



ADMINISTRATIVE AGREEMENT

This Administrative Agreement (Agreement) is made between the United States Army (Army), Carston Calkin and Catherine Calkin and Skedco, Inc.

A. PREAMBLE

1. Skedco, Inc., founded in 1981, designs, manufactures, and sells rescue equipment for the military and civilian sectors. This includes stretchers, spine immobilizers, and casualty evacuation kits. It is jointly owned and operated by the Calkins. While a defense contractor for the U.S. Special Operations Command (USASOC), the Calkins met Joseph J. Marak, who worked as a Medical Plan Specialist from October 2001 through 20 June 2006, at the Command Surgeon's Office, USASOC, Fort Bragg, North Carolina.

2. USASOC's mission is to organize, train, and equip Army Special Operations Force (ARSOF) units and soldiers, and deploy them worldwide to meet the requirements of combatant commanders. To support its mission, USASOC purchases emergency medical equipment, and search rescue equipment, for the military. As a Medical Plans Specialist, Mr. Marak developed, coordinated, and implemented medical plans, policies, and programs concerning the readiness of ARSOF units.

3. Mr. Marak also provided USASOC with input on which items should be assigned a National Stock Number (NSN). The Government issues NSNs to products that are bought and used frequently. When it issues an NSN, the Government determines the product's official description, along with the manufacturer's part number, price history, and performance characteristics.

4. In 2002, Mr. Marak requested Skedco's assistance with the design and development of a two-part litter pack, which could be mounted on vehicles, but easily torn away, to provide first aid and/or retrieve an injured or deceased soldier, while allowing for the litter's reattachment at a later time. By March 2003, a prototype of this litter, the CASEVAC, was developed, and, in 2004, it was redesigned and ordered by USASOC.

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5. While Mr. Marak contributed to the updated design of the CASEVAC system, and marked his drawings as "property of Joseph J. Marak," his work was done in his capacity as a Federal Government employee, and he was appropriately compensated for his work through his salary. Nevertheless, in 2005, Mr. Marak demanded that Skedco compensate him for the work he completed on the CASEVAC. Mr. Marak threatened to withhold or withdraw the NSNs assigned to Skedco products, including the CASEVAC system, and ruin Skedco's business if the Calkins did not acquiesce to his demands.

6. Afraid of retribution for failing to pay, the Calkins made four or five payments to Mr. Marak, totaling \$13,000 in traveler's checks between September 2005 and June 2006. Moreover, they also retained Mr. Marak's services as a consultant after he left his employment with the Federal Government. In this capacity, the Calkins paid Mr. Marak \$862,000 between June 2006 and August 2010.

7. On 23 September 2010, the United States Attorney for the Eastern District of North Carolina, Western Division, indicted Mr. Marak and charged him with bribery, receipt of an illegal gratuity, and extortion under color of official right, in violation of 18 U.S.C. §§ 201(b)(2), 201(c)(1)(B), and 1951. He was convicted as charged, and sentenced to serve 72 months in prison, three years on supervised release, and ordered to pay an assessment of \$1,800.

8. On 31 August 2011, the Army proposed Mr. Marak, the Calkins, and Skedco for debarment. On 22 December 2011, the Calkins submitted a written opposition to the proposed debarments initiated against them and Skedco.

9. On 23 December 2011, John S. Pachter, Smith Pachter McWhorter, PLC and Lois O. Rosenbaum, Stoel Rives, LLP, on behalf of the Calkins, made a present responsibility presentation before the Army SDO.

a. The Calkins were contrite and recognized their complicity in Mr. Marak's scheme. They acknowledged that they should have refused Mr.

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Marak's demands, and should have reported Mr. Marak's conduct to the appropriate military authorities.

b. Counsel indicated the Calkins cooperated extensively with the Department of Justice's investigation of Mr. Marak. They voluntarily provided thousands of documents, including bank statements, made themselves available for interviews, and traveled at their own expense to testify against Mr. Marak at his trial.

c. The Calkins also retained Steel Rives, LLP, to assist with developing training programs and Smith Pachter McWhorter, PLC, to monitor Skedco's compliance program activities. The law firms will work with Skedco to develop and implement a course of education and training, which the Calkins can use to establish and sustain an ethical culture within their company.

d. Counsel stated that the Department of Justice had represented that it would not criminally charge the Calkins.

e. After the 23 December 2011 meeting, DOJ stated it would offer Skedco and the Calkins a deferred prosecution agreement (DPA).

