

CONCILIATION AGREEMENT
Between
THE U. S. DEPARTMENT OF LABOR
OFFICE OF FEDERAL CONTRACT COMPLIANCE PROGRAMS
and
HARGROVE, INC.

PART I. PRELIMINARY STATEMENT

The Office of Federal Contract Compliance Programs ("OFCCP") initiated a complaint investigation at Hargrove, Inc.'s (Hargrove) establishment located at 1 Hargrove Drive, Lanham, Maryland 20706 on December 17, 2009 and found that Hargrove was not in compliance with the Executive Order 11246, as amended ("E.O. 11246") and its implementing regulations at 41 C.F.R. Section 60-1. OFCCP notified Hargrove of the initial violations found and the corrective actions required in a Notification of Results of Investigation ("NORI") issued on February 5, 2015. In the interest of resolving the violations without engaging in further legal proceedings and in exchange for the good and valuable consideration described in this document, OFCCP and Hargrove enter this contract ("Conciliation Agreement" or "Agreement") and agree to all the terms stated below.

PART II GENERAL TERMS AND CONDITIONS

1. In exchange for Hargrove's fulfillment of all obligations in Parts III and IV of the Agreement, OFCCP agrees not to institute administrative or judicial enforcement proceedings under E.O. 11246 based on the violations described in more detail in Part III below. However, OFCCP has the right to initiate legal proceedings to enforce the Agreement itself or to correct and obtain relief for the violations described in Part III if Hargrove violates this Agreement. Nothing in this Agreement precludes OFCCP from initiating enforcement proceedings based on future compliance evaluations or complaint investigations.
2. Hargrove agrees that OFCCP may review its compliance with this Agreement. As part of such review, OFCCP may require written reports, inspect the premises, interview witnesses, and examine and copy documents. Hargrove will permit access to its premises during normal business hours for these purposes and will provide OFCCP with all reports and documents requested.
3. Hargrove understands that nothing in this Agreement relieves Hargrove of its obligation to fully comply with the requirements of E.O. 11246, Section 503 of the Rehabilitation Act of 1973, as amended, 29 U.S.C. § 793 ("Section 503"), and/or the Vietnam Era Veterans' Readjustment Assistance Act of 1974, as amended, 38 U.S.C. § 4212 ("VEVRAA"), their implementing regulations, and other applicable equal employment laws.

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- 4. Hargrove promises not to harass, intimidate, threaten, discriminate, or otherwise retaliate against any individual because the individual: benefits from this Agreement, files a complaint or participates in any investigation or proceeding under E.O. 11246, Section 503, and/or VEVRAA, or engages in any activity listed at 41 C.F.R. § 60-1.32(a).**
- 5. The parties understand the terms of this Agreement and enter into it voluntarily.**
- 6. This document and its attachments contain the complete and final understanding of the parties with respect to the matters referenced herein. This Agreement contains all terms by which the parties are bound and it supersedes all prior written or oral negotiations and agreements. There will be no modifications or amendments to this Agreement unless they are in writing, signed by all parties.**
- 7. If one or more provisions of this Agreement are rendered unlawful or unenforceable, the remaining provisions will remain in full force and effect.**
- 8. This Agreement becomes effective on the day it is signed by the Regional Director of the Mid-Atlantic Region (the "Effective Date") unless the Director of OFCCP indicates otherwise within 45 calendar days of the date the Regional Director signs the Agreement.**
- 9. This Agreement will expire sixty (60) days after Hargrove submits the final report required in Part IV-1.B., below, unless OFCCP notifies Hargrove in writing prior to the expiration date that Hargrove has not fulfilled all of its obligations under the Agreement, in which case, the Agreement is automatically extended until the date that OFCCP determines Hargrove has met all of its obligations under the Agreement.**
- 10. If Hargrove violates this Conciliation Agreement,**
 - A. The procedures set forth at 41 C.F.R. § 60-1.34 will govern:**
 - 1) If OFCCP believes that Hargrove violated any term of the Agreement while it was in effect, OFCCP will send Hargrove a written notice stating the alleged violations and summarizing any supporting evidence.**
 - 2) Hargrove will have 15 days from receipt of such notice to demonstrate in writing that it has not violated the Conciliation Agreement, unless such a delay would result in irreparable injury to the employment rights of affected employees or applicants.**
 - 3) If Hargrove is unable to demonstrate that it has not violated the Agreement, or if OFCCP alleges irreparable injury, enforcement proceedings may be initiated immediately without issuing a show cause notice or proceeding through any other requirement.**

