



## ADMINISTRATIVE AGREEMENT

This Administrative Agreement ("Agreement") is made between the United States Army (Army) and Southeastern Equipment Company, Inc. (SECO); SECO Parts and Equipment Company (SECO P&E); Mr. B. Roy Smith (CEO); and Mr. Byron M. Morris (CFO).

### A. PREAMBLE

1. On June 15, 2021, the United States of America, acting through the United States Department of Justice and on behalf of the Department of the Army (collectively the "United States") reached a settlement agreement<sup>1</sup> ("Agreement") with Southeastern Equipment Company, Inc., SECO Parts and Equipment Company, B. Roy Smith (CEO), and Byron M. Morris (CFO) (collectively the "contractor"), through their authorized representatives.

2. Southeastern Equipment Company, Inc., and SECO Parts and Equipment Company (together, "SECO") is a supplier of equipment, parts, and products to, among other entities, the United States Government ("USG"). SECO's principal place of business is Augusta, Georgia, within the Southern District of Georgia. Mr. B. Roy Smith is the Chief Executive Officer of SECO. Mr. Byron M. Morris is the Chief Financial Officer of SECO.

3. On February 7, 2019, Relator filed a *qui tam* action in the United States District Court for the Southern District of Georgia captioned *United States ex rel. Charles Ashley Royal, Jr. v. Southeastern Equipment Company, Inc.; SECO Parts and Equipment Company; B. Roy Smith; and Byron M. Morris*, 1:19-cv-19, pursuant to the *qui tam* provisions of the False Claims Act, 31 U.S.C. § 3730(b) (the "Civil Action"). Among other things, Relator alleged that contractors supplied the United States Government equipment, parts, and products that differed from the equipment, parts, or products procured on contract by the United States, or that were otherwise provided in violation of the Buy American Act or the Trade Agreements Act. One of the government programs identified by Relator was the U.S. Army's Simplified Nonstandard Acquisition Program ("SNAP") that is managed by the U.S. Army Tank-automotive & Armaments Command ("TACOM"). The United States intervened for the purpose of settling the Civil Action.

4. The Contractor agrees to pay the United States Nine Hundred Thousand Dollars (\$900,000.00) ("Settlement Amount"), of which \$600,000 is restitution, by electronic funds transfer pursuant to written instructions to be provided by Southern District of Georgia. Defendants shall pay the Settlement Amount in twelve equal payments of

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<sup>1</sup> Appendix A – DoJ Settlement Agreement



## **ADMINISTRATIVE AGREEMENT**

SECO; SECO Parts and Equipment Company (SECO P&E); Mr. B. Roy Smith (CEO); and Mr. Byron M. Morris (CFO).

\$75,000 each, with the first payment due within thirty (30) days of the Effective Date of this Agreement, and continuing every 30 days thereafter.

5. Notwithstanding the releases provided in the DoJ Settlement Agreement, the following claims and rights of the United States are specifically reserved and are not released:

- a. Any liability arising under Title 26, U.S. Code (Internal Revenue Code);
- b. Any criminal liability;
- c. Except as explicitly stated in the Agreement, any administrative liability or enforcement right, including the suspension and debarment rights of any federal agency and Supply Discrepancy Report (SDR) processes or rights;
- d. Any liability to the United States (or its agencies) for any conduct other than the Covered Conduct;
- e. Any liability to any third party;
- f. Any common law claims related to Covered Conduct Part 3 except for common law fraud; and
- g. Any liability based upon obligations created by this Agreement.

6. In order to assure its present responsibility, Contractor agree to take the remedial actions specified in Section C, Contractor Responsibility Program, subject to the terms and conditions described in Section D, General Conditions, and Section E, Administration of Agreement.

7. The Army has determined that the terms and conditions of this Administrative Agreement provide adequate assurance that the interests of the Government will be sufficiently protected to preclude the necessity of debarment or suspension of the Contractor or its officers. **NOW THEREFORE**, in consideration of the promises set forth herein and for good and valuable consideration, the parties mutually agree as follows.

