to the bottom line of  
5 what it really was.  
6 Q. What happened that prevented you from  
7 getting to the bottom line of what it really  
8 was?  
9 A. Reassignment.  
10 Q. So you'd say that you are still trying  
11 to get to the bottom line of it in December,  
12 2013, when you were reassigned?  
13 MR. FOKAS: Objection.  
14 A. Correct.  
15 MR. RAWLINGS: All right. It's 1:17.  
16 I think we'll go off the record and take lunch  
17 now.  
18 THE VIDEOGRAPHER: The time now is  
19 1:17 p.m., and we are off the record.  
20 \* \* \*  
21 LUNCH RECESS  
22 \* \* \*  
23  
24  
25

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1 \* \* \*  
2 AFTERNOON SESSION  
3 \* \* \*  
4 THE VIDEOGRAPHER: This marks the  
5 beginning of tape No. 3. The time now is 2:00  
6 o'clock p.m., and we are back on the record.  
7 BY MR. RAWLINGS:  
8 Q. Mr. Pruitt, when we left, you had said  
9 that it wasn't your presentation to Mr. Walsh  
10 that led to the revenue recovery initiative.  
11 What happened after you gave that  
12 presentation?  
13 MR. FOKAS: Objection.  
14 A. What happened regarding what I briefed  
15 him?  
16 Q. Yes.  
17 A. Oh. We got additional guidance to dig  
18 deeper into the balance.  
19 Q. Do you recall also then there was a  
20 time when Mr. Walsh encouraged people who were  
21 involved in the C-12 contract to look for ways  
22 to create revenue from the work that L-3 had  
23 done?  
24 MR. FOKAS: Objection.  
25 A. Yes, sir.

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1 Q. Describe what you recall from that.  
2 A. It was some time in the July-August  
3 time frame. I believe there was a conversation  
4 between him and Rick Schmidt to identify such  
5 work.  
6 Q. Do you recall there being a time when  
7 there were quite a few meetings relating to  
8 this?  
9 A. To the revenue recovery?  
10 Q. Yes.  
11 A. Yes.  
12 Q. Is it true that there are some times  
13 that there are meetings in the morning and then  
14 meetings in the afternoon to brief Mr. Walsh on  
15 this?  
16 MR. FOKAS: Objection.  
17 A. I suppose it could have been any time  
18 of the day.  
19 Q. Well, I guess I'm wondering: Do you  
20 remember that there were structured period in  
21 which there were actually meetings twice daily?  
22 MR. FOKAS: Objection.  
23 A. With Mr. Walsh, I remember a period of  
24 time where we had daily meetings with him --  
25 Q. Do you --

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1 A. -- I don't remember it being twice a  
2 day.  
3 Q. You don't remember twice a day.  
4 But you were part of those meetings,  
5 right?  
6 A. Sometimes.  
7 Q. How often were you part of those  
8 meetings?  
9 A. Whenever I was available. If I wasn't  
10 doing something else, I was there.  
11 Q. What was your role?  
12 What were you doing with respect to  
13 the revenue recovery initiative?  
14 A. I may have been briefing portions of  
15 whatever slide deck was there.  
16 But I want to say the bulk of that  
17 fell on the C-12 program, of course.  
18 I would have answered any questions  
19 that was asked of me.  
20 Q. Were you involved in seeing the slide  
21 decks and attending the presentations where the  
22 slide deck was presented?  
23 A. If they were presented at the meetings  
24 I attended, yes.  
25 MR. RAWLINGS: I'm going to show

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1 back.  
2 A. Okay.  
3 Q. But if you look at the e-mail, do you  
4 recognize it as an e-mail from you to Mr. Walsh  
5 on October 15, 2013?  
6 A. As well as other individuals in the  
7 leadership chain, yes.  
8 Q. You are the one sending this revenue  
9 recovery update, correct?  
10 A. Yes.  
11 Q. You are sending it to Mr. Walsh, and  
12 you include Mr. Wentlent, correct?  
13 Correct?  
14 A. Yes.  
15 Q. He's your boss, right?  
16 A. Yes.  
17 Q. Mr. Keenan?  
18 A. Yes.  
19 Q. He's the group CFO of aerospace.  
20 Is that right?  
21 MR. FOKAS: Objection.  
22 A. Aerospace systems, yes.  
23 Q. And Mr. Schmidt?  
24 A. Yes.  
25 Q. He was the -- what was his title?

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1 you -- have marked as Exhibit 10, I believe.  
2 (Pruitt Exhibit 10, Document Bates  
3 stamped L3-DOJ-SEC-0000478585 through 478631,  
4 single-page e-mail chain, top e-mail From:  
5 Kenneth Lassus, To: Steve Sinuefield, Subject:  
6 FW: Army c-12 Revenue Recovery Update, Sent:  
7 October 15, 2013, with multipage attachments,  
8 marked for identification)  
9 BY MR. RAWLINGS:  
10 Q. If you could take a look at what's  
11 been marked as Exhibit 10, which is also Exhibit  
12 4 in this proceeding.  
13 I won't state the Bates stamps. It's  
14 already on the record.  
15 MR. FOKAS: Sinuefield Exhibit 4, for  
16 the record.  
17 MR. RAWLINGS: Sinuefield Exhibit 4.  
18 Sorry about that.  
19 BY MR. RAWLINGS:  
20 Q. Do you recognize Exhibit -- Pruitt  
21 Exhibit 10 as a PowerPoint relating to revenue  
22 recovery?  
23 A. Are these the same in the back?  
24 Q. I think the format is that they are  
25 all in full size, then they are smaller in the

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1 A. At this point, it would be program  
2 director.  
3 Q. Then Mr. Hynes?  
4 A. Yes.  
5 Q. What did he do?  
6 A. He's program manager for the C-12  
7 program.  
8 Q. What about Mr. Cummins?  
9 A. Yes.  
10 Q. Right. And we talked about him.  
11 What was his role?  
12 What was his job?  
13 A. Business manager.  
14 Q. He was the business manager.  
15 Then Mr. Lassus, correct?  
16 A. Yes.  
17 Q. So you are sending it to all those  
18 people.  
19 Do you recall? -- what was your role  
20 in creating the PowerPoint?  
21 You are the one who is sending it to  
22 Mr. Walsh.  
23 Are you familiar with the contents of  
24 the PowerPoint?  
25 MR. FOKAS: Objection.

