



DEPARTMENT OF THE AIR FORCE

ARLINGTON, VA 22203-1613

Office of the Deputy General Counsel

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

SAF/GCR
4040 N. Fairfax Drive
Suite 204
Arlington, VA 22203

DEC 9 2009

Advanced Energy Systems, Inc.
[REDACTED]

LE COPY

Re: Notice of Debarment

Dear Ladies and Gentlemen:

By letter dated October 23, 2009, the Air Force initiated proceedings to debar Advanced Energy Systems, Inc. (AESI) from contracting with the United States Government. The letter provided AESI with an opportunity to submit information and arguments in opposition to the proposed debarment. To date, AESI has not responded to the proposed debarment notice.

Based upon the information in the administrative record in this matter, I have determined that protection of the Government's interests requires that AESI be debarred from contracting with the United States Government. The effects of debarment are those stated in the October 23, 2009, Notice of Proposed Debarment.

Because of the egregious nature of the conduct, I find that a period of debarment longer than generally imposed under the Federal Acquisition Regulation is necessary to protect the Government's interests. This debarment is effective immediately and continues for four years from October 23, 2009, the date AESI was proposed for debarment. AESI's debarment will terminate October 22, 2013.

Sincerely,
[REDACTED]

STEVEN A. SHAW
Deputy General Counsel
(Contractor Responsibility)



DEPARTMENT OF THE AIR FORCE

ARLINGTON, VA 22203-1613

NOV 24 2009

Office of the Deputy General Counsel

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

SAF/GCR
4040 N. Fairfax Drive
Suite 204
Arlington, VA 22203

FILE COPY

Schaller Engineering, Inc.
[REDACTED]

Re: Notice of Debarment

Dear Ladies and Gentlemen:

By letter dated October 23, 2009, the Air Force initiated proceedings to debar Schaller Engineering, Inc. (SEI) from contracting with the United States Government. The letter provided SEI with an opportunity to submit information and arguments in opposition to the proposed debarment. To date, SEI has not responded to the proposed debarment notice.

Based upon the information in the administrative record in this matter, I have determined that protection of the Government's interests requires that SEI be debarred from contracting with the United States Government. The effects of debarment are those stated in the October 23, 2009, Notice of Proposed Debarment.

Because of the egregious nature of the conduct, I find that a period of debarment longer than generally imposed under the Federal Acquisition Regulation is necessary to protect the Government's interests. This debarment is effective immediately and continues for six years from February 20, 2009, the date SEI was suspended. SEI's debarment will terminate on February 19, 2015.

Sincerely,
[REDACTED]

STEVEN A. SHAW
Deputy General Counsel
(Contractor Responsibility)



DEPARTMENT OF THE AIR FORCE

ARLINGTON, VA 22203-1613

NOV 24 2009

Office of the Deputy General Counsel

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

FILE COPY

SAF/GCR
4040 N. Fairfax Drive
Suite 204
Arlington, VA 22203

Schaller Industries, Inc.
[REDACTED]

Re: Notice of Debarment

Dear Ladies and Gentlemen:

By letter dated October 23, 2009, the Air Force initiated proceedings to debar Schaller Industries, Inc. (SII) from contracting with the United States Government. The letter provided SII with an opportunity to submit information and arguments in opposition to the proposed debarment. To date, SII has not responded to the proposed debarment notice.

Based upon the information in the administrative record in this matter, I have determined that protection of the Government's interests requires that SII be debarred from contracting with the United States Government. The effects of debarment are those stated in the October 23, 2009, Notice of Proposed Debarment.

Because of the egregious nature of the conduct, I find that a period of debarment longer than generally imposed under the Federal Acquisition Regulation is necessary to protect the Government's interests. This debarment is effective immediately and continues for six years from February 20, 2009, the date SII was suspended. SII's debarment will terminate on February 19, 2015.

