Indictments Against Former Eaton Engineers Dropped

Jeff Amy, Associated Press

JACKSON, Miss. (AP) — Federal prosecutors in Mississippi have dropped criminal cases against five aerospace engineers who had been accused of stealing trade secrets.

Senior U.S. District Judge William Barbour dismissed indictments against the men Wednesday. The charges of taking trade secrets from Eaton Corp. when they left to go to work for what is now called Triumph Aerospace had been brought in 2006.

The cases had been frozen since 2009, pending the outcome of a civil suit by Cleveland-based Eaton against what was then called Frisby Aerospace. That North Carolina firm is now part of Triumph Group, based near Philadelphia. That suit exploded in scandal when it was revealed that lawyers were paying former Hinds County District Attorney Ed Peters to improperly influence then-Hinds County Circuit Judge Bobby DeLaughter.

At prosecutors' behest, Barbour began pushing forward the federal cases in January, setting an October trial date. But Greg Davis, confirmed in March as U.S. attorney for south Mississippi, decided to drop the cases. A spokeswoman for Davis could not be reached for comment.

Ed Blackmon, a lawyer who represented one of the five defendants, said that "the government did the right thing."

"The dismissal of the indictments against our employees is a welcome positive step not only for them, but also for our company and our customers," Triumph Chairman Richard C. Ill said in a news release.

The five engineers design hydraulic pumps and motors. Triumph and Eaton compete to supply those components to commercial and military aircraft makers. Prosecutors had said the engineers took Eaton computer programs, drawings, documents and files with them when they jumped in 2002 to what was then Frisby, citing an FBI search of Frisby offices in Clemmons, N.C.

"We believe that the evidence in this case proving the engineers' culpability is overwhelming and that the decision not to proceed with the trial after many years of delaying tactics by the defendants is disappointing," Eaton spokesman Scott Schroeder wrote in an email. "This evidence should have been considered by a judge and a jury."

Eaton, which makes hydraulic aircraft pumps at a 600-employee factory in Jackson, filed suit in 2004. Schroeder wrote that protecting trade secrets helps maintain

those jobs.

After DeLaughter was removed from the state civil case, a judge found that Eaton's lawyers had engaged in multiple forms of misconduct. The company or its lawyers paid a witness, had hired Peters to make improper back-channel communications with DeLaughter, and withheld emails about Peters. Eaton was fined $1.5 million by a judge before he dismissed the suit.

DeLaughter pleaded guilty to obstruction of justice as part of a judicial bribery scandal surrounding former Oxford lawyer Richard "Dickie" Scruggs and served 18 months in federal prison. Scruggs was found to have tried to influence DeLaughter in a separate dispute over legal fees by trying to make DeLaughter believe Scruggs could get him appointed to a federal judgeship.

Scruggs' associates paid Peters $1 million to influence DeLaughter. Peters was given immunity and never tried in the case, though he had to forfeit what was left of the money and surrender his law license. Peters has not been charged in the Eaton case.

Cleveland's Plain Dealer newspaper reported Wednesday that Eaton has fired two top lawyers. Eaton faces ongoing scrutiny over the withheld emails in a countersuit that Triumph is pursuing in Hinds County, with CEO Alexander Cutler and other executives ordered by Hinds County Circuit Judge Jeff Weill to swear out statements laying out what they knew about the withheld emails.

That's just one prong of a legal mess that has spawned lawsuits in three states. Eaton has appealed the dismissal of its lawsuit to the Mississippi Supreme Court. Triumph is suing Eaton in federal court in North Carolina. And Eaton shareholders are suing the company in state court in Cleveland claiming that company lawyers, and directors frittered away the $1 billion claim against Triumph because of their misconduct or inaction.

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