



## ADMINISTRATIVE COMPLIANCE AGREEMENT



This Administrative Compliance Agreement (Agreement) is made between the U.S. Army (Army) and State Corps Limited, a.k.a. "State Corps Inc," a.k.a. "State Corps," a.k.a. "State Corps Engineering," a.k.a. "SCE" (hereafter referred to as "State Corps Limited")

### A. PREAMBLE

1. State Corps Limited is an Afghan construction and engineering corporation located in Kabul, Afghanistan, and established by its current President, Mr. Abdul Majeed Fana, in 2007. From 2009 to 2013, the U.S. Army Corps of Engineers (USACE) has awarded forty (40) contracts to State Corps Limited. The total value of all forty (40) contracts is approximately \$332,000,000.
2. On August 28, 2013, the Army Suspension and Debarment Official (SDO) proposed State Corps Limited for debarment from future contracting with any agency in the Executive branch of the U.S. Government, pursuant to Section 9.406 of the Federal Acquisition Regulation (FAR). The proposed debarment was based upon evidence that State Corps Limited made material misrepresentations in its past performance questionnaires submitted in its bid proposals on five U.S. Army Corps of Engineers (USACE) solicitations.
3. From October 31, 2013 to November 13, 2013, State Corps Limited through its legal counsel provided written submissions, responding to the proposed debarment. In the submissions, President of State Corps Limited, Mr. Abdul Majeed Fana, admitted that he made the material misrepresentations in the past performance questionnaires submitted in the bid proposals on the five USACE solicitations referred to paragraph 2. In addition, State Corps Limited submitted documentation, showing that it had undertaken extensive remedial measures to establish its present responsibility as a government contractor. These included several measures and policies designed to strengthen the integrity and business ethics within the company, including a Code of Ethics and Ethics Policy, Anti-Corruption Policy, Mandatory Disclosure Policy, Whistleblower Policy, Gifts and Donations Policy, Proposal Submission Policy; Contract Legal Review and Signature Authority Policy; a new Training Plan; appointment of an Anti-Corruption Officer; a new employment contract; termination of 192 employees for poor work ethics and poor performance; and full cooperation with USACE in its investigation of this matter.
4. On November 20, 2013, Mr. Abdul Majeed Fana, who was accompanied by his legal counsel, made an oral presentation to the SDO, admitting that he alone falsified the five past performance questionnaires referred to paragraph 2, including forging the signatures of individuals who purportedly signed the past performance questionnaires.
5. In order to assure its present responsibility, State Corps Limited 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.
6. 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 Suspension or Debarment of State Corps Limited. Accordingly, upon execution of

this Agreement, the proposal for debarment of State Corps Limited shall be terminated, and its proposed debarment status shall be removed from the System for Award Management (SAM) List to reflect this termination.

7. This Agreement is effective for a period of three years commencing from the date the Agreement, and is signed by the SDO. Upon the completion of the second year of this Agreement, State Corps Limited may request a review of its performance under the Agreement, and request the SDO to determine if it has fulfilled its obligations under the Agreement.

**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 State Corps Limited, a.k.a. "State Corps Inc," a.k.a. "State Corps," a.k.a. "State Corps Engineering," a.k.a. "SCE," including its directors, officers, and employees, while acting in their capacities as such.
2. "Days" refers to "calendar days."
3. "Effective date" (of this Compliance Agreement) refers to the date on which the Army's SDO signs this Agreement on behalf of the Army.
4. "FAR" refers to the Federal Acquisition Regulation.
5. "Government" refers to any department, agency, division, independent establishment, or wholly owned corporation of the U.S. Government.
6. "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.
7. "U.S.C." refers to United States Code.
8. "Independent Monitor" refers to an independent expert knowledgeable in the area of Federal Government contracting policies and procedures who will act to ensure the Contractor's compliance with the terms of this Agreement.
9. "Ombudsperson" refers to a person who shall act as a alternative channel of communication for the Contractor' employees and other interested individuals who wish to report what they consider to be infractions or violations of the Contractor's Code of Corporate Conduct, or ask questions regarding the Code.