Sincerely,

[REDACTED]
STEVEN A. SHAW
Deputy General Counsel
(Contractor Responsibility)



DEPARTMENT OF THE AIR FORCE

ARLINGTON, VA 22203-1813

Office of the Deputy General Counsel

CERTIFIED MAIL—RETURN RECEIPT REQUESTED

NOV 9 2009

SAF/GCR
4040 N. Fairfax Drive
Suite 204
Arlington, VA 22203

FILE COPY

System Applications & Research, Inc.
[REDACTED]

Re: Notice of Debarment

Dear Ladies and Gentlemen:

By letter dated October 23, 2009, the Air Force initiated proceedings to debar System Applications & Research, Inc. (SARI) from contracting with the United States Government. The letter provided SARI with an opportunity to submit information and arguments in opposition to the proposed debarment. To date, SARI has not responded to the proposed debarment notice.

Based upon the information in the administrative record in this matter, I have determined that protection of the Government's interests requires that SARI be debarred from contracting with the United States Government. The effects of debarment are those stated in the October 23, 2009, Notice of Proposed Debarment.

Because of the egregious nature of the conduct, I find that a period of debarment longer than generally imposed under the Federal Acquisition Regulation is necessary to protect the Government's interests. This debarment is effective immediately and continues for four years from October 23, 2009, the date SARI was proposed for debarment. SARI's debarment will terminate October 22, 2013.

Sincerely,

[REDACTED]

STEVEN A. SHAW
Deputy General Counsel
(Contractor Responsibility)



DEPARTMENT OF THE AIR FORCE

WASHINGTON DC 20330-1740

NOV 24 2009

Office of the Deputy General Counsel

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

FILE COPY

SAF/GCR
4040 N. Fairfax Drive
Suite 204
Arlington, VA 22203

Mr. Richard Schaller
Schaller Engineering, Inc.
[REDACTED]

Re: Notice of Debarment

Dear Mr. Schaller:

By letter of October 23, 2009, the Air Force initiated proceedings to debar you from contracting with the United States Government. The letter provided you with an opportunity to submit information and argument in opposition to the proposed debarment. To date, you have not responded to the proposed debarment notice.

Based upon the information in the administrative record in this matter, I have determined that protection of the Government's interests requires that you be debarred from contracting with the United States Government. The effects of debarment are those stated in the October 23, 2009, Notice of Proposed Debarment.

Because of the egregious nature of your conduct, I find that a period of debarment longer than generally imposed under the Federal Acquisition Regulation is necessary to protect the Government's interests. This debarment is effective immediately and continues for six years from February 20, 2009, the date you were suspended. Your debarment will terminate on February 19, 2015.

Sincerely,
[REDACTED]

STEVEN A. SHAW
Deputy General Counsel
(Contractor Responsibility)



DEPARTMENT OF THE AIR FORCE

WASHINGTON DC 20330-1740

Office of the Deputy General Counsel

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mark A. O'Hair

DEC 9 2009

FILE COPY

Re: Notice of Debarment

Dear Mr. O'Hair:

By letter of October 23, 2009, the Air Force initiated proceedings to debar you from contracting with the United States Government. The letter provided you with an opportunity to submit information and argument in opposition to the proposed debarment. On November 21, 2009, you responded to the proposed debarment notice.

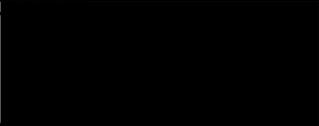
Your November 21, 2009, response does not refute any of the facts presented in the October 23, 2009, Memorandum in Support of the Proposed Debarments. Rather, your response takes complete responsibility for your misconduct, stating, "There is nothing to argue or defend in my case. I am guilty as charged and am reporting on 30 November to Federal Prison Camp in Jesup, GA to serve a 6 month sentence for those crimes." Accepting responsibility for your misconduct is a positive step; however, it is insufficient to meet your burden of demonstrating that you are presently responsible.

Additionally, as a point of consideration, you state, "I have been effectively removed from government contracting since 10 January 2007 and formally debarred since December of 2007." Please note, that by letter of June 8, 2007, the Air Force initiated proceedings to debar you from contracting with the United States Government and effective December 4, 2007, you were debarred for a period of three years, beginning June 8, 2007. This debarment period was reduced to a period of two years, from June 8, 2007 until June 7, 2009, in response to your April 7, 2008, letter requesting that your debarment period be reduced.