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1 Q. Then underneath, there is "ATP/or  
2 Claim," and that's step 5?  
3 A. Right.  
4 Q. What is an ATP?  
5 A. Authority to proceed.  
6 Q. Explain what that is?  
7 A. It's an administrative document that's  
8 issued to the contractor to begin work.  
9 Q. Is that something that the contractor  
10 needs in order to do the work and ensure it's  
11 going to get paid?  
12 MR. FOKAS: Objection.  
13 A. It's needed -- it's not needed all the  
14 time. But if it's required, it is used to  
15 initiate work.  
16 Q. When is it required?  
17 A. Generally on per-occurrence-type  
18 events.  
19 Q. Is per-occurrence the same thing or  
20 something different than over and above?  
21 A. It's different.  
22 Q. How is it different?  
23 A. Per-occurrence is as directed by the  
24 government when they want work to begin.  
25 Over and above can occur in multiple

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1 A. I see that.  
2 Q. And that on -- by December 1, you  
3 would receive ATP/or submit claim to government?  
4 Do you understand that?  
5 A. Yes.  
6 Q. What is a claim?  
7 (Pause)  
8 A. My understanding of the claim is that  
9 it's a form of request to another entity.  
10 Q. So now within the context of the C-12  
11 contract, do you understand that a claim is a  
12 specific way of resolving a dispute between the  
13 contractor and the army?  
14 MR. FOKAS: Objection.  
15 A. It's a formal method.  
16 Q. It's a formal method?  
17 A. Yes.  
18 Q. Is another option besides a claim  
19 referred to as a request for equitable  
20 adjustment?  
21 A. To resolve a claim?  
22 Q. No, to resolve a dispute, an issue.  
23 A. I believe an REA can be used to  
24 resolve a dispute, yes.  
25 Q. Is there a format in which -- that if

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1 ways.  
2 Q. Was there a specific CLIN on the C-12  
3 contract for over-and-above items?  
4 A. There was.  
5 Q. Is that CLIN 4?  
6 A. That's one of them.  
7 Q. So to bill for something under CLIN 4,  
8 is it the case that L-3 would need to get an  
9 ATP?  
10 MR. FOKAS: Objection.  
11 A. I would say in a large majority of  
12 time.  
13 Trying to think when it wouldn't  
14 require it, but I can't at the moment.  
15 Q. If you turn the page to page 7 -- do  
16 you recognize that generally as a slide relating  
17 to what's known as reduced payments within the  
18 revenue recovery initiative?  
19 (Pause)  
20 A. Yes, it is related reduced payments.  
21 Q. Do you see that the steps with respect  
22 to this item contemplated that, by November 15,  
23 they would submit requests for funding to  
24 contracts and government?  
25 Do you see that?

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1 there is a certified REA, that enables the  
2 contracting party, like ASD, to request that the  
3 contracting office make an adjustment to the  
4 contract?  
5 Correct?  
6 MR. FOKAS: Objection.  
7 A. I really don't know I understand that  
8 question.  
9 Q. Are you familiar with the idea that,  
10 if an REA is certified, and then gets denied, it  
11 can automatically become a claim?  
12 A. I don't really know. That's not my  
13 lane.  
14 Q. That's not your lane. Okay.  
15 (Pause)  
16 Q. If you could look at page 11 -- do you  
17 recognize this generally as a slide relating to  
18 what's known as ACIs?  
19 A. Yes.  
20 Q. Do you see that the plan as to this  
21 item was to submit to contracts and government  
22 by November 16?  
23 Do you see that?  
24 A. Yes.  
25 Q. Then that the idea would be to:

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1 e-mail says, it's an update.  
2 Q. Okay.  
3 What's the -- and the reason for  
4 updating Mr. Walsh was what?  
5 A. Give him a feel for the progress.  
6 Q. What was the progress aiming towards?  
7 A. A plan.  
8 Q. What became the plan?  
9 A. That's a broad question.  
10 Q. Are you aware that on November 20, ASD  
11 gave a presentation to the army about these  
12 disputes?  
13 A. Yes.  
14 (Pause)  
15 MR. RAWLINGS: I would like to mark as  
16 Exhibit 11 a document Bates numbered  
17 SEC-NY09140-EPROD -- a stream of zeros -- 504.  
18 It is a document produced in native  
19 format.  
20 And the attachment is L3-DOJ-SEC -- a  
21 stream of zeros -- 32 through 46.  
22  
23  
24  
25

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1 (Pruitt Exhibit 11, Document Bates  
2 stamped L3-DOJ-SEC-0000000032 through 46,  
3 multipage document entitled: Army C-12 Program:  
4 Approach to Potential Disputes, dated November  
5 20, 2013, with attached cover page bearing  
6 heading: This document was produced natively,  
7 Bates stamped SEC-NY09140-EPROD-000000504,  
8 marked for identification)  
9 BY MR. RAWLINGS:  
10 Q. Mr. Pruitt, take a look at Exhibit 11.  
11 Do you recognize what Exhibit 11 is?  
12 (Pause)  
13 A. Do I recognize what, now?  
14 Q. Do you recognize what Exhibit 11 is?  
15 A. Yes.  
16 Q. What is it?  
17 A. It was a presentation that was  
18 presented to the government on 20 November.  
19 Q. Were you involved in the discussions  
20 leading up to presenting these issues to the  
21 government?  
22 A. As it relates to this packet?  
23 Q. As relates to the process generally.  
24 A. In general, I was involved with the  
25 revenue recovery initiative, yes.

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1 Q. Isn't it true that there are a variety  
2 of PowerPoint that were prepared trying to get  
3 to this particular PowerPoint, which was used to  
4 brief the army on the issues?  
5 Isn't that right?  
6 MR. FOKAS: Objection.  
7 A. I have no idea.  
8 Q. You have no idea?  
9 A. No, sir, I didn't prepare this packet,  
10 nor involved in the preparation of the packets  
11 leading up to this one.  
12 Q. When you say you weren't involved in  
13 the preparation of the packets leading up to  
14 this point --  
15 A. Yeah, if there were any, I wasn't  
16 involved in this presentation.  
17 Q. The presentation that you sent to Mr.  
18 Walsh that we just looked at -- Exhibit 10 --  
19 A. Right.  
20 Q. -- you are sending it to Mr. Walsh?  
21 A. I did.  
22 Q. That's an involvement, correct?  
23 MR. FOKAS: Objection.  
24 A. I said I was involved in the revenue  
25 recovery initiative.

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1 Q. Right.  
2 A. You asked me if I was involved in what  
3 led up to the creation of this document.  
4 I understand there was effort in this.  
5 I wasn't involved in the process to  
6 produce this document. I was outside that loop.  
7 Q. You were outside that loop.  
8 (Pause)  
9 MR. RAWLINGS: I'm just going to have  
10 another Exhibit marked as Pruitt Exhibit 12.  
11 (Pruitt Exhibit 12, Document Bates  
12 stamped L3-DOJ-SEC-0000476256, single-page  
13 e-mail From: Denise Pruitt, To: Participants,  
14 Subject: C-12 ARMY REA Strategy Review, dated  
15 November 11, 2013, marked for identification)  
16 BY MR. RAWLINGS:  
17 Q. Do you recognize Pruitt Exhibit 12 --  
18 which is also Sinquefield Exhibit 17 -- as an  
19 e-mail invite to a discussion?  
20 A. I see the e-mail.  
21 Q. Are you listed as a required attendee  
22 with respect to this discussion?  
23 A. I am.  
24 Q. And it's the -- the plan is to attend  
25 the C-12 strategy review on Monday.

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1 Do you recall what this strategy  
2 review was involved with?  
3 A. I do not.  
4 Q. Do you recall that there was a time in  
5 which the plan became to actually submit REAs to  
6 the government with respect to the claims at  
7 issue?  
8 MR. FOKAS: Objection.  
9 A. There may have been one or two REAs  
10 that I am vaguely aware there was.  
11 Q. Let's look at the PowerPoint, Exhibit  
12 11.  
13 If you look at the second slide –  
14 which is "Bottom Line Upfront" – there is a  
15 reference to "Submitted REAs" and "Intended  
16 REAs."  
17 Do you see that?  
18 A. I do.  
19 Q. Do you recognize the submitted REAs as  
20 a CBA claim, the PMO support for O&A efforts,  
21 and AOR wage adjustment?  
22 Were you aware that those are REAs  
23 that had already been submitted as of this  
24 time – as of November 20, 2013?  
25 A. That's what the slide says.