4) OFCCP may seek enforcement of this Agreement itself and is not required to present proof of any underlying violations resolved by this Agreement.

B. Hargrove may be subject to the sanctions set forth in Section 209 of the Executive Order and/or other appropriate relief for violation of this Agreement.

11. This Agreement does not constitute an admission by Hargrove of any violation of E.O. 11246, Section 503, VEVRAA, or other laws, nor has there been an adjudicated finding that Hargrove violated any laws.

PART III. SPECIFIC ALLEGED VIOLATIONS AND REMEDIES

1. ALLEGED COMPENSATION DISCRIMINATION BASED ON RACE

A. **STATEMENT OF VIOLATION:** OFCCP determined, after consideration of the additional information submitted by Hargrove after issuance of the NORI, which Hargrove contends calls the initial violations set forth in the NORI into question, that as a result of Hargrove's failure to monitor records of all personnel activity, including compensation, Hargrove failed to afford equal employment opportunity to **6 & 7 (c)**, in violation of 41 C.F.R. § 60-1.4(a)(1).

B. **OFCCP'S SPECIFIC FINDINGS:** Due to Hargrove's failure to implement a standardized merit incentive system, it failed to give **6 & 7 (c)** merit increases in April 2007 and April 2008. Although Hargrove gave **6 & 7 (c)** a three percent raise in November 2008, it was not made retroactive to April 2007.

C. REMEDY FOR EMPLOYEE NO. 445771:

1) **Notice:** Within fifteen (15) calendar days of the Effective Date of this Agreement, Hargrove must notify **6 & 7 (c)** of the terms of this Agreement by mailing by certified mail/return-receipt requested the Notice (Attachment A, "Notice"), the Information Verification Form (Attachment B, "Information Form"), the Release of Claims Under the Executive Order (Attachment C, the "Release"), and a postage-paid return envelope. Hargrove will also include in this mailing Internal Revenue Service ("IRS") Forms W-4 and W-9, and Maryland Form MW507 (collectively, the "Package"). Hargrove will send this mailing to the address provided to it by OFCCP. Hargrove will notify OFCCP within five (5) days if the Package is returned as undeliverable. In addition, within fifteen (15) days of mailing the Package to **6 & 7 (c)** Hargrove will inform OFCCP if **6 & 7 (c)** has not yet responded to the Notice and/or has not returned a signed and properly completed Information Form, Release, IRS Forms W-4 and W-9, and Maryland Form MW507 (collectively, the "Forms"). OFCCP will then attempt to obtain and provide an updated address to Hargrove within fifteen (15) days of receiving the information from Hargrove. Hargrove agrees to send by certified mail/return-receipt requested, a second Notice, Forms, and postage-paid return envelope to **6 & 7 (c)** at the updated

address within five (5) days of receiving the updated address.

- 2) **Eligibility:** 6 & 7 (c) must sign and return the Forms to Hargrove by December 15, 2015 to receive the monetary settlement. Provided Hargrove complies with the procedures set forth in Section III.1.C.1, if 6 & 7 (c) does not return the Forms to Hargrove by December 15, 2015, she will no longer be entitled to a payment under this Agreement.
- 3) **Monetary Settlement (Back pay):** Within thirty (30) days of its receipt of the Forms, Hargrove agrees to send 6 & 7 (c) a check made payable to 6 & 7 (c) for \$6,699.91 in back pay and \$1,784.29 in interest (\$8,484.20 in total), less legal deductions required by law from back pay only (such as federal, state and/or local taxes and 6 & 7 (c)'s share of FICA taxes). Hargrove will pay the IRS the employer's share of social security withholdings and will mail 6 & 7 (c) an IRS W-2 Form reporting the portion of the payment representing back pay and an IRS Form 1099 for the portion of the payment representing interest. These IRS forms will be mailed by January 31, 2016.

