

## LESSON 3

# The Facility Security Clearance

**S**o far we've given you general overviews of the NISP and the NISPOM. Beginning with this lesson we'll be discussing the specifics of your duties as an FSO. In this lesson we'll be talking about what a facility is, why the NISP requires its facilities to be cleared, and what is involved in granting a facility security clearance (FCL). You need to know these things so that you will know what conditions and factors bear directly on your FCL. Then, when changes occur, you will be able to take the correct action to ensure that your facility maintains its clearance or, if appropriate, terminates its clearance on good terms with the NISP. In this lesson we will discuss many of these "changed conditions" and how you should handle them.

### OBJECTIVES

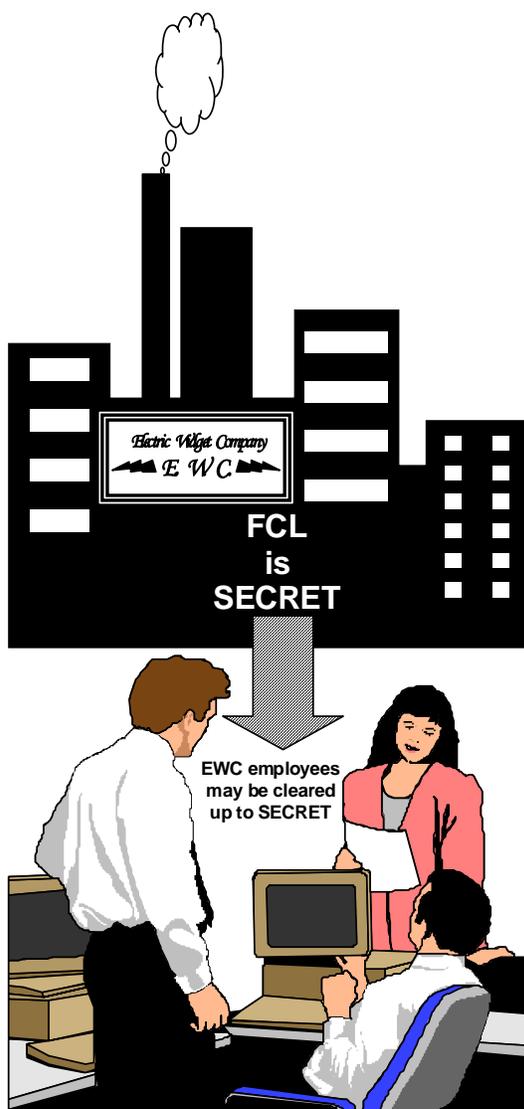
When you have completed this lesson, you should be able to do the following:

- Explain briefly what a facility is within the NISP.
- Explain briefly what a facility security clearance (FCL) is, its purpose, and what considerations it is based on.
- Identify changed conditions that require action by the FSO and what actions are appropriate in each case.

## FACILITY

For the purposes of the NISP, a facility must be organized and existing under the laws of any of the 50 states, District of Columbia (D.C.) or Puerto Rico, and be located in the U.S. or its territorial areas or possessions. A facility must have a demonstrated reputation for integrity and lawful conduct in business dealings and must not be under foreign ownership, control or influence (FOCI) to such a degree that the granting of a clearance may place classified information in danger of inadvertent or unauthorized disclosure. You'll find the official NISP definition of "facility" in **Appendix C** of the NISPOM. For our purposes, a working definition should do. Quite simply, a facility is either (1) *the site/premises of a contractor (company)*, or (2) *a geographically separate operating location of the contractor (e.g., in another city or state)*.

## FACILITY SECURITY CLEARANCE



A Facility Security Clearance is "an administrative determination that, from a security viewpoint, a facility is eligible for access to classified information of a certain category (and all lower categories)," (**Appendix C, NISPOM**). The administrative determination is made by the Defense Industrial Security Clearance Office (DISCO). Note: That a FCL is not a blanket authorization for all contractor employees to have access to classified information. It merely states the highest category of classified information to which personnel at that facility, when they have been individually cleared at that level, may be authorized access to classified material.

## PURPOSE OF A FACILITY SECURITY CLEARANCE

A facility security clearance is a broad-based determination that addresses the realities of private industry as it is structured and operates in the United States. It is a means of making security work within the profit-oriented, "hardball" arena of competitive private enterprise. This determination takes into account that:

- There are a variety of business structures in the U.S., ranging from the small sole proprietorship to the giant corporation;
- The "legal entities" of these business structures differ from one structure to another as accountable parties in the eyes of the law, such as:
  - A facility can be controlled by another facility;
  - A business operating in the US can be owned, controlled, or influenced by foreign interests;
  - The managers of a facility, and those who influence them, directly affect its operation; and
  - All of these considerations bear on the fitness of a facility (and its employees) to be granted access to classified information.

We can summarize these considerations by stating that clearing a facility mainly entails; 1) identifying and assessing, from a security standpoint, the sources of power, both domestic and foreign, that affect that facility; and 2) where these are found to be acceptable, binding the facility's management, via the Security Agreement, to carry out the provisions of the NISPOM.

The evaluation is conducted and the Security Agreement is executed to ensure that *no source of power will be permitted to adversely affect the protection of classified information or material to which the facility has access.*

## THE FIVE ESSENTIAL ELEMENTS

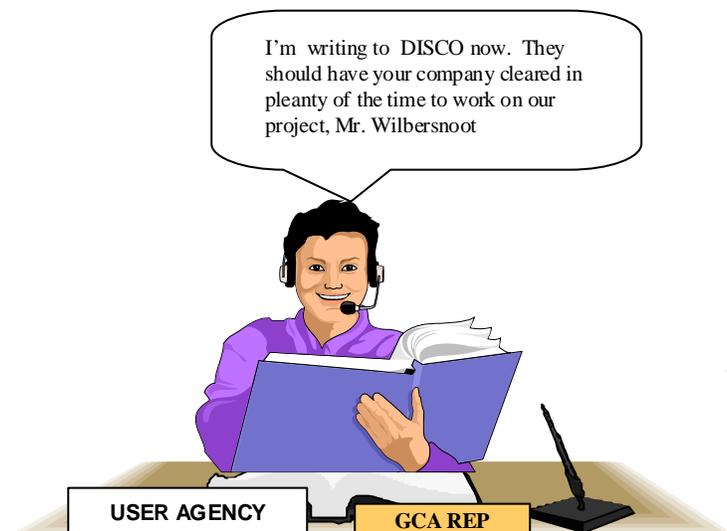
Let's examine what's involved for your facility to be granted a clearance. DISCO bases its determination on the following considerations, which are referred to as "five essential elements:"

# 5 ELEMENTS

1. Sponsorship
2. Security Agreement
3. Certificate Pertaining to Foreign Interests
4. Organization
5. Key Management Personnel Clearances

Your facility has to satisfy the above requirements in all five areas to be issued a facility clearance.

## SPONSORSHIP



Facility clearance actions begin when the U.S. Government contracting activity (GCA) of a User Agency (UA) decides to issue a classified contract. A classified contract is "any contract that requires or will require access to classified information by the contractor or his or her employees in the performance of the contract" (**Appendix C, NISPOM**). Note: While contractors have to be cleared to perform under classified contracts, the rules of the NISP state that contractors cannot themselves request that they be cleared. Only a GCA or a currently cleared contractor can request that a facility be processed for an FCL. This request is referred to as sponsorship.

The usual course of sponsorship is as follows: The GCA identifies prime contractors who will require access to classified information to 1) prepare their bids or proposals for the classified contract, and/or 2) perform under the classified contract when it is awarded. These prime contractors identify subcontractors who will require access to classified information for pre-contract activities and/or contract performance.

Specifically, your sponsor requested DISCO to initiate a facility clearance action. The letter identified your facility, described the classified acquisition that required the clearance action, and stated the level of clearance appropriate for your facility. If your facility would be generating and/or receiving classified information, the request also identified appropriate safeguarding requirements.