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1 I don't know that I saw the REAs.  
2 Q. I wasn't asking if you saw the REAs.  
3 I'm asking if you were aware that L-3  
4 had begun – either filed REAs – actually, I  
5 guess the question is: Weren't you aware that  
6 L-3 had actually initiated REAs as to three  
7 distinct claims, as listed here on this slide?  
8 MR. FOKAS: Objection.  
9 A. I don't know what the status of these  
10 things. That's what I'm saying. I didn't see  
11 them.  
12 So I don't know if they had been – I  
13 don't know where they were.  
14 Q. Well, it says "Submitted REAs" on the  
15 slide.  
16 A. I didn't prepare the slide.  
17 Q. I'm asking your understanding on  
18 November 20th if this is a document that was  
19 being presented to the army.  
20 Are you saying that you don't know  
21 that, as of 11/20, whether those REAs would have  
22 been submitted or not?  
23 MR. FOKAS: Asked and answered.  
24 A. I'm just suggesting you talk to the  
25 legal team that's responsible for that. I'm not

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1 responsible for that, and I don't even know the  
2 status of them at this time.  
3 Q. I'm just asking if whether or not you  
4 knew that they were submitted as of this time?  
5 MR. FOKAS: Asked and answered.  
6 A. I don't know.  
7 Q. And the other items are called:  
8 Intended REAs.  
9 A. Hm-hmm.  
10 Q. And there are – one, two, three,  
11 four, five, six, seven – seven items under the:  
12 Intended REAs.  
13 Do you see that?  
14 A. Yes.  
15 Q. Were you aware in discussions of  
16 intending to submit REAs on those items?  
17 A. My understanding was that there was a  
18 possibility that there could be an REA on these  
19 items.  
20 Q. Right.  
21 And if you go back to that meeting  
22 agenda, when there is a meeting: Please plan to  
23 attend the C-12 REA Strategy Review on Monday.  
24 Given that it's actually entitled a  
25 C-12 REA strategy review, do you think that your

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1 involvement on November 11 was a part of what  
2 led to the intended REAs being presented to the  
3 army on November 20?  
4 MR. FOKAS: Objection.  
5 A. I don't know. I don't remember the  
6 meeting.  
7 Q. Well, to be clear, isn't it the case  
8 that you did not attend any of the briefings in  
9 which L-3 went to the army and explained what  
10 they were going to do with revenue recovery  
11 items?  
12 MR. FOKAS: Objection.  
13 A. That's right. I don't recall going to  
14 any of those meetings.  
15 Q. You were aware, weren't you, that  
16 there were meetings on multiple levels?  
17 A. Yes.  
18 Q. If you just go through this slide, you  
19 do recognize this as the slide that was used to  
20 present these issues to the army, correct?  
21 A. That's my understanding.  
22 Q. So how familiar are you with respect  
23 to slide 3, the: Past Accomplishments?  
24 Were you involved in any of these past  
25 accomplishments – like, for instance: On 5

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1 (Pruitt Exhibit 16, Document Bates  
2 stamped L3-DOJ-SEC-0000200818, single-page  
3 e-mail From: David N. Pruitt, To: Tim Keenan,  
4 Subject: Army C-12 Claims BS Accounts TJK 120513  
5 r2.xlsx, Sent: December 6, 2013, with  
6 single-page attachment (no Bates No.), marked  
7 for identification)  
8 BY MR. RAWLINGS:  
9 Q. Mr. Pruitt, if you could look at  
10 Exhibits 14, 15 and 16, I represent to you that  
11 they are attempt to put in chronological order.  
12 And there is a chart attached to each  
13 of the e-mails.  
14 Do you recognize Exhibit 14 as an  
15 e-mail you sent to Mr. Keenan on December 15?  
16 A. December 5th.  
17 Q. Thank you so much for correcting me.  
18 All right.  
19 On December 5, correct?  
20 A. Yes.  
21 Q. Can you explain, you know, what, you  
22 know, what was happening, why are you sending  
23 Mr. Keenan this information?  
24 (Pause)  
25 A. I believe it's just a status update.

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1 Q. Status update on what?  
2 A. The -- do you have the attachment that  
3 goes with this one?  
4 Q. Well, the attachment that goes with 14  
5 is behind it.  
6 A. Oh, okay.  
7 Q. Are you sending him a spreadsheet that  
8 lists certain information about the revenue  
9 recovery items?  
10 A. Yes.  
11 (Pause)  
12 Q. If you'll notice -- if you could just  
13 compare that chart to page 38 of the December  
14 3rd presentation we were just looking at -- so  
15 it's Exhibit 13?  
16 A. What page, Steve?  
17 Q. Page 38.  
18 A. Okay.  
19 Q. Do you notice -- well, first of all,  
20 what is it -- you are saying: Attached as a  
21 working document that provides a current status  
22 of the claims process and the various balance  
23 sheet accounts.  
24 Do you recognize that that is -- as  
25 you refer to them -- various balance sheet

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1 accounts in the claims process?  
2 A. Yes, a status update.  
3 And I believe these are from the C-12  
4 program forwarded up to our level; then I  
5 forward it on to Tim, and maybe other people --  
6 Q. Got it.  
7 But this is just -- this is between  
8 Tim with a cc to Mark, right?  
9 A. Yes.  
10 Q. Okay.  
11 What was Mr. Keenan's interest in this  
12 at this time?  
13 MR. FOKAS: Objection.  
14 A. Mr. Keenan?  
15 Q. Hm-hmm.  
16 A. He's the vice-president of finance for  
17 the group.  
18 Q. Why is he interested in this?  
19 A. Well, because he's the one that's got  
20 to decide what we do with the revenue or the  
21 legal entitlement.  
22 Q. Your understanding was he was going to  
23 determine the accounting treatment?  
24 A. Either he or his accounting staff.  
25 Q. Was it your understanding that he

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1 would need to coordinate with corporate --  
2 A. Yes.  
3 Q. -- if need be?  
4 Okay.  
5 So if you compare this chart, looks  
6 very similar to slide 38 in some respects.  
7 The format is the same, right?  
8 A. About the same, yes.  
9 Q. I just want to understand -- with  
10 respect to legal entitlement, it was 31.9 on  
11 page 38 of the previous exhibit -- 13 -- but now  
12 it's become 31.7.  
13 Do you see that?  
14 A. Yes.  
15 Q. If you just look at the one that have  
16 changes: Engine rental hours went from 0.06  
17 down to 0.05.  
18 Do you see that?  
19 A. I do.  
20 Q. Then the legal entitlement went from  
21 100% down to 90%.  
22 Do you see that?  
23 I'm sorry.  
24 "Engine Rental Hours" -- "Engine  
25 Rental Hours," which is the -- one, two, three,

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1 four, five -- fifth one down --  
2 A. Yes.  
3 Q. -- so that number -- if you look at  
4 page 38 of Exhibit 13, that number was 0.6,  
5 correct?  
6 A. Yes.  
7 Q. Now it's 0.5?  
8 A. Yes.  
9 Q. On the far side, where it says  
10 "Notes," there is 100% on "Engine Rental Hours."  
11 And then you see it's 90% in Exhibit  
12 14.  
13 Do you see that?  
14 A. Right, yes, I do.  
15 Q. Do you know? -- how did that come  
16 about?  
17 Who made the decision to change it  
18 from 100% to 90%?  
19 A. Kenny Lassus.  
20 Q. There is another number that changes  
21 there. It's the -- "Option Year 01 AOR Wage  
22 Proposal" went from 0.9 to 0.8.  
23 Do you see that?  
24 A. Yes.  
25 Q. Then there has been a change from 100%