In the event Hargrove's check to 6 & 7 (c) is returned as undeliverable, Hargrove will notify OFCCP of this fact within seven (7) calendar days of Hargrove's receipt of the returned check via e-mail sent to District Director Tom G. Wells at wells.tom@dol.gov and Assistant District Director Tanya R. Bennett at bennett.tanya@dol.gov. OFCCP will attempt to locate 6 & 7 (c) and if OFCCP obtains an alternate address, Hargrove will re-mail the check within fourteen (14) calendar days of receiving an alternate or corrected address. Any check that remains uncashed 120 days after the initial date the check was mailed to 6 & 7 (c) will be void.

- D. **NON-MONETARY REMEDIES:** Hargrove will ensure that all employees are afforded equal employment opportunities. Hargrove agrees to continue or to implement the corrective actions detailed below.

Implement Improved Policies: Hargrove will conduct a review of its existing policies and to the extent necessary develop and implement new written policies to ensure that all employees receive performance reviews on an annual basis and that any and all merit-based increase considerations are applied uniformly and fairly to all employees. Hargrove will provide related training to all personnel who make compensation decisions.

2. **ALLEGED TERMINATION DISCRIMINATION BASED ON RACE**

- A. **STATEMENT OF VIOLATION:** OFCCP determined, after consideration of the additional information submitted by Hargrove after issuance of the NORI, which Hargrove contends calls the initial violations set forth in the NORI into question, that as a result of Hargrove's failure to monitor all personnel activity, including terminations, that

Hargrove failed to afford equal employment opportunity to 6 & 7 (c) in violation of 41 C.F.R. § 60-1.4(a)(1).

B. OFCCP'S SPECIFIC FINDINGS: Hargrove improperly terminated 6 & 7 (c) on August 4, 2009.

C. REMEDY FOR 6 & 7 (c)

- 1) **Notice:** Within fifteen (15) calendar days of the Effective Date of this Agreement, Hargrove must notify 6 & 7 (c) of the terms of this Agreement by mailing by certified mail/return-receipt requested the Package. Hargrove will send the Package to the address provided to it by OFCCP. Hargrove will notify OFCCP within five (5) days if the Package is returned as undeliverable. In addition, within fifteen (15) days of mailing the Package to 6 & 7 (c) Hargrove will inform OFCCP 6 & 7 (c) has not yet responded to the Notice and/or has not returned properly completed Forms. OFCCP will then attempt to obtain and provide an updated address to Hargrove within fifteen (15) days of receiving the information from Hargrove. Hargrove agrees to send by certified mail/return-receipt requested, a second Notice, Forms, and a postage-paid return envelope to 6 & 7 (c) at the updated address within five (5) days of receiving the updated address.
- 2) **Eligibility:** 6 & 7 (c) must sign and return the Forms to Hargrove by December 15, 2015 to receive the monetary settlement. Provided Hargrove complies with the procedures set forth in Section III.2.C.1, if 6 & 7 (c) does not return the Forms to Hargrove by December 15, 2015, she will no longer be entitled to a payment under this Agreement.
- 3) **Monetary Settlement (Back pay):** Within thirty (30) days of its receipt of the documents set forth in Part III.2.C.1 above, Hargrove agrees to send 6 & 7 (c) a check made payable to 6 & 7 (c) for \$18,092.55 in back pay and \$3,423.25 in interest (\$21,515.80 in total), less legal deductions required by law from back pay only (such as federal, state and/or local taxes and 6 & 7 (c) share of FICA taxes). Hargrove will pay the IRS the employer's share of social security withholdings and will mail 6 & 7 (c) IRS W-2 Form reporting the portion of the payment representing back pay and an IRS Form 1099 for the portion of the payment representing interest. These IRS forms will be mailed by January 31, 2016.