10. The Army SDO agreed to remove the Calkins and Skedco from the Excluded Parties List System, conditioned upon their signing the DPA. To date, the DPA has not been tendered for signature. Since this delay is due to other pressing matters facing the Assistant United States Attorney, rather than the fault of Skedco or its owners, the Army has agreed to enter into an Administrative Agreement with Skedco and the Calkins, in advance of Skedco, and the Calkins signing the DPA. Upon execution of the DPA, Skedco, and the Calkins agree to (1) provide a copy of the DPA to the Army, (2) remain in compliance with the terms of the ACA for the duration of the DPA, and (3) provide the Army Procurement Fraud Branch (PFB) a copy of the reports mandated by the DPA.

11. To assure their present responsibility, Skedco and the Calkins agree to take the remedial actions specified in Section C, Contractor Responsibility

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Program, subject to the terms and conditions described in Section D, General Conditions, and Section E, Administration of Agreement and abide by the terms and conditions of the signed DPA.

12. The Army has determined that the terms and conditions of this Agreement provide adequate assurance that the interests of the Government will be sufficiently protected to preclude the necessity of debarment or suspension of Skedco and the Calkins.

13. This Agreement is effective for a minimum period of three years commencing from the date the Agreement is signed by the Army Suspension and Debarment Official (SDO) or for the duration of the DPA, whichever period is longer. Upon the completion of the second year of this Agreement, the SDO shall review the performance of Skedco, and the Calkins under the Agreement and determine if the Agreement should be extended for an additional period beyond the minimum three year term. Such extension shall not extend the term of the Agreement beyond a total period of five years commencing from the date the Agreement is signed by the SDO. Any decision concerning the extension of the Agreement beyond the minimum three year term shall be at the sole discretion of the SDO.

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 Skedco, Inc., including its directors, officers, and Employees, while acting in their capacities as such.

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

3. "Effective date" (of this Agreement) refers to the date on which the Army SDO signs this Agreement on behalf of the Army.

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4. "Employee" refers to officers, managers, and supervisors. All full and part-time workers, including temporary workers, and whose performance is under the direct supervision and control of the Contractor, will be considered Employees for training purposes. Subcontractors shall be made aware of the compliance agreement and the standing Contractor Responsibility Program and furnished copies of the Code of Business Ethics & Conduct and the Government Contracting Policies and Procedures Manual.

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.

9. "Ombudsperson" refers to a person knowledgeable in Federal Government contracting policies and procedures who will act to ensure the Contractor's compliance with the terms of this Agreement, and will be designated as a contact for employees who may wish to file a complaint outside the Contractor's internal procedures made available for that purpose. John S. Pachter has been named the "Ombudsperson" for purposes of this Agreement.

10. "U.S.C." refers to United States Code.

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C. CONTRACTOR RESPONSIBILITY PROGRAM

1. General. Contractor shall institute a Contractor Responsibility Program (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 the terms of the Program. 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 to Employees 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.

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

- a. The requirements that Skedco has agreed to follow;
- 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;

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

d. That improprieties regarding Government contracts operations may be reported to any of the following: the employee's supervisor, the Ethics Program Director/Compliance Officer, the Ombudsperson, or the Department of Defense Inspector General Hotline (1-800-424-9098 / <http://www.dodig.mil/HOTLINE/>), and that 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 address the Army's concerns and resubmit it for approval.

c. 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;

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

(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;

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

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. The Manual shall describe, in detail, Contractor's method for competing for and administering Government contracts and the positions responsible 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 address the

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Army's concerns and resubmit it for approval. At minimum, the Contractor will review the Manual annually and will update it if necessary.

5. Training Program.

a. Army Approval of Training Plans. Within 30 days of the effective date of this Agreement, Contractor shall provide the Army a training plan (Plan) with a detailed description of course materials it intends to use in ethics and Government contracting training classes. If the Army rejects any portion of the plan, Contractor will promptly revise the Plan to address the Army's concerns.

b. Ethics Training. Within 60 days of the approval of the Plan by the Army, pursuant to paragraph C.5.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 and received and read a copy of the Code.

c. Government Contracting Training. Within 60 days of the approval of the training Plan by the Army, pursuant to paragraph C.5.a. above, Contractor shall provide employees directly involved with formation and performance of Government contracts 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. The employees shall also certify that they received a copy of the Government Contracting Policies and Procedures Manual and were familiarized with the Manual. Contractor shall make the Manual readily accessible to them. Within 60 days of the approval of the training Plan, contractor shall ensure that newly hired employees involved in the Government contracting process receive: training; a copy of the Government Contracting and Policies Manual; and sign and date a

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roster certifying they attended training and received and read a copy of the Manual.

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. Moreover, the contractor shall, upon reasonable notice by the Army, organize a training session, which may be in conjunction with regularly scheduled training outlined in paragraph C.5.b and C.5.c, for an Army representative to address all Employees regarding preserving integrity within Government contracting. This is in addition to the requirements outlined below.

