



Homeland
Security

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Rapiscan Gov Services (DUNS No. 07-828-4238)
ATTN: Peter Kant, President
1901 S. Bell Street, Suite 325
Arlington, VA 22202

MAY 17 2013

RE: Notice of Proposed Debarment, SD Case # 2013-01

Dear Mr. Kant:

As the Department of Homeland Security (DHS) Suspending and Debaring Official (SDO), I have proposed Rapiscan Gov Services, Inc., for debarment from government contracting and from directly or indirectly receiving the benefits of Federal assistance programs. I have initiated this action pursuant to the authority of, and/or the debarment procedures contained in, 48 C.F.R. Subpart 9.4 and 2 C.F.R. Part 180, *as implemented by* 2 C.F.R. Part 3000 (*reciprocity at* 48 C.F.R. § 9.401); and 41 C.F.R. Chapter 101. These regulations may be located on the Internet at <https://www.acquisition.gov/far/>, <http://www.gpo.gov/fdsys/browse/collectionCfr.action?collectionCode=CFR>, and <http://www.law.cornell.edu/cfr/text/41/chapter-101>.

The enclosed Action Referral Memorandum (ARM) and its attachments set forth the basis for the proposed debarment under 48 C.F.R. § 9.406-2(b)(1)(i) and/or (c).

Effect of Proposed Debarment and Debarment

Effective as of the date of this Notice, I have placed Rapiscan Gov Services, Inc., in a proposed debarment status. This status will continue until the administrative record is complete and I decide whether or not Rapiscan Gov Services, Inc., should be debarred. The following consequences apply during this period of proposed debarment:

- a. Rapiscan Gov Services, Inc.'s name and address will appear in the General Services Administration's System for Award Management (SAM) (formerly Excluded Parties List System). 48 C.F.R. § 9.404. The SAM contains the names and addresses of contractors debarred, suspended, proposed for debarment, or declared ineligible by any agency of the Federal government. *Id.* The proposed debarments are effective throughout the executive branch of the Federal government. 48 C.F.R. § 9.406-1(c).

- b. Agencies of the executive branch of the Federal government will neither solicit offers, award contracts, renew or otherwise extend existing contracts, nor approve subcontracts requiring government approval with Rapiscan Gov Services, Inc., unless the head of the agency taking the contracting action (or a designee) states in writing the compelling reasons for continued business dealings between Rapiscan Gov Services, Inc., and the agency. 48 C.F.R. § 9.405.
- c. Rapiscan Gov Services, Inc., may not conduct business with the Federal government as an agent or representative of other contractors, nor may it act as an individual surety for other contractors. 48 C.F.R. § 9.405.
- d. Other Federal government contractors may not award subcontracts to Rapiscan Gov Services, Inc., in excess of \$30,000 for other than commercially available off-the-shelf items (COTS), unless there is a compelling reason to do so and the contractor first notifies the contracting officer and further complies with the provisions of 48 C.F.R. § 9.405-2(b).
- e. The Federal government will exclude Rapiscan Gov Services, Inc., from government, non-procurement transactions, such as grants, cooperative agreements, scholarships, fellowships, contracts of assistance, loans, loan guarantees, subsidies, insurance, payments for specified use, and donation agreements. 2 C.F.R. Part 180, *as implemented by* 2 C.F.R. Part 3000 (*reciprocity at* 48 C.F.R. § 9.401). Rapiscan Gov Services, Inc., may not act as principal of a person participating in Federal financial assistance programs. *Id.*, at § 180.130.
- f. DHS will carefully examine Rapiscan Gov Services, Inc.'s affiliation with, or relationship to, any organization doing business with the government to determine the impact of those ties on the responsibility of that organization to be a government contractor or subcontractor. 48 C.F.R. Subpart 9.4, Definitions; *id.*, § 9.406-3(b)(1). Voluntary disclosure of Rapiscan Gov Services, Inc.'s other business interests will be considered in determining its present responsibility in this proceeding.

Agency Procedures

If Rapiscan Gov Services, Inc., wishes to contest this action, it must first send me a letter within 30 calendar days after receipt of this Notice, stating in detail the reasons it believes debarment is not warranted. Rapiscan Gov Services, Inc., may submit this information in person, in writing, or through a representative. If Rapiscan Gov Services, Inc., designates a representative to respond on its behalf, it must notify this office in writing of the identity of the representative. The designation should specifically state the name and address of all individuals or companies the designated representative has the authority to represent in this matter.

Rapiscan Gov Services, Inc.'s submission, if any, should include specific information that may raise a genuine dispute over facts material to the proposed debarment. If it is found that the information or argument submitted raises a genuine dispute over material facts, fact-finding may be conducted to determine the disputed facts. If Rapiscan Gov Services, Inc., believes that any information contained in the ARM is incomplete or inaccurate in any material way, it should

provide the additional or correct information and/or cite specifically to the provision in the ARM that it believes is incomplete or inaccurate. Facts proved by conviction or civil judgment, however, are not subject to dispute in this debarment proceeding. Rapiscan Gov Services, Inc., should also include any mitigating factors it believes deserve consideration. Section 9.406-1(a) of title 48, C.F.R., provides guidance on relevant information to the agency's decision. Both the attached ARM and any written information Rapiscan Gov Services, Inc., provides will be made a part of the administrative record.

In addition to its written submission, Rapiscan Gov Services, Inc., may meet with DHS to further address the information or to provide additional information about its present responsibility to perform under Federal procurement and/or non-procurement awards. If it would like to schedule a meeting, Rapiscan Gov Services, Inc., must request one in its initial letter contesting this action. If Rapiscan Gov Services, Inc., desires to meet, it must first make the complete written submission in response to this Notice as referenced above within the 30 calendar-day period to avoid imposition of debarment without further proceedings.

Period of Debarment

Section 9.406-4(a)(1) of title 48, C.F.R., provides that if a debarment is imposed against Rapiscan Gov Services, Inc., it shall be for a period commensurate with the seriousness of the causes and generally should not exceed three (3) years but may be more or less depending on the risk Rapiscan Gov Services, Inc., poses to the Federal government. Based on the information in the administrative record before me, if Rapiscan Gov Services, Inc., does not respond to this Notice of Proposed Debarment and debarment is imposed, it will be for a period of 36 months.

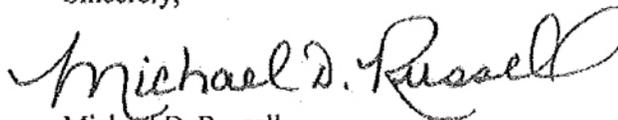
Known mitigating and aggravating factors, as described in 48 C.F.R. § 9.406-1(a), have been taken into account. Any period of debarment reflects the best interests of the Federal government, which includes protecting the overall integrity of the government procurement process. Should I impose debarment, the consequences described in the lettered paragraphs above will continue to apply. If debarment is imposed, moreover, Rapiscan Gov Services, Inc.'s name and address would continue to be published in the SAM until the termination of any such debarment.