In the event Hargrove's check to 6 & 7 (c) is returned as undeliverable, Hargrove will notify OFCCP within seven (7) calendar days of this fact via e-mail sent to District Director Tom G. Wells at wells.tom@dol.gov and Assistant District Director Tanya R. Bennett at bennett.tanya@dol.gov. OFCCP will attempt to locate 6 & 7 (c) and if OFCCP obtains an alternate address, Hargrove will re-mail the check within fourteen (14) calendar days of receiving an alternate or corrected address. Any check that remains uncashed 120 days after the initial date

the check was mailed to 6 & 7 (c) will be void.

- D. **NON-MONETARY REMEDIES:** Hargrove will take steps to ensure that all employees are afforded equal employment opportunities. Hargrove agrees to continue or to implement the corrective actions detailed below.

Implement Improved Policies: To the extent not already implemented, Hargrove will develop and implement policies to ensure that all termination decisions are made without respect to race, and ensure that termination decisions are implemented in a consistent manner. Hargrove will provide related training to all personnel who make termination decisions.

3. ALLEGED HARRASSMENT BASED ON RACE

- A. **STATEMENT OF VIOLATION:** After consideration of the additional information submitted by Hargrove after issuance of the NORI, which Hargrove contends calls the initial violations set forth in the NORI into question, OFCCP determined that Hargrove failed to afford equal employment opportunity to 6 & 7 (c) in violation of 41 C.F.R. § 60-1.4(a)(1).
- B. **OFCCP's SPECIFIC FINDINGS:** OFCCP found that 6 & 7 (c) was called a racially insulting term on one occasion, which failed to ensure he was treated without regard to his race or color.
- C. **NON-MONETARY REMEDY:** Hargrove will take steps to ensure that all employees and job applicants are treated equally without regard to their race or color, and maintain a working environment free of harassment.

PART IV. REPORTS REQUIRED

1. Hargrove must submit the documents and reports described below to: Tom G. Wells, District Director, U.S. Department of Labor/OFCCP, 2 Hopkins Plaza, Suite 600, Baltimore, Maryland 21201.
- A. **The first report** will be due no later than January 31, 2016 and will include:
- 1) A copy of the Notice to Class Member (Attachment A to this Agreement) sent to 6 & 7 (c)
 - 2) A copy of the Information Verification and Employment Interest form (Attachment B to this Agreement) returned by 6 & 7 (c) if received.
 - 3) A copy of the Release of Claims Under the Executive Order (Attachment C to this Agreement) returned by 6 & 7 (c) if received.

- 4) Documentation of monetary payment to [REDACTED] as specified in Part III-1.C.3. and 2.C.3., provided she has returned the documentation required to receive such payment. The documentation must include the number and the amount of the check and the date the check cleared the bank. Hargrove will provide OFCCP with a copy of the canceled check upon request.

B. The second report will be due no later than June 30, 2016 and will include:

- 1) A copy of the Hargrove's revised compensation policy described in Part III-1.D.3. above.
 - 2) A copy of the Hargrove's revised termination policy described in Part III-2.D.3. above.
 - 3) A copy of Hargrove's anti-harassment policy, including the effective date of such policy.
 - 4) Evidence that the anti-harassment policy has been disseminated to all employees.
 - 5) Documentation showing that all personnel responsible for making compensation and/or termination decisions for employees have been trained on Hargrove's revised policies and procedures. The documentation should include the agenda of any training meetings, copies of training materials, and a sign-in sheet showing attendance by personnel responsible for making such personnel decisions.
 - 6) Documentation on any internal complaints Hargrove receives from employees alleging compensation or termination discrimination, or harassment, including Hargrove's response to such complaints.
2. Hargrove will retain all records and data pertinent to the violations resolved by this Agreement and/or used to prepare required reports until this Agreement expires or as long as required by OFCCP's regulations, whichever date occurs later.