The December 2007 debarment action was substantially based upon improper conduct that arose from the conflict of interest in your roles as a named Director in a company receiving contracts under a program for which you were the Government Program Manager. This current action arises from facts and circumstances revealed through your indictment and conviction in the Northern District of Florida, including the false statements you made to federal officials, including the Air Force Debarment Official, regarding your position as Director of Schaller Engineering, Inc. The facts and circumstances leading to your indictment and conviction provide a new, independent basis for your debarment from Government contracting.

Based upon the information in the administrative record in this matter, I have determined that protection of the Government's interests requires that you be debarred from contracting with the United States Government. The effects of your debarment are those stated in the October 23, 2009, Notice of Proposed Debarment. Because of the egregious nature of your conduct, I find that a period of debarment longer than generally imposed under the Federal Acquisition Regulation is necessary to protect the Government's interests. I also find, however, that because of your acceptance of responsibility the six year period of debarment that would otherwise be required is not necessary here. Accordingly, your debarment is effective immediately and continues for four years from October 23, 2009, the date you were proposed for debarment. Your debarment will terminate on October 22, 2013.

Signed:


STEVEN A. SHAW
Deputy General Counsel
(Contractor Responsibility)



DEPARTMENT OF THE AIR FORCE

ARLINGTON, VA 22203-1613

OCT 23 2009

Office of the Deputy General Counsel

FILE COPY

SUPERSEDING MEMORANDUM IN SUPPORT OF THE PROPOSED DEBARMENTS OF:

THEODORE S. SUMRALL
SCHALLER ENGINEERING, INC. f/k/a and d/b/a SCHALLER ENGINEERING
SUMRALL FAMILY ENTERPRISES, INC. a/k/a and d/b/a
NOVEL ENGINEERING SOLUTIONS, INC.
NOVEL ENERGY SOLUTIONS, LLC

Effective this date the Department of the Air Force has superseded the proposed debarments of Theodore S. Sumrall, Schaller Engineering, Inc. f/k/a and d/b/a Schaller Engineering, Sumrall Family Enterprises, Inc. d/b/a Novel Engineering Solutions, Inc., and Novel Energy Solutions, LLC from Government contracting and from directly or indirectly receiving the benefits of Federal assistance programs. The superseding proposed debarments are initiated pursuant to Federal Acquisition Regulation (FAR) Subpart 9.4.

MEMORANDUM IN SUPPORT OF THE PROPOSED DEBARMENTS OF:

RICHARD SCHALLER
MARK ALLEN O'HAIR
SCHALLER INDUSTRIES, INC.
ADVANCED ENERGY SYSTEMS, INC.
SYSTEM APPLICATIONS & RESEARCH, INC.

Effective this date the Air Force has terminated the suspensions and proposed the debarments of Richard Schaller, Mark Allen O'Hair, Schaller Industries, Advanced Energy Systems, Inc., and System Applications & Research, Inc. from Government contracting and from directly or indirectly receiving the benefits of Federal assistance programs. These actions are initiated pursuant to Federal Acquisition Regulation (FAR) Subpart 9.4.

INFORMATION IN THE RECORD

1. The Air Force Research Laboratory (AF Research Lab), was responsible for planning and executing the science and technology program for the United States Air Force for the discovery, development and integration of war fighting technologies. AF Research Lab accomplished its mission through nine technology directorates located throughout the United States. The AF Research Lab Munitions Directorate (AF Research Lab/MN), located at Eglin Air Force Base, Florida, (Eglin), developed, demonstrated and transitioned science and technology for air launched munitions for defeating ground fixed, mobile, air and space targets.
2. Mark A. O'Hair (O'Hair) was a senior electronics engineer with the AF Research Lab/MN. O'Hair began employment in this position on or about December 3, 2001, following his retirement from the United States Air Force. O'Hair subsequently transferred to the Battlefield Airman program at Eglin within the AF Research Lab/MN in late

2003/early 2004, and became the program manager for contracts awarded through the Battlefield Airman program.

3. As program manager, O'Hair was responsible for evaluating initial proposals submitted by contractors and preparing the technical evaluation of these proposals to support his recommendations for awarding contracts to the contractors. During O'Hair's tenure as program manager in the Battlefield Airman program, he participated in awarding contracts to various contractors, including Schaller Engineering, Inc., and Coherent Systems International, Inc. (Coherent), which were administered by and through the AF Research Lab/MN.