Because of increased security screening of standard U.S. mail, Rapiscan Gov Services, Inc., is strongly encouraged to submit any information via e-mail or via overnight delivery. It is highly recommended that Rapiscan Gov Services, Inc., submit documentation via e-mail to: TSAProcurementPolicy@tsa.dhs.gov. If Rapiscan Gov Services, Inc., decides to communicate through the United States Postal Service (USPS) or other overnight delivery service, it should direct communications to:

Office of Acquisition
Policy and Oversight Division
Richard D. Braendel II, Director
Transportation Security Administration

Debarment is not imposed for the purpose of punishment; rather, it is imposed to protect the government's interest. The determination whether to debar Rapiscan Gov Services, Inc., is discretionary and will be made on the basis of the administrative record, together with any written materials submitted for the record by the government or Rapiscan Gov Services, Inc., during the period of the proposed debarment.

Sincerely,

A handwritten signature in black ink that reads "Michael D. Russell". The signature is written in a cursive style with a large, prominent "M" and "R".

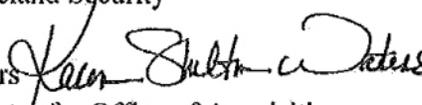
Michael D. Russell
Senior Counselor to the
Under Secretary for Management and
Suspension and Debarment Official
Department of Homeland Security

Enclosure



Transportation
Security
Administration

MEMORANDUM FOR: Michael D. Russell
Senior Counselor to the
Under Secretary for Management &
Suspension and Debarment Official
Department of Homeland Security

FROM: Karen Shelton Waters 
Assistant Administrator for Office of Acquisition
& Head of Contracting Activity
Transportation Security Administration

SUBJECT: Action Referral Memorandum (ARM) for the Issuance of a Notice
of Proposed Debarment to:

Respondent:
Rapiscan Gov Services, Inc.
1901 S. Bell Street, Suite 325
Arlington, VA 22202

And Affiliate:
Rapiscan Systems, Inc.
2805 Columbia Street
Torrance, CA 90503

Transportation Security Administration Case No. 2012-01

- 48 C.F.R § 9.406-2(b)(1)(i)(violation of the terms of a Government contract or subcontract so serious as to justify debarment) and/or (c)(evidence of so serious a nature that it affects Rapiscan's present responsibility as a contractor).

I. PURPOSE:

On behalf of the Transportation Security Administration (TSA), I recommend that the Department of Homeland Security (DHS) Suspension and Debarment Official (SDO) propose to debar Rapiscan Gov Services, Inc. and Rapiscan Systems, Inc. (referred to collectively as Rapiscan herein) under 48 C.F.R. Subpart 9.4. This recommendation is based upon evidence set forth below. This evidence demonstrates that Rapiscan violated the terms of a Government contract so serious as to justify debarment (48 C.F.R. § 9.406-2(b)(1)(i); and/or, committed causes of so serious a nature that they affect Rapiscan's present responsibility as a contractor (48 C.F.R. § 9.406-2(c)).

II. RESPONDENT:

Rapiscan Gov Services Inc.
1901 S. Bell Street, Suite 325
Arlington, VA 22202

Affiliate:
Rapiscan Systems, Inc.
2805 Columbia Street
Torrance, CA 90503

Rapiscan Gov Services Inc. and Rapiscan Systems Inc. are security technology providers and subsidiaries of OSI Systems Inc. The contract referenced in this Action Referral Memorandum (ARM) was initially entered into between TSA and Rapiscan Systems, Inc. On January 13, 2012, this contract was novated from Rapiscan Systems Inc., to Rapiscan Gov Services, Inc. (See Attachment A).

Business concerns, organizations, or individuals are affiliates of each other if, "directly or indirectly, (1) either one controls or has the power to control the other, or (2) a third party controls or has the power to control both. Indicia of control include, but are not limited to, interlocking management or ownership identity of interests among family members, shared facilities and equipment, common use of employees, or a business entity organized following the debarment, suspension, or proposed debarment of a contractor which has the same or similar management, ownership, or principal employees as the contractor that was debarred, suspended, or proposed for debarment." See 48 C.F.R. § 9.403.

Based on information known to the government, there is no clear delineation between Rapiscan Gov Services Inc. and Rapiscan Systems, Inc. in relation to the performance of the subject contract, other than that the contract was novated from the former to the latter corporation in January 2013. Virginia State Corporation Commission records reflect that Peter Kant is the

President and Chief Executive Officer (CEO) of Rapiscan Gov Services, Inc. As reflected in TSA contract documents, Mr. Kant has represented himself as both Executive Vice President of Rapiscan Systems, Inc., and President of Rapiscan Gov Services, Inc.

In addition, Virginia State Corporation Commission records and Dun and Bradstreet information reflect that the Chief Financial Officer (CFO) for Rapiscan Services, Inc. (b)(6) serves as the CFO for Rapiscan Gov Services, Inc. Moreover, Rapiscan Systems, Inc. maintains a branch at the same physical address as Rapiscan Gov Services, Inc. Furthermore, the Rapiscan Program Manager for the subject contract, (b)(6) communicated with TSA utilizing Rapiscan Systems, Inc. letterhead. While the government issued a Show Cause Notice in regard to the subject contract that was issued to Rapiscan Systems, Inc., rather than Rapiscan Gov Services, Inc., (which should have received the Notice based on its current contract with TSA during the time that this matter arose), Rapiscan Systems, Inc. took the responsibility of responding to the Notice. Accordingly, Rapiscan Systems, Inc. is an affiliate of Rapiscan Gov Services, Inc., and subject to debarment pursuant to 48 C.F.R. § 9.406-1(b).

A review of the Federal Procurement Data System – Next Generation (FPDS-NG) reflects active Rapiscan Systems Inc., contracts with various Federal agencies, including the U.S. Department of Defense (DoD), the U.S. Department of State, U.S. Department of Energy, U.S. Department of Veterans Affairs, and several DHS components. FPDS-NG records reflect no current Federal contracts with Rapiscan Gov Services, Inc.

III. NARRATIVE STATEMENT:

On September 29, 2009 TSA awarded Rapiscan Systems, Inc. an Indefinite Delivery Indefinite Quantity contract (IDIQ HSTS04-09-D-CT2077) to provide passenger screening systems to fulfill the Aviation and Transportation Security Act (ATSA) (Public Law 107-71) requirements for screening of all property that will be carried aboard passenger aircraft operated within the United States airspace. Advanced Imaging Technology (AIT) safely screens passengers for both metallic and non-metallic threats, including weapons and explosives, which may be concealed under a passengers' clothing without physical contact to keep the traveling public secure.

On August 26, 2010, Delivery Order (DO) 003, HSTS04-10-J-CT2099, was awarded to Rapiscan for the development of Tier II Automatic Target Recognition (ATR), which is an upgrade to the AIT system to provide the capability to automatically detect anomalies on a passenger and display anomaly markers on a generic human representative figure instead of the current configuration in which a TSA employee reviews raw images of passengers as they are screened. Deployment of ATR capability is required to address passenger privacy concerns and to comply with the FAA Modernization and Reform Act of 2012 before June 1, 2013. Rapiscan did not pass testing to meet ATR Tier II capability by October 2010 as required in the DO and

the period of performance was ultimately extended, by contract modification, a total of three times in exchange for consideration provided to the Government. Further, TSA would later permit Rapiscan to test and deliver an ATR Tier I capability as an interim solution to the ATR Tier II capability as required by the contract due to Rapiscan technical difficulties developing Tier II.

