



ADMINISTRATIVE AGREEMENT

This Administrative Agreement (Agreement) is made between the United States Army (Army) and Ms. Sarah Lee, a.k.a. "Sarah Helen Lee" and "Sarah Lee Mitcham" (Ms. Lee).

A. PREAMBLE

1. K5 Global, Inc. (K5 Global) is a Louisiana corporation established on 26 January 2007 and formerly active as a supplier of construction and logistics services to the U.S. Army in Iraq and Afghanistan. Ms. Lee is the company's director and chief executive officer with offices at the company's headquarters in Anacoco, Louisiana. During 2009, Ms. Lee worked out of offices in both Kabul and Camp Raven, a main camp facility established by Bennett & Fouch and MAJ GEN Raziq Sherzai, located outside at Kandahar Airfield, Afghanistan. Bennett & Fouch Associates, LLC, (Bennett & Fouch) is a Texas company that previously employed Ms. Lee as the company's president of operations in Afghanistan, per AISA licensing requirements. During 2009, Bennett & Fouch, per awarded contract as issued to Bennett-Fouch Associates, Bennett-Fouch/Sherzai JV, received at least nine task orders from the Army's Kandahar Regional Contracting Center as part of contracts W91B4L-09-D-0006 and W91B4L-09-D-0012 for the delivery of barrier materials and gravel for use by the Army and International Security Assistance Force (ISAF) in Afghanistan. After receiving these task orders, Bennett & Fouch and Sherzai Joint Venture subcontracted much of the actual work on these task orders to an Afghan company named Associates in Development (AID), as well as other local companies. During early 2010, K5 Global acknowledged its obligation to pay AID and other companies, and Bennett-Fouch/Sherzai JV acknowledged their obligation to pay AID for work completed pursuant to contracts W91B4L-09-D-0006 and W91B4L-09-D-0012. According to Ms. Lee in a 5 January 2010 letter, AID is owed approximately \$2,391,480.99 by Bennett and Fouch for this work and other prime contractor contracts. This failure to pay AID occurred despite multiple electronic funds transfer payments to Bennett & Fouch from the Army over several months in response to invoices submitted for payment under these task orders. Ms. Lee also stated in a similar letter that K5 Global owes AID an additional \$160,000 for other work it has completed pursuant to a subcontract issued by K5 Global. To date, these claims by AID remain unpaid by K5 Global. On 27 December 2010, Bennett & Fouch, K5 Global, Mr. Gary Brandon, and Ms. Lee were proposed for debarment from contracting with the Government in accordance with the provisions of FAR 9.406-2(c) based on this failure to pay subcontractors.

2. On 17 February 2011, Ms. Lee through her legal counsel, submitted a written submission in opposition to her proposal for debarment. This submission stated that as a result of the departure of Mr. Brandon from his position with Bennett & Fouch and Mr. McCabe from his position with K5 during November and December of 2009, K5 and Bennett & Fouch were unable to pay their obligations to subcontractors who had performed work on behalf of Bennett & Fouch and K5. Specifically, Ms. Lee stated that Mr. McCabe and Mr. Brandon had departed both Bennett & Fouch and K5 and in an abrupt manner and that, in her opinion, they had wrongfully appropriated funds and equipment that were the rightful property of both Bennett &