## SECURITY AGREEMENT



**George Porgee**  
**IS REP**

When DISCO received the request from your sponsor, a representative called your facility by phone to gather certain facts essential to start the clearance process. Next, DISCO provided several forms for your management to execute and to give to an IS Rep during the first on-site visit to your facility. One of the most important forms was a *Security Agreement (DD Form 441)*.

Your firm's copy of the agreement should be on file at your facility. A sample DD Form 441 is shown on the following page, so that you may refer to it as we discuss it. In addition, a sample copy of DD Form 441-1 (Appendage to the Security Agreement) that is used to represent divisions or branches of multiple facility organizations under one "Department of Defense Security Agreement" (Attachment to DD Form 441)

**The Security Agreement is a legally binding contract between the U.S. Government and the contractor.** As such, it is equally binding on both parties. Since there are only six sections to the agreement, we'll discuss them all briefly.

DEPARTMENT OF DEFENSE  
SECURITY AGREEMENT

Form Approved  
OMB No. 0704-0194  
Expires Jun 30, 2004

The public reporting burden for this collection of information is estimated to average 14 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports (0704-0194), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

PLEASE DO NOT RETURN YOUR FORM TO THE ABOVE ADDRESS. RETURN COMPLETED FORM TO YOUR RESPECTIVE COGNIZANT SECURITY OFFICE.

This DEPARTMENT OF DEFENSE SECURITY AGREEMENT (hereinafter called the Agreement) , entered into this \_\_\_\_\_ day of \_\_\_\_\_, \_\_\_\_\_ by and between THE UNITED STATES OF AMERICA through the Defense Security Service acting for the Department of Defense and other governmental User Agencies (hereinafter called the Government) , and \_\_\_\_\_ (hereinafter called the Contractor) , which is:

- (1) a corporation organized and existing under the laws of the state of \_\_\_\_\_
  - (2) a partnership consisting of \_\_\_\_\_
  - (3) an individual trading as \_\_\_\_\_
- with its principal office and place of business at (Street, City, State and ZIP Code) \_\_\_\_\_

**WITNESSETH THAT:**

WHEREAS, the Government has in the past purchased or may in the future purchase from the Contractor supplies or services, which are required and necessary to the national security of the United States; or may invite bids or request quotations on proposed contracts for the purchase of supplies or services, which are required and necessary to the national security of the United States; and

WHEREAS, it is essential that certain security measures be taken by the Contractor prior to and after being accorded access to classified information; and

WHEREAS, the parties desire to define and set forth the precautions and specific safeguards to be taken by the Contractor and the Government in order to preserve and maintain the security of the United States through the prevention of improper disclosure of classified information, sabotage, or any other acts detrimental to the security of the United States;

NOW, THEREFORE, in consideration of the foregoing and of the mutual promises herein contained, the parties hereto agree as follows.

**Section I - SECURITY CONTROLS**

(A) The Contractor agrees to provide and maintain a system of security controls within the organization in accordance with the requirements of the "National Industrial Security Program Operating Manual," DoD 5220.22-M (hereinafter called the Manual) attached hereto and made a part of this agreement, subject, however, (i) to any revisions of the Manual required by the demands of national security as determined by the Government, notice of which shall be furnished to the Contractor, and (ii) to mutual agreements entered into by the parties in order to adapt the Manual to the Contractor's business and necessary procedures thereunder. In order to place in effect such security controls, the Contractor further agrees to prepare Standard Practice Procedures for internal use, such procedures to be consistent with the Manual. In the event of any inconsistency between the Manual, as revised, and the Contractor's Standard Practice Procedures, the Manual shall control.

(B) The Government agrees that it shall indicate when necessary, by security classification (TOP SECRET, SECRET, or CONFIDENTIAL), the degree of importance to the national security of information pertaining to supplies, services, and other matters to be furnished by the Contractor to the Government or by the Government to the Contractor, and the Government shall give written notice of such security classification to the Contractor and of any subsequent changes thereof; provided, however, that matters requiring security classification will be assigned the least restricted security classification consistent with proper safeguarding of the matter concerned, since overclassification causes unnecessary operational delays and depreciates the importance of correctly classified matter. Further, the Government agrees that when Atomic Energy information is involved it will, when necessary, indicate by a marking additional to the classification marking that the information is "RESTRICTED DATA." The "Department of Defense Contract Security Classification Specification" (DD Form 254) is the basic document by which classification, regrading, and declassification specifications are documented and conveyed to the Contractor.

(C) The Government agrees, on written application, to grant personnel security clearances to eligible employees of the Contractor who require access to information classified TOP SECRET, SECRET, or CONFIDENTIAL.

(D) The Contractor agrees to determine that any subcontractor, subbidder, individual, or organization proposed for the furnishing of supplies or services which will involve access to classified information, has been granted an appropriate facility security clearance, which is still in effect prior to according access to such classified information.

**Section II - SECURITY REVIEWS**

Designated representatives of the Government responsible for reviews pertaining to industrial plant security shall have the right to review, at reasonable intervals, the procedures, methods, and facilities utilized by the Contractor in complying with the requirements of the terms and conditions of the Manual. Should the Government, through its authorized representative, determine that the Contractor's security methods, procedures, or facilities do not comply with such requirements, it shall submit a written report to the Contractor advising of the deficiencies.

**Section III - MODIFICATION**

Modification of this Agreement may be made only by written agreement of the parties hereto. The Manual may be modified in accordance with Section I of this Agreement.

**Section IV - TERMINATION**

This Agreement shall remain in effect until terminated through the giving of 30 days' written notice to the other party of intention to terminate; provided, however, notwithstanding any such termination, the terms and conditions of this Agreement shall continue in effect so long as the Contractor possesses classified information.

**Section V - PRIOR SECURITY AGREEMENTS**

As of the date hereof, this Agreement replaces and succeeds

**IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the day and year written above: THE**

any and all prior security or secrecy agreements, understandings, and representations, with respect to the subject matter included herein, entered into between the Contractor and the Government; provided, that the term "security or secrecy agreements, understandings, and representations: shall not include agreements, understandings, and representations contained in contracts for the furnishing of supplies or services to the Government which were previously entered into between the Contractor and the Government.

**Section VI - SECURITY COSTS**

This Agreement does not obligate Government funds, and the Government shall not be liable for any costs or claims of the Contractor arising out of this Agreement or instructions issued hereunder. It is recognized, however, that the parties may provide in other written contracts for security costs, which may be properly chargeable thereto.

**UNITED STATES OF AMERICA**

By \_\_\_\_\_  
(Signature of Authorized Government Representative)

\_\_\_\_\_  
(Typed Name of Authorized Government Representative)

\_\_\_\_\_  
(Typed Name of Authorized Government Agency)

\_\_\_\_\_  
(Typed Name of Contractor Entering Agreement)

**WITNESS**

\_\_\_\_\_  
\_\_\_\_\_

By \_\_\_\_\_  
(Signature of Authorized Contractor Representative)

\_\_\_\_\_  
(Typed Name of Authorized Contractor Representative)

*NOTE: In case of a corporation, a witness is not required but the certificate must be completed. Type or print names under all signatures.*

\_\_\_\_\_  
(Title of Authorized Contractor Representative)

\_\_\_\_\_  
(Contractor Address)

\_\_\_\_\_  
(Contractor Address)

*NOTE: Contractor, if a corporation, should cause the following certificate to be executed under its corporate seal, provided that the same officer shall not execute both the Agreement and the Certificate.*

**CERTIFICATE**

I, \_\_\_\_\_, certify that I am the \_\_\_\_\_  
of the corporation named as Contractor herein; that \_\_\_\_\_  
who signed this Agreement on behalf of the Contractor, was then \_\_\_\_\_  
of said corporation; that said Agreement was duly signed for and in behalf of said corporation by authority of its governing body, and is  
within the scope of its corporate powers.