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1 A. Yes. I believe at this point in time,  
2 there was discussions about that going on during  
3 this time.  
4 Q. Does your putting it on this chart  
5 indicate -- you know, it's a working document.  
6 But it says it provides a current  
7 status.  
8 So would that have been the current  
9 status as of this particular time when you are  
10 sending it to Mr. Keenan?  
11 A. I would assume so. Haven't reason to  
12 believe otherwise.  
13 Q. So now let's take a look at Pruitt  
14 Exhibit 15.  
15 You see that that is an e-mail that  
16 Mr. Keenan is sending back to you.  
17 And he says -- oh, on the front it  
18 says: The "notes" column may need a little  
19 work, but I think this is a true representation.  
20 Do you see that?  
21 A. Yes.  
22 Q. So you see -- do you read this to mean  
23 that these are the changes that Mr. Keenan made  
24 to the document?  
25 MR. FOKAS: Objection.

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1 to 90%.  
2 Do you see that?  
3 A. Yes.  
4 Q. You are saying Kenny Lassus was  
5 involved in those changes?  
6 A. Yes.  
7 Q. With respect to the "Accrued" column,  
8 do you see how the "Accrued" column was 7.1, but  
9 now the "Accrued" column is 14.6?  
10 A. I see it.  
11 Q. Do you see there that the "Adjusted  
12 Cost Per Flight Hours" looks like it's going to  
13 be a \$7.5 million accrual?  
14 MR. FOKAS: You are referring to  
15 Exhibit 14?  
16 MR. RAWLINGS: I'm referring to  
17 Exhibit 14.  
18 BY MR. RAWLINGS:  
19 Q. Do you see that?  
20 A. I do see that.  
21 Q. Does that refresh your recollection  
22 about discussions about the idea that the  
23 adjusted cost per flight hour was going to be an  
24 accrual as of this time, December 5, 2013?  
25 MR. FOKAS: Objection.

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1 (Pause)  
2 A. Okay. I'm not sure I got them all but  
3 okay.  
4 Q. So the Notes: KO Indicated Acceptance  
5 with Back-Up.  
6 And then that's under the "CBA Claim."  
7 Do you see that?  
8 A. Okay.  
9 Q. All right.  
10 And then under "AOR Wage Adjustment:"  
11 KO Indicated Acceptance with Back-Up.  
12 Do you see that?  
13 A. Yes.  
14 Q. Then that gets repeated under "Engine  
15 Rental Hours"?  
16 A. Yes.  
17 Q. It's repeated a few times, right?  
18 Do you recall Mr. Keenan putting that  
19 in the document -- that "KO Indicated Acceptance  
20 with Back-Up"?  
21 A. I actually don't remember him doing  
22 that. But it -- supposing he did. I don't know.  
23 Q. I'm asking -- you sent it to him and  
24 the it doesn't have things in the notes. And  
25 you get it back from him and he refers to the

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1 modification.  
2 Q. Mr. Lassus is referring to a proposal  
3 here, though, correct?  
4 A. It appears that way, yes.  
5 Q. The other documents said it will do  
6 corrective billings.  
7 And here the word "billing" is not  
8 used at all, correct?  
9 A. The word is not used.  
10 Q. If you look at the next one -- the  
11 "AOR Wage Adjustments" -- do you see at the end  
12 that as to this particular item that L-3  
13 acknowledged: That three of the six AOR sites  
14 have been approved as proposed with funded ATPs  
15 issued and anticipates that the remaining three  
16 sites may be finalized by December 20?  
17 Correct?  
18 A. Okay.  
19 Q. Does that refresh your recollection  
20 that, as to this particular dispute, L-3 had  
21 spoken to the army, gotten authorization to  
22 proceed to bill it for three sites, and was  
23 awaiting for the contracting people to go  
24 through and audit the other three sites?  
25 MR. FOKAS: Objection, misstates the

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1 already been funded.  
2 Q. That's the way you read this?  
3 A. Yes.  
4 Q. It was already funded? Okay.  
5 And that the remaining three sites  
6 will be finalized by December 20, correct?  
7 A. Yes.  
8 Q. You can set this document aside.  
9 (Pause)  
10 Q. Did there come a time in December of  
11 2013 in which you believed the army authorized  
12 L-3 to send invoices for certain of the revenue  
13 recovery claims?  
14 MR. FOKAS: Objection.  
15 A. There was discussions this December  
16 about submitting invoices to the army, but I  
17 wouldn't use the word "authorized."  
18 Q. What were those discussions?  
19 A. I wasn't in the discussions. I only  
20 got feedback from the team -- our AS team.  
21 Q. What was the feedback that you  
22 received?  
23 A. That the government wanted us to  
24 submit invoices with documentation to the  
25 government for review.

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1 document.  
2 A. That's a lot in one. Can we break it  
3 down in little pieces so I can --  
4 Q. Do you understand, as to this  
5 particular option year 2 AOR wage adjustments,  
6 that as it's stated here, three of the six AOR  
7 sites -- that's areas of responsibility, right?  
8 A. Three of six --  
9 Q. -- have been approved as proposed,  
10 correct?  
11 A. Okay.  
12 Q. It says: With funded ATPs issued.  
13 Correct?  
14 A. Yes.  
15 Q. So what I'm saying is: Does that  
16 refresh your recollection that, as to this  
17 dispute, three of them had been resolved?  
18 Correct?  
19 MR. FOKAS: Objection.  
20 A. That appears to be what it says, yes.  
21 Q. And that resolution involved an ATP  
22 from the government authorizing it to bill for  
23 those sites, correct?  
24 MR. FOKAS: Objection.  
25 A. The way I read this, the ATP had

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1 Q. Who did you hear that from?  
2 A. I don't remember precisely who I heard  
3 it from. I only remember everything discussions  
4 with Kenny Lassus regarding that.  
5 Q. You don't recall prior testimony in  
6 which you say that you believed you were on the  
7 phone with Mr. Lassus and Ms. Fletcher in which  
8 that request was made?  
9 MR. FOKAS: Objection.  
10 A. I'm sorry. When did I say that?  
11 Q. I'm asking if you recall having  
12 said --  
13 A. Oh, yes.  
14 Q. -- that it was a phone call that you  
15 believed you were on, correct?  
16 A. Yes, I do.  
17 Q. So you recall testifying that  
18 previously.  
19 And is that still your recollection  
20 now -- that there was a phone call?  
21 A. I do.  
22 Q. Your understanding of that was that  
23 Ms. Fletcher said to send -- well, I don't want  
24 to -- say it in your words again?  
25 I don't want to paraphrase what you

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1 believed you understood.  
2 MR. FOKAS: Is there a question?  
3 A. Can we read it?  
4 MR. FOKAS: Is there a question?  
5 Q. I'm asking now: What is your  
6 understanding as to what it was that you heard  
7 that made -- you know, that made you think that  
8 there was -- that the army had requested  
9 invoices?  
10 A. That conversation wasn't about that  
11 per se. It was how we were going to give them  
12 to her.  
13 Q. Right.  
14 A. So that was the conversation -- was  
15 the delivery of the invoices, not about they had  
16 requested them.  
17 I just wanted to know how she wanted  
18 them.  
19 Q. And do you -- and you recall that  
20 being a phone call?  
21 It was not a meeting, correct?  
22 A. It was a phone call.  
23 Q. Do you recall a time when Mr. Lassus  
24 had met with Ms. Fletcher in December --  
25 December 5th, 2013?