TERMINATION DATE: This Conciliation Agreement shall remain in effect until ninety (90) days following Hargrove's submission of the final report, unless prior to that date OFCCP notifies Hargrove in writing that it is extending the period of time for an additional sixty (60) days. If at any time during the initial ninety (90) day period or, if applicable, the sixty (60) day extension period, OFCCP notifies Hargrove in writing that it has determined that Hargrove has not met all conditions of this Agreement, this Conciliation Agreement shall remain in effect until Hargrove addresses the issues identified by OFCCP. If Hargrove receives no such written notice, the Conciliation Agreement will terminate as of the close of the initial ninety (90) day period or, if applicable, the sixty (60) day extension period. The date of signature by the OFCCP Regional Director will constitute the effective date of this Agreement.

INTEGRATION CLAUSE: This Agreement represents the full Agreement between Hargrove and OFCCP and this Agreement supersedes any other agreements, oral or written. In signing this Agreement, neither Hargrove nor OFCCP relies upon any promise, representation of fact or law, or other inducement that is not expressed in this Agreement. This Agreement may be modified only by written agreement of the Parties affected and may not be modified by any oral agreement.

PART V. SIGNATURES

This Conciliation Agreement is hereby executed by and between the OFCCP and Hargrove, Inc.

(b) (7) (c)

TIM MCGILL
Chief Executive Officer
Hargrove, Inc.

Date: 9/29/2015

(b) (7) (c)

MICHELE HODGE
Regional Director
OFCCP/Mid-Atlantic Region

Date: 9/30/15

ATTACHMENT A

NOTICE

Dear **6 & 7 (c)**

Hargrove, Inc. ("Hargrove") and the Department of Labor's Office of Federal Contract Compliance Programs ("OFCCP") have entered into a Conciliation Agreement ("Agreement") to resolve the alleged violations of Executive Order 11246 ("E.O. 11246") that OFCCP found during a complaint investigation at Hargrove's facility. Hargrove has not admitted to any violation of E.O. 11246 and there has not been any adjudicated finding that Hargrove violated any laws. OFCCP and Hargrove entered into the Agreement to resolve the matter without resorting to further legal proceedings.

Under the Agreement, you are eligible to receive a payment of \$30,000.00 (less deductions required by law). Under the terms of the Agreement it may take up to three (3) months from the date of this letter before you receive your payment. In order to be eligible for a payment, you must complete, sign, and return the enclosed Information Verification Form and the Release of Claims Under Executive Order 11246, as well as the IRS Forms W-4 and W-9, and Maryland Form MW507. These documents should be mailed as soon as possible; your envelope *must* be postmarked to the address below no later than December 15, 2015 for you to be entitled to participate in this settlement:

Mr. Kevin Waters
Director, Human Resources
Hargrove, Inc.
1 Hargrove Drive,
Lanham, Maryland 20706

You may use the enclosed postage-paid return envelope to return the completed and signed Information Verification Form, the Release of Claims Under Executive Order 11246, IRS Forms W-4 and W-9, and Maryland Form MW507.

If you have any questions you may call Mr. Kevin Waters at Hargrove at (301) 306-4669, or OFCCP Compliance Officer **(b) (7) (e)** at (410) 962-**(b) (7) (e)**. Your call will be returned as soon as possible.