In September 2011, Rapiscan delivered a version of its ATR Tier I capability for evaluation and test. After initial testing of the ATR capability to determine if it met basic detection and operational requirements, known as Qualification Testing & Evaluation (QT&E), was completed and the result evaluated, the testing showed that the ATR capability had only minor deficiencies. As a result, TSA decided to commence Operational Testing & Evaluation (OT&E) at airports located in San Diego, Phoenix and Pittsburgh. A 60-day OT&E was scheduled to begin at three airport locations in June 2012.

In April 2012, Rapiscan discovered a hardware defect in their ATR capability while conducting an unrelated pilot project with DoD. This defect rendered the pilot project units non-operational due to manufacturing defects in a critical component of the unit. On May 16, 2012 Rapiscan concluded that this defect would most likely prohibit the successful completion of the TSA operational testing of the ATR and Rapiscan later admitted that it would. Rapiscan engineers identified two potential solutions to resolve the defect: 1) implement a software change to correct the hardware defect or 2) replace the defective component. Without disclosing the defect to TSA, Rapiscan's program management team decided that implementation of a software change would most likely delay the OT&E, as additional testing would be required. Believing that TSA would provide Rapiscan an opportunity to correct the defect through new software prior to deployment of the units, along with any deficiencies found in the QT&E and OT&E, Rapiscan executives determined that replacement of defective components was the most expedient solution so that the ATR would complete OT&E testing. With only days before the operational test units were physically locked down from any changes, Rapiscan unilaterally replaced defective detector assemblies in the operational test units being tested at select airports without the notification, consultation, or approval of TSA as would be required under the contract for normal maintenance actions (see Attachment B).

On July 11, 2012, the ATR Tier I capability completed OT&E. Because the test results indicated only minor deficiencies, TSA determined that security related mission needs, as well as the pending congressional mandate, were of greater concern than the minor deficiencies and informed Rapiscan of its intent to defer the correction of those deficiencies to the ATR Tier II capability and deploy the ATR Tier I capability as tested. Knowing that the capability could not be deployed without correction of the defect, Rapiscan submitted a series of Request for Deviations (RFD) generally identifying software improvements, bugs, and enhancements. These RFDs were first offered for a completely untested ATR Tier II capability, however Rapiscan

revised and offered RFDs for the tested ATR Tier I capability after TSA indicated it would not consider ATR Tier II changes until ATR Tier I was successfully deployed. However, these revised RFDs did not identify any ATR Tier I defect that would inhibit successful operation of the unit. Since the RFDs did not indicate any critical defect that would prohibit successful deployment of the tested Tier I solution, TSA determined that it would address the RFD and any other software changes in the future after the ATR capability was deployed as some level of additional testing would be required and otherwise risk deployment of the capability in time for to meet the congressional mandate.

On August 8, 2012, Rapiscan informed TSA that it would be cost prohibitive to Rapiscan to replicate the hardware and configuration tested in the airport trials on a fleet-wide basis, but again did not identify the defect to TSA as it related to ATR Tier I (see Attachment C). After numerous inquiries from TSA to better understand this August 8, 2012 letter, the Program Manager at Rapiscan finally provided TSA with an explanation of the defect, the replacement of the detector assemblies, and its attempt to correct the defect in its ATR Tier II capability by submitting the RFD (see Attachment D). Since the ATR Tier I capability had a critical defect that would prevent successful deployment, TSA had no other alternative than to halt the deployment of the ATR Tier I capability. The Rapiscan admission came almost four months after Rapiscan had originally detected the software defect, and Rapiscan had multiple opportunities to identify the ATR Tier I defect in program reviews, status updates, meetings with TSA staff, RFDs, etc., not to mention the numerous TSA requests for information that Rapiscan responded with less than complete answers.

As the Head of the Contracting Agency, I issued a Show Cause Notice to Rapiscan on November 12, 2012. While the Show Cause Notice was issued to Rapiscan Systems, Inc., it should have been issued to Rapiscan Gov Services, Inc., due to the referenced contract novation from it to Rapiscan Gov Services in January 2013. Nevertheless, Rapiscan Systems, Inc. responded to the Notice as if it had been received by Rapiscan Gov Services, Inc. This Show Cause Notice (included as Attachment E without the attachments as they are considered Sensitive Security Information, however they are available upon request) identified the events that TSA believed to have transpired and requested that Rapiscan provide an answer to 32 questions to determine whether it was appropriate or not to recommend to the DHS Suspension and Debarment Official to debar or suspend Rapiscan. The Show Cause Notice requested answers to these questions within 14 days.

IV. AGGREGATING AND MITIGATING FACTORS:

At Rapiscan's request, several TSA officials and I met with Ajay Mehra, President of Rapiscan Systems, Inc., Peter Kant, President of Rapiscan Gov Services, Inc., and Executive Vice President of Rapiscan Systems Inc., and the companies' counsel from the law firm of Crowell &

Mooring, on November 16, 2012 to discuss the Show Cause Notice. At this meeting, Rapiscan discussed its discovery of the defect in the DoD Pilot Project, previously unknown to TSA, and indicated that the Rapiscan executives who made the determination to replace the defective component did not have a clear understanding of the potential consequences of such actions. Rapiscan also indicated that it believed that nothing inappropriate had taken place as Rapiscan replaced the components with the same part number and the ultimate issue was simply a breakdown in customer communications. At this meeting, Rapiscan also sought TSA to immediately consider a Compliance Agreement. Rapiscan identified several completed and currently underway activities that it believed demonstrated that it was in fact a responsible business entity as envisioned by FAR subpart 9.406-2(b)(1), a violation of the terms of a Government contract or subcontract so serious as to justify debarment and /or FAR 9.406-2(c), a contractor or subcontractor based on any other cause of so serious or compelling a nature that it affects the present responsibility of the contractor or subcontractor.

Following this meeting, I concluded that the information presented and activities that Rapiscan identified as evidence of its responsibility were insufficient to immediately pursue an administrative agreement and required that it formally answer the questions posed to them in the Show Cause Notice.

On November 26, 2012, Rapiscan Systems, Inc. responded to the Show Cause Notice. In a cover letter from the Rapiscan Systems Inc., President/Chief Executive Officer, Rapiscan again offered that its actions were not in breach of contract, regulation, or statute and identified the previously offered activities to demonstrate responsibility. The response also included a report from the outside counsel hired by Rapiscan to investigate the manner. This report also concluded that Rapiscan had made mistakes in judgment and communication; however, its status as a responsible business entity should not be in question (see Attachment B). Neither the cover letter nor the outside counsel report responded to the questions posed to them in the Show Cause Notice. After reviewing its response, I have concluded that Rapiscan should be proposed for debarment.

V. NEXUS STATEMENT:

The purpose of this recommended action is not to punish, but is to protect the public interest and the integrity of federal programs by conducting business only with responsible contractors. See 48 C.F.R. § 9.402(b).