Lee 8/1/11

ADMINISTRATIVE COMPLIANCE AGREEMENT

Ms. Sarah Lee

Fouch and K5. In addition, during December 2009, financial operational partnerships and possible sales that Ms. Lee had arranged for K5 to operate or sell a cement and asphalt batch plant at Kandahar Airfield known as "Recon Ranch" failed to materialize due to many circumstances. The Plant was purchased and paid for between July and October 2009 with the assistance of Bennett & Fouch using "proceeds from active contracts and various loans." In addition, Ms. Lee reported Mr. McCabe to law enforcement and attempted to manage K5's relationships with its subcontractors, including the January 2010 acknowledgement of responsibility for outstanding payments owed to contractors by both B&F and K5. Due to a "lack of leverage with subcontractors" K5 was unable to perform its existing contracts with AFCEE prime contractor, URS, resulting in terminations for default from URS in January and February of 2010, as well as Bennett & Fouch being unable to receive due funds for Camp Raven buyout from Sherzai. The Recon Ranch batch plant was immediately appropriated by ISAF for mission critical usage. Bennett & Fouch built a main camp compound, Camp Raven, with MG Sherzai, based on the JV award of both W91B4L-09-D-0006 and W91B4L-09-D-0012. Upon evacuating Afghanistan due to security reasons, Bennett & Fouch negotiated and settled on a final price of \$1,100,000 of buyout of 50% of its ownership of the compound. MG Sherzai has admitted to owing B&F the \$1,100,000; however, he has asked that Ms. Lee or an agent of Bennett & Fouch to appear in person at the disputed Camp Raven compound, outside Kandahar Airfield in Kandahar to collect it. Ms. Lee, although no longer a 1099 contractor for Bennett & Fouch, agreed to try to help recover this outstanding balance, contingent on further feedback from MG Sherzai. The submission also stated Ms. Lee attempted to continue to operate the company despite the financial hardships that these incidents imposed on K5 until 15 February 2010 when she was forced to leave Afghanistan due to fears for her physical safety.

3. On 4 April 2011, Ms. Lee made an oral presentation to the Army Suspension and Debarment Official to provide materials in defense and mitigation to the allegations made in the 27 December 2011 proposal for debarment. During this meeting, Ms. Lee admitted to using partial payments from the Army for work completed under task orders issued pursuant to contracts W91B4L-09-D-0006 and W91B4L-09-D-0012 to purchase the Recon Ranch facility between July and October 2009, as well as other financial means. Ms. Lee stated that it was her belief that the sale of the Recon Ranch, as well as, contracts that K5 and Bennett & Fouch would receive as a result of the operation of this facility, would allow K5 and Bennett & Fouch eventually to pay debts owed to subcontractors. These contracts failed to materialize, and this - combined with the other financial and personnel issues that developed between December 2009 and February 2010 - resulted in K5 and Bennett & Fouch becoming insolvent and ceasing operations. Due to the inability to sell the Recon Ranch by K5 and get due buyout funds by Bennett & Fouch from Sherzai, K5 and Bennett & Fouch were forced to end all activities in Afghanistan. During this presentation, Ms. Lee was accompanied by legal counsel who discussed Ms. Lee's plans to assist Bennett & Fouch in the recovery of the \$1,100,000 from MG Sherzai, the recovery of K5's investment cost of the Recon Ranch batch plant, and the substance of a planned Chapter 11 bankruptcy filing by K5 in the U.S. District Court for the Western District of Louisiana. Ms. Lee's legal counsel explained that this bankruptcy proceeding would allow for unpaid subcontractors to make claims for payment against the funds recovered by Ms. Lee from MG Sherzai on behalf of Bennett & Fouch and other parties for both companies.

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ADMINISTRATIVE COMPLIANCE AGREEMENT

Ms. Sarah Lee

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

5. 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 Ms. Lee. Accordingly, upon execution of this agreement, the 27 December 2010 proposal for debarment of Ms. Lee shall be terminated and her name will be removed from the General Services Administration's Excluded Parties List System to reflect this termination.

6. 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). Upon the completion of the second year of this Agreement, the SDO shall review Ms. Lee's performance 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. "K5 Global" refers to K5 Global, Inc., including its directors, officers, and employees, while acting in their capacities as such.

2. "Recon Ranch" refers to a facility owned and previously operated by K5 Global within Kandahar Airfield and "Camp Raven" refers to a facility partially owned and previously operated by Bennett & Fouch Associates outside Kandahar Airfield, Afghanistan.

3. "Days" refers to "calendar days."

4. "Effective date" (of this Compliance Agreement) refers to the date on which the Army's SDO signs this Agreement on behalf of the Army.

5. "CENTCOM AOR" refers to the geographic region of operations for the U.S. Central Command (CENTCOM), encompassing the countries of Afghanistan, Bahrain, Egypt, Iran, Iraq, Jordan, Kazakhstan, Kuwait, Kyrgyzstan, Lebanon, Oman, Pakistan, Qatar, Saudi Arabia, Syria, Tajikistan, Turkmenistan, United Arab Emirates, Uzbekistan, and Yemen.