6. Reports to the Army.

a. The Contractor shall submit a report to the Army that is postmarked no later than seven days after the first day of January, May and September while this Agreement is in effect, until this Agreement has expired. The report shall include:

(1) The status of the efforts to execute the DPA.

(2) 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.

(3) The total number of complaints of misconduct or unethical behavior made or referred to the Contractor. This part of the report shall include:

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

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

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

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

(e) 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.

b. In addition, the Contractor shall submit a report to the Army that is postmarked no later than 14 days after the second anniversary date of the Agreement reviewing the Contractor's compliance with the Agreement and the ethics environment within the company. The report shall be reviewed by the Army and a recommendation concerning a possible extension of the Agreement beyond the initial three year term shall be made to the SDO by the Ombudsperson. The SDO will make periodic reports to the Department of Justice as contemplated by the Deferred Prosecution Agreement.

D. GENERAL CONDITIONS

1. 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

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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 and which are continued by the terms of this Agreement shall be allowable costs to the extent otherwise permitted by law and regulation.

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

4. Approvals. Where this Agreement requires approval by the Army, or other action or response by the Army, the Chief of the Procurement Fraud Branch or his/her designee, will normally provide such action. This does not restrict the ability of the SDO to take such action as he may elect.

5. 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

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reasonable inquiry into the status of any such potential business partner, to include, at a minimum, review of the GSA's Excluded Parties List System.¹

6. Public Document. This Agreement is a public document. It will be posted on the publicly accessible Federal Awardee Performance and Integrity Information System (FAPIIS) website.

7. 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.

8. 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 based upon information constituting independent cause for suspension or debarment concerning events related or 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.

a. The Army reserves the right to require additional protective measures or modifications of this Agreement if an independent cause for suspension or debarment should arise. Failure to institute such proposed measures may constitute an independent cause for debarment of the contractor in accordance with FAR Subpart 9.4.

¹ Available at: <http://www.epls.gov/epls/servlet/EPLSSearchMain/1>

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b. Suspension and/or debarment may be initiated at any time under the same facts and circumstances underlying this Agreement should further information become available that indicates such action is necessary to protect the Government's interests.

c. Upon reliable evidence that the contractor has misrepresented any aspect of its proffer in connection with this Agreement, the Army may take suspension or debarment action as appropriate. Any such misrepresentation or material breach of this Agreement will be regarded as cause for debarment.

9. 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.

10. 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.

11. 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

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debarment proceedings in 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.

12. Press Releases. The Contractor agrees that it will cooperate in good faith with the Army regarding any press release related to this Agreement. The Contractor will not unilaterally release any press release related to this Agreement without first obtaining Army approval, which the Army agrees to timely review, and not to unreasonably withhold approval.

13. Agreement. This Agreement constitutes the entire agreement between the Army and the Contractor, and supersedes all prior agreements or understandings, oral or written, with respect to the subject matter of this action.

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:

Procurement Fraud Branch
U.S. Army Legal Services Agency
ATTN: DAJA-CA-PF (Angelines McCaffrey)
9275 Gunston Road
Ft. Belvoir, Virginia 22060

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If to Contractor:

Catherine Calkin
Ethics Program Director/Compliance Officer
Skedco, Inc.
10505 SW Manhasset Drive
Tualatin, OR 97062

In the event that Contractor's Ethics Program Director/Compliance Officer changes during the course of this Agreement, Contractor will inform the government of such change within 90 days.

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 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 PFB, 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, relating to government contracts, of suspected wrongdoing, whether criminal, civil, administrative, or contractual and whether reported through the hotline program, or by any other means, and any resulting inquiries or investigations related thereto. Such hotline 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.

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b. Additionally, PFB 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. PFB 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 PFB 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. PFB or its designee shall not copy or remove Contractor's technical or other proprietary data without Contractor's permission.

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. Within ten days of the effective date of this Agreement, Contractor shall deliver a check in the amount of \$10,000 to the Army, payable to Treasurer of the United States, in order to compensate the Army

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for the cost of negotiating and administering this Agreement, to include costs associated with Army visits to Contractor and any of its divisions or its subsidiaries authorized under this Agreement.

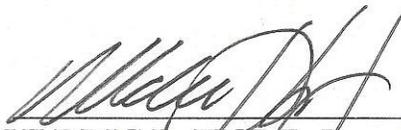
6. Expiration. This Agreement shall expire at midnight not later than five years after the effective date of this Agreement, unless terminated by the SDO in accordance with the provisions of paragraph A.13 above, or upon the expiration of the Deferred Prosecution Agreement, whichever is later.



CATHERINE CALKIN
President, Skedco, Inc.

6-29-2012

DATE



ULDRIC L. FIORE, Jr
Army Suspension & Debarment
Official

8/2/12

DATE



CARSTON CALKIN
Vice President, Skedco. Inc.

6-29-2012

DATE