A "contractor" is defined as "any individual or other legal entity that: (1) Directly or indirectly (e.g., through an affiliate), submits offers for or is awarded, or reasonably may be expected to submit offers for or be awarded, a Government contract, including a contract for carriage under Government or commercial bills of lading, or a subcontract under a Government contract; or (2) Conducts business, or reasonably may be expected to conduct business, with the Government as

an agent or representative of another contractor.” 48 C.F.R. § 9.403. Rapiscan Systems Inc. was awarded the subject IDIQ and DO contracts. On January 13, 2012, the subject contract was novated from Rapiscan Systems Inc., to Rapiscan Gov Services, Inc. As such, both Rapiscan Systems Inc., and Rapiscan Gov Services Inc., fit the definition of Contractor above, and this serves as the basis in which to take action against them.

Rapiscan did not disclose the defect or the hardware change. Rapiscan had multiple opportunities to disclose this information and its conscious choice not to do so indicates that Rapiscan is not able or willing to act in the best interest of the Government. Further, when it became apparent that the software defect would cause an immediate impact in deployment, Rapiscan again refused to clearly identify a defect and instead submitted generally worded RFDs and letters. Rapiscan replaced the detector assemblies as an expedient method for ensuring that the ATR capability would complete OT&E on schedule and without additional harm to its company and reputation, which would have resulted from a delay in testing or identification of a software defect.

The debarring official may extend the debarment decision to include any affiliates of the contractor if they are: (1) Specifically named; and (2) Given written notice of the proposed debarment and an opportunity to respond. *See* 48 C.F.R. § 9.406-1(b).

As indicated in the Respondent section above, Rapiscan Systems, Inc. is an affiliate of Rapiscan Gov Services Inc., based on interlocking management, shared resources, and the involvement of Rapiscan Systems in connection with performance of the current subject contract held with Rapiscan Gov Services.

VI. LEAD AGENCY:

This case has been coordinated with the Interagency Suspension and Debarment Committee (ISDC) to determine Lead Agency. There were no objections to TSA being the lead agency in this matter.

VII. REGULATORY BASIS:

The bases for proposing to debar Rapiscan is 48 C.F.R § 9.406-2(b)(1)(i) and (c). Through a search of General Services Administration’s System for Award Management (“SAM”), Rapiscan was not found to have any current or prior instances of being suspended, proposed for debarment, or debarred.

VIII. TIME CRITICAL EVENTS:

TSA has determined that Rapiscan has numerous current government contracts. Rapiscan requested expedited consideration of its response because this matter has adversely affected its parent company's financial position.

IX. RECOMMENDATION:

Based on the foregoing and the administrative record, I recommend that Rapiscan be proposed for debarment. Should it ultimately be debarred, I recommend a debarment period of 12 to 18 months, with required adherence to additional measures, as developed and approved by TSA, established to ensure that Rapiscan does not repeat its conduct set forth above.

X. ATTACHMENTS:

- A – Contract Modification P00009 dated January 13, 2012
- B – Rapiscan Response dated November 26, 2012
- C - Rapiscan Letter dated August 8, 2012
- D - Rapiscan Letter dated August 30, 2012
- E - Show Cause Notice dated November 13, 2012
- F – Dun and Bradstreet and Virginia State Corporation Commission Records

XI. CONCURRENCE/NON-CONCURRENCE:

R Concurrence

___ Non-concurrence



Michael D. Russell
Senior Counselor to the
Under Secretary for Management and
Suspension and Debarment Official
Department of Homeland Security

May 17, 2013
Date

AMENDMENT OF SOLICITATION/MODIFICATION OF CONTRACT		1. CONTRACT ID CODE	PAGE OF PAGES 1 2
2. AMENDMENT/MODIFICATION NO. P00009	3. EFFECTIVE DATE See Block 16C	4. REQUISITION/PURCHASE REQ. NO. NA	5. PROJECT NO. (If applicable)
6. ISSUED BY Security Technology 701 S 12TH STREET ARLINGTON VA 20598	CODE 04	7. ADMINISTERED BY (If other than item 6) Office of Acquisition 601 S 12TH STREET ARLINGTON VA 20598	CODE 20
8. NAME AND ADDRESS OF CONTRACTOR (No., street, county, State and ZIP Code) RAPISCAN GOV SERVICES INCORPORATED Attn: PETER KANT 1901 S BELL ST STE 325 ARLINGTON VA 222024505		(X) 9A. AMENDMENT OF SOLICITATION NO.	9B. DATED (SEE ITEM 11)
CODE 078284238 FACILITY CODE		X 10A. MODIFICATION OF CONTRACT/ORDER NO. HSTS04-09-D-CT2077	10B. DATED (SEE ITEM 13) 09/28/2009

11. THIS ITEM ONLY APPLIES TO AMENDMENTS OF SOLICITATIONS

The above numbered solicitation is amended as set forth in item 14. The hour and date specified for receipt of offers is extended. is not extended. Offers must acknowledge receipt of this amendment prior to the hour and date specified in the solicitation or as amended, by one of the following methods: (a) By completing items 8 and 15, and returning _____ copies of the amendment; (b) By acknowledging receipt of this amendment on each copy of the offer submitted; or (c) By separate letter or telegram which includes a reference to the solicitation and amendment numbers. FAILURE OF YOUR ACKNOWLEDGEMENT TO BE RECEIVED AT THE PLACE DESIGNATED FOR THE RECEIPT OF OFFERS PRIOR TO THE HOUR AND DATE SPECIFIED MAY RESULT IN REJECTION OF YOUR OFFER. If by virtue of this amendment you desire to change an offer already submitted, such change may be made by telegram or letter, provided each telegram or letter makes reference to the solicitation and this amendment, and is received prior to the opening hour and date specified.

12. ACCOUNTING AND APPROPRIATION DATA (If required)
See Schedule

13. THIS ITEM ONLY APPLIES TO MODIFICATION OF CONTRACTS/ORDERS. IT MODIFIES THE CONTRACT/ORDER NO. AS DESCRIBED IN ITEM 14.

CHECK ONE	A. THIS CHANGE ORDER IS ISSUED PURSUANT TO: (Specify authority) THE CHANGES SET FORTH IN ITEM 14 ARE MADE IN THE CONTRACT ORDER NO. IN ITEM 10A.
	B. THE ABOVE NUMBERED CONTRACT/ORDER IS MODIFIED TO REFLECT THE ADMINISTRATIVE CHANGES (such as changes in paying office, appropriation date, etc.) SET FORTH IN ITEM 14, PURSUANT TO THE AUTHORITY OF FAR 43.103(b).
X	C. THIS SUPPLEMENTAL AGREEMENT IS ENTERED INTO PURSUANT TO AUTHORITY OF Mutual Agreement between Parties
	D. OTHER (Specify type of modification and authority)

E. IMPORTANT: Contractor is not. is required to sign this document and return 1 copies to the issuing office.

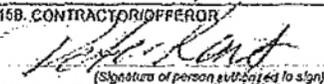
14. DESCRIPTION OF AMENDMENT/MODIFICATION (Organized by UCF section headings, including solicitation/contract subject matter where feasible.)