## **C. CONTRACTOR RESPONSIBILITY PROGRAM**

1. **Restrictions on Mr. Abdul Majeed Fana.** In consideration that Mr. Abdul Majeed Fana confessed to contract fraud before the U.S. Army Suspension and Debarment Official (SDO) on November 20, 2013, and as a condition of this Agreement, State Corps Limited agrees that Mr. Fana shall not:

a. Exercise operational, managerial, and supervisory control over State Corps Limited for a period of three years from the effective date of this agreement. This includes his termination as President of State Corps Limited, and any other operational, managerial, or supervisory position he may have with State Corps Limited for a period of three years from the effective date of this agreement. In addition, Mr. Fana will turn over his decision making powers, authorities and responsibilities to the State Corps Limited Board of Directors, and will officially report such action in writing to the SDO.

b. Exercise his voting rights within State Corps Limited. This includes his termination as a Member of the State Corps Limited Board of Directors, including termination of all membership voting rights and decision making powers for a period of three years from the effective date of this agreement.

c. Participate in contracting with any agency of the U.S. Government for a period of three years from the effective date of this agreement. This includes his termination as an agent, representative, or employee of State Corps Limited, its subsidiaries or affiliates, or any other contractor, or subcontractor, in the submission of bids, or bid proposals, on any U.S. government solicitations, contracts, subcontracts, grants, loans, or any other government programs, for a period of three years from the effective date of this agreement.

## 2. **Code of Conduct, Ethics and Corporate Compliance Training Program.**

a. State Corps Limited shall train 75% of its employees who are involved in government contracts or government procurement in the Corporate Code of Conduct, Ethics, and the Corporate Compliance Training Program. This includes training in the applicable provisions of the Federal Acquisition Regulations (FAR) and the Department of Defense (DOD) FAR Supplement. The 75% employee training shall be completed within 90 days of the effective date of this Agreement, and the remaining 25% shall be trained within 180 days of the effective date of this Agreement. Within 365 days of the effective date of this Agreement, State Corps Limited shall provide the SDO with a written quarterly report, certifying completion of the above training and identifying the names and positions of the employees who completed the training. State Corps Limited also shall provide the SDO with an annual Code of Conduct, Ethics, and Corporate Compliance Program Training Certification. Thereafter, the above reports shall be submitted annually to the SDO through the Army Procurement Fraud Branch (PFB).

b. **Hotline.** State Corps Limited will implement a toll-free, dedicated hotline to report suspected misconduct relating to Federal procurements. State Corps Limited will publicize the toll-free number of its hotline to all of its employees. State Corps Limited will not permit retaliation against those who report suspected misconduct and will advise its employees of this

policy. In addition, State Corps Limited will publicize to all of its employees the FAR Mandatory Disclosure Rule, which requires Federal Government contractors to timely disclose to the contracting agency's Office of Inspector General (providing a copy to the contracting officer) whenever, in connection with the award, performance, or closeout of a Federal Government contract, the contractor has credible evidence that a principal, employee, agent, or subcontractor has committed a violation of Federal criminal law involving fraud, conflict of interest, bribery, or improper gratuity violations found in Title 18 of the United States Code, or a violation of the False Claims Act found at 31 U.S.C. §§ 3729-3733.

c. Board of Directors Compliance Committee. The State Corps Limited Board of Directors will establish a Compliance Committee, which will adopt a written Charter setting forth its role and responsibilities.

d. Ombudsman. Within 30 days of the effective date of this Agreement, State Corps Limited shall nominate an individual, not an employee, to serve as an Ombudsman at State Corps Limited's expense for the oversight of this Agreement. State Corps Limited shall provide the Army with the name, telephone number, current position, resume, duties of the nominee for the Army's approval. Should the Army reject the nominee, State Corps Limited shall promptly nominate another Ombudsman for Army approval. Furthermore, any change of Ombudsman requires prior Army approval, and should the Army become dissatisfied with the performance of the Ombudsman, the Army may require State Corps Limited to propose a new Ombudsman, subject to Army approval.