## **B. DEFINITIONS**

1. "Contractor" refers to Southeastern Equipment Company, Inc. (SECO); SECO Parts and Equipment Company (SECO P&E), Mr. B. Roy Smith (CEO), and Mr. Byron M. Morris (CFO), including its directors, officers, and employees, while acting in their capacities as such.

2. "Days" refers to "calendar days."

3. "Effective date" (of this Administrative Agreement) refers to the date on which the Army's Suspension and Debarment Official signs this Agreement on behalf of the Army.

## **ADMINISTRATIVE AGREEMENT**

SECO; SECO Parts and Equipment Company (SECO P&E); Mr. B. Roy Smith (CEO); and Mr. Byron M. Morris (CFO).

4. "Employee" refers to officers, managers, and supervisors. All full and part-time workers and consultants will be considered employees for training purposes.

5. "Ethics Program Director" refers to a managerial officer of the Contractor who will be the first point of contact for all questions regarding the terms and conditions of this Agreement.

6. "FAR" refers to the Federal Acquisition Regulation.

7. "Government" refers to any department, agency, division, independent establishment, or wholly owned corporation of the United States Government.

8. "Independent cause" for suspension or debarment refers to a reason or basis for such action not directly related to information set forth in the Preamble or any document referred to in the Preamble.

## **C. CONTRACTOR RESPONSIBILITY PROGRAM**

1. **General.** Contractor shall institute a Contractor Responsibility Program involving all its employees. The program shall be designed to ensure that Contractor maintains the high standard of business integrity and honesty required of Government contractors and that Contractor's performance of Government contracts is in strict compliance with their terms. At a minimum, the Program shall include the following features, which are described in greater detail below:

- a. Notification to employees of this Agreement;
- b. Adoption of a Code of Business Ethics and Conduct;
- c. Publication of a Government Contracting Policies and Procedures Manual;
- d. Establishment and conduct of a training program in business ethics and Government contracting for all Contractor employees;
- e. Appointment of an Ethics Program Director; and
- f. Installation of a dedicated email address for employees or others to report suspected instances of improper conduct.



## **ADMINISTRATIVE AGREEMENT**

SECO; SECO Parts and Equipment Company (SECO P&E); Mr. B. Roy Smith (CEO); and Mr. Byron M. Morris (CFO).

g. Contractor to implement mandatory training of their SNAP Policies and Procedures ("P&P's) for all new and existing employees. Each employee must sign an acknowledgement that they have reviewed, understand, and will abide by the policy and procedures.

h. An annual refresher training, at which time each employee renews their acknowledgement that they have reviewed, understand, and will abide by the policy and procedures.

i. Contractor to implement an internal policy to reprimand any individual that does not follow the P&P's, up to and including termination.

j. SECO management and USG SNAP Contracting Officer have an annual review to discuss any changes to the program, or as needed.

k. All SNAP shipments and any other shipments related to government programs in which SECO participate to be physically inspected by a DCMA Quality Assurance Representative (QAR). During the term of this agreement, SECO is denied any rights to participate in any SNAP program or other government programs that allows self-certification of shipments.

l. During the term of this agreement, USG retain the right to terminate this agreement for lack of present responsibility, if future discrepancies present themselves.

**2. Notification of This Agreement.** Within 30 days of the effective date of this Agreement, Contractor's CEO shall prepare and display, in a prominent place accessible to all employees, a letter stating that Contractor has entered into an administrative settlement agreement with the Army. A copy of the CEO's letter will be forwarded to the Army for approval prior to distribution and will describe this Agreement and Contractor's responsibilities thereunder. The letter shall state:

a. The basis for this Agreement;

b. Contractor's commitment to observe all applicable laws and regulations, and to maintain the highest standards in conducting business with the United States Government;

c. A brief description of the features of the Contractor Responsibility Program;

d. The name, address, email address in order to report ethics complaints, possible violations of the Code of Business Ethics and Conduct or Government

## **ADMINISTRATIVE AGREEMENT**

SECO; SECO Parts and Equipment Company (SECO P&E); Mr. B. Roy Smith (CEO); and Mr. Byron M. Morris (CFO).