\_\_\_\_\_  
(Corporate Seal)

\_\_\_\_\_  
(Signature and Date)

**APPENDAGE TO DEPARTMENT OF DEFENSE SECURITY AGREEMENT**

*Form Approved  
OMB No. 0704-0194  
Expires Jun 30, 2004*

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It is further agreed, on this \_\_\_\_\_ day of \_\_\_\_\_ by and between the United States of America through the Defense Security Service, acting for the Department of Defense, hereinafter called the Government, and \_\_\_\_\_ which has entered into the Security Agreement to which this appendix is made a part that the branches and/or facilities listed below, owned and/or operated by said contractor are included in and covered by the provisions of the said Security Agreement, and Certificate Pertaining to Foreign Interests, Standard Form 328.

NAME OF PLANT OR FACILITY	NUMBER AND STREET ADDRESS	CITY AND STATE

THE UNITED STATES OF AMERICA	CONTRACTOR <i>(Typed Name)</i>
BY <i>(Signature of Government Representative)</i>	BY <i>(Signature of Authorized Contractor Representative)</i>
AUTHORIZED REPRESENTATIVE OF THE GOVERNMENT <i>(Typed Name of Government Agency)</i>	TITLE <i>(of Authorized Contractor Representative)</i>
	ADDRESS

**Section I - SECURITY CONTROLS.** Under this section your firm agreed to do four things.

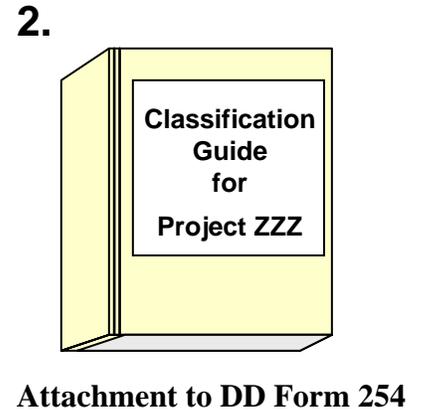
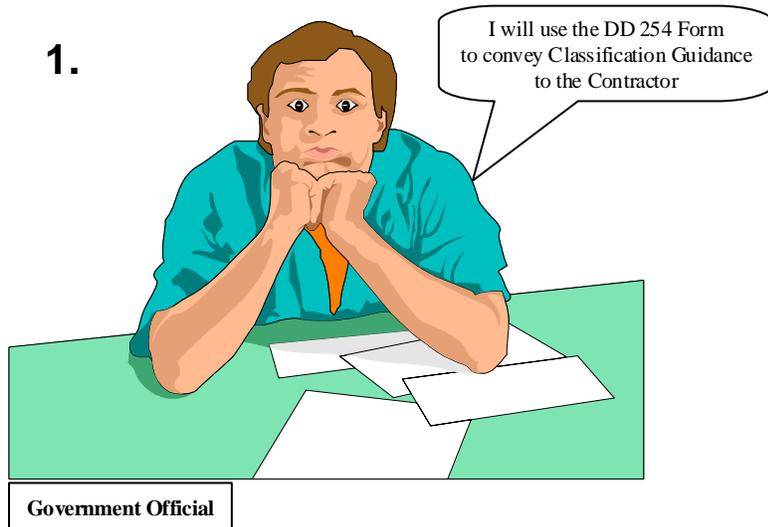
1. **Provide and maintain a system of security controls within the organization in accordance with NISPOM requirements.** This means that it is mainly up to the contractor and to you as the FSO to implement and monitor security measures at your facility. Note that the NISPOM becomes part of the Security Agreement.

2. **Prepare Standard Practice Procedures (SPP) that are consistent with the NISPOM.** Every facility must have procedures for internal use, consistent with the NISPOM.

The NISPOM does not require the SPP to be in written form in every case, however each facility must have standard procedures for implementation of the NISPOM provisions.

3. **Comply with revisions to the NISPOM.** Your facility should implement a revision immediately.

4. **Determine that any "subcontractor, sub-bidder, individual, or organization" that will require access to classified information has a valid FCL at the proper level.** Usually you determine this by contacting the Defense Security Service - Central Verification Activity (DSS-CVA).



Under Section I the U.S. Government agrees to do two things:

1. **Provide classification guidance to the contractor regarding both U.S. Government-furnished and contractor-generated "supplies, services, and other matters."** The U.S. Government provides this guidance primarily through an attachment to every classified contract: the DD Form 254, "The Contract Security Classification Specification." The DD Form 254 tells the contractor what needs to be protected and to what level. Note that most classified contracts, i.e., the agreement documents, are not themselves classified. Also that the U.S. Government will assign the least restrictive classification possible to classified information. Contractors are required to discuss the classification guidance with the GCA whenever the contractor thinks that the guidance is improper or inadequate. (See 4-104, NISPOM.)

2. **Process the contractor's employees for appropriate clearances as required.** We'll talk about personnel security clearances in the next lesson.

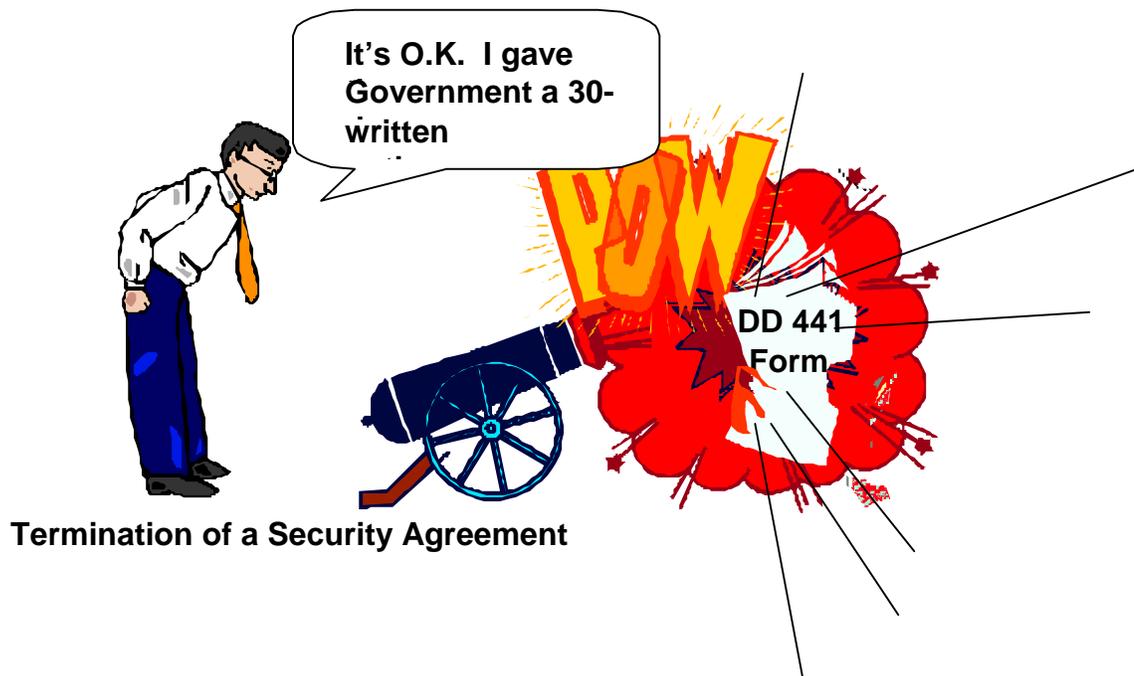


PCL PROCESSOR Model 4823 Patent Pending

**Section II – SECURITY REVIEWS:** This two-sentence section may be the one of most interest to you. Here, the U.S. Government establishes its right to review, at reasonable intervals, the procedures, methods, and facilities that you use to comply with NISPOM requirements. (Just what is a "reasonable interval" depends, in part, on whether your facility possesses classified information. Currently, a "reasonable interval" may be once per year.) Remember the DSS inspections may either be announced beforehand or unannounced. This section also requires DSS's IS Reps to provide your company a written report of any significant deficiencies they find. The purpose of these reports are to inform your facility of the nature of the discrepancy and then to explain what corrective action is needed for your facility to achieve compliance with NISPOM requirements. We'll discuss reviews in Lesson 9.

**Section III - MODIFICATION.** As with most contracts, the Security Agreement does provide for modification in exceptional circumstances. However, this is seldom, if ever, done. Remember, under Section I, the NISPOM can be and is modified (revised) unilaterally by the U.S. Government.