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1 (Pruitt Exhibit 18, Multipage document  
2 entitled: Affidavit of Roderick M. Hynes, dated  
3 April 3, 2018 (no Bates Nos.), marked for  
4 identification)  
5 BY MR. RAWLINGS:  
6 Q. Do you recognize what Exhibit 18 is?  
7 A. I do.  
8 Q. The reference here: On or about  
9 December 18 -- paragraph 12 -- I participated in  
10 a meeting that included program management of  
11 about the U.S. Army and L3 for the C-12  
12 Contracts -- did you read that?  
13 A. I did.  
14 Q. It says: At this Program Management  
15 Review, the Army stated that if L3 believed it  
16 was owed compensation for services not  
17 previously billed, then L3 should submit  
18 invoices and supporting documentation to the  
19 Army for review.  
20 Did you read that?  
21 A. Yes.  
22 Q. When did you -- did you have a  
23 recollection of hearing about Mr. Hynes meeting  
24 on or about December 18 at the time?  
25 A. I recall somebody met with the

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1 A. Kenny was meeting with the government.  
2 I don't know about that date. But --  
3 Q. You've sat through Ms. Fletcher's  
4 testimony now, correct?  
5 Do you recall that?  
6 A. Yes.  
7 Q. So having heard her testimony in which  
8 she -- what do you understand her testimony to  
9 have meant?  
10 MR. FOKAS: Objection.  
11 Q. Do you believe now that Ms. Fletcher  
12 requested invoices sometime in December of 2013?  
13 MR. FOKAS: Objection.  
14 A. I -- like I said, the request for the  
15 invoices came from a program team.  
16 My conversation with Ms. Fletcher was  
17 how she wanted them.  
18 Q. So the request for invoices came from  
19 the program team.  
20 A. That's where I recall hearing it, or  
21 from Kenny -- one of those two.  
22 MR. RAWLINGS: Let's mark as an  
23 exhibit the affidavit of Mr. Hynes.  
24  
25

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1 government because that is how I got  
2 information. That prompted the call to Mrs.  
3 Fletcher.  
4 Q. The call was with Mr. Lassus and --  
5 you've never spoken with Mrs. Fletcher by  
6 yourself, have you?  
7 A. Not that I recall.  
8 Q. Right.  
9 The recollection that you have is of a  
10 conversation with you and Mr. Lassus on the  
11 phone, correct?  
12 A. Yes.  
13 Q. Now, what makes you think -- well, I  
14 guess the thing is, with respect to Mr. Hynes  
15 going to this meeting, it's not the case that  
16 you have a recollection of him coming back and  
17 saying the army wants invoices, correct?  
18 MR. FOKAS: Objection.  
19 A. Yes. I don't remember how I got the  
20 information.  
21 Q. And the information you believe you  
22 got was that the army wanted invoices?  
23 A. Yes.  
24 Q. And so the idea was that the program  
25 management people told you that. And what you

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1 at line 19 -- I recall during one telephone call  
2 directing Mr. Pruitt to invoice most of the  
3 revenue recovery items and accrue for two  
4 others.  
5 And do you see: And what are you  
6 referring to by that?  
7 His answer is: That was what I -- as  
8 I was saying before, that I thought, you know,  
9 so long as the customer is going to accept these  
10 invoices, that we could go ahead and put the  
11 backup together, put the invoice on there, put  
12 the legal entitlement together and bring it over  
13 to the contracting officer.  
14 Do you see that?  
15 A. I do.  
16 Q. Then the conversation continues where:  
17 So the one telephone call you were directing Mr.  
18 Pruitt to invoice, what words did you use to  
19 give that direction?  
20 I said something to the effect of:  
21 Dave, if you have a valid invoice and the  
22 customer is telling you that they will accept  
23 the invoice with the backup, then you can go  
24 ahead and invoice that and let's get going.  
25 Okay.

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1 Do you see that?  
2 A. I do.  
3 Q. Do you recall telling Mr. Keenan that  
4 the army had agreed to pay the invoices?  
5 MR. FOKAS: Objection.  
6 A. I do not recall telling him that.  
7 (Pause)  
8 MR. RAWLINGS: Can we go off the  
9 record for a quick second?  
10 THE VIDEOGRAPHER: The time now is  
11 4:22 p.m., and we are off the record.  
12 (Pause from 4:22 p.m. to 4:23 p.m.)  
13 THE VIDEOGRAPHER: The time now is  
14 4:23 p.m. We are back on the record.  
15 BY MR. RAWLINGS:  
16 Q. If you turn to page 131 and 132.  
17 At line 23: Okay. And is doing  
18 that -- when you -- when you are directing this,  
19 did you believe that that accounting would  
20 comply with SAB 104?  
21 His answer: I -- I wasn't concerned  
22 about that right at that point. But yes, I did.  
23 If we had actually had an invoice that was able  
24 to be generated and the customer would accept it  
25 and would pay it, we would be fine.

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1 Question: All right. So -- so to the  
2 extent that you were giving instruction to  
3 invoice, was it your understanding that the  
4 customer had agreed to pay those amounts?  
5 Answer: Yes.  
6 Do you see that testimony?  
7 A. I do.  
8 Q. Do you recall telling Mr. Keenan that  
9 the army had agreed to pay for the amounts on  
10 the invoices?  
11 A. I do not.  
12 Q. Do you think Mr. Keenan is lying in  
13 his testimony that you told him that?  
14 MR. FOKAS: Objection.  
15 Just for the record that the question  
16 and answer you read does not appear to include  
17 any statement from Mr. Keenan that -- as to who,  
18 if anyone, told him the army would pay for  
19 invoices.  
20 You can answer.  
21 THE WITNESS: What was the question  
22 again?  
23 BY MR. RAWLINGS:  
24 Q. Do you think that Mr. Keenan was lying  
25 in his testimony to us in which he told us that

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1 you told him that the army would pay for his --  
2 would pay -- accept the invoice and pay for it?  
3 MR. FOKAS: Objection, misstates Mr.  
4 Keenan's testimony.  
5 BY MR. RAWLINGS:  
6 Q. So that we are clear, let's go back to  
7 the testimony.  
8 So to the extent that you were giving  
9 instructions to invoice, was it your  
10 understanding that the customer had agreed to  
11 pay those amounts?  
12 Yes.  
13 Did you understand that?  
14 A. I must have lost where you are.  
15 Q. We are back at 132.  
16 A. What line?  
17 Q. Line between -- the question that  
18 begins on line 5 and ends on 9: So to the  
19 extent that you were giving instruction to  
20 invoice, was it your understanding that the  
21 customer had agreed to pay those amounts?  
22 Answer: Yes.  
23 A. Okay.  
24 Q. Then the next sentence: If they had  
25 already agreed, why -- why would you be sending

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1 over the full packet?  
2 Answer: They agreed -- what -- what I  
3 understood was that if they -- if we brought  
4 over the invoice and it had all the backup --  
5 had all the -- backup for it -- that they had  
6 done that -- they had gone through the review  
7 earlier and had that conversation with the  
8 customer, the customer had said, If you've got  
9 valid invoices and you've got good backup for it  
10 we will pay them. That was -- that was the  
11 answer.

