



Department of Energy

Washington, DC 20585

September 3, 2014

Mr. James R. Haynes
President and Chief Executive Officer
Consolidated Nuclear Security, LLC
P.O. Box 2009
Oak Ridge, Tennessee 37831-8001

Dear Mr. Haynes:

This letter serves as notification that the Office of Enforcement, within the Department of Energy's (DOE) independent Office of Enterprise Assessments, will conduct an investigation into the facts and circumstances related to a security event at the National Nuclear Security Administration Production Office's Y-12 National Security Complex that was discovered in June 2014, concerning the potential mishandling and unauthorized access to classified information. The Office of Enforcement recognizes that this security event was discovered and reported in the Department's Safeguards and Security Information Management System under 14JUN12-NPOY12-578-SA-IP.5-001 by the preceding Management and Operating (M&O) contractor Babcock and Wilcox Technical Services, Y-12, LLC (B&W Y-12). As a result, a notice of intent to conduct an investigation is also being provided to B&W Y-12.

The Office of Enforcement will conduct an investigation pursuant to the authority set forth in 10 C.F.R. § 824.5, *Investigations*. Although work practices that led to the discovery of this security event were established by B&W Y-12, Consolidated Nuclear Security, LLC (CNS) was awarded the M&O contract (No. DE-NA0001942) effective July 1, 2014, and became responsible for the response to this security event. The investigation will include an onsite visit, scheduled for October 6 through 9, 2014, and interviews of CNS personnel. A document request will be provided separately via e-mail. Your assistance to ensure delivery of the documents to our office by September 16 is appreciated.

Under the Major Fraud Act (MFA), as amended, 41 U.S.C. § 4310, this investigation may be a proceeding commenced by the United States that relates to a violation of, or the failure to comply with, a Federal regulation. Costs incurred in connection with such a proceeding are subject to the reimbursement restrictions of the MFA implemented at 48 C.F.R. § 31.205-47. As a result, any costs incurred by CNS that are directly attributable to supporting DOE's investigation, subsequent to receipt of this letter, should be tracked and segregated from other potentially allowable costs.



If you have any questions concerning this letter, please contact me at (301) 903-7707, or your staff may contact Mr. Steven G. Crowe, Director, Office of Security Enforcement, at (301) 903-0107.

Sincerely,

A handwritten signature in black ink that reads "Steven C. Simonson". The signature is written in a cursive style with a large initial 'S'.

Steven C. Simonson
Director
Office of Enforcement
Office of Enterprise Assessments

cc: Steve Erhart, NA-NPO
Conard Stair, CNS
Bruce Rogers, CNS