**Section IV - TERMINATION.** Either party can terminate the Security Agreement by giving the other party a 30-day written notice. The important point here is that even though the agreement is terminated, your facility's personnel are obligated to protect any classified information still in their possession or under their control *as if the agreement had not been terminated.* (This includes classified information "in their heads.")



**Section V - PRIOR SECURITY AGREEMENTS.** This section simply establishes that, except for security provisions in existing contracts between the U.S. Government and the contractor, this agreement is now the one that counts regarding its subject matter (security controls, security reviews, etc.).

**Section VI - SECURITY COSTS.** This section means that *this* agreement does *not* obligate the U.S. Government to pay for the contractor's costs in establishing security controls (buying security containers, constructing controlled areas, taking the time needed to process persons for clearances, etc.). It basically means that security costs should be included in the contractor's bid or proposal along with the contractor's other costs to provide goods and services to the U.S. Government.

## **CHANGED CONDITIONS: SECURITY AGREEMENT**

Certain changed conditions affect your Security Agreement and thus the status of your FCL. You should write a letter (report) to your DSS Field Office as soon as you are aware of any of the following: (1-302h, NISPOM)

1. Change of ownership or stock transfers that affect control of the company.
2. **Change of Operating Name or Address.** Since these are stated in the Security Agreement, changes require that it be re-executed. Changes should be promptly reported.
3. Changes related to Key Management Personnel.
4. **Business Termination.** If your firm is going out of business for any reason or if it becomes involved in bankruptcy action, report the facts to your DSS Field Office immediately.
5. Any change related to foreign ownership, control or influence (FOCI).



**5.** A classified contract is any contract that requires or will require a \_\_\_\_\_ to c \_\_\_\_\_ i \_\_\_\_\_ by the contractor or his or her e \_\_\_\_\_ in the performance the contract.

**6.** Uncleared contractors can request that their facilities be processed for facility security clearances.

True.  False.

**7.** Only an U.S. Government Contracting Activity or a cleared contractor can request that a facility be processed for a facility security clearance.

True.  False.

**8.** The Security Agreement (DD Form 441) is a legally binding contract between the U.S. Government and the contractor.

True.  False.

**9.** The U.S. Government provides classification guidance to the contractor mainly through a DD Form \_\_\_\_\_, "The Department of Defense Contract Security Classification Specification."



15. If your company changes its operating name or address, or if it is going out of business or becomes involved in a bankruptcy action, you must report the change to
- ( ) a. DISCO.
  - ( ) b. Your DSS Field Office.
  - ( ) c. DSS Headquarters.
  - ( ) d. The Secretary of Defense.
16. DD Form 441-1, is a legally binding contract between the U.S. Government and the contractor that represents divisions or branches of multiple facility organization under one Department of Defense Security Agreement.
- ( ) True
  - ( ) False

**Have any of these changes occurred at your facility? Are any anticipated?**

<p><b>Change of Organizational Name or Address</b></p>	<p><b>Business Termination</b></p>		
<p><b>Key Management becomes a Representative of a Foreign Interest.</b></p>	<p><b>Change (Gain or Loss) of Key Management Personnel</b></p>	<p><b>Change in Organizational Structure</b></p>	<p><b>Change in Foreign Ownership, Control or Influence</b></p>

## 3a - Solutions & References



1. site/premises; geographically separate. (p. 3-2).
2. determination, eligible, access, category, categories. (p. 3-2).
3. True. (p. 3-3).
4. d. (p. 3-4).
5. access, classified information, employees. (p. 3-4).
6. False. (p. 3-4).
7. True. (p. 3-4).
8. True. (p. 3-5).
9. 254. (p. 3-10).
10. a., b., c., d (p. 3-10).
11. False. (p. 3-11).
12. 30. (p. 3-12).
13. False. (p. 3-12).
14. False. (p. 3-13).

**15.** b. (p. 3-13).

**16.** True (p. 3-5)

## CERTIFICATE PERTAINING TO FOREIGN INTERESTS

At about the same time that your facility executed the Security Agreement, it also executed the *Certificate Pertaining to Foreign Interests (Standard Form [SF] 328)*. Instructions for completing the SF 328 are on the next page, and a sample SF 328 is on the pages following. The importance of this form is that it is one of several means in the identification and assessment of the sources of power that affect the facility. In this case we must determine if these sources of power are foreign interests or influenced by foreign interests. The general policy is that a facility that is determined to be under *foreign ownership, control, or influence (FOCI)* is ineligible for a Facility Security Clearance unless the foreign source can be effectively excluded from any control over classified operations. See **Chapter 2, Section 3, NISPOM**, for additional information.

When is a facility determined to be under FOCI? The all-inclusive, loophole-closing official statement is in **NISPOM, 2-302**. If the DSS Field Office (in coordination with HQ, DSS) after reviewing and analyzing the information furnished by the contractor on the SF 328 finds that "a foreign interest has the power" to affect the facility in a way that may lead to "unauthorized access to classified information or may affect adversely the performance of classified contracts," then the facility is determined to be under FOCI.

If there were any FOCI factors at your facility, either they were not significant enough to disqualify your facility or they have been effectively mitigated.

## **INSTRUCTIONS FOR COMPLETING THE SF FORM 328.**

In completing the SF Form 328, all items are to be answered by indicating X in either the YES or NO column. If an answer to any question is YES, the following paragraphs provide instructions for the submission of the necessary data.

QUESTION 1a: Identify the percentage of any class of stock or other securities issued which are owned by foreign persons, broken down by country. Include indirect ownership through one or more intermediate level(s) of subsidiaries. Indicate voting rights of each class of stock. If there are shareholder agreements attach a copy(ies), and if none, so state. Indicate whether a copy of SEC Schedule 13D/13G report has been received from any investor. If yes, attach a copy(ies). Ownership of less than 5% should be included if the holder is entitled to control the appointment and tenure of any management position.

1b: Identify the percentage of total capital commitment, which is subscribed by foreign persons. If there is an agreement(s) with the subscriber(s), attach a copy(ies), and if none, so state.

QUESTION 2: Identify the foreign interest by name, country, percentage owned and personnel who occupy management positions with the organizations. If there are personnel from your organization who occupy management positions with the foreign firm(s), identify the name(s), title, and extent of involvement in the operations of the organizations (to include access to classified information).

QUESTION 3: Identify the foreign person(s) by name, title, citizenship, immigration status and clearance or exclusion status. Attach copies of applicable by-laws or articles of incorporation, which describe the affected position(s). However, if you have already provided such copies to the Cognizant Security Agency Industrial Security Representative, so state.

QUESTION 4: Identify the foreign person(s) by name, title, citizenship and all details concerning the control or influence. If any foreign person(s) have such power this question shall be answered in the affirmative even if such power had not been exercised and whether or not it is exercisable through ownership of your facility's securities, if such power may be invoked by contractual arrangements or by other means.

QUESTION 5: For each instance, provide the name of the foreign person, country, percentage of gross income derived and nature of involvement including: whether defense/nuclear related or not; involvement with classified or export controlled technology; compliance with export control requirements. Where the organization has a large number of involvements; are not defense/nuclear related and represent a small percentage of gross income, the explanation can be a generalized statement addressing the totals by country.

QUESTION 6: Provide overall debt-to-debt equity ratio (in percentage). With respect to indebtedness or liability to a foreign person, indicate to whom indebted or liable, what collateral has been furnished or pledged and any conditions or covenants of the loan agreement. If stock or assets have been furnished or pledged as collateral, provide a copy of the loan agreement or pertinent extracts thereof (to include procedures to be followed in the event of default). If any debentures are convertible, provide specifics. If loan payments are in default, provide details. Answer in the affirmative if the debt is with a U.S. entity that is owned or controlled either directly or indirectly by a foreign person, if unknown, so state.

QUESTION 7: If YES to either part of the question provide overall percentage of income derived from foreign sources by country, nature of involvement and type of services or products. Indicate if any single foreign source represents in excess of 5% of total revenue or net income. Indicate whether any classified information is involved. State whether facility is in compliance with applicable export control requirements.