4. Schaller Engineering, Inc. (SEI), formerly known as Schaller Engineering, was incorporated in the state of Florida on January 5, 2005. Corporate filings with the state of Florida dated January 5, 2005, listed Richard Schaller (Schaller) as President and Director of SEI, O'Hair as a Director of SEI, and Theodore Sumrall (Sumrall) as Director and Vice President of SEI. Subsequent corporate filings for SEI with the state of Florida dated March 15, 2006, continued to list Schaller as President and Director, O'Hair as Director, and Sumrall as Director and Vice President of SEI. Corporate filings dated November 17, 2006, deleted references to Sumrall and O'Hair as Officers and/or Directors of SEI. SEI's primary customer and source of income was the AF Research Lab at Eglin.

5. On January 7, 2005, Schaller, O'Hair, and Sumrall signed an "Acceptance of Appointment as Director" with SEI for the corporate record, acknowledging their positions as Directors with SEI. O'Hair also signed a document found on page 18 of the SEI corporate record book entitled "Waiver of Notice Special Meeting of Directors (Subchapter S Election)."

6. On August 31, 2005, Novel Energy Solutions, LLC (Novel Energy), was incorporated in the state of Florida. Sumrall was its Manager and Registered Agent. Sumrall was its President and Chief Executive Officer, and Schaller was its Vice President and Chief Operating Officer. Novel Energy was jointly owned by Schaller and Sumrall.

7. On April 1, 2001, O'Hair incorporated System Applications and Research, Inc. (SARI) in the state of Florida. O'Hair was Director of SAR. On January 13, 2006, O'Hair incorporated Advanced Energy Systems, Inc. (AESI), in the state of Wyoming. O'Hair owned 100% of the shares of AESI.

8. Schaller Industries, Inc. (Schaller Industries) was owned and controlled by Schaller; Sumrall Family Enterprises, Inc. a/k/a and d/b/a Novel Engineering Solutions, Inc. (Novel Engineering) was owned and controlled by Sumrall.

9. On September 15, 2005, O'Hair, in his capacity as a government employee, approved a Technical and Cost Evaluation for the Air Force Ground Mobile Gateway System contract awarded to Coherent. On November 2, 2005, O'Hair traveled to the Coherent office in Pennsylvania where, on behalf of the government, he inspected and approved purchase orders for the Ground Mobile Gateway System. One of the orders he approved was a purchase order to SBI for the purported purchase of items in the amount of \$200,000. These items were not needed for the performance of the contract, and they were never provided by SBI (the "phantom products").

10. On December 10, 2005, O'Hair, on behalf of the government, approved for payment an invoice from Coherent in the amount of \$5,927,676. In reliance upon O'Hair's approval, the United States paid Coherent the requested \$5,927,676. Subsequently, on December 20, 2005, Coherent paid SEI \$200,000 for the phantom products.

11. Immediately upon receipt of the \$200,000 from Coherent for the phantom products, SEI distributed these funds, issuing three checks each in the amount of \$60,000 to Schaller Industries (owned by Schaller), Novel Engineering (owned by Sumrall), and Novel Energy (owned by Sumrall and Schaller).

12. The \$60,000 check written to Novel Energy was deposited into a Novel Energy account at Compass Bank on or about December 21, 2005. O'Hair then submitted a purported invoice to Novel Energy on behalf of Advanced Energy (owned by O'Hair) dated January 2006. The purported invoice, in the amount of \$61,052.40, was signed by O'Hair and read:

Advanced Energy Systems, Inc. submits this invoice for \$61,052.40 to Novel Energy Solutions, Inc. for the research, the draft "Thermionic Power Generation" paper, and future refinements of the final paper as necessary.

On or about January 24, 2006, a check was written on the checking account of Novel Energy, payable to Advanced Energy, in the amount of \$61,052.40. This amount, paid from the proceeds of the phantom products, was a kick-back to O'Hair through his company Advanced Energy.

13. O'Hair was required by the AF Research Lab to annually complete and file a Confidential Financial Disclosure Report (OGE Form 450). The OGE Form 450 required, among other things, that O'Hair report any employment position held by O'Hair outside of the Government for the prior year. The positions to be disclosed included, but were not limited to, being an employee, consultant or director for any business. On December 5, 2006, O'Hair submitted the 2006 OGE Form 450, and he willfully failed to disclose that he was director of SEI during the reportable time frame encompassed by the report. On February 5, 2007, O'Hair submitted the 2007 OGE Form 450, and he willfully failed to disclose that he was the director of SEI during the reportable time frame encompassed by the report.