Contracting Policies and Procedures Manual, suggestions, or issues and local telephone number of the Contractor's Ethics Program Director, and the web address, and telephone number for the Department of Defense Office of Inspector General ("DODIG") hotline;

e. The availability of the Ethics Program Director for consultation on any questions concerning Contractor's business practices or employee responsibilities, including required reporting of improprieties; and

f. That all improprieties regarding Government operations shall be reported to the Ethics Program Director or the DODIG hotline. If reported to the Ethics Program Director, that person will conduct an investigation followed by appropriate corrective action.

g. Regardless of method chosen to report improprieties, concerns, suggestions or issues, employees may make such reports without revealing their identity.

### **3. Code of Business Ethics and Conduct.**

a. Contractor shall create, maintain, and revise, as necessary, a Code of Business Ethics and Conduct ("Code"). The Code shall be designed to ensure that Contractor maintains the business integrity and honesty required of a Government contractor, and that Contractor's performance is in strict compliance with the terms and conditions of its Government contracts.

b. Within 30 days of the effective date of this Agreement, Contractor shall submit a draft Code of Business Ethics and Conduct to the Army for written approval. If the Army objects to the Code of Business Ethics and Conduct, Contractor shall promptly revise the Code to meet the Army's objections and resubmit it for approval.

c. Elements of the Code of Business Ethics and Conduct. The Code shall include at a minimum:

(1) A statement of Contractor's commitment to comply with the contractor responsibility provisions of the FAR and all other applicable laws and regulations concerning the conduct of Government contracting or subcontracting;

(2) A statement of Contractor's commitment to fully cooperate with any Government agencies responsible for either investigation or corrective actions;



## **ADMINISTRATIVE AGREEMENT**

SECO; SECO Parts and Equipment Company (SECO P&E); Mr. B. Roy Smith (CEO); and Mr. Byron M. Morris (CFO).

(3) Specific standards of conduct for Contractor employees concerning their business dealings with the Government on behalf of Contractor;

(4) Notice that Contractor will immediately discipline, to include termination if appropriate, employees or officers whose conduct violates applicable laws, regulations, or the basic tenets of business integrity and honesty set forth in the Code of Business Ethics and Conduct; and

(5) A requirement that Contractor employees report to the Ethics Program Director or to the DODIG hotline any impropriety or violation of this Agreement, whether committed by Contractor, a vendor, a subcontractor, or a Government employee; and

(6) Any provisions that pertain to an individual contractor's misconduct that this Agreement is designed to prevent, e.g., product substitution, antitrust violations, compliance with the Truth in Negotiation Act, timecard reporting, compliance with the Prompt Payment Act in paying subcontractors, prohibition on offering or receiving gifts or gratuities from or to suppliers or Government personnel, etc.

### **4. Government Contracting Policies and Procedures Manual.**

a. Contractor shall establish and maintain a written Government Contracting Policies and Procedures Manual ("Manual") to regulate the performance of its Government contracts specific to each Government program in which Contractor participates. Such Government programs include but are not limited to the SNAP Program, Defense Logistics Agency (DLA) contracts, and contracts issued through the GSA. The Manual shall describe, in detail, Contractor's method for competing for and administering Government contracts within each specific Government program in which Contractor participates and the job positions within the company that are for performing, approving, and reviewing these tasks.

b. Contractor management shall monitor employee compliance with the policies and procedures set forth in the Manual, and consider such compliance when making decisions concerning personnel decisions, including compensation.

c. Within 60 days of the effective date of this Agreement, Contractor shall submit a draft Manual to the Army for written approval. If the Army objects to the Manual, Contractor shall promptly revise it to meet the Army's objections and resubmit it for approval. At a minimum, the Government Contracting Policies and Procedures Manual will be updated annually.