QUESTION 8: Identify each foreign institutional investor holding 10% or more of the voting stock by name and address and the percentage of stock held. Indicate whether any investor has attempted to or has exerted any control or influence over appointments to management positions or influenced the policies of the organization. Include copies of SEC Schedule 13D/13G.

QUESTION 9: Provide the name, title, citizenship, immigration status and clearance or exclusion status on all such persons. Identify by name and address each foreign organization with which such persons serve and indicate the capacity in which they are serving. Include a Statement of Full Disclosure of Foreign Affiliations for every cleared individual who is a representative of a foreign interest.

QUESTION 10: Describe the foreign involvement in detail, including why the involvement would not be reportable in the preceding questions.

<b>CERTIFICATE PERTAINING TO FOREIGN INTERESTS</b> <i>(Type or print all answers)</i>		<i>Form Approved OMB No. 0704-0194 Expires Dec 31, 2000</i>	
<p>The public reporting burden for this collection of information is estimated to average 70 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports (0704-0194), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.</p>			
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<b>PENALTY NOTICE</b>			
<p>Failure to answer all questions or any misrepresentation (by omission or concealment, or by misleading, false or partial answers) may serve as a basis for denial of clearance for access to classified information. In addition, Title 18, United States Code 1001, makes it a criminal offense, punishable by a maximum of five (5) years imprisonment, \$15,000 fine or both, knowingly to make a false statement or repre-</p>		<p>sentation to any Department or Agency of the United States, as to any matter within the jurisdiction of any Department or Agency of the United States. This includes any statement made herein which is knowingly incorrect, incomplete or misleading in any important particular.</p>	
<b>PROVISIONS</b>			
<p>1. This report is authorized by the Secretary of Defense, as Executive Agent for the National Industrial Security Program, pursuant to Executive Order 12829. While you are not required to respond, your eligibility for a facility security clearance cannot be determined if you do not complete this form. The retention of a facility security clearance is contingent upon your compliance with the requirements of DoD 5220.22-M for submission of a revised form as appropriate.</p>		<p>2. When this report is submitted in confidence and is so marked, applicable exemptions to the Freedom of Information Act will be invoked to withhold it from public disclosure.</p> <p>3. Complete all questions on this form. Mark "Yes" or "No" for each question. If your answer is "Yes" furnish in full the complete information under "Remarks."</p>	
<b>QUESTIONS AND ANSWERS</b>			
1. (Answer 1a. or 1b.)		YES	NO
a. (For entities which issue stock): Do any foreign person(s), directly or indirectly, own or have beneficial ownership of 5 percent or more of the outstanding shares of any class of your organization's equity securities?			
b. (For entities which do not issue stock): Has any foreign person directly or indirectly subscribed 5 percent or more of your organization's total capital commitment?			
. Does your organization directly, or indirectly through your subsidiaries and/or affiliates, own 10 percent or more of any foreign interest?			
3. Do any non-U.S. citizens serve as members of your organization's board of directors (or similar governing body), officers, executive personnel, general partners, regents, trustees or senior management officials?			
4. Does any foreign person(s) have the power, direct or indirect, to control the election, appointment, or tenure of members of your organization's board of directors (or similar governing body) or other management positions of your organization, or have the power to control or cause the direction of other decisions or activities of your organization?			
5. Does your organization have any contracts, agreements, understandings, or arrangements with a foreign person(s)?			
6. Does your organization, whether as borrower, surety, guarantor or otherwise have any indebtedness, liabilities or obligations to a foreign person(s)?			
7. During your last fiscal year, did your organization derive:			
a. 5 percent or more of its total revenues or net income from any single foreign person?			
b. In the aggregate 30 percent or more of its revenues or net income from foreign persons?			
8. Is 10 percent or more of any class of your organization's voting securities held in "nominee" shares, in "street names" or in some other method which does not identify the beneficial owner?			
9. Do any of the members of your organization's board of directors (or similar governing body), officers, executive personnel, general partners, regents, trustees or senior management officials hold any positions with, or serve as consultants for, any foreign person(s)?			
10. Is there any other factor(s) that indicates or demonstrates a capability on the part of foreign persons to control or influence the operations or management of your organization?			
<b>STANDARD FORM 328 (4/1997) (EG)</b>		REPLACES DD FORM 441S, WHICH IS OBSOLETE.	
		Designed using Perform Pro, WHS/DIOR, Jan 98	

**REMARKS** (Attach additional sheets, if necessary, for a full detailed statement.)

**CERTIFICATION**

I CERTIFY that the entries made by me above are true, complete, and correct to the best of my knowledge and belief and are made in good faith.

**WITNESSES:**

\_\_\_\_\_ (Date Certified)  
By \_\_\_\_\_  
\_\_\_\_\_ (Contractor)

*NOTE: In case of a corporation, a witness is not required but the certificate below must be completed. Type or print names under all signatures.*

\_\_\_\_\_ (Title)  
\_\_\_\_\_ (Address)

*NOTE: Contractor, if a corporation, should cause the following certificate to be executed under its corporate seal, provided that the same officer shall not execute both the Agreement and the Certificate.*

**CERTIFICATE**

I, \_\_\_\_\_, certify that I am the \_\_\_\_\_  
of the corporation named as Contractor herein; that \_\_\_\_\_  
who signed this certificate on behalf of the Contractor, was then \_\_\_\_\_  
of said corporation; that said certificate was duly signed for and in behalf of said corporation by authority of its governing body, and is within the scope of its corporate powers.

(Corporate Seal)

(Signature and Date)

\_\_\_\_\_

**STANDARD FORM 328 (BACK) (4/1997)**

## **CHANGED CONDITIONS: CERTIFICATE PERTAINING TO FOREIGN INTERESTS**

You, as the FSO, should periodically check with appropriate company officials to be sure that you are aware of possible changes regarding FOCl. Whenever a change in the information reported on your facility's Certificate Pertaining to Foreign Interests is *anticipated*, submit a *letter report* of the anticipated change to your DSS Field Office. Whenever any change in the information reported on your facility's Certificate has *occurred*, submit a *new (revised) SF 328 Certificate* to your DSS Field Office. (1-302h(5), NISPOM ). Contractors shall submit an updated SF 328 every five years **even if** the company reports no changes.

### **ORGANIZATION**

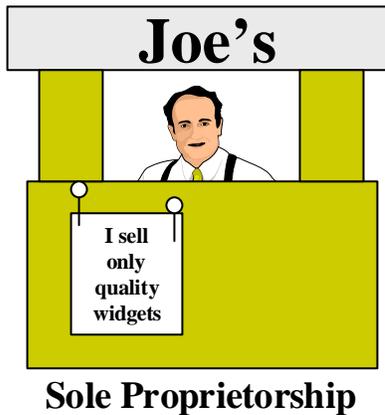
Identifying and assessing FOCl factors was an important part of clearing your facility. So too was sizing up the *domestic* sources of power affecting your facility. In the area of organization, this meant that DSS had to identify and assess any other entities that, by their relationship to your facility, could control or influence your facility's protection of classified information. During the initial survey, the IS Rep looked at your firm's basic documents to determine how your business was set up from a legal point of view.

As an FSO, you should be aware of your firm's current *business structure*. You should also be familiar with the other business structures (and of the FCL requirements for them) so that if your business structure changes you can report the change accurately to your DSS Field Office. So be ready to respond to the new requirements.

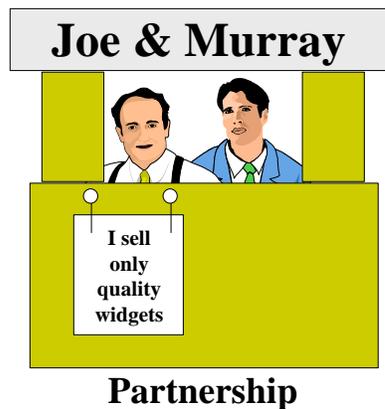
## THE THREE BUSINESS STRUCTURES

These are three main types of business structures;

- the ***sole proprietorship***,
- the ***partnership***, and
- the ***corporation***.



