

A Lawsuit in Context

2 January 2026

Stavatti Aerospace is currently defending a single lawsuit in U.S. District Court, District of Arizona (Case No. 2:23-CV-00226-PHX-DJH). As detailed in our February 3, 2025, public statement, the action stems from a \$900,000 convertible note executed without authorization with a party who has been identified as neither an investor or lender to Stavatti. Stavatti has accepted responsibility for repaying the principal, but has disputed the unauthorized five-fold return and accelerated repayment terms. Discovery revealed the plaintiff acted as a “front” for undisclosed parties and that the suit appears aimed at maligning Stavatti’s reputation, disrupting Stavatti business initiatives, and harming its leadership and shareholders. Stavatti has proposed mediation and stands ready to resolve the matter amicably while vigorously defending against false claims.

In contrast, our larger competitors routinely manage dozens to hundreds of active lawsuits and legal matters. Boeing faces an estimated 40 to 80+ significant proceedings, including multiple 737 MAX crash wrongful-death suits, the 2024 Alaska Airlines door-plug incident claims, Jeju Air crash litigation, shareholder class actions, labor disputes, and whistleblower cases with combined legal exposure exceeding \$25 billion in recent analyses. Lockheed Martin contends with 20 to 50 notable matters, including securities class actions, ERISA pension suits, environmental remediation, and government contract disputes. Northrop Grumman manages 15 to 40 significant cases, highlighted by the Bethpage environmental class action and DOJ investigations. Airbus, under a different European disclosure regime, handles 10 to 30+ commercial, regulatory, and residual shareholder actions. Textron (parent of Cessna and Bell Helicopter) is embroiled in multiple aviation product-liability and class actions, such as the 2025 Cessna Citation CJ4 corrosion defect suit, the 400-plaintiff Cessna TTx window-cracking fleet dispute (summary judgment secured in March 2026), V-22 Osprey claims, and various crash-related wrongful-death filings. Even Cirrus Design faces ongoing product-liability, trademark, and contract litigation, including the 2024-2025 Pace v. Cirrus case and related disputes.

Lawsuits are an expected reality in the aircraft business. The industry’s high-stakes environment involving complex engineering, safety-critical systems, government oversight, and long product lifecycles, has historically generated frequent litigation. In the 1980s, the General Aviation (GA) sector was nearly destroyed by a surge in product-liability suits. Manufacturers faced “long-tail” exposure for aircraft decades old, with claims and defense costs exploding from \$24 million in 1977 to over \$200 million by 1985. In response to this litigation Cessna halted all piston-engine general aviation aircraft production, while Piper filed bankruptcy, and annual U.S. GA output plummeted by 95%. Congress eventually responded with the General Aviation Revitalization Act (GARA) of 1994, which established an 18-year statute of repose shielding GA aircraft and component manufacturers from most product-liability claims for products older than 18 years at the time of an accident. GARA dramatically reduced the crushing litigation burden, enabling a partial industry revival by restoring predictability and lowering insurance and defense costs. This protection directly benefits Stavatti for any general aviation activities or future commercial products and underscores the industry’s recognition that reasonable liability limits are essential for innovation and survival.

Producing military aircraft further limits liability exposure. Under the Government Contractor Defense established by the U.S. Supreme Court in *Boyle v. United Technologies Corp.* (1988), manufacturers are shielded from design-defect claims when their products conform to reasonably precise government specifications and the government approves the design. This doctrine, combined with sovereign immunity principles and the unique regulatory environment of defense contracting, substantially reduces the risk of the open-ended civil suits common in commercial aviation.

Stavatti’s single, contested matter, rooted in a Know Your Customer (KYC) authorization failure rather than product performance or safety, pales against the volume of litigation confronting established primes. In an industry where lawsuits are routine and legal safeguards like GARA and the Government Contractor Defense exist precisely to foster responsible growth, Stavatti remains focused on delivering next-generation aerospace solutions while managing risk prudently.