14. On several occasions between December 2006 and April 2008, O'Hair falsely stated to federal officials that he did not list his SEI directorship on his Form 450s because he was unaware until November 2006 that he had been appointed to the position of a SEI director in January 2005. The false statements were made (i) to agents of the Air Force Office of Special Investigations; (ii) to the Air Force Debaring Official in connection with this office's consideration of O'Hair's proposed debarment; and (iii) to Air Force Research Laboratory officials in connection with an action to terminate O'Hair's employment.

15. In 2007 and 2008, Schaller and Sumrall made false statements to the Air Force Suspending and Debaring Official in connection with this office's consideration of their proposed debarments. In reliance upon those false statements, the Debaring Official terminated the proposed debarments.

16. On March 24, 2008, prior to responding to a Grand Jury document subpoena, Schaller and

Sumrall corruptly altered and destroyed an SEI corporate record in order to deceive the Grand Jury and investigators. Specifically, they altered the original SEI "Acceptance of Appointment as Director" form that had been signed by Schaller, Sumrall and O'Hair on January 7, 2005, so as to make it appear to have been signed only by Schaller and Sumrall, thereby giving the false impression that O'Hair did not know in January 2005 that he had been appointed as a director of SEI.

17. On December 16, 2008, O'Hair, Schaller, and Sumrall were indicted in the Northern District of Florida (N.D. Fla.) for 39 counts of Obstruction of Justice, False Declarations/Perjury, False Statement, and Conflict of Interest.

18. On July 8, 2009, Sumrall pled guilty to one count of Obstruction of Justice and one count of Conflict of Interest, and on September 23, 2009, Sumrall was sentenced to four years of probation and ordered to pay an assessment of \$200 and a fine in the amount of \$5,000.

19. On July 20, 2009, O'Hair pled guilty to one count of False Statement and one count of Conflict of Interest, and on October 13, 2009, O'Hair was sentenced to 6 months imprisonment, 3 years supervised release, and ordered to pay an assessment of \$200 and a fine in the amount of \$2,500.

20. On July 31, 2009, the jury returned a verdict against Schaller, finding him guilty of one count of Obstruction of Justice, one count of False Declarations Before Grand Jury/Court, one count of False Statement, and 30 counts of Conflict of Interest. On October 13, 2009, Schaller was sentenced to 18 months imprisonment, 5 years supervised release, and ordered to pay an assessment of \$3,200 and a fine in the amount of \$1,000.

BASES FOR THE PROPOSED DEBARMENTS

1. THEODORE S. SUMRALL

- a. The improper conduct of Sumrall is of so serious or compelling a nature that it affects his present responsibility to be a Government contractor or subcontractor and provides a separate independent basis for his debarment pursuant to FAR 9.406-2(c).
- b. Sumrall's conviction provides a separate independent basis for his debarment pursuant to FAR 9.406-2(a)(1), (3), and (5).

2. RICHARD SCHALLER

- a. The improper conduct of Schaller is of so serious or compelling a nature that it affects his present responsibility to be a Government contractor or subcontractor and provides a separate independent basis for his debarment pursuant to FAR 9.406-2(c).
- b. Schaller's conviction provides a separate independent basis for his debarment pursuant to FAR 9.406-2(a)(1), (3), and (5).

3. MARK ALLEN O'HAIR

- a. The improper conduct of O'Hair is of so serious or compelling a nature that it affects his present responsibility to be a Government contractor or subcontractor and provides a separate independent basis for his debarment pursuant to FAR 9.406-2(c).

- b. O'Hair's conviction provides a separate independent basis for his debarment pursuant to FAR 9.406-2(a)(1), (3), and (5).