The simplest type is the ***sole proprietorship***. In this type of business, one person owns and operates the business, sometimes with the aid of officers (a treasurer for instance) and executives (such as managers and supervisors). With a sole proprietorship, the owner ("proprietor") is the legal entity of the business, the party who is accountable in the eyes of the law for the business. When the owner becomes a NISP contractor, he or she is the party accountable for implementing the NISPOM requirements for the business.



The second type of business is the ***partnership***. With a partnership, the main partners, called "general partners," jointly own all of the firm's assets. These general partners are mutually accountable in the eyes of the law for the actions of the partnership. When the partnership is awarded a contract under the NISP, the general partners are mutually and severally (individually) accountable for implementing the NISPOM requirements for the partnership.



The third and most complex business structure is the ***corporation***. The corporation differs from the sole proprietorship and the partnership in that the owners of the corporation (stockholders) are *not* its legal entities. Instead, the corporation is considered to be itself an "artificial person" and thus a legal entity. With a corporation, the stockholders elect a Board of Directors who then appoint the principal officers of the corporation (usually a president, senior vice president, secretary, and treasurer). When a corporation is awarded a contract under the NISP, the Board of Directors and

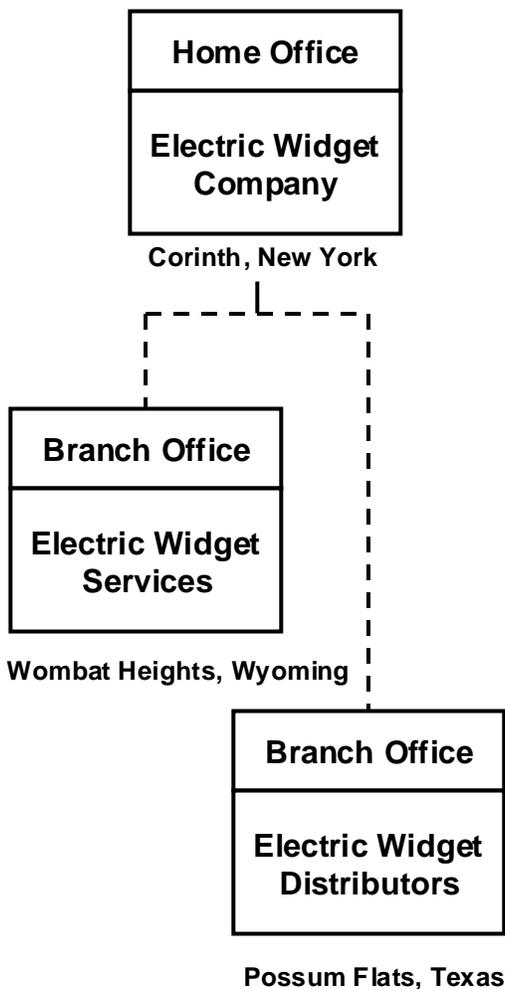
principal officers are accountable for the corporation in implementing the NISPOM requirements.

## ORGANIZATIONAL STRUCTURES

A sole proprietorship, a partnership, or a corporation may confine its operations to one facility. In this case, just that one facility is studied during the processing for its clearance.

But there are two cases in which the clearance status (or “clearability”) of other facilities related to a facility being processed for an FCL is an issue. These two situations are the *Multiple Facility Organization (MFO)* and the *parent-subsidiary relationship*.

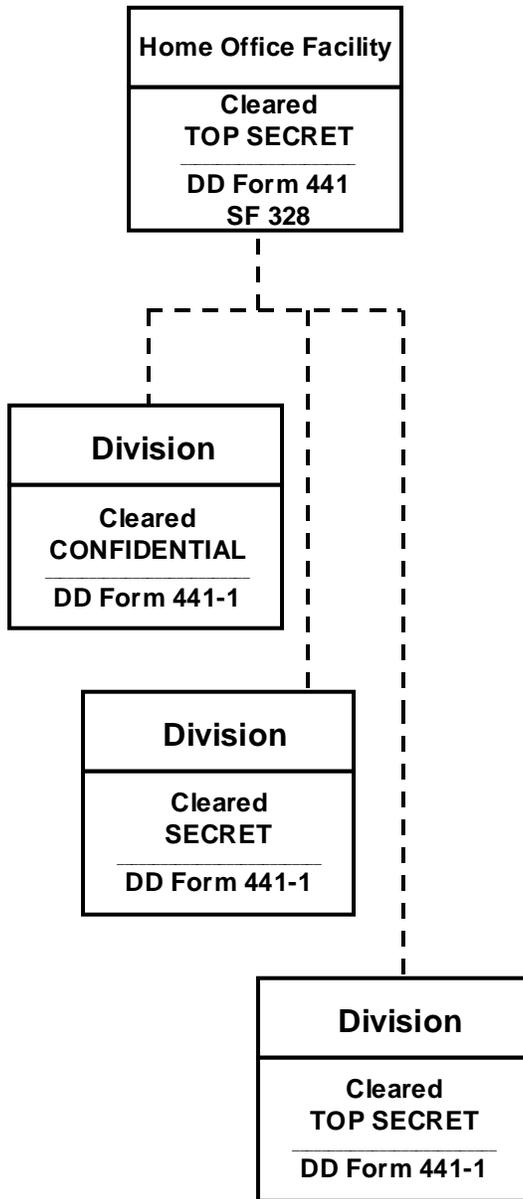
### MULTIPLE FACILITY ORGANIZATION (MFO)



### THE MULTIPLE FACILITY ORGANIZATION

Any of the three types of business structures; sole proprietorships, partnerships, and corporations (to include colleges and universities) may be configured (organized) as a Multiple Facility Organization (MFO). An MFO is a legal entity that is composed of two or more facilities.

For example: The corporate headquarters of the Electric Widget Company (EWC) is in Corinth, New York. EWC has two additional branch offices, one is the Electric Widget Services in Wombat Heights, Wyoming, and the other is Electric Widget Distributors in Possum Flats, Texas. Since the headquarters and the two branches together comprise a single legal entity, this corporation is an MFO.



**MFO= 1 Legal Entity**

The rule when clearing any subordinate facility of an MFO is quite simple. The home office (headquarters) facility, referred to as a HOF, must have a facility clearance of the *same or higher level than the subordinate facility*. The reason for the rule is also quite simple. The other facilities (divisions, branch offices, etc.) of the MFO are subordinate to the HOF, and their operations are usually quite closely linked. If the HOF were not cleared at the same or higher level, the HOF could have unauthorized access to the classified information available to a subordinate facility.

Since all of the facilities of an MFO together comprise a single legal entity, only the HOF can execute a Security Agreement (DD Form 441) with the U.S. Government. As required, subordinate facilities can be included in and covered by the HOF's Security Agreement by the execution of an *Appendage to the Security Agreement, (DD Form 441-1)*. A sample is shown on the next page.

Any FOCI elements at subordinate facilities must be included in the HOF's SF 328 (Certificate Pertaining to Foreign Interests).

As it happens, Electric Widget Services was cleared under a DD Form 441-1. Its HOF, the Electric Widget Company, Corinth, New York, had held a TOP SECRET facility clearance for several years. So when Electric Widget Services was awarded an Air Force contract to service widgets that are classified SECRET and are installed in aircrafts, EWS was included by the appendage (DD Form 441-1) to the existing Security Agreement.

APPENDAGE TO DEPARTMENT OF DEFENSE SECURITY AGREEMENT

Form Approved  
OMB No. 0704-0194  
Expires Jun 30, 2004

The public reporting burden for this collection of information is estimated to average 10 minutes per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the collection of information. Send comments regarding this burden estimate or any other aspect of this collection of information, including suggestions for reducing the burden, to Department of Defense, Washington Headquarters Services, Directorate for Information Operations and Reports (0704-0194), 1215 Jefferson Davis Highway, Suite 1204, Arlington, VA 22202-4302. Respondents should be aware that notwithstanding any other provision of law, no person shall be subject to any penalty for failing to comply with a collection of information if it does not display a currently valid OMB control number.

