

CIVIL PENALTIES FOR CLASSIFIED INFORMATION SECURITY VIOLATIONS (July 2014)

(a) The Seller (including its affiliates and parent corporation, if any) is subject to a civil penalty under 10 CFR 824 for violations of classified-information protection requirements of any of the following:

(1) 10 CFR Part 1016, Safeguarding of Restricted Data;

(2) 10 CFR Part 1045, Nuclear Classification and Declassification; and

(3) Any other DOE regulation or rule (including any DOE Order or Manual enforceable against the Seller under a provision in this Agreement) related to the safeguarding or security of classified information if the regulation or rule provides that violation of its provisions may result in a civil penalty pursuant to subsection a. of section 234B of the Atomic Energy Act of 1954.

(b) If, without violating a classified information protection requirement of any regulation or rule under paragraph (a) above, the Seller, by an act or omission, causes or creates a risk of loss, compromise, or unauthorized disclosure of classified information, the Secretary of Energy may issue a compliance order to the Seller requiring the Seller to take corrective action and notifying the Seller that violation of the compliance order is subject to a notice of violation and assessment of a civil penalty.

(c) DOE may propose imposition of a civil penalty for violation of a requirement of a regulation or rule under paragraph (a) above or a compliance order issued under paragraph (b) above, not to exceed \$100,000 for each violation. If any violation is a continuing one, each day of violation constitutes a separate violation for the purpose of computing the applicable civil penalty.

(d) The Seller shall indemnify the Company against civil penalties imposed on the Company by DOE for violations of classified-information protection requirements by the Seller or the Seller's subcontractors at any tier.