12 Do you see that?

13 A. I see it.

14 Q. Did you tell -- did you say that to  
15 Mr. Keenan?

16 A. No.

17 Q. If you didn't say that to Mr. Keenan  
18 how did you as an accountant think that  
19 invoicing for the army in that circumstance was  
20 valid pursuant to SAB 104?

21 MR. FOKAS: Objection.

22 A. I evaluated the criteria in 104.

23 Q. Can you tell us the criteria -- you  
24 are a CPA, correct?

25 A. Yes, sir.

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1 Q. Why not?

2 A. I was reading the criteria to make  
3 sure I could give myself assurance that I was  
4 okay with what we were doing.

5 Q. So is your testimony today that -- was  
6 that before or after your conversation with Mr.  
7 Keenan?

8 A. I don't recall.

9 I take that back.

10 It was before the second call with  
11 him. The first call, I think, is that sometime  
12 between that time frame is when I reviewed the  
13 criteria.

14 Q. So it's your testimony that there were  
15 two calls with Mr. Keenan?

16 A. Yes.

17 Q. Could you explain the sequence of  
18 those calls?

19 A. I had the first call with him before  
20 Christmas and the second one after.

21 Q. What was the substance of the first  
22 call?

23 A. I don't actually recall the details.

24 I just remember having the call. And  
25 as best I can remember, it was to inform him of

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1 Q. So the criteria for SAB 104 is?

2 A. I have a binding contract signed by  
3 both parties. Worker services have been  
4 completed. The price is either fixed or  
5 determined, and collectability is reasonably  
6 assured.

7 Q. If the army hadn't agreed to pay the  
8 invoices, how did you reach the belief that the  
9 collectability was reasonably assured?

10 MR. FOKAS: Objection.

11 A. Well, first of all, I have always  
12 evaluated criteria before I issue invoices.

13 So at that point, I have no idea  
14 whether a customer would pay or not.

15 So my evaluation is simple. For U.S.  
16 Government customers, collectability is  
17 presumed, per corporate policy.

18 Q. Is that an analysis that you did at  
19 the time in December before you ran these  
20 invoices?

21 A. It was before I ran the invoices, yes.

22 Q. You conducted the SAB analysis?

23 A. Yes.

24 Q. Did you write it down?

25 A. Didn't need to.

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1 the -- an update of the latest things that were  
2 coming out of the program and legal team.

3 Q. So the conversation before  
4 Christmas -- do you believe you started the  
5 invoicing process before Christmas or after  
6 Christmas?

7 MR. FOKAS: Objection.

8 A. The conversation before Christmas --  
9 it appeared that we were maybe doing invoices,  
10 but he did not give me the direction to do so at  
11 that point.

12 (Pause)

13 MR. RAWLINGS: So I'd like to have  
14 marked as an exhibit -- 20.

15 (Pruitt Exhibit 20, Document Bates  
16 stamped L3-DOJ-SEC-000000158, single-page  
17 e-mail From: Alex Cummins, To: Andi Marcum and  
18 David N. Pruitt, Subject: Plan update for Rev  
19 Recovery, Sent: December 23, 2013, with cover  
20 page bearing heading: This document was produced  
21 natively, Bates stamped  
22 SEC-NY09140-EPROD-000000515, marked for  
23 identification)

24 MR. RAWLINGS: Also mark the next  
25 exhibit 21, a document.

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1 heads-up – or this e-mail – before Christmas,  
2 correct?  
3 A. I think it's the reverse order.  
4 Q. Okay.  
5 A. I think as soon as I discussed the  
6 issue with Kenny, sometime after that I had a  
7 discussion with Alex about: Hey, this is what  
8 I'm hearing, and discuss with him what he needed  
9 to do to prepare.  
10 Q. Was that before sending this e-mail?  
11 A. Yes.  
12 Q. So you say: As discussed below are  
13 the billing amounts.  
14 Correct?  
15 A. Yes.  
16 Q. You are providing him the billing  
17 amounts to send – to start the sales order  
18 process for, right?  
19 A. I seem to think – recall this was  
20 confirmation, but, yes.  
21 Q. And you are telling him to bill  
22 November and December PMO, CPFH, and reduce  
23 payments for the plan we have.  
24 Right?  
25 A. Yeah, that's option year 3.

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1 sense. I believe he's referring to the sales  
2 orders.  
3 Q. Right.  
4 When he says below "I believe the  
5 current course of action that they are not to be  
6 released to the government," would he be saying  
7 release the sales orders to the government?  
8 Or is he referring to invoices?  
9 MR. FOKAS: Objection.  
10 A. I think what he's talking about there  
11 is this is the reflection of the conversation  
12 with Karen Fletcher not to put them into the  
13 Wide Area Workflow when we invoiced.  
14 Q. Okay.  
15 Because you recall her saying to not  
16 put them into Wide Area Workflow?  
17 A. To send them to her first.  
18 Q. Okay. To send the invoices to her  
19 first. Okay.  
20 And so when did the preparation become  
21 actual?  
22 There was another conversation with  
23 Mr. Keenan?  
24 A. I'm not sure I understand what you  
25 mean -- "actual."

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1 Q. But that's something you are telling  
2 him to do at this time, correct?  
3 A. Yeah – we are at year end. He's  
4 doing a lot of processes – so go ahead do  
5 year – option year three, which is the current  
6 contract.  
7 Q. But what I understand – are you doing  
8 this because you are preparing – Mr. Keenan has  
9 told you that: We may invoice?  
10 A. Yes.  
11 Q. So this was in preparation.  
12 This was not telling him to cut the  
13 invoices?  
14 A. Absolutely. That's correct.  
15 Q. So if you look at Exhibit 20, Mr.  
16 Cummins is sending an e-mail to Ms. Marcum,  
17 saying: Please add planned revenue in December  
18 for the following WS and revenue recovery  
19 billings that I did today.  
20 Do you see that?  
21 A. I do.  
22 Q. So he's referring to billings that he  
23 did today.  
24 What does that mean?  
25 A. I think he used it in the generic

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1 Q. Well, you are saying – is there a way  
2 that they can prepare the sales orders, but then  
3 not release them to create invoices?  
4 A. That was exactly the conversation with  
5 Alex – was what could he do short of generating  
6 invoices, so he would – this Christmas  
7 holidays, close period – give him enough time  
8 to do as much as he could.  
9 (Pause)  
10 MR. RAWLINGS: So -- let's have marked  
11 as Pruitt Exhibit 22 --  
12 (Pruitt Exhibit 22, Document Bates  
13 stamped L3-DOJ-SEC-0000000196, single-page  
14 e-mail From: David N. Pruitt, To: Alex Cummins  
15 and Andi Marcum, Subject: Update, Sent: December  
16 26, 2013, marked for identification)  
17 BY MR. RAWLINGS:  
18 Q. This is Thursday, the day after  
19 Christmas, right?  
20 A. Yes.  
21 Q. Do you know if a decision had been  
22 made to invoice actually by that time?  
23 A. It had not.  
24 Q. How do you know that it had not?  
25 A. I recall it being an on or about 27

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1 December.  
2 Q. What is that recollection based on?  
3 A. My recollection.  
4 Q. So if there are reference in the  
5 document dated December 26 to needing to discuss  
6 billing options since Allison is out, would that  
7 be premature?  
8 In other words, why would you be  
9 thinking about billing options on the 26th if a  
10 decision hadn't been made to actually invoice?  
11 A. I'm not seeing where -- where are you  
12 reading that?  
13 Q. So it's your testimony you believe it  
14 was on the 27th that you were told to actually  
15 invoice the items?  
16 A. From Mr. Keenan, yes.  
17 Q. And tell me about that conversation.  
18 A. Short. We went down the list again.  
19 We talked about the items that would require a  
20 journal entry. And there were items that would  
21 be invoiced, and to go ahead and do it.  
22 Q. And you are saying that between the  
23 two instances, you did an SAP analysis that the  
24 collectibility was reasonably assured?  
25 A. SAP analysis?