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**IF YOU FAIL TO COMPLETE AND RETURN THE ENCLOSED DOCUMENT TO
HARGROVE BY DECEMBER 15, 2015, YOU WILL NOT BE ELIGIBLE TO RECEIVE A
PAYMENT.**

Sincerely,

Kevin Waters
Director, Human Resources

Enclosures: Information Verification Form
Release of Claims Under Executive Order 11246
IRS Form W-4
IRS Form W-9
Maryland Form MW507

ATTACHMENT B

INFORMATION VERIFICATION FORM

You must complete this form in order to be eligible for the monetary payment under the terms of the Conciliation Agreement ("Agreement") between Hargrove, Inc. ("Hargrove") and the Department of Labor's Office of Federal Contract Compliance Programs. Please print legibly, except for the signature.

Name: _____

Street Address: _____

City: _____ State: _____ Zip Code: _____

Telephone Nos.: Home: _____ Cell: _____ Work: _____

Notify Hargrove at the address below if your address or phone number changes within the next twelve months.

Your Social Security Number (to be used for tax purposes only): _____ - _____ - _____

IF YOU FAIL TO COMPLETE AND RETURN THE ENCLOSED DOCUMENT TO THE ADDRESS BELOW BY DECEMBER 15, 2015, YOU WILL NOT BE ELIGIBLE TO RECEIVE A PAYMENT.

Mr. Kevin Waters
Director, Human Resources
Hargrove, Inc.
1 Hargrove Drive,
Lanham, Maryland 20706

I, _____, certify the above is true and correct.
(print name)

Signature

Date

ATTACHMENT C

RELEASE OF CLAIMS UNDER EXECUTIVE ORDER 11246

This Release of Claims under Executive Order 11246 ("Release") is a legal document. The document states that in return for Hargrove, Inc. ("Hargrove") paying you money, you agree that you will not file any lawsuit against Hargrove for allegedly violating Executive Order 11246 in its compensation, termination, or harassment of African-American employees or for any of the facts or actions raised in the Complaint you filed with the U.S. Department of Labor, Office of Federal Contract Compliance Programs ("OFCCP") (the "Complaint"). It also says that Hargrove does not admit it violated any laws. This Release says you had sufficient time to look at the document, to talk with others about the document, including an attorney if you choose, and that no one pressured you into signing the document. Finally, it says that if you do not sign and return the document by a certain date, you will not receive any money.

In consideration of the payment of \$30,000 (less deductions required by law) by Hargrove to me, which I agree is acceptable, I _____ agree to the following: (print name)

I.

I hereby waive, release and forever discharge Hargrove, its predecessors, successors, related entities, parents, subsidiaries, affiliates and organizations, and its and their shareholders, directors, officers, employees, agents, successors, and assigns, of and from any and all actions, causes of action, damages, liabilities, and claims arising out of the facts and allegations contained in the Complaint or actionable under Executive Order 11246, as amended, which I or my representatives (heirs, executors, administrators, or assigns) have or may have which relate in any way to my compensation, termination, or harassment at any time prior to the date of my signature on this Release.

II.

I understand that Hargrove denies that it treated me unlawfully or unfairly in any way and that Hargrove entered into a Conciliation Agreement with the OFCCP and agreed to make the payment described above to resolve the matter without further legal proceedings. I further agree that the payment of the aforesaid sum by Hargrove to me is not to be construed as an admission of any liability by Hargrove.

III.

I declare that I have read this Release and that I have had a full opportunity to consider and understand its terms and to consult with my advisors and seek legal advice. I further declare that I have decided of my own free will to sign this Release.

IV.

I understand that the payment I receive will be reflected on Internal Revenue Service Forms W-2 and 1099 at the end of the calendar year in which the payment is made. Monies reported on the Form 1099 will not be reduced for taxes or other payroll deductions, and I understand that I may owe income taxes on the amounts paid to me under this agreement.

V.

I understand that if I do not sign this Release and return it and the completed *Information Verification Form*, Internal Revenue Service Forms W-4 and W-9, and Maryland Form MW507 to Hargrove BY DECEMBER 15, 2015, I will not be entitled to receive any payment (less deductions required by law) from Hargrove.

IN WITNESS WHEREOF, I have signed this document on this _____ day of _____, 2015.

Signature