Tax ID Number: 45-0710119
DUNS Number: 078284238
The purpose of this no-cost contract modification is to novate the contract. The transferor is Rapiscan Systems, Inc. and the transferee is Rapiscan Government Services, Inc. Attached to this modification are the novation agreement (Attachment A) and the list of contracts affected by the novation (Attachment B).

All other terms and conditions remain unchanged.

Continued ...

Except as provided herein, all terms and conditions of the document referenced in item 9A or 10A, as heretofore changed, remain unchanged and in full force and effect.

15A. NAME AND TITLE OF SIGNER (Type or print) PETER KANT, EXECUTIVE VICE PRESIDENT	15A. NAME AND TITLE OF CONTRACTING OFFICER (Type or print) Lance P. Nyman
15B. CONTRACTOR/OFFEROR  (Signature of person authorized to sign)	15C. DATE SIGNED 1/13/14
15B. UNITED STATES OF AMERICA  (Signature of Contracting Officer)	15C. DATE SIGNED 13-Jun-12

CONTINUATION SHEET

REFERENCE NO. OF DOCUMENT BEING CONTINUED
 HSTS04-09-D-CT2077/P00009

PAGE OF
 2 2

NAME OF OFFEROR OR CONTRACTOR
 RAPISCAN GOV SERVICES INCORPORATED

ITEM NO. (A)	SUPPLIES/SERVICES (B)	QUANTITY (C)	UNIT (D)	UNIT PRICE (E)	AMOUNT (F)
	Payment: US Coast Guard Financial Center TSA Commercial Invoices P.O. Box 4111 Chesapeake VA 23327-4111 Period of Performance: 09/13/2011 to 09/26/2014				

Attachment A

NOVATION AGREEMENT

Rapiscan Systems, Inc. (Transferor), a corporation duly organized and existing under the laws of California with its principal office in Torrance, California; Rapiscan Government Services, Inc. (Transferee), a corporation duly organized and existing under the laws of Delaware with its principal office in Arlington, VA; and the United States of America (Government) enter into this Agreement as of December 14, 2011.

(a) The parties agree to the following facts:

(1) The Government, represented by a Contracting Officer of the Transportation Security Administration, has entered into a certain contract with the Transferor, namely: Contract No. HSTS04-09-D-CT2077. The term "the contract," as used in this Agreement, means the above contract, including all modifications, made between the Government and the Transferor before the effective date of this Agreement (whether or not performance and payment have been completed and releases executed if the Government or the Transferor has any remaining rights, duties, or obligations under these contracts and purchase orders). Included in the term "the contract" are also all modifications made under the terms and conditions of such contract between the Government and the Transferee, on or after the effective date of this Agreement.

(2) As of December 14, 2011, the Transferor has transferred to the Transferee the contract by virtue of an Intercompany Assignment and Assumption Agreement between the Transferor and the Transferee.

(3) The Transferee has acquired the contract by virtue of the above transfer.

(4) The Transferee has assumed all obligations and liabilities of the Transferor under the contract by virtue of the above transfer.

(5) The Transferee is in a position to fully perform all obligations that may exist under the contract.

(6) It is consistent with the Government's interest to recognize the Transferee as the successor party to the contracts.

(7) Evidence of the above transfer has been filed with the Government.

(b) In consideration of these facts, the parties agree that by this Agreement—

(1) The Transferor confirms the transfer to the Transferee, and waives any claims and rights against the Government that it now has or may have in the future in connection with the contract.

(2) The Transferee agrees to be bound by and to perform the contract in accordance with the conditions contained in the contract. The Transferee also assumes all obligations and liabilities of, and all claims against, the Transferor under the contract as if the Transferee were the original party to the contract.

Attachment A

(3) The Transferee ratifies all previous actions taken by the Transferor with respect to the contract, with the same force and effect as if the action had been taken by the Transferee.

(4) The Government recognizes the Transferee as the Transferor's successor in interest in and to the contract. The Transferee by this Agreement becomes entitled to all rights, titles, and interests of the Transferor in and to the contract as if the Transferee were the original party to the contract. Following the effective date of this Agreement, the term "Contractor," as used in the contract, shall refer to the Transferee.

(5) Except as expressly provided in this Agreement, nothing in it shall be construed as a waiver of any rights of the Government against the Transferor.

(6) All payments and reimbursements previously made by the Government to the Transferor, and all other previous actions taken by the Government under the contract, shall be considered to have discharged those parts of the Government's obligations under the contract. All payments and reimbursements made by the Government after the date of this Agreement in the name of or to the Transferor shall have the same force and effect as if made to the Transferee, and shall constitute a complete discharge of the Government's obligations under the contract, to the extent of the amounts paid or reimbursed.

(7) The Transferor and the Transferee agree that the Government is not obligated to pay or reimburse either of them for, or otherwise give effect to, any costs, taxes, or other expenses, or any related increases, directly or indirectly arising out of or resulting from the transfer or this Agreement, other than those that the Government in the absence of this transfer or Agreement would have been obligated to pay or reimburse under the terms of the contract.

(8) The Transferor guarantees payment of all liabilities and the performance of all obligations that the Transferee—

(i) Assumes under this Agreement; or

(ii) May undertake in the future should the contract be modified under its terms and conditions. The Transferor waives notice of, and consents to, any such future modifications.

(9) The contract shall remain in full force and effect, except as modified by this Agreement. Each party has executed this Agreement as of the day and year first above written.

[SIGNATURE PAGE FOLLOWS]

Attachment A

UNITED STATES OF AMERICA

By Jam Yoo
Title Contracting Officer

RAPISCAN SYSTEMS, INC.

By [Signature]
Title PRESIDENT

[Corporate Seal]



RAPISCAN GOVERNMENT SERVICES, INC.

By [Signature]
Title PRESIDENT

[Corporate Seal]



Attachment B

List of Affected Contracts

Contract No. **IISTS04-09-D-C12077**



November 26, 2012

VIA E-MAIL (karen.sheltonwaters@dhs.gov)

Karen Shelton Waters
Assistant Administrator for the Office of Acquisition
Transportation Security Administration
U.S. Department of Homeland Security
601 South 12th Street
Arlington, VA 20598-6002

Dear Ms. Waters:

I am writing on behalf of Rapiscan Systems, Inc. ("Rapiscan") in response to the Transportation Security Administration's ("TSA") Show Cause Letter, dated November 9, 2012, as amended on November 12, 2012 and November 13, 2012. As discussed with you and your colleagues in person and by telephone, Rapiscan takes this matter seriously and is committed to full cooperation. As President of the Company, you have my word that this matter has the full attention of the entire Rapiscan leadership team.

As soon as Rapiscan received the Show Cause Letter on November 9, we retained outside counsel to conduct a review of the issues detailed in your Letter. I instructed Rapiscan's employees to cooperate with outside counsel by participating in interviews and providing any documents requested. Crowell & Moring LLP has provided a written report of that review, which responds to the questions in the Show Cause Letter, and it is attached as Appendix A.¹ The leadership team at Rapiscan has read the report and received interim briefings from Crowell & Moring while its review was underway.