### **5. Training Program.**



## **ADMINISTRATIVE AGREEMENT**

SECO; SECO Parts and Equipment Company (SECO P&E); Mr. B. Roy Smith (CEO); and Mr. Byron M. Morris (CFO).

a. Army Approval of Training Plans. Within 30 days of the effective date of this Agreement, Contractor shall provide the Army a training plan with a detailed description of course materials it intends to use in ethics and Government contracting training classes. If the Army rejects a plan, Contractor will promptly propose another plan.

b. Ethics Training. Within 60 days of the approval of the training plan by the Army, pursuant to paragraph (a) above, Contractor shall provide all its employees with a copy of its Code of Business Ethics and Conduct and conduct initial training in business ethics and conduct. All employees shall sign and date a roster, certifying that they attended training and received and read a copy of the Code of Business Ethics and Conduct. Contractor shall ensure that newly hired employees receive training, a copy of the Code of Business Ethics and Conduct, and sign and date a roster certifying they attended training, received and read a copy of the Code, and that they will abide by the policies and procedures contained therein.

c. Government Contracting Training. Within 60 days of the approval of the training plan by the Army, pursuant to paragraph (a) above, Contractor shall provide employees directly involved with Government contracts, at any point in time, even if only work on such contracts temporarily, intermittently or on an ad-hoc basis, specialized training in laws, regulations, and contractor policies and procedures related to Government contracting. These employees shall sign and date a roster certifying they attended the training, received a copy of the Government Contracting Policies and Procedures Manual, were familiarized with the Government Contracting Policies and Procedures Manual, and that they will abide by the policies and procedures contained therein.

d. Frequency and Certification of Training. Contractor shall conduct and update all ethics and Government contracting training and employee certifications annually. The Ethics Program Director shall maintain all employee certification rosters for ethics and Government contracting training and make them available to the Army upon request.

e. Notice of Training. Contractor will provide the Army a schedule of all ethics and Government contracting training sessions at least 15 days in advance, so the Army may attend the training.

**6. Ethics Program Director.** Contractor shall appoint a managerial officer as the Ethics Program Director and revise that employee's job description for this duty. The Ethics Program Director shall serve as the Contractor's first point of contact for all questions regarding the terms and conditions of this Agreement and Contractor



## **ADMINISTRATIVE AGREEMENT**

SECO; SECO Parts and Equipment Company (SECO P&E); Mr. B. Roy Smith (CEO); and Mr. Byron M. Morris (CFO).

implementation of this Agreement, investigate complaints concerning Contractor's compliance with this Agreement, and report to the Army concerning Contractor's compliance with this Agreement. Within 30 days of the effective date of this Agreement, Contractor shall provide the name, current position, resume, and organizational status of the proposed Ethics Program Director to the Army for approval. Any change in the Ethics Program Director shall require prior Army approval.

### **7. Email Address for Ethics Complaints.**

a. General. Within 30 days of the effective date of this Agreement, Contractor shall establish and maintain a dedicated email address published to all employees by which employees may report to the Ethics Program Director suspected incidents of improper conduct, to include fraud, waste, and abuse, or violation of the terms of any contract or this Agreement. The email address and the name and address of the Ethics Program Director shall be prominently displayed in all employee work and break areas, and included in all appropriate internal employee and management publications. These notifications shall describe the hotline's purpose, and explain that reports may be made anonymously, that all anonymous reports will be acted upon in the same manner as identifiable reports.

b. Hotline Log. The Ethics Program Director shall maintain a log of all ethics emails, to include: date and time of email; identity of sender, if disclosed; summary of allegation or inquiry; and general resolution or referral. The Ethics Program Director shall ensure that each email is adequately investigated and resolved. Email investigation reports shall be provided to the Army. Contractor shall not assert an attorney-client or work-product privilege with respect to email log, investigative reports, or their contents.

**8. Reports to the Army.** The Ethics Program Director shall submit a semi-annual report to the Army that is postmarked no later than seven days after the first day of October and April, as appropriate, of each year that this Agreement is in effect, until this Agreement has expired. The report shall include:

a. A description of the training conducted that is required by this Agreement and the number of persons who attended, including a statement of the percentage of total employees trained year to date as of the date of the report.

b. The total number of ethics emails and other contacts made or referred to the Ethics Program Director. This part of the report shall include:



## **ADMINISTRATIVE AGREEMENT**

SECO; SECO Parts and Equipment Company (SECO P&E); Mr. B. Roy Smith (CEO); and Mr. Byron M. Morris (CFO).