4. SCHALLER INDUSTRIES, INC.

- a. Pursuant to FAR 9.406-5(a), the seriously improper conduct of Schaller is imputed to Schaller Industries because his seriously improper conduct occurred in connection with the performance of his duties for or on behalf of Schaller Industries or with Schaller Industries' knowledge, approval, or acquiescence. The imputation of Schaller's conduct provides a separate independent basis for the debarment of Schaller Industries.
- b. Pursuant to FAR 9.406-1(b), debarments may be extended to the affiliates of a contractor. Schaller and Schaller Industries are affiliates, as defined by FAR 9.403, because directly or indirectly, Schaller has the power to control Schaller Industries. The affiliation of Schaller and Schaller Industries provides a separate independent basis for the debarment of Schaller Industries.
- c. Pursuant to FAR 9.403 (Affiliates), interlocking management or ownership, shared facilities and equipment, and common use of employees are "indicia of control" so as to make entities affiliates of each other. SEI and Schaller Industries are affiliates of each other, as evidenced by their interlocking management, ownership, and/or common use of employees. The affiliation of SEI and Schaller Industries provides a separate independent basis for each of their debarments pursuant to FAR 9.406-1(b).

5. SCHALLER ENGINEERING, INC., f/k/a and d/b/a SCHALLER ENGINEERING

- a. Pursuant to FAR 9.406-5(a), the seriously improper conduct of Sumrall is imputed to SEI because his seriously improper conduct occurred in connection with the performance of his duties for or on behalf of SEI or with SEI's knowledge, approval, or acquiescence. The imputation of Sumrall's conduct provides a separate independent basis for the debarment of SEI.
- b. Pursuant to FAR 9.406-5(a), the seriously improper conduct of Schaller is imputed to SEI because his seriously improper conduct occurred in connection with the performance of his duties for or on behalf of SEI or with SEI's knowledge, approval, or acquiescence. The imputation of Schaller's conduct provides a separate independent basis for the debarment of SEI.
- c. Pursuant to FAR 9.406-5(a), the seriously improper conduct of O'Hair is imputed to SEI because his seriously improper conduct occurred in connection with the performance of his duties for or on behalf of SEI or with SEI's knowledge, approval, or acquiescence. The imputation of O'Hair's conduct provides a separate independent basis for the debarment of SEI.
- d. Pursuant to FAR 9.406-1(b), debarments may be extended to the affiliates of a contractor. Schaller and SEI are affiliates, as defined by FAR 9.403, because directly or indirectly, Schaller has the power to control SEI. The affiliation of Schaller and SEI provides a separate independent basis for the debarment of SEI.
- e. Pursuant to FAR 9.403 (Affiliates), interlocking management or ownership, shared facilities and equipment, and common use of employees are "indicia of control" so as to make entities affiliates of each other. SEI and Schaller Industries

are affiliates of each other, as evidenced by their interlocking management, ownership, and/or common use of employees. The affiliation of SEI and Schaller Industries provides a separate independent basis for each of their debarments pursuant to FAR 9.406-1(b).

- f. Pursuant to FAR 9.403 (Affiliates), interlocking management or ownership, shared facilities and equipment, and common use of employees are "indicia of control" so as to make entities affiliates of each other. SEI, Novel Engineering, and Novel Energy are affiliates of each other, as evidenced by their interlocking management, ownership, and/or common use of employees. The affiliation of SEI, Novel Engineering, and Novel Energy provides a separate independent basis for each of their debarments pursuant to FAR 9.406-1(b).

6. SUMRALL FAMILY ENTERPRISES, INC. a/k/a and d/b/a NOVEL ENGINEERING SOLUTIONS, INC.

- a. Pursuant to FAR 9.406-5(a), the seriously improper conduct of Sumrall is imputed to Novel Engineering because his seriously improper conduct occurred in connection with the performance of his duties for or on behalf of Novel Engineering or with Novel Engineering's knowledge, approval, or acquiescence. The imputation of Sumrall's conduct provides a separate independent basis for the debarment of Novel Engineering.
- b. Pursuant to FAR 9.406-1(b), debarments may be extended to the affiliates of a contractor. Sumrall and Novel Engineering are affiliates, as defined by FAR 9.403, because directly or indirectly, Sumrall has the power to control Novel Engineering. The affiliation of Sumrall and Novel Engineering provides a separate independent basis for the debarment of Novel Engineering.
- c. Pursuant to FAR 9.403 (Affiliates), interlocking management or ownership, shared facilities and equipment, and common use of employees are "indicia of control" so as to make entities affiliates of each other. SEI, Novel Engineering, and Novel Energy are affiliates of each other, as evidenced by their interlocking management, ownership, and/or common use of employees. The affiliation of SEI, Novel Engineering, and Novel Energy provides a separate independent basis for each of their debarments pursuant to FAR 9.406-1(b).