While Crowell & Moring did not identify any breach of contract, regulation, or statute, the report indicates that Rapiscan's conduct in this particular circumstance demonstrated a lack of transparency, unclear internal and external communications, and unsatisfactory attentiveness to customer communications. Although Rapiscan brought the negative value defect to TSA's attention, it could have – and should have – identified the issue sooner, in more detail, and with greater clarity. To address these shortcomings, Rapiscan has already taken several actions, is in the process of taking other actions (which were previously discussed with TSA), and will consider any other measures that TSA recommends. These measures are divided into the following

¹ By providing this privileged document, Rapiscan does not waive the attorney-client privilege or work product protection; to the contrary, Rapiscan expressly preserves all applicable privileges and protections.

categories: (i) Customer Interface, (ii) Program Review, (iii) New Members of Leadership Team, (iv) Further Measures, (v) External Support for Improvement Initiatives, and (vi) Independent Engineering Assessment.

Customer Interface

I will continue to be the primary point of contact for TSA leadership to reach resolution of the concerns expressed by TSA's Show Cause Letter. We are hopeful that my ongoing personal involvement demonstrates the importance of TSA as a customer and partner. As you may know, in September 2012 Rapiscan named (b)(6) as the program manager for AIT/ATR. (b)(6) is an experienced leader of government programs and is committed to clear communication and transparency. He will continue in this vital role.

Program Review

At my direction, (b)(6) Rapiscan's Chief Technology Officer, will work with outside counsel and lead a review of the AIT/ATR program to identify any software or hardware defects that need to be communicated to TSA more clearly. The results of that review will, of course, be shared with TSA.

New Members of Leadership Team

As of early 2012, Rapiscan hired (b)(6) as its Chief Operating Officer, and established a new Global Product Quality Group, including appointing a new Vice President of Global Quality and Regulatory (b)(6). Going forward, Messrs. (b)(6) and (b)(6) will support Rapiscan's renewed commitment to quality, timeliness, and clarity of communications to TSA.

Further Measures

Rapiscan is designing and deploying new policies and procedures to enhance its internal and external communications. The enhanced procedures will cover areas such as Risk Management, Complaint Handling, New Product Introduction, Corrective Action/Preventive Action, Document Control, Quality Records, and Customer Notification.

A key goal of these measures is to ensure that Rapiscan embraces the highest standards of transparency and timely communication with government customers of software and hardware issues. As these policies and procedures are implemented and training is conducted across the company, Rapiscan will work closely with TSA to update it on these refinements and solicit feedback from TSA about further opportunities for enhancements.

These new policies and procedures build on Rapiscan's existing compliance and ethics program, which includes a Code of Conduct, a handbook focusing on the unique rules and risks for government contractors, internal audits, a hotline, ongoing training, orientation for new employees, and periodic reports to the Audit Committee of the Company's Board of Directors.

External Support for Improvement Initiatives

Rapiscan will retain (b)(6) to support its compliance and ethics initiatives. (b)(6)

(b)(6)
Rapiscan will seek advice from (b)(6) about several priority items, including its internal and external communications policies and procedures.

Independent Engineering Assessment

Rapiscan will retain an independent engineering firm to assess the AIT and AT programs to identify any significant inherent risks. The results of these assessments will be shared with TSA. This independent engineering firm will also review Rapiscan's internal development protocols, with an eye toward identifying opportunities to enhance internal and external communications. Rapiscan is committed to working collaboratively to address any findings reached during these assessments.

* * * *

For the reasons detailed in this response, the report from outside counsel, and Rapiscan's commitment to address shortcomings in performance, suspension and debarment of Rapiscan is inappropriate under the circumstances. We request consideration on an expedited basis because of the impact that this inquiry is continuing to have on various aspects of our business, including the Company's loss in market value and inquiries from customers. If you have questions or seek further information as you consider resolution of this matter, please contact me at any time. We appreciate your consideration of this response and our request for relief.

Sincerely,



Ajay Mehra
President
Rapiscan Systems, Inc.

Enclosure (as stated)

cc: Salomon Gomez, TSA
Ross Dembling, TSA
Ron Gallihugh, TSA
Lance Nyman, TSA
John Saunders, TSA
(b)(6) Crowell & Moring

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APPENDIX A

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(b)(6)

November 26, 2012

VIA E-MAIL

Mr. Ajay Mehra
President
Rapiscan Systems, Inc.
2805 Columbia Street
Torrance, CA 90503

~~Sensitive Security Information~~

Re: TSA Show Cause Letter
Report of Crowell & Moring Investigation

Dear Mr. Mehra:

As directed by Rapiscan Systems, Inc. ("Rapiscan"), Crowell & Moring LLP has undertaken a privileged review of the matters identified by the U.S. Transportation Security Administration's ("TSA") Show Cause Letter, dated November 9, 2012, as amended on November 12, 2012 and November 13, 2012. In connection with our review, Rapiscan provided unrestricted access to documents and employees. In terms of our document review, we worked with Rapiscan's legal and information technology departments to collect documents from twenty-nine custodians.¹ Because of the tight timeline and large quantity of documents maintained by these custodians, we narrowed and focused our review using keyword search

¹ Those custodians were (b)(6)
(b)(6), Peter Kant, (b)(6)
(b)(6), Ajay Mehra, (b)(6)
(b)(6)

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Mr. Ajay Mehra
Rapiscan Systems, Inc.
Page 2

terms and date restrictions.² We also interviewed eleven Rapiscan employees, including multiple interviews with several employees.³

I. EXECUTIVE SUMMARY

TSA's Show Cause Letter focused on the timing of when Rapiscan discovered a particular defect present in Rapiscan's Automatic Target Recognition ("ATR") Tier I software and the circumstances surrounding Rapiscan's disclosure of that issue to TSA. In designing the software for the ATR program, Rapiscan had not accounted for the possibility that low DC offsets in detectors, also known as "negative values" and "negative drift," could lead to operational glitches – manifested as increased frequency of "blue man" images.⁴ Rapiscan's engineers first discovered that the ATR Tier I software did not account for detectors that drift to low DC offsets in connection with a demonstration system at the Pentagon.

After weeks of investigation, on May 15, 2012, a Rapiscan software engineer prepared and installed a software fix for the DC offset issue encountered on the Pentagon system. The fix consisted of a simple piece of software code. This rapid fix was possible because the Pentagon system was not under any software configuration control. Upon implementation of the software

² As of the date of this report, Crowell & Moring has completed a review of documents maintained by the custodians most likely to have relevant materials. If, during the remaining portion of our document review, we identify relevant documents that impact this report, we will update Rapiscan immediately.

³ Interviews were conducted with (b)(6) Peter Kant, (b)(6)

⁴ "Blue Man" refers to a failure mode in which the entire avatar is highlighted blue, signifying a failed scan. A Blue Man requires either an additional scan or a pat down of the passenger.

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update for the Pentagon system, there was a discussion within the Rapiscan engineering department about the possibility that the same negative value issue could potentially manifest itself on the three TSA machines that were scheduled for ATR upgrades and then Operational Test & Evaluation ("OT&E"). Around May 16, 2012, the engineering department reached a preliminary consensus – shared contemporaneously with the program management team – that the detectors in the machines scheduled for the ATR upgrade and OT&E might also experience detector drift that could lead to negative values, and, because the Tier I ATR software that was under TSA configuration control did not account for this possibility, there was a risk of an increased rate of blue man occurrences.

There was a view among some of the Rapiscan engineers that the systems scheduled for OT&E would not experience the type of blue man issues that occurred on the Pentagon system, in part because the detectors on the Pentagon system were an earlier version of detector. Rapiscan engineers thought these earlier detectors would be more likely to experience negative drift than the detectors installed on systems slated for ATR upgrade and OT&E. Moreover, testing conducted on the TSA detectors in May 2012, prior to OT&E, revealed that none of the three machines scheduled for OT&E had an aggregate negative value, and the blue man issue would potentially not be a concern. Nonetheless, out of an abundance of caution in preparation for the ATR upgrade and Site Acceptance Test ("SAT"), Rapiscan field service technicians were directed by Rapiscan's engineering department to replace a total of twelve of the forty-eight detectors in the three machines. Rapiscan installed the detectors that were approved under the configuration management plan and, at each site, the detector replacements were completed prior

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to the Site Acceptance Test ("SAT"), which occurred prior to the start of OT&E. In addition to passing SAT, the systems also passed a TSA configuration audit.

There was agreement among the employees with whom we spoke that, in preparation for SAT, it is appropriate to perform any maintenance or corrective measures necessary prior to SAT and OT&E. During our review, we did not identify evidence of any kind that Rapiscan was somehow seeking to manipulate OT&E or break any rules related to OT&E procedures or testing. In fact, there was a seemingly wide-spread belief at Rapiscan that OT&E testing in a live airport environment would likely uncover additional software bugs, errors and defects – as had occurred during laboratory Qualification Test and Evaluation ("QT&E") at the Transportation Security Laboratory – causing TSA to require corrections and re-testing following OT&E and prior to full deployment. At a minimum, Rapiscan assumed that the deficiencies identified by TSA during QT&E, some of which TSA had waived in order to proceed to OT&E, would be noted during OT&E. Rapiscan's plan was to incorporate the software fix to the negative value issue at the same time that it corrected (i) other defects identified by TSA during QT&E and (ii) any defects that were ultimately identified during OT&E.

Because of Rapiscan's belief that there would be an opportunity before deployment to correct any outstanding defects, and that it would have a software fix ready to incorporate and test by that time, Rapiscan decided to delay notifying TSA about the negative value issue. This decision was driven by a concern about delaying the start of OT&E when a hardware fix for the issue was readily available. This decision to delay notifying TSA reflected a misjudgment from a customer relations standpoint and a breakdown in communication and transparency. However,

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Rapiscan believed that it was acting in accordance with the contract and the Risk Management Plan. As detailed below, that view is well supported.

Throughout OT&E, which began in late May and continued into July, Rapiscan's engineering department was simultaneously continuing its development process and preparing the next iteration of software to address the issues that were identified by TSA during QT&E, any issues uncovered during subsequent testing, as well as the negative value issue discovered on the Pentagon system. Because at least one of the deficiencies identified by TSA during QT&E concerned the algorithm, Rapiscan's engineering department was working on an updated Tier I algorithm while OT&E was underway. Beyond the deficiencies that TSA identified during QT&E, throughout OT&E, TSA was also sharing high-level and anecdotal information with Rapiscan that suggested identification of additional defects, which Rapiscan also expected, based on past practices and experiences with OT&E on other TSA programs, would have to be addressed prior to deployment.

Rapiscan was surprised and concerned when, in early July 2012, TSA began communicating its intent to deploy the OT&E version of ATR, even though that version had defects that were known to the TSA. As mentioned above and detailed below, Rapiscan assumed that additional software revisions and testing would be required before deployment. In addition, there was an ongoing conversation between the program management team and the engineering department. The program management team was focused on complying with the customer's wishes regarding deployment, whereas the engineering department was advocating that TSA should wait and deploy the revised software and algorithm because they had developed significant enhancements over the OT&E version. Although the head of the engineering

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department wanted to convince TSA to resolve the Tier I defects in the software and algorithm prior to deployment, he also strongly counseled against an overly detailed description of the Tier I issues, including the negative value issue, in a way that would be alarming or could undermine TSA's confidence and trust in Rapiscan and the ATR solution.

What resulted from this internal debate were somewhat conflicting desires (i) to minimize negative impact on the relationship with TSA, while, at the same time, (ii) to communicate the downside of deploying the OT&E version of the software and hardware. Although Rapiscan informed TSA about the negative value issue and replacement of detectors on the OT&E machines, the internal dialogue contributed to the delay and the lack of clarity in Rapiscan's communication with TSA in July and August. Also contributing to the communication and transparency issues was the fact that there was no formal process under the AIT program for TSA to share test data with Rapiscan as is customary on other TSA development programs.

In sum, we did not identify any breach of contract, regulation, or statute, but we identified several instances in which Rapiscan's conduct demonstrated a lack of transparency and unclear and untimely communications. Rapiscan ultimately brought the negative value issue to TSA's attention, but it should have done so sooner and with greater detail, in order to be consistent with Rapiscan's stated focus on customer service and transparency.

II. DISCUSSION OF FACTS AND FINDINGS

A. ATR Demonstration Machine at Pentagon

In TSA's Show Cause Letter, the government inquired about how Rapiscan discovered the original software defect. Based upon our review of documents and interviews with employees, Rapiscan first discovered that the ATR software did not account for detectors that

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Mr. Ajay Mehra
Rapiscan Systems, Inc.
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drift to low DC offsets based on issues with a demonstration system that Rapiscan had installed at the Pentagon. In April 2012, the system with the ATR package at the Pentagon began experiencing abnormally high rates of blue man images. Rapiscan investigated the issue for weeks, sending out service technicians and engineers in an effort to identify and resolve the problem.

By mid-May, Rapiscan engineers concluded that the cause of the problem was detectors with low DC offsets, also known as “negative values” and “negative drift.” In designing the ATR software, Rapiscan’s engineers had not accounted for this possibility, and it was determined that when the aggregate value of all of the detectors in a system drifted negative, the result was an unusually high “blue man” rate. On May 15, 2012, a Rapiscan software engineer drafted a fix that consisted of a simple piece of code. The software update was installed that same day, which was possible because the Pentagon system was a demonstration unit and, therefore, not under TSA software configuration control.

B. Consideration of Whether Issue on Pentagon Machine Could Impact TSA Machines

Part of our review examined the timing and circumstances surrounding when Rapiscan discovered that the Tier I developmental ATR software package did not account for the potential that detectors could drift toward lower DC offsets, and that this could lead to an increase in blue man results during OT&E. Based upon our interviews and review of documents, we found that, almost immediately upon implementation of the software update for the Pentagon system there was a discussion within the Rapiscan engineering department about the possibility that the same negative value issue – resulting in a high likelihood of blue man occurrences – could potentially

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manifest itself on the three TSA machines that were scheduled for ATR upgrades and OT&E. Active participants in this discussion included (b)(6) (the head of the engineering department), (b)(6) (a technical project manager),⁵ and (b)(6) (a senior project manager).

It was not immediately clear to the Rapiscan engineers whether the negative value issue uncovered at the Pentagon would necessarily manifest itself on the TSA systems being upgraded with the developmental ATR package for OT&E. According to the head of the engineering department, the Pentagon Photomultiplier Tubes ("PMT") generally exhibit a lower DC offset, thereby exacerbating the negative value issue. Moreover, the negative offsets had not previously been observed in the systems used by Rapiscan for ATR development because those systems, like the ones slated for OT&E, generally use newer PMTs. Nonetheless, on or about May 16, 2012, the engineering department reached a preliminary consensus that they could not rule out the possibility that the detectors in the TSA OT&E machines could potentially also experience drift that could lead to negative values, and, because the Tier I ATR software code did not account for this possibility, there was a risk that it could result in an increased rate of blue man occurrences.

At that point in mid-May, there was a discussion within the engineering department about options for addressing the issue. Three options were identified. The first was to do nothing and let the machines move to OT&E without taking any action. The second option identified by the engineering department was a hardware solution, which involved further testing the detectors on

⁵ (b)(6) voluntarily left Rapiscan in September 2012 for a position in the aerospace industry.

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Mr. Ajay Mehra
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the OT&E systems and replacing any that exhibited low DC offsets. The final option was a software update.

There was a general agreement among the engineers that the software update was the preferable approach. Although replacing detectors with low DC offsets was a viable option, the software approach was the most cost-effective and longest-term solution. However, the engineers recognized that the software approach would require a change to the software configuration, and that would require additional testing and delay the start of OT&E. Accordingly, the engineers came to a consensus that any low DC offset detectors on the machines scheduled for OT&E should be replaced during the ATR upgrade installation prior to the Site Acceptance Test ("SAT"). There was uniform agreement that replacing the detectors did not present any configuration management issues as the replacement detectors are already approved items. Accordingly, the so-called hardware approach was consistent with the configuration management plan and did not present any risk to the OT&E schedule.

On May 16, 2012, (b)(6) (the head of the engineering department) notified (b)(6) (Rapiscan's Chief Technical Officer), (b)(6) (the head of the product line management group), and (b)(6) (both are part of the program management team) of the negative value issue and the possible impact on the TSA machines slated for the ATR upgrade. Later on May 16, 2012, (b)(6) communicated about the issue to Peter Kant, Rapiscan's Executive Vice President, who had overall responsibility for government programs. However, it appears from the communications and our discussions with Company employees that the project management team may not have fully understood the issue, including whether it was an issue with ATR or just an interference setting in the detectors. Nonetheless,

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Mr. Ajay Mehra
Rapiscan Systems, Inc.
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(b)(6) recommended that the Company follow the approach articulated by the engineering department and upgrade any detectors exhibiting lower DC offsets. The project management team ultimately deferred to the technical experts and agreed to move forward with replacing any detectors on the machines scheduled for the ATR upgrade and OT&E. Rapiscan also decided to begin testing a software update to address the negative value issue.

C. Replacement of Detectors on Three TSA Machines before Site Acceptance Test

Under the direction of the engineering department, Rapiscan service technicians began testing the detectors on the systems that were slated to be used for OT&E to determine whether any were exhibiting low DC offsets. It was determined that only one of the detectors on one of the machines had a negative value, and, more importantly, the aggregate value of all the detectors in that machine was positive. As a result, the view of Rapiscan's engineering department at the time was that, even without replacing the detectors, the systems scheduled for OT&E were not likely to experience the type of blue man issues that were experienced on the Pentagon system due to low DC offsets.

Nonetheless, out of an abundance of caution, during the ATR upgrade installation, Rapiscan field service technicians replaced a total of twelve detectors – three detectors in Phoenix, three in Pittsburgh, and six in San Diego. Rapiscan installed the same PMTs that were approved under the configuration management plan and were listed on the Master Configuration Item List ("MCIL"). In Phoenix, the detectors were replaced on May 22, SAT occurred on May 23, and OT&E began on June 1. In Pittsburgh the detectors were replaced on May 28, SAT occurred later in the day on May 28, and OT&E began on June 5. And in San Diego, the

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Rapiscan Systems, Inc.
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detectors were replaced on May 20, SAT occurred later in the day on May 20, and OT&E began on May 29. The timing of the installations is significant because in each case the detector replacements were done prior to the Site Acceptance Test ("SAT"), which occurred before burn in and prior to the start of OT&E.

There was uniform agreement among the employees with whom we spoke – including individuals from the engineering and service departments, product line management, and the project management team – that, in preparation for SAT, it is appropriate and part of the normal process for the Original Equipment Manufacturer to conduct a full inspection of the system and perform any needed maintenance or corrective measures necessary to ensure the best possible performance. We have not seen any documents or other evidence to the contrary. In addition to the SAT, the three systems scheduled for OT&E also underwent a TSA configuration audit. Notably, that audit confirmed that there had been no changes to the approved configuration.

D. Rapiscan's Decision to Delay Notification regarding the Negative Value Issue

As part of our review, we also examined the question of why Rapiscan did not inform TSA of the negative value issue upon its identification in mid-May. In this regard, in the Show Cause letter, TSA inquired whether "Rapiscan's withholding of information" was an "expedient method for ensuring that the AIT/ATR would pass OT&E on schedule?" Show Cause Letter at 7 (Question 10). Based upon our interviews and review of documents, the answer is "no." Rapiscan was not seeking to somehow manipulate the test to ensure that the systems would pass OT&E. To the contrary, it appears that that the engineering group, product line management, and the project management team all expected that the outstanding issues, and perhaps other new deficiencies, would need to be addressed before deployment. Rapiscan's plan was to incorporate

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the software fix to the negative value issue at the same time that it corrected defects identified by TSA during QT&E and whatever additional defects may have been identified during OT&E or during internal testing that Rapiscan was conducting simultaneously.

In this regard, the January 2012 Quick Look Report (“QLR”) from QT&E identified a number of deficiencies that Rapiscan reasonably expected would have to be corrected before deployment. TSA provided the following high-level summary:



TSA provided the following table describing the various deficiencies identified during QT&E:

Table 1 – RAPISCAN AIT-ATR v1.9 Tier 1 LIST OF DEFICIENCIES

SHALL #	LVL	REQ'T TEXT	METHOD	TEST DATE	FINDING	NOTES
(b)(3)/(49 U.S.C. § 114(r))						

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Table 1 – RAPISCAN AIT-ATR v1.9 Tier 1 LIST OF DEFICIENCIES

SHALL #	LVL	REQ'T TEXT	METHOD	TEST DATE	FINDING	NOTES
(b)(3)48 U.S.C. § 114(n)						

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Table 1 – RAPISCAN AIT-ATR v1.9 Tier 1 LIST OF DEFICIENCIES

SHALL #	LVL	REQ'T TEXT	METHOD	TEST DATE	FINDING	NOTES
(b)(1)						

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Table 1 – RAPISCAN AIT-ATR v1.9 Tier 1 LIST OF DEFICIENCIES

SHALL #	LVL	REQ'T TEXT	METHOD	TEST DATE	FINDING	NOTES
(b)(4)						

Given that at least one of those deficiencies concerned the algorithm, Rapiscan was surprised when TSA indicated that Rapiscan should prepare the units for OT&E. Additionally, Rapiscan