The Ombudsman is an independent check upon State Corps Limited's compliance with this Agreement. The Ombudsman shall not be an agent of State Corps Limited, and his work shall not be subject to the Contractor's assertion of the attorney-client privilege or the work product doctrine. Generally, the Ombudsman shall serve as the State Corps Limited's first point of contact for all questions regarding the terms and conditions of this Agreement and Contractor implementation of this Agreement. The Ombudsman in consultation with State Corps Limited shall ensure the implementation and management of the Ethics Program. Any change in the Ethics Program management shall require prior Army approval. It will be the Ombudsman's duty to assist management in implementing this Agreement, serve as a point of contact for all questions regarding the terms and conditions of this Agreement, investigate complaints concerning Contractor's compliance with this Agreement, and report to the Army concerning Contractor's compliance with this Agreement. If not an attorney, the Ombudsman may consult with an attorney, at Contractor's expense, in performing any of his responsibilities under this Agreement.

Upon nomination, and upon each anniversary of the effective date of this Agreement, during its tenure, State Corps Limited shall furnish the SDO with an affidavit from the Ombudsman certifying that he has no financial interest in or other relationship with the Contractor or its affiliates, other than arising from his appointment as the Ombudsman. The affidavit must also certify that his representation of any other client will not create a conflict of interest or appearance thereof in fulfilling his responsibilities as Ombudsman. Any change in relationship that would affect these certifications must be reported to the Army before they occur or as soon as the Ombudsman or State Corps Limited learns of them.

The Ombudsman will investigate all allegations of violations of this Agreement, Government contract laws, rules and regulations, or other matters that raise questions concerning State Corps Limited's present responsibility. For this purpose, the Ombudsman, at the conclusion of each investigation, shall provide a written report to Contractor's president and to the Army, detailing the substance of the allegations, evidence revealed by the investigation, and the findings and recommendations. State Corps Limited shall take corrective actions where appropriate. The Ombudsman's complete investigative file shall be furnished to the Army. This provision does not preclude participation in the FAR Subpart 9.5 Mandatory Disclosure Program.

e. Accounting. State Corps Limited will utilize professional accountants in preparing any invoices for the U.S. Government. All invoices will be carefully scrutinized and verified prior to each submission. State Corps Limited will take all actions necessary to ensure that no incorrect information is provided to the U.S. Government in the invoices submitted by State Corps Limited.

f. Quarterly Reports. Submit a written quarterly report within 90 days of the effective date of this Agreement for the purpose of updating compliance with this Agreement. The frequency of the reports will be reviewed after 365 days. In each report, State Corps Limited will describe the measures it has taken to comply with this Agreement. Each report shall include:

- (i) Compliance and ethics training conducted and the number of persons who attended;
- (ii) Informal notifications or initiatives related to the compliance program;
- (iii) Any significant changes in the directives, instructions, or procedures implemented in furtherance of State Corps Limited's Corporate Ethics and Procurement Integrity Policy, or any successor policy;
- (iv) The status of any Federal or state investigation or audit of State Corps Limited's own conduct or conduct by its principals, employees and/or former employees that might be imputed to State Corps Limited, and legal proceedings resulting in search warrants, subpoenas, criminal charges, or civil agreements;
- (v) A listing of any on-going Federal Government audits and related actions (routine or otherwise) during the period where other Federal Agencies contact State Corps Limited to perform their audit;
- (vi) A report summarizing all contacts made to the hotline, and all other instances of misconduct reported to the Anti-Corruption Officer. The report will include, at a minimum, the nature of the reported or suspected misconduct, the results of the internal investigation, and any corrective action taken by the Company. Subject to the attorney-client privilege and reporting party confidentiality, details on each case will be made available to the Army and DOD OIG upon request.