7. NOVEL ENERGY SOLUTIONS, LLC

- a. Pursuant to FAR 9.406-5(a), the seriously improper conduct of Sumrall is imputed to Novel Energy because his seriously improper conduct occurred in connection with the performance of his duties for or on behalf of Novel Energy or with Novel Energy's knowledge, approval, or acquiescence. The imputation of Sumrall's conduct provides a separate independent basis for the debarment of Novel Energy.
- b. Pursuant to FAR 9.406-5(a), the seriously improper conduct of Schaller is imputed to Novel Energy because his seriously improper conduct occurred in connection with the performance of his duties for or on behalf of Novel Energy or with Novel Energy's knowledge, approval, or acquiescence. The imputation of Schaller's conduct provides a separate independent basis for the debarment of Novel Energy.

- c. Pursuant to FAR 9.406-1(b), debarments may be extended to the affiliates of a contractor. Sumrall and Novel Energy are affiliates, as defined by FAR 9.403, because directly or indirectly, Sumrall has the power to control Novel Energy. The affiliation of Sumrall and Novel Energy provides a separate independent basis for the debarment of Novel Energy.
- d. Pursuant to FAR 9.403 (Affiliates), interlocking management or ownership, shared facilities and equipment, and common use of employees are "indicia of control" so as to make entities affiliates of each other. SEI, Novel Engineering, and Novel Energy are affiliates of each other, as evidenced by their interlocking management, ownership, and/or common use of employees. The affiliation of SEI, Novel Engineering, and Novel Energy provides a separate independent basis for each of their debarments pursuant to FAR 9.406-1(b).

8. ADVANCED ENERGY SYSTEMS, INC.

- a. Pursuant to FAR 9.406-5(a), the seriously improper conduct of O'Hair is imputed to AESI because his seriously improper conduct occurred in connection with the performance of his duties for or on behalf of AESI or with AESI's knowledge, approval, or acquiescence. The imputation of O'Hair's conduct provides a separate independent basis for the debarment of AESI.
- b. Pursuant to FAR 9.406-1(b), debarments may be extended to the affiliates of a contractor. O'Hair and AESI are affiliates, as defined by FAR 9.403, because directly or indirectly, O'Hair has the power to control AESI. The affiliation of O'Hair and AESI provides a separate independent basis for the debarment of AESI.
- c. Pursuant to FAR 9.403 (Affiliates), interlocking management or ownership, shared facilities and equipment, and common use of employees are "indicia of control" so as to make entities affiliates of each other. AESI and SARI are affiliates of each other, as evidenced by their interlocking management and ownership. The affiliation of AESI and SARI provides a separate independent basis for each of their debarments pursuant to FAR 9.406-1(b).

9. SYSTEM APPLICATIONS & RESEARCH, INC.

- a. Pursuant to FAR 9.406-5(a), the seriously improper conduct of O'Hair is imputed to SARI because his seriously improper conduct occurred in connection with the performance of his duties for or on behalf of SARI or with SARI's knowledge, approval, or acquiescence. The imputation of O'Hair's conduct provides a separate independent basis for the debarment of SARI.
- b. Pursuant to FAR 9.406-1(b), debarments may be extended to the affiliates of a contractor. O'Hair and SARI are affiliates, as defined by FAR 9.403, because directly or indirectly, O'Hair has the power to control SARI. The affiliation of O'Hair and SARI provides a separate independent basis for the debarment of SARI.
- c. Pursuant to FAR 9.403 (Affiliates), interlocking management or ownership, shared facilities and equipment, and common use of employees are "indicia of control" so as to make entities affiliates of each other. AESI and SARI are affiliates of each other, as evidenced by their interlocking management and

ownership. The affiliation of AESI and SARI provides a separate independent basis for each of their debarments pursuant to FAR 9.406-1(b).



STEVEN A. SHAW
Deputy General Counsel
(Contractor Responsibility)