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1 recognized, or -- and it turned out it's at the  
2 point of invoice generation.  
3 Q. Do you know what happened?  
4 Did Mr. Keenan share with you what he  
5 learned between December 27 and before Christmas  
6 that gave him the go-ahead to go ahead and  
7 invoice for the items?  
8 MR. FOKAS: Objection.  
9 Just to clarify, you said December 27  
10 and -- was it before Christmas? --  
11 MR. RAWLINGS: Before Christmas.  
12 BY MR. RAWLINGS:  
13 Q. The first conversation with Mr. Keenan  
14 was before Christmas, right?  
15 A. It was.  
16 Q. So did he share with you how that  
17 decision had been reached?  
18 A. I don't recall.  
19 I remember going through the list  
20 again looking at the criteria for which one went  
21 into which category.  
22 Short call: Do it.  
23 Other than that, I don't remember.  
24 Q. Okay.  
25 Then you did it.

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1 Q. SA -- staff accounting bulletin -- so  
2 SAB -- a SAB 104 analysis?  
3 MR. FOKAS: Asked and answered.  
4 A. Yeah, I'd already done the 104.  
5 Q. So when you -- when the invoices were  
6 ran, you knew that the invoices would create  
7 revenue for L-3, correct?  
8 MR. FOKAS: Objection.  
9 A. Once the invoices were ran, yes.  
10 Q. The sales orders would not create  
11 that.  
12 It was once the invoices were run?  
13 A. That's correct. And I clarified that  
14 with Alex Cummins to ensure that that did not  
15 happen.  
16 Q. Well, you didn't have to clarify with  
17 Alex Cummins. You know that sales orders  
18 don't --  
19 A. I didn't --  
20 MR. FOKAS: Objection.  
21 BY MR. RAWLINGS:  
22 Q. Okay, you didn't --  
23 A. That's why I asked Alex. I wanted to  
24 make sure that he did his prep work -- what  
25 could he do short of the revenue being

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1 You told Alex to go ahead and cut the  
2 invoices, correct?  
3 A. I went upstairs.  
4 I'm not sure. It could have been Andi  
5 Marcum, perhaps, or -- for some reason, I don't  
6 think it was Alex.  
7 It was either Chris Cabot or Andi  
8 Marcum is what I recall.  
9 Yeah -- it may have been Alex, but for  
10 some reason I don't think it was Alex.  
11 Q. Do you recall that during the  
12 conversation -- the process of getting the  
13 invoices cut that you had to have a conversation  
14 with Mr. Shuff?  
15 MR. FOKAS: Objection.  
16 A. About generating the invoices?  
17 Q. Hm-hmm.  
18 A. Yes.  
19 Q. What do you recall about that  
20 conversation?  
21 A. That we -- it was holiday season. We  
22 were short of personnel and didn't have enough  
23 people to enter what was needed in SAP to  
24 actually generate them. And asked for his  
25 assistance.

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1 that meeting, Mr. Lassus discussed three of the  
2 revenue recovery items with Ms. Fletcher?  
3 A. I believe that's what he shared with  
4 us.  
5 Q. And as to the heavy maintenance  
6 unfunded, isn't it the case that he actually  
7 only brought her one sample of what one of  
8 several claims represented with respect to the  
9 overall claim?  
10 MR. FOKAS: Objection.  
11 A. Again, I didn't go with him --  
12 Q. I understand that.  
13 A. -- and I am familiar with the three  
14 packets.  
15 Q. You are familiar with the three  
16 packets?  
17 A. That he took three -- that there were  
18 three --  
19 Q. Right.  
20 A. -- my understanding, there was three  
21 of them.  
22 I don't know that I can tell you much  
23 more than what you already heard through Kenny  
24 and Karen what was in the packets.  
25 Q. In your understanding, did those

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1 packets include the revenue recovery invoices  
2 that you asked Mr. Cummins to run in the end of  
3 December, 2013?  
4 A. As I stated, after listening to both  
5 Kenny and Karen, yes.  
6 Q. But you didn't ever view those  
7 invoices, correct?  
8 A. Have never seen the invoices.  
9 Q. You've never seen the invoices that  
10 you asked Mr. Cummins to --  
11 A. No, sir.  
12 Q. You understand that they wound up at  
13 ASD, correct?  
14 MR. FOKAS: Objection.  
15 A. I don't know what you mean by that.  
16 Q. Well, when the invoices were printed,  
17 where did they get printed?  
18 A. I have no idea.  
19 Q. Well, didn't you have to get Vertex's  
20 help to do the printing?  
21 A. No.  
22 Q. Wasn't that the reason you called Mr.  
23 Shuff?  
24 A. No.  
25 Q. Explain to me again why you called Mr.

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1 Shuff?  
2 MR. FOKAS: Asked and answered.  
3 A. It requires two people to do that that  
4 had authorization and access to SAP. We only  
5 had one in Huntsville.  
6 Q. Why does it require two people?  
7 A. Internal controls.  
8 Q. And the person that was in  
9 Huntsville -- was that person present or was  
10 that person not present?  
11 A. We normally have two people in  
12 Huntsville.  
13 Q. There was one person from Huntsville  
14 that wasn't present, correct?  
15 A. Yes. I don't know which one it was.  
16 Q. So, I guess what I want to get at is:  
17 At best, on January 17, you think maybe that  
18 two -- or is it three of the invoices that were  
19 printed were actually shown to Ms. Fletcher?  
20 MR. FOKAS: Objection,  
21 mischaracterizes his testimony, asked and  
22 answered.  
23 A. Yes, there were three packets that he  
24 took over.  
25 And, like I said, from hearing Kenny

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1 and Karen, they included the invoices -- so,  
2 yes.  
3 Q. And she said that it's her opinion  
4 that, so long as we have this type of  
5 justification, we would be entitled to relief;  
6 even said the interior issue was simple and we  
7 should be paid.  
8 You didn't believe that Ms. Fletcher  
9 in that meeting on January 17 agreed to pay the  
10 amounts that Mr. Lassus brought over to show  
11 her, do you?  
12 MR. FOKAS: Objection.  
13 A. I think at this point, I believe they  
14 were still in negotiations.  
15 Q. They were still negotiating.  
16 A. Hm-hmm.  
17 Q. Okay.  
18 So I want to go back to what you  
19 talked about -- there needs to be two people to  
20 do invoices.  
21 Your answer was: Internal controls.  
22 Right?  
23 A. Yes.  
24 MR. RAWLINGS: Actually, I think we'll  
25 end where we began.