(1) The means by which any alleged misconduct was reported (e.g., call, letter, or drop-in visit, email, etc.);

(2) The category of any alleged misconduct (e.g., product substitution, mischarging, defective pricing, etc.) and a brief descriptive summary thereof;

(3) Whether the alleged misconduct was substantiated, in whole or in part;

(4) Whether disciplinary action was imposed and if so, a description of that action; and

(5) Whether corrective measures other than disciplinary action were taken and if so, a description of those actions. Matters pending resolution at the time of a reporting period shall be included in each subsequent report until final resolution of all matters are reported.

## **D. GENERAL CONDITIONS**

1. The Contractor understands and acknowledges that under the terms of the Agreement and the Policies and Procedures under the USG SNAP program the following must be complied with:

- i. Any part presented for inspection must be identical to the part number and Cage Code indicated on the delivery order. The Contractor acknowledges and understands that any and all changes, exceptions, substitutions or equivalencies proposed in lieu of the specified CAGE Code and part number must be presented to, and approved, in writing by the USG SNAP Contracting Officer.
- ii. Any presentation of a substituted part number, a part from a different CAGE Code; or the provision of alleged "equivalent parts" (same or similar Form, Fit or Function) without having obtained written approval from the USG SNAP Contracting Officer via a revised Delivery Order documenting the change from the original parts to the proposed equivalent parts is conclusive proof of violation of the terms of this Agreement and may subject Contractor to termination of its contract.
- iii. The Contractor understands and acknowledges that the DCMA QAR, even if the QAR states differently, does not have the authority to accept any parts that are not identical in CAGE Code and part number to what has been specified in the Delivery Order awarded to Contractor. If the QAR acts in contravention of the SNAP Program Policies and Procedures, or the terms of this Administrative



## **ADMINISTRATIVE AGREEMENT**

SECO; SECO Parts and Equipment Company (SECO P&E); Mr. B. Roy Smith (CEO); and Mr. Byron M. Morris (CFO).

Agreement, in accepting parts that are not in compliance with the Delivery Order, such actions will not preclude termination of the Contractor's contract, and the presentation of parts different than what was specifically identified in the Delivery Order will be deemed conclusive proof of violation of this Agreement.

**2. Unallowable Costs.** All costs, as defined in FAR 31.205-47, incurred for or on behalf of Contractor in response to or in preparation of Government criminal, civil, or administrative actions arising out of alleged violations described in the Preamble, and all costs incurred by Contractor in negotiating, implementing and abiding by the terms of this Agreement, shall be deemed unallowable costs, direct or indirect, for Government contract purposes. These unallowable amounts shall be separately accounted for by Contractor by identification of costs incurred: (a) through accounting records to the extent possible; (b) through memorandum records, including diaries and formal logs, regardless of whether such records are part of official corporate documentation, where accounting records are not available; and (c) through good faith itemized estimates where no other accounting basis is available.

**2. Allowable Costs.** The costs of all self-governance, compliance, or ethics programs, activities and offices in existence prior to when the matters described in the Preamble of this Agreement arose which had previously been found to be allowable costs permitted by law and regulation, and which are continued by the terms of this Agreement shall be allowable costs to the extent otherwise permitted by law and regulation, otherwise allowable costs are not applicable. There are no such pre-existing self-governance or compliance measures and ethics programs which are allowable costs under the terms of this paragraph.

**3. Modifications of This Agreement.** Any requirements imposed on Contractor by this Agreement may be discontinued by the Army at its sole discretion. Other modifications to this Agreement may be made only in writing and upon mutual consent of the parties to this Agreement.

**4. Business Relationships with Suspended or Debarred Entities.** Contractor shall not knowingly form a contract with, purchase from, or enter into any business relationship with any individual or business entity that is listed by the General Services Administration (GSA) as debarred, suspended, or proposed for debarment. In order to implement this provision, Contractor shall make reasonable inquiry into the status of any such potential business partner, to include, at a minimum, review of the GSA's List of Parties Excluded from Federal Procurement and Nonprocurement Programs at SAM.gov.



## **ADMINISTRATIVE AGREEMENT**

SECO; SECO Parts and Equipment Company (SECO P&E); Mr. B. Roy Smith (CEO); and Mr. Byron M. Morris (CFO).

