



DEPARTMENT OF THE AIR FORCE

ARLINGTON, VA 22202-3258

Office of the Deputy General Counsel

VIA FEDEX

SAF/GCR
1235 S. Clark Street
Suite 301
Arlington, VA 22202

OCT 17 2012

SCG International, LLC
a/k/a SCG International
a/k/a SCG, LLC
c/o James F. Smith, Jr.
222 Central Park Avenue
Suite 1170
Virginia Beach, VA 23462

Re: Notice of Debarment

Mr. Smith:

Effective this date, the Air Force has debarred SCG International, LLC a/k/a SCG International a/k/a SCG, LLC (DUNS No.: 13-361-5182, Cage Code: 3HRZ5) (hereinafter SCG), from Government contracting and from directly or indirectly receiving the benefits of federal assistance programs. This action is initiated pursuant to Federal Acquisition Regulation (FAR) Subpart 9.4, Defense FAR Supplement 209.4 and Appendix H, and 2 C.F.R. Part 1125. The effects of debarment are set forth in the Notice of Proposed Debarment as well as in the aforementioned regulations, which are provided on our website at: <http://www.safgc.hq.af.mil/organizations/gcr1/index.asp>.

On August 29, 2012, the Air Force proposed SCG for debarment and afforded it the opportunity to submit information and argument in opposition to its proposed debarment. SCG was issued a Notice of Proposed Debarment and a Memorandum in Support of the Proposed Debarment. SCG has not responded.

I have carefully considered all information contained in the Administrative Record and have made the following determinations: a preponderance of the evidence establishes the existence of a cause for debarment; SCG has failed to demonstrate its present responsibility; and debarment is in the public interest and necessary to protect the Government's interests.

I have determined that a three-year debarment term is appropriate and commensurate with the seriousness of the cause for debarment. SCG's debarment is effective immediately and will run from the date of its proposed debarment, August 29, 2012, and, thus, will terminate on August 28, 2015.

Sincerely,

A handwritten signature in cursive script that reads "David B. Robbins". The signature is written in dark ink and includes a long horizontal flourish extending to the right.

DAVID B. ROBBINS
Acting Deputy General Counsel
(Contractor Responsibility)



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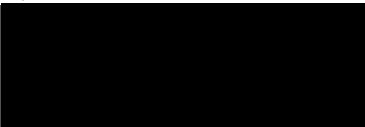
Office of the Deputy General Counsel

VIA FEDEX

SAF/GCR
1235 S. Clark Street
Suite 301
Arlington, VA 22202

OCT 17 2012

James F. Smith, Jr.
a/k/a Jamie Smith



Re: Notice of Debarment

Mr. Smith:

Effective this date, the Air Force has debarred you, Mr. James F. Smith, Jr., from Government contracting and from directly or indirectly receiving the benefits of federal assistance programs. This action is initiated pursuant to Federal Acquisition Regulation (FAR) Subpart 9.4, Defense FAR Supplement 209.4 and Appendix H, and 2 C.F.R. Part 1125. The effects of debarment are set forth in the Notice of Proposed Debarment issued to you, as well as in the aforementioned regulations, which are provided on our website at: <http://www.safgc.hq.af.mil/organizations/gcr1/index.asp>.

On August 29, 2012, the Air Force proposed you for debarment and afforded you the opportunity to submit information and argument in opposition to your proposed debarment. You were issued a Notice of Proposed Debarment and a Memorandum in Support of the Proposed Debarment. You have not responded.

I have carefully considered all information contained in the Administrative Record and have made the following determinations: a preponderance of the evidence establishes the existence of a cause for debarment; you have failed to demonstrate your present responsibility; and debarment is in the public interest and necessary to protect the Government's interests.

I have determined that a three-year debarment term is appropriate and commensurate with the seriousness of the cause for debarment. Your debarment is effective immediately and will run from the date of your proposed debarment, August 29, 2012, and, thus, will terminate on August 28, 2015.

Sincerely,

A handwritten signature in black ink that reads "David B Robbins". The signature is fluid and cursive, with a long horizontal stroke extending to the right.

DAVID B. ROBBINS
Acting Deputy General Counsel
(Contractor Responsibility)



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AUG 29 2012

MEMORANDUM IN SUPPORT OF THE PROPOSED DEBARMENTS OF:

JAMES F. SMITH, JR. a/k/a
JAMIE SMITH
SCG INTERNATIONAL, LLC a/k/a
SCG INTERNATIONAL a/k/a
SCG, LLC

Effective this date, the Department of the Air Force has proposed the debarments of James F. Smith, Jr. a/k/a Jamie Smith (Mr. Smith) and SCG International, LLC a/k/a SCG International a/k/a SCG, LLC (SCG) from Government contracting and from directly or indirectly receiving the benefits of Federal assistance programs. The action is initiated pursuant to Federal Acquisition Regulation (FAR) Subpart 9.4.

INFORMATION IN THE RECORD

Information in the record establishes by a preponderance of the evidence that at all times relevant hereto:

1. SCG, headquartered in Virginia, provided security training services to the Air Force.
2. Mr. Smith is the managing member, Chief Executive Officer, and owner of SCG.
3. In August 2011, an amended final civil judgment was entered against Mr. Smith and SCG for Fraud and Breach of Contract. Mr. Smith and SCG were ordered to pay \$9.5 million and an additional \$350,000 in punitive damages under the Fraud count and \$12.5 million plus interest under the Breach of Contract count.
4. In December 2011, Mr. Smith and SCG filed an appeal of the civil judgment. The appeal is pending.

BASES FOR THE PROPOSED DEBARMENTS

1. The improper conduct of Mr. Smith and SCG is of so serious or compelling a nature that it affects their present responsibility to be Government contractors or subcontractors and provides a separate independent basis for their debarments pursuant to FAR 9.406-2(c).

Imputation

2. Pursuant to FAR 9.406-5(a), the seriously improper conduct of Mr. Smith is imputed to SCG because his conduct occurred in connection with the performance of his duties for or on behalf of SCG or with SCG's knowledge, approval, or acquiescence. The imputation of Mr.

Smith's seriously improper conduct provides a separate independent basis for the debarment of SCG.

3. Pursuant to FAR 9.406-5(b), the seriously improper conduct of SCG is imputed to Mr. Smith because as an officer, director, shareholder, partner, employee, or other person associated with SCG, he knew or had reason to know of SCG's seriously improper conduct. The imputation of SCG's seriously improper conduct to Mr. Smith provides a separate independent basis for the debarment of Mr. Smith.

Affiliation

4. Pursuant to FAR 9.406-1(b), debarments may be extended to the affiliates of a contractor. Mr. Smith and SCG are affiliates, as defined at FAR 9.403 (Affiliates), because directly or indirectly, either one has the power to control the other or a third party has the power to control both. The affiliation of Mr. Smith and SCG provides a separate independent basis for Mr. Smith's debarment.

A handwritten signature in cursive script that reads "David B. Robbins". The signature is written in dark ink and is positioned above the printed name and title.

DAVID B. ROBBINS
Acting Deputy General Counsel
(Contractor Responsibility)