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ADMINISTRATIVE COMPLIANCE AGREEMENT

Ms. Sarah Lee

6. "Employee" refers to paid or unpaid positions with any corporation, partnership, Limited Liability Company, organization, Government agency or other entity engaged in for-profit or non-profit activity.

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

8. "Government" refers to any department, agency, division, independent establishment, or wholly owned corporation of the U.S. Government.

9. "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.

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

C. RESPONSIBILITY PROGRAM

1. As a condition of the Army entering into this Agreement, Ms. Lee agrees to certain restrictions on the ability of her participation in contracting with the Government and to address the claims by K5 Global's subcontractors in Afghanistan and elsewhere. These provisions are intended to address the facts and circumstances that resulted in Ms. Lee's proposal for debarment and to provide an avenue for repayment of K5 Global's outstanding debts to its contractors. At a minimum, Ms. Lee agrees to:

- a. Refrain from participation in Government contracting in certain circumstances;
- b. Take legal action through bankruptcy proceedings to provide a means for claims against K5 Global to be addressed.
- c. Submit a written report on a monthly basis to the Army for the purpose of updating compliance with this agreement. The frequency of the reports will be reviewed after six months.

2. Restrictions on Contracting with the Government

a. Ms. Lee agrees that, during the duration of this Agreement, she will not engage in, either personally or as an employee of a prime contractor or subcontractor in submission of a bid or proposal or in the performance of any contract, subcontract, grant, loan, and or other representations on behalf of other contractors to the Department of Defense, the Department of State, the United States Agency for International Development, CENTCOM Contracting Command, or any other agency, department or program funded by the United States, in the CENTCOM AOR.

b. Ms. Lee agrees that, during the duration of this Agreement, she will not act as a corporate officer, executive or director of any corporation, partnership, Limited Liability Company,

Lee 8/10

ADMINISTRATIVE COMPLIANCE AGREEMENT

Ms. Sarah Lee

organization, Government agency or other entity engaged in the performance of Government contracts as a prime contractor or subcontractor.

3. Bankruptcy Proceedings and Subcontractor Claims

a. On 19 April 2011, K5 Global filed for Chapter 11 bankruptcy in the U.S. District Court for the Western District of Louisiana. By entering into this agreement, Ms. Lee agrees to employ legal counsel necessary to facilitate these proceedings and abide by the rulings of the bankruptcy court.

b. As part of Ms. Lee's written submissions and oral presentations to the SDO, Ms. Lee made numerous references to debts owed to K5 Global and Bennett & Fouch by individuals and companies located in Afghanistan. These debts include unpaid proceeds from the sale or continued use of the Recon Ranch and Bennett & Fouch debt owed to them for 50% ownership of Camp Raven by an individual named Major General Raziq Sherzai (MG Sherzai) and his company. Ms. Lee, personally and through her attorney, has stated that she intends to assist Bennett & Fouch to send one or more representatives to Kandahar, Afghanistan, to collect these debts in an effort to pay debts owed to both Bennett & Fouch and K5 Global's subcontractors. These debts are also referenced in K5 Global's 19 April 2011 bankruptcy filing in the U.S. District Court for the Western District of Louisiana and Bennett & Fouch soon to be filed Chapter 7 bankruptcy filing in the Northern District of Texas. By entering into this agreement, Ms. Lee agrees to make every available effort to collect these debts and to ensure that the funds recovered are applied to the debts owed to both Bennett & Fouch and K5 Global's subcontractors.

4. Reports to the Army.

a. Ms. Lee will prepare a monthly report for use by the Army in tracking the progress of K5 Global's bankruptcy proceedings and her progress in collecting debts owed to K5 Global by parties in Afghanistan. The report shall include:

(1) A summary of the status of the bankruptcy proceedings, including a listing of any claims made by subcontractors or others against K5 Global;

(2) A listing of contacts made by Ms. Lee and her representatives with companies and individuals that have debts payable to K5 Global;

(3) Based on response to initial re-contact with MG Sherzai, a current travel itinerary shall be completed for Ms. Lee or a representative of Bennett & Fouch to meet with MG Sherzai or his representative. This itinerary shall include actual or anticipated dates of travel; actual or anticipated travel destination; actual or anticipated means of travel; actual or anticipated duration of travel; and a discussion of the means to be used to transfer any recovered funds to a U.S. financial institution. In the event that an anticipated travel element is delayed, Ms. Lee shall

ADMINISTRATIVE COMPLIANCE AGREEMENT

Ms. Sarah Lee

provide a reason for this change and shall provide updated information. In the event that travel is no longer needed, Ms. Lee shall provide a written statement why travel is no longer needed.