PLEASE DO NOT RETURN YOUR FORM TO THE ABOVE ADDRESS. RETURN COMPLETED FORM TO YOUR RESPECTIVE COGNIZANT SECURITY OFFICE.

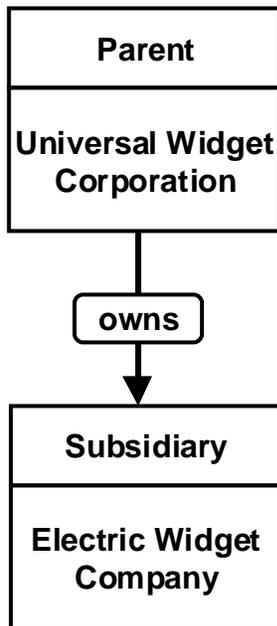
It is further agreed, on this \_\_\_\_\_ day of \_\_\_\_\_ by and between the United States of America through the Defense Security Service, acting for the Department of Defense, hereinafter called the Government, and \_\_\_\_\_ which has entered into the Security Agreement to which this appendix is made a part that the branches and/or facilities listed below, owned and/or operated by said contractor are included in and covered by the provisions of the said Security Agreement, and Certificate Pertaining to Foreign Interests, Standard Form 328.

NAME OF PLANT OR FACILITY	NUMBER AND STREET ADDRESS	CITY AND STATE

THE UNITED STATES OF AMERICA	CONTRACTOR <i>(Typed Name)</i>
BY <i>(Signature of Government Representative)</i>	BY <i>(Signature of Authorized Contractor Representative)</i>
AUTHORIZED REPRESENTATIVE OF THE GOVERNMENT <i>(Typed Name of Government Agency)</i>	TITLE <i>(of Authorized Contractor Representative)</i>
	ADDRESS

## THE PARENT-SUBSIDIARY RELATIONSHIP

### PARENT-SUBSIDIARY RELATIONSHIP



**Parent/Subsidiary =  
2 Separate Legal Entities**

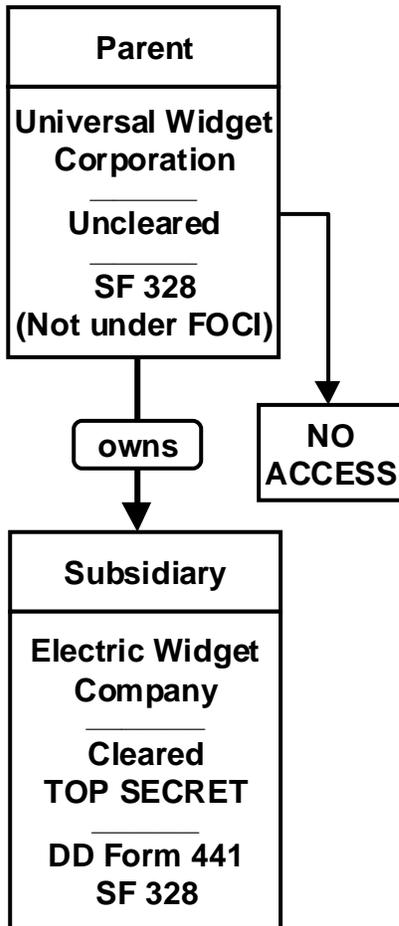
A *subsidiary* is a corporation that is controlled by another corporation. The controlling corporation is called a *parent*. (The parent controls the subsidiary through its ownership of over 50% of the voting stock of the subsidiary.) Because the parent controls the subsidiary, the general rule in the NISP is that the parent must have an FCL at the *same or higher level than the FCL of the subsidiary*.

But the parent-subsidiary relationship differs in an important way from the MFO, and the NISP has taken this difference into account in its regulations. Unlike the MFO, where we have a single legal entity, in a parent-subsidiary relationship the parent and each of its subsidiaries are *separate legal entities*. Since a subsidiary is thus legally accountable in its own right, the NISP permits the *parent to remain uncleared or a subsidiary to hold an FCL of a higher level than the parent's FCL*.

In the first case, the Board of Directors of the parent formally excludes the parent from access to *all* classified information available to the subsidiary. Although the parent remains uncleared, the appropriate DSS Field Office ensures that the parent is not under FOCI or otherwise ineligible for an FCL.

In the second case, where the parent has an FCL, the Board of Directors of the parent formally excludes the parent from access to the classified information available to the subsidiary, *which is of a higher level than the level of the parent's FCL*. The subsidiary must then ensure that the parent is in fact denied access to the higher-level classified information.

Take the case of the Electric Widget Company (EWC). As we've noted, EWC has held a TOP SECRET facility clearance for years. EWC is a wholly owned subsidiary of the Universal Widget Corporation (UWC), an



international giant in the field of widgets. At the time when EWC was being processed for its TOP SECRET clearance, the Board of Directors of Universal Widget Corporation (the parent) excluded UWC from access to all classified information available to EWC (the subsidiary). Despite its multinational interests, UWC was found not to be under FOCI. Harold Huxtable, the FSO of EWC, after much consultation with his IS Rep, devised and implemented a remarkable SPP that has ensured over the years that none of the classified information accessed by EWC has ever been disclosed to its parent, UWC.

**CHANGED CONDITIONS:  
ORGANIZATION**

Any time there is a change in the ownership or organization of your facility you must send a letter report to your DSS Field Office. For example, if your single-facility sole proprietorship becomes an MFO, or the owner takes a business partner, or the owner decides to incorporate, you must report the change to your DSS Field Office. If your firm is a corporation, and there are stock transfers that affect the control of the corporation, you must report the change. **(1-302h(1), NISPOM)**

## KMP CLEARANCES



In addition to any organization factors affecting your facility's access to classified information, DSS took a careful look at the people in charge of your facility: its *Key Management Personnel* (KMPs). These include its owners, officers, directors, partners, regents, trustees, or executive personnel. The NISP recognized that your facility's top management and those who could control or influence their election, appointment, or tenure would have a direct impact on how classified information was protected at your facility. So it is essential to identify and individually clear your facility's KMPs *at the level of the FCL*.

Taking into account the different legal entities of the various business structures, as well as the particular circumstances at the facility, the IS Rep determines the KMPs requiring PCLs in connection with the FCL. Those KMPs that, as a general rule, must be cleared at the level of the FCL for each type of business structure are shown in the chart on the next page. Note that the management official in charge at the facility, and the FSO are the KMPs and must always be cleared. Based on their need for access, other KMPs may be cleared at the FCL level, cleared at a lower level, or excluded from being cleared. (2-104 and 2-106, **NISPOM**).



## KMPs CLEARED at the FCL LEVEL



### For a Sole Proprietorship:



- The owner.
- The management official in charge
- The FSO (who may be the owner)

### Limited Liability Company (LLC):

- Managers
- FSO
- The management official in charge
- LLC members (must be either cleared or excluded)

### For a College or University:



- The chief executive officer.  
\_\_\_\_\_
- Managerial group formally designated by the board of regents (or similar board) with authority and responsibility to negotiate, execute, and administer classified contracts.  
\_\_\_\_\_
- All regents, trustees, or directors unless they do not require access to classified information, do not occupy positions that enable them to adversely affect classified contract performance or have transferred their responsibility to a legal executive committee.
- The management official in charge.

### For a Partnership:



- All general partners (unless there is a legal designated managing partner and/or legally constituted executive committee.  
\_\_\_\_\_
- All executive committee members (as long as the executive committee has been given full authority to act on behalf of the partnership)
- The management official in charge (if applicable).
- The FSO \_\_\_\_\_ **and** \_\_\_\_\_
- Other partners who occupy positions that enable them to adversely affect the partnership's policies or practices in the performance of classified contracts.