## **D. GENERAL CONDITIONS**

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

2. Modifications of This Agreement. Any requirements imposed on State Corps Limited 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. State Corps Limited shall not knowingly form a contract with, purchase from, or enter into any business relationship with any individual or business entity that is listed in the GSA's System for Award Management (SAM) as debarred, suspended, or proposed for debarment. In order to implement this provision, State Corps Limited shall make reasonable inquiry into the status of any such potential business partner, to include, at a minimum, review of the SAM list. State Corps Limited will disclose the list of all its subcontractors with the Government.

5. Public Document. This Agreement is a public document. It will be posted on the publicly assessable Army Fraud Fighter's Website<sup>1</sup>.

6. Release of Liability. State Corps Limited 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. Legal Proceedings. State Corps Limited will provide within 30 days of the entry into force of this Agreement, a listing and status of all known ongoing criminal, civil and administrative investigations and proceedings conducted by any Government entity with regard to any allegation relating to the Contractor's violation of government contracts or export law or regulation.

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 State Corps Limited based upon information constituting independent cause for suspension or

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<sup>1</sup> Available at:

[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)

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 State Corps Limited 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 State Corps Limited 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. 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.

10. Truth and Accuracy of Submissions. By this agreement, State Corps Limited commits that all written materials and other information getting supplied to the Army by its authorized representatives are in accordance to the terms of this agreement, true and accurate in all material respects, to the best of the State Corps Limited's information and belief. In case of any misrepresentation or fraudulent activity by State Corps Limited, Government will make its decision and State Corps agrees to it.

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, State Corps Limited 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 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. State Corps Limited 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.

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

#### E. ADMINISTRATION OF AGREEMENT

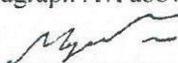
1. Addresses for Agreement Correspondence. All submissions required by this Agreement shall be delivered to the following addresses, or such other addresses as the parties may designate in writing.

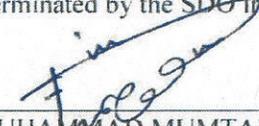
If to the Army:  
Procurement Fraud Branch  
U.S. Army Legal Services Agency (USALSA)  
9275 Gunston Road, Building 1450  
ATTN: LTC Wayne S. Wallace  
Fort Belvoir, Virginia 22060-5546

If to State Corps Limited  
State Corps Limited  
Karte Char  
Kabul, Afghanistan 2400  
[HQ@StateCorps.com](mailto:HQ@StateCorps.com)

2. Access to Books and Records. During the term of this Agreement, the Army Procurement Fraud Branch shall have the opportunity to interview State Corps Limited 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 State Corp's confidential and proprietary business information from public disclosure.

3. Expiration. This Agreement shall expire at midnight not later than 3 years after the effective date of this Agreement, unless terminated by the SDO in accordance with the provisions of paragraph A7. above.

  
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ABDUL MAJEED FANA  
For himself

  
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MUHAMMAD MUMTAZ  
President, State Corps Limited

  
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MICHAEL J. MEISEL  
Army Suspension and Debarment  
Official, US Army

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DATE: 16-Jan-2014

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DATE: 16-Jan-2014

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DATE: 22 JAN 2014

## **ANNEX A**

### **List of Current Compliance and Ethics Programs and Training Plan**

1. The new multi-lingual Anti-Corruption policy
2. The new multi-lingual Mandatory Disclosure policy
3. The new multi-lingual Code of Ethics
4. The new multi-lingual Gifts and Donations policy The new multi-lingual State Corps Ethics Policy
5. The new multi-lingual Whistleblower Policy
6. The new multi-lingual 2013-2014 Policy for Proposal The new multi-lingual Contract Legal Review and Signature Authority Policy
7. The new Training Plan