(4) Information regarding Ms. Lee's employment status, including her current employer, her job description/duties, title, and participation in Government contracting.

b. In addition, Ms. Lee 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 Ms. Lee'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.

D. GENERAL CONDITIONS

1. Costs. All costs incurred by on behalf of Ms. Lee 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 Ms. Lee in negotiating, implementing and abiding by the terms of this Agreement, are the responsibility of Ms. Lee.

2. Modifications of This Agreement. Any requirements imposed on Ms. Lee 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.

3. Approvals. Where this Agreement requires approval by the Army, or other action or response by the Army, the Chief, 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.

4. Business Relationships with Suspended or Debarred Entities. Ms. Lee 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, Ms. Lee shall make reasonable inquiry into the status of any such potential business partner, to include, at a minimum, review of the GSA's Excluded Parties List System¹.

5. Public Document. This Agreement is a public document. It will be posted on the publicly assessable Army Fraud Fighter's Website².

¹ Available at:

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

² Available at:

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ADMINISTRATIVE COMPLIANCE AGREEMENT

Ms. Sarah Lee

6. Releases. Ms. Lee 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 Ms. Lee 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 Ms. Lee in accordance with FAR Subpart 9.4.

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 Ms. Lee 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.

8. Survival of This Agreement. This Agreement shall inure to the benefit of, and be binding upon, the parties and their respective successors and assigns. 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. Ms. Lee 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 Ms. Lee'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, Ms. Lee shall present an

[https://www.jagcnet.army.mil/JAGCNETInternet/Homepages/AC/ArmyFraud.nsf/\(JAGCNetDocID\)/HOME?OpenDocument](https://www.jagcnet.army.mil/JAGCNETInternet/Homepages/AC/ArmyFraud.nsf/(JAGCNetDocID)/HOME?OpenDocument)

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ADMINISTRATIVE COMPLIANCE AGREEMENT

Ms. Sarah Lee

acceptable plan for correction within that ten-day period. The Army may, at its sole discretion, initiate suspension or 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. Ms. Lee does not, by this Agreement or otherwise, waive her 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.

11. Entire Agreement. This Agreement constitutes the entire agreement between the Army and the Ms. Lee, 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 (Mr. Brian A. Persico)
901 North Stuart Street - Suite 700
Arlington, Virginia 22203-1837

If to Ms. Lee:

Mr. Theodore G. Hartman, Esq.
3 Hermann Museum Circle Drive
Ste. 2316
Houston, Texas 77004

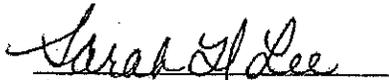
2. Access to Books and Records. During the term of this Agreement, the Army Procurement Fraud Branch (PFB), shall have the opportunity to interview Ms. Lee and/or her representative(s) or request written submissions for the purpose of evaluating (1) compliance with the terms of this Agreement; (2) future compliance with federal procurement policies and regulations; and (3) maintenance of the high level of business integrity and honesty required of a Government contractor. To the extent it is permitted to do so by law, regulation, or policy, the Army shall protect Ms. Lee's confidential and proprietary business information from public disclosure.

Lee 8/1/14

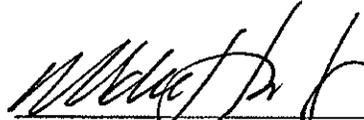
ADMINISTRATIVE COMPLIANCE AGREEMENT

Ms. Sarah Lee

3. **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 A6, above.


SARAH LEE

01 AUG 2011
DATE


ULDRIC L. FIORE, JR.
Army Suspension and Debarment Official

25 August 2011
DATE

See 8/11