### For a Corporation, Association, or Nonprofit Organization:

- The chairman of the board (if meetings are chaired by rotating chairman, all directors who fill the (rotating) chairman should be processed for a PCL. The issuance of the FCL will depend only on the issuance of the PCL for the current Chairman of the Board.)  
\_\_\_\_\_
- The senior management official e.g. chief executive officer (CEO) or president.
- The FSO.
- Concurrent PCLs are not needed for KMPs that are cleared with another cleared facility within a corporate family. (MFO or parent/subsidiary)
- KMP listing should indicate which facility within the corporate family holds the PCL.

When the Electric Widget Company was processed for its TOP SECRET clearance, its KMPs were (and still are):

- J. Digby Wilbersnoot, who serves as both Chairman of the Board and President of EWC. (EWC has never had a chairman *pro-tem* or a rotating chairman of its board. As J.D. is fond of saying, "There's nothing temporary about *this* chairman.")
- Harold Huxtable, Senior Vice President and Facility Security Officer.
- After consultation and concurrence with the IS Rep., Alice Malarkey, Vice President in charge of Public Relations, Viola Wilbersnoot, Treasurer and board member, and Melvin Overcoat, Secretary and board member for EWC were excluded from access to classified information by the board of directors and therefore did not need a personnel clearance. If these officers require access to classified information they may be processed concurrent with the FCL but the FCL determination is not contingent upon the status of their PCL.

When Electric Widget Services was being cleared, there were only two KMPs to be cleared, since it was a branch office of EWC:

- Walter Wilbersnoot, the Branch Manager at EWS.
- Harriet Hornsby, the Assistant Branch Manager and Facility Security Officer.

## CHANGED CONDITIONS: *KMP CLEARANCES*

***Change in KMPs.*** You must submit a report to your DSS Field Office of any change in your facility's KMPs, such as a KMP leaving your company and/or a new KMP coming on board. In the case of a new KMP, you need to state in your report the name of the person that the KMP is replacing (if applicable); whether or not the new KMP is cleared (and if so, to what level and when); and the new KMP's date and place of birth, social security number, and citizenship. You must also state whether the new KMP has been formally excluded from access to classified information under 2-106 of the NISPOM (with the concurrence of the IS Rep), or whether the KMP has been temporarily excluded from access pending the granting of a PCL. (1-302h(3), NISPOM)

***KMP RFIs.*** You must submit a report to DISCO (with a courtesy copy to your DSS Field Office) if a KMP becomes a Representative of a Foreign Interest (RFI) or if the KMP's status as an RFI changes in a manner that would make the KMP ineligible for a personnel clearance (see 1-302d, NISPOM); include the RFI statement (see 2-209b, NISPOM).

### LETTER OF NOTIFICATION OF FACILITY SECURITY CLEARANCE

DISCO will send your facility a Letter of Notification of Facility Security Clearance (DSS FL 381.R) when your facility has successfully fulfilled these five essential elements:

- When it had been properly sponsored;
- When it had executed a Security Agreement;
- When, if applicable, its home office or parent had been properly cleared or, if allowed, excluded;

- When it had been determined not to be under FOCI;
- When its KMPs had been properly cleared or, if allowed, excluded - only then did DISCO issue your facility a ***Letter of Notification of Facility Security Clearance (DSS FL 381-R)***.

## SUMMARY

The Facility Security Clearance is a means of assessing the suitability of a contractor to be trusted with access to classified information. To be cleared, a facility must meet requirements in five areas: sponsorship, Security Agreement, Certificate Pertaining to Foreign Interests, organization and KMP clearances. Changed conditions affecting the facility clearance must be reported to the DSS Field Office as required by 1-302h of the NISPOM.

## 3b - Review Exercises

Complete the following exercises for review and practice.

*Multiple-choice questions may have one or more correct choices.*



1. The general rule is that a facility that is determined to be under FOCI is ineligible for a facility clearance.  
 True.  False.
  
2. A facility is determined to be under FOCI when any foreign ownership, control, or influence of the facility exists.  
 True.  False.
  
3. Whenever a significant change has occurred that affects the information reported on your facility's Certificate Pertaining to Foreign Interests (SF 328), you must  
 a. report the change to DSS Headquarters.  
 b. report the change to DISCO.  
 c. report the change to your DSS Field Office.  
 d. submit a revised Certificate to your DSS Field Office.
  
4. With a sole proprietorship, the owner is the legal entity of the business and as a NISP contractor, is accountable for implementing the NISPOM requirements that apply to the business.  
 True.  False.

**5.** Match the descriptions with the "5 essential elements."

	<b>Element</b>	<b>Description</b>
_____	Sponsorship	a. The facility submits information, which is the basis for determining whether or not it is under FOCI.
_____	Security Agreement (DD Form 441)	b. The facility's top management and those who could affect their selection or tenure are identified and individually cleared or formally excluded
_____	Certificate Pertaining to Foreign Interests (SF 328)	c. General policy calls for a controlling facility to have an FCL at the same or higher level than the controlled facility.
_____	Organization	d. A User Agency or contractor thereof requests that DISCO initiate a facility clearance action.
_____	KMP clearances	e. The U.S. Government and the contractor sign a standard contract that binds the facility's management to the provisions of the NISPOM.

**6.** With a partnership, the general partners are the legal entities of the business and, when the partnership is a NISP contractor, the general partners are accountable for implementing the NISPOM requirements that apply to the business.

True.

False.

**7.** With a corporation, the corporation is itself the legal entity and, when the corporation is a NISP contractor, its Board of Directors and principal officers are accountable for the corporation in implementing the NISPOM requirements that apply to the business.

True.

False.

**8.** A Multiple Facility Organization (MFO) is a legal entity that is composed of two or more facilities.

True.

False.

**9.** In general, a Home Office Facility (HOF) of an MFO must be cleared at the same or a higher level than a division in order for the division to be granted a facility clearance.

True.

False.

**10.** Subordinate facilities (e.g., divisions or branch offices) of an MFO are included in and covered by the HOF's Security Agreement by the execution of an appendage form (DD Form 441-1).

True.

False.

**11.** As part of their processing for FCLs, subordinate facilities of an MFO must each complete a Certificate Pertaining to Foreign Interests (SF 328).

True.

False.





- 19.** For a college or university, the KMPs usually cleared at the level of the FCL are
- a. the chief executive officer.
  - b. Other officers or officials specially and properly designated by action of the board of regents as the managerial group with authority and responsibility for the negotiation, execution, and administration of classified contracts.
  - c. all regents, trustees, or directors who could sit as *pro-tem* or rotating chairman of the executive body.
  - d. all deans and department heads.
  - e. the management official in charge at the facility.
  - f. the FSO.
- 20.** You must submit a letter report to the DSS Field Office whenever there is a change in your facility's KMPs, such as a KMP leaving your firm or a new KMP joining your firm.
- True.  False.
- 21.** You must submit a report to DISCO whenever one of your facility's cleared KMPs becomes a Representative of a Foreign Interest (RFI) or when the status of a KMP who is an RFI changes so as to make the KMP ineligible for a personnel security clearance.
- True.  False.

## 3b - Solutions & References



1. True. (p. 3-19).
2. False. (p. 3-19).
3. d and c. (p. 3-24).
4. True. (p. 3-25).
5.
  - d. Sponsorship. (p. 3-4).
  - e. Security Agreement (DD Form 441). (p. 3-6).
  - a. Certificate Pertaining to Foreign Interests (SF 328). (p. 3-22).
  - c. Organization. (pp. 3-24-27).
  - b. KMP clearances. (p. 3-33).
6. True. (p. 3-25).
7. True. (pp. 3-25).
8. True. (p. 3-26).
9. True. (p. 3-27).
10. True. (p. 3-28).
11. False. (p. 3-27).
12. parent, subsidiary. (p. 3-29).
13. a., c., d. (p. 3-29-30).

- 14.** Key Management Personnel. (p. 3-31).
- 15.** True. (p. 3-31).
- 16.** a. (p. 3-31).
- 17.** True. (p. 3-25).
- 18.** b., d. (p. 3-25).
- 19.** a., b., c., e., f. (p. 3-32).
- 20.** True. (p. 3-34).
- 21.** True. (p. 3-34).