**5. Public Document.** This Agreement is a public document that may be distributed by the Army throughout the Federal Government for official purposes and to other interested parties upon appropriate request under the Freedom of Information Act.

**6. Releases.** Contractor releases the United States, its instrumentalities, agents, and employees in their official and personal capacities, of any and all liability or claims, monetary or equitable, arising out of the investigation and negotiation of this Agreement.

**7. Scope of This Agreement - Suspension and Debarment for Independent Cause.** This Agreement in no way restricts the authority, responsibility, or legal duty of the Army, or any other federal agency, to consider and institute suspension or debarment proceedings against Contractor or any of its employees based upon information constituting independent cause for suspension or debarment concerning events unrelated to the facts and circumstances set out herein, including, but not restricted to, any substantive allegations of wrongdoing under any past, present, or future hotline complaint or security program investigations. The Army or any other federal agency may, in its sole discretion, initiate such proceedings in accordance with the FAR Subpart 9.4.

**8. Survival of This Agreement.** If, during the term of this Agreement, Contractor establishes new companies or subsidiaries, merges with another company, or transfers the entire company or major assets to new owners, it shall notify the Army 90 days in advance of such action and provide a copy of the corporate documents. This Agreement shall inure to the benefit of, and be binding upon, the parties and their respective successors and assigns, unless the new owners request and show good cause why it should not be applicable to their operations. Bankruptcy proceedings shall not prevent or stay the enforcement of this Agreement or any debarment proceedings the Army deems to be appropriate should the parties fail to comply with the terms of this Agreement or engage in such other conduct that is a cause for suspension or debarment.

**9. Truth and Accuracy of Submissions.** Contractor represents that all written materials and other information supplied to the Army by its authorized representatives, during the course of discussion with the Army preceding this Agreement are true and accurate in all material respects, to the best of the Contractor's information and belief.

**10. Violations of This Agreement.** Any violation of this Agreement that is not corrected within ten days from the date of receipt of notice from the Army may constitute an independent cause for debarment. If correction is not possible within ten days, Contractor shall present an acceptable plan for correction within that ten-day period. The Army may, at its sole discretion, initiate suspension or debarment proceedings in

## **ADMINISTRATIVE AGREEMENT**

SECO; SECO Parts and Equipment Company (SECO P&E); Mr. B. Roy Smith (CEO); and Mr. Byron M. Morris (CFO).

accordance with FAR Subpart 9.4. Alternatively, in the event of any noncompliance, the Army may in its sole discretion extend this Agreement for a period equal to the period of noncompliance. Contractor does not, by this Agreement or otherwise, waive its right to oppose such action under FAR Subpart 9.4, or any other substantive, procedural, or due process rights it may have under the Constitution or other applicable laws or regulations of the United States.

### **E. ADMINISTRATION OF AGREEMENT**

**1. Addresses for Agreement Correspondence.** All submissions required by this Agreement shall be delivered to the following addresses, or such other addresses as the parties may designate in writing.

If to the Army:

(1) Procurement Fraud Division  
Office of The Judge Advocate General  
Headquarters, Department of the Army  
ATTN: DAJA-PFD (Mr. Trevor Nelson)  
9275 Gunston Road, Suite 2100  
Fort Belvoir, VA 22060-5546

And to the following for situational awareness purposes only:

(2) AMC Legal Center - Detroit Arsenal,  
U.S. Army Tank-automotive and Armaments Command (TACOM)  
6501 E. 11 Road, AMTA-LOD, MS#357  
Attn: Disputes and Operations Directorate (Jacqueline Jorgensen)  
Detroit Arsenal, MI 48397-5000

If to Contractor:

Mr. B. Roy Smith (CEO)  
Mr. Byron M. Morris (CFO)  
Southeastern Equipment Company, Inc.  
SECO Parts and Equipment Company  
3000 Mike Padgett Hwy.  
Augusta, GA 30906

**2. Certification of Compliance.** Within 90 days of the effective date of this Agreement, Contractor will provide the Army a certification that all terms and conditions



## **ADMINISTRATIVE AGREEMENT**

SECO; SECO Parts and Equipment Company (SECO P&E); Mr. B. Roy Smith (CEO); and Mr. Byron M. Morris (CFO).

of this Agreement have been implemented or will be satisfied within the times specified in this Agreement.

### **3. Access to Books and Records.**

a. During the term of this Agreement, the Army Procurement Fraud Division (PFD), or any agency or office of the Department of Defense designated by PFB for a particular inquiry, shall have the right to examine, audit, and reproduce Contractor's books, records, documents, and supporting materials related to any report, allegation or complaint of suspected wrongdoing, whether criminal, civil, administrative, or contractual and whether reported through the ethics email, or by any other means, and any resulting inquiries or investigations related thereto. Such email reports, inquiries, investigations, and all related books, records, documents and supporting material are considered by Contractor to be administrative and managerial and are not investigations, books, records, documents, material, reports, or investigations protected by the attorney-client privilege or any other privilege.

b. Additionally, PFD or its designee shall have the opportunity to review the books, records, documents, materials, reports, and investigations directly related to compliance with this Agreement.

c. PFD or its designee shall also have the opportunity to interview any Contractor employee for the purpose of evaluating (1) compliance with the terms of this Agreement; (2) future compliance with federal procurement policies and regulations; and (3) maintenance of the high level of business integrity and honesty required of a Government contractor.

d. The interviews and materials described above shall be made available to PFD or its designee at company offices at reasonable times. Contractor's obligation under this Agreement with respect to employee interviews is limited to making its employees available for an interview at their place of employment during normal business hours. The individual employee shall have the right to determine whether or not to submit to an interview. To the extent it is permitted to do so by law, regulation, or policy, the Army shall protect Contractor's confidential and proprietary business information from public disclosure.

e. The materials described above shall be made available, at Contractor's offices at reasonable times for inspection, audit, or reproduction. PFD or its designee shall not copy or remove Contractor's technical or other proprietary data without Contractor's permission.

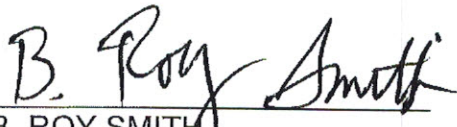
## ADMINISTRATIVE AGREEMENT

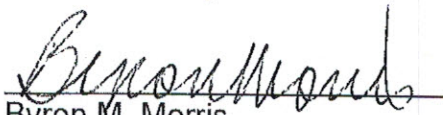
SECO; SECO Parts and Equipment Company (SECO P&E); Mr. B. Roy Smith (CEO); and Mr. Byron M. Morris (CFO).

**4. Corporate Officer List.** Within 30 days of the effective date of this Agreement, Contractor shall provide the Army with a list of its directors and officers and a copy of its organizational chart, which will be updated, as changes occur.

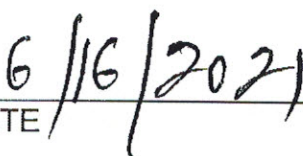
**5. Administrative Costs.** The administrative cost of this agreement is waived.

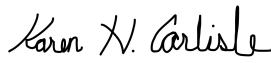
**6. Expiration.** This Agreement shall expire at midnight three (3) years after the effective date of this Agreement.

  
B. ROY SMITH  
Chief Executive Officer (CEO)

  
Byron M. Morris  
Chief Financial Officer (CFO)

Southeastern Equipment Company, Inc.  
SECO Parts and Equipment Company

  
DATE

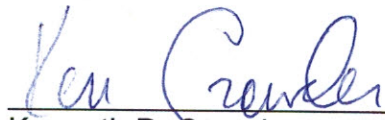
  
KAREN H. CARLISLE  
Army Suspension and  
Debarment Official

28 June 2021  
DATE



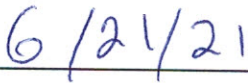
**ADMINISTRATIVE AGREEMENT**

SECO; SECO Parts and Equipment Company (SECO P&E); Mr. B. Roy Smith (CEO); and Mr. Byron M. Morris (CFO).



Kenneth D. Crowder

Attorney for B. Roy Smith, Byron Morris,  
Southeastern Equipment Company, Inc., and  
SECO Parts and Equipment Company



DATE