

---

---

## SUPPLIER FALSE AND FRAUDULENT REQUIREMENTS

### 1. PURPOSE

To document and control contractual fraudulent requirements flowed down to external providers and subtier external providers.

### 2. SCOPE

This instruction is applicable to those quality clauses related to the fraudulent requirements that are published on purchase requisitions, purchase orders and on the Internet for external provider access. Note that VACCO Industries uses "supplier" and "external provider" interchangeably.

### 3. RESPONSIBILITIES

It is the responsibility of the Quality Engineer to review the purchase requisition and flow down a fraudulent clause if applicable. When imposed by VACCO Purchase Order (PO), the external provider shall adhere to the requirements of the section of this document referenced on the PO.

### 4. REFERENCES

- QF-200 – False and Fraudulent Notification

### 5. PROCESS

When imposed by VACCO Purchase Order (PO), the external provider shall adhere to the requirements of the section(s) of this document referenced on the PO.

### 6. FRAUD AND FALSIFICATION

#### 6.1 Fraud and Falsification – Program 1

The Purchase Order has a flow down identified as **QFD3-6.1**.

**All certifications and test reports for this purchase order** shall include the following statement preprinted on the each Certificate of Conformance.

**“NOTE: The recording of false, fictitious or fraudulent statements or entries on this document may be punishable as a felony under Federal Statute.”**

An alternate approach is a letterhead document provided with the statement and the signature and title of the company representative.

Seller shall include all provisions of the following text including this sentence in all lower-tier subcontracts (subtier contracts) under this Purchase Order.

This Purchase Order is a subcontract or lower-tier subcontract under a Government prime contract. As such, activities thereunder are within the jurisdiction of the U.S. Government. Any knowing and willful act to falsify, conceal, or alter a material fact, or any false, fraudulent

or fictitious statement or representation in connection with the performance of work under this purchase order may be punishable in accordance with applicable Federal statutes.

Federal Law (18 USC 1001) provides, in part, as follows:

“Except as otherwise provided in this section, whoever, in any matter within the jurisdiction of the executive, legislative, or judicial branch of the Government of the United States, knowingly and willfully –

- (1) falsifies, conceals or covers up by any trick, scheme, or device, a material fact;
- (2) makes any materially false, fictitious or fraudulent statements or representations; or
- (3) makes or uses any false writing or document knowing the same to contain any materially false, fictitious or fraudulent statement or entry, shall be fined under this title or imprisoned not more than 5 years, or if the offense involves international or domestic terrorism (as defined in section 2331), imprisoned not more than 8 years, or both. ...”

Seller agrees that all employees or other persons engaged in or who will be engaged in the performance of work under this Purchase Order, will be, if they have not been previously, informed in writing of the above language and that there is a risk of Federal criminal penalties associated with any knowing and willful falsification, concealment, or misrepresentation in connection with work performed under Government contracts and subcontracts such as this Purchase Order.

Seller will make employees aware of the above prior to them commencing work under this purchase order.

Suppliers that are **unable** to have the statement placed on all certifications and test reports shall electronically complete the “False and Fraudulent Notification” (located on <http://www.vacco.com/suppliers/supplier-forms>) and submit this form to the Buyer for VACCO’s records prior to shipment.

## 6.2 Fraud and Falsification – Program 2

The Purchase Order has a flow down identified as **QFD3-6.2**.

- a. Seller shall agree to include the following statement preprinted on each manufacturing, inspection or test record used in conjunction with the subject subcontract:

**“NOTE: The recording of false, fictitious or fraudulent statements or entries on this document may be punishable as a felony under Federal Statute.”**

**All certifications for this purchase order** shall include the statement above on the each Certificate of Conformance.

An alternate approach is a letterhead document provided with the statement and the signature and title of the company representative.

- b. This purchase order and activities hereunder are within the jurisdiction of the Department of Energy and/or the Navy. Any knowing and willful act to falsify, conceal or alter a material fact, or any false, fraudulent or fictitious statement or representation in connection with the performance of work under this purchase order may be punishable in accordance with applicable Federal Statutes.

- c. Seller agrees that all employees engaged in the performance of this purchase order will be, if they have not been previously, informed in writing prior to commencing performance of work under this purchase order that there is a risk of Federal criminal penalties associated with any falsification, concealment or misrepresentation in connection with work performed under this purchase order. Seller agrees that a signed statement shall be, if it has not been previously, obtained from said employees prior to their commencing performance of work under this purchase order that they have been so informed. Such statements shall be retained by the Seller for at least three years after final payment on this purchase order. An acceptable form for such a statement is substantially as follows: "This company/division/department/branch performs work under contracts which are within the jurisdiction of departments of United States Government. Some of the work performed under these contracts affects the national security of the United States and the requirements of these contracts are designed to ensure that essential attributes of the work are carefully checked or inspected and that records accurately reflect the results of all work. Any falsification, concealment or alteration of any material fact, or any false, fraudulent or fictitious statement or representation in connection with the work under any contract within the jurisdiction of the Government is not only prohibited by company policy, but may also be punishable under Federal Law. Please acknowledge by your signature that you have read and understand the above."
- d. Seller shall include all provisions of this Article including this sentence in all subtier contracts under this order. Any inability or unwillingness of a subtier external provider to comply with this provision should be documented in writing and submitted to VACCO.
- e. Seller shall advise Buyer promptly upon identification of any potential or actual fraud and falsification incidents pertaining to this order and occurring either within its own organization or within its subtier(s) organization.

Suppliers that are **unable** to have the statement placed on all certifications and test reports shall electronically complete the "False and Fraudulent Notification" (located on <http://www.vacco.com/suppliers/supplier-forms>) and submit this form to the Buyer for notification to VACCO's customer prior to shipment.