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1 I'm going to ask you to look at  
2 Exhibit 8, which is the internal control  
3 document.  
4 And what I'll do while you do that --  
5 I'm just going to mark, so we have it, the one  
6 from 2012, but that the witness said he wasn't  
7 sure whether it was actually valid.  
8 So I'm going to mark as Exhibit 35 a  
9 document that we can represent to you is the  
10 document that was included in Exhibit 1 or -- 3,  
11 which -- the big fat exhibit -- in which Mr.  
12 Pruitt's copy of the internal controls was all  
13 cajmied.  
14 MR. FOKAS: So you are representing  
15 that it's a revised attachment -- one of the --  
16 it's a revised attachment of one of the  
17 attachments to Pruitt Exhibit 3.  
18 MR. RAWLINGS: I'm representing on the  
19 record that the Exhibit 35 that I'm sending out  
20 is a correctly-paginated version of the internal  
21 controls that was sent out by Mr. Pruitt, as per  
22 Exhibit 3.  
23 MR. FOKAS: Okay.  
24  
25

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1 estimates of completion, correct?  
2 A. Okay.  
3 Q. Do you recognize that that's what that  
4 is?  
5 A. Yes.  
6 Q. Do you see that internal control EAC  
7 19: The VP of Finance or Controller or  
8 individual authorized by the VP of  
9 Finance/Controller reviews and approves the  
10 initial EAC's and ensures that an EAC is  
11 prepared for each unit of accounting identified  
12 in the contract that will be used to recognize  
13 revenue and profit in accordance with L-3  
14 communications revenue recognition guidelines?  
15 Do you see that?  
16 A. Yes.  
17 Q. Did you understand that as the VP of  
18 finance, you were responsible for ensuring that  
19 the EACs were done on the C-12 contract?  
20 MR. FOKAS: Objection.  
21 A. For this control?  
22 Q. For this control.  
23 A. I do not agree to that.  
24 Q. Okay.  
25 What do you believe the -- who was the

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1 (Pruitt Exhibit 35, Multipage document  
2 entitled: Internal Controls Over Financial  
3 Reporting: All Processes - April 1, 2012:  
4 Control Activity as Drafted by L-3 Corporate:  
5 Purchasing and Accounts Payable, with cover page  
6 bearing heading: Produced in Native, Bates  
7 stamped L3-DOJ-SEC-0000244714, marked for  
8 identification)  
9 BY MR. RAWLINGS:  
10 Q. Do you see that the first controls in  
11 the packets have to do with purchasing and  
12 accounts payable, correct?  
13 MR. FOKAS: Which one are you looking  
14 at?  
15 MR. RAWLINGS: I would look at Exhibit  
16 35, which is the one the witness has in front of  
17 him.  
18 Or does the witness have --  
19 THE WITNESS: Thirty-five.  
20 MR. RAWLINGS: Thirty-five. Okay.  
21 I'll be working off of 35.  
22 Just looking through the document --  
23 page 7, if you could look through that.  
24 BY MR. RAWLINGS:  
25 Q. Those are internal controls related to

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1 person who was responsible for this control?  
2 A. Wasn't me.  
3 Q. So it says: The VP of Finance or  
4 Controller or individual authorized by the VP of  
5 Finance/Controller reviews and approves.  
6 Was there someone that you authorized  
7 to do it?  
8 A. No, sir. This control doesn't apply  
9 to our contracts.  
10 Q. Why is that?  
11 A. This control only applies to SOP 811  
12 contracts.  
13 Q. You are saying that EAC 19 -- your  
14 view is that it only applies to SOP 811  
15 contracts?  
16 A. That's correct.  
17 Q. So with respect to EAC 20, the  
18 contract: Is updated at least quarterly.  
19 That's not something that you believe  
20 is required for --  
21 (Pause)  
22 Q. -- for the C-12 contract?  
23 A. For this control.  
24 Q. Let's turn to the invoicing.  
25 Just before I ask about invoicing, was

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1 that your belief at the time -- that EACs  
2 weren't required for the C-12 contract?  
3 A. What time are we talking about?  
4 Q. At the time -- in, like, say, June of  
5 2013, when you were in Huntsville working at  
6 ASD, was it your understanding that EACs were  
7 not required for the C-12 contract?  
8 A. As pretty early as we were standing  
9 up.  
10 So the only thing I know for sure is  
11 that we did not have any SOP 811 contracts.  
12 Q. But I asked you earlier if you ever  
13 told Mr. Cummins that EACs were not required for  
14 the C-12 contract.  
15 A. I did tell him that -- that it was not  
16 required.  
17 MR. FOKAS: Objection.  
18 Q. You did tell him that it was not  
19 required?  
20 Or you did not tell him it was not  
21 required?  
22 MR. FOKAS: Objection.  
23 Your earlier question -- that was not  
24 your earlier question. So --  
25 THE WITNESS: Yeah, I got confused.

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1 BY MR. RAWLINGS:  
2 Q. Let's go back to what your  
3 understanding was.  
4 A. Yes.  
5 Q. In 2013 --  
6 A. Yes.  
7 Q. -- when you arrived at ASD and you  
8 started working with the C-12 contract --  
9 A. Yes.  
10 Q. -- were estimates of completion being  
11 done?  
12 A. Yes.  
13 Q. Did you believe at that time that they  
14 were required to be done?  
15 A. Yes.  
16 Q. Did there come a time when you  
17 believed that they were no longer -- not  
18 required to be done?  
19 A. No.  
20 Q. But they were not required to be done  
21 pursuant to this control?  
22 Or why were they required to be done?  
23 A. It's a basic function of program  
24 management.  
25 Q. But I guess I'm confused.

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1 MR. FOKAS: -- restate your  
2 question --  
3 MR. RAWLINGS: Let's start over on  
4 this one.  
5 BY MR. RAWLINGS:  
6 Q. My understanding is that, when I asked  
7 you if you had told Mr. Cummins that EACs were  
8 not required --  
9 MR. FOKAS: Objection.  
10 Again, that's not the question you  
11 asked him this morning. It's not.  
12 BY MR. RAWLINGS:  
13 Q. Was it your understanding -- so, wait.  
14 So you are saying now that, when Mr.  
15 Cummins testified that you told him that EACs  
16 were not required for the C-12 contract, did  
17 that happen?  
18 MR. FOKAS: Objection, again,  
19 misstates Mr. Cummins' testimony now.  
20 I assume also misstates what you asked  
21 him this morning.  
22 You can answer if you understand the  
23 question.  
24 THE WITNESS: State one more time, and  
25 I'll try to answer without --

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1 Because I thought when I was saying  
2 this control -- you are saying that this  
3 internal control does not apply to you because  
4 of the type of contract. That's --  
5 A. Yes, that's correct.  
6 Q. But you aren't saying that you didn't  
7 do EACs.  
8 There were EACs done for the C-12  
9 contract.  
10 A. Yes, in accordance with the corporate  
11 policy for 104 contracts -- SAB 104.  
12 Q. So they -- there was a policy that  
13 required EACs to be done on the C-12 contract,  
14 correct?  
15 MR. FOKAS: Objection.  
16 A. Yeah -- we required the programs to  
17 show us their EACs monthly.  
18 Q. Okay.  
19 So looking at the invoice controls, I  
20 want to look at IR 1.  
21 Do you see that IR 1 says --  
22 MR. FOKAS: What page are you on?  
23 MR. RAWLINGS: I believe it's 14  
24 of 18.  
25 BY MR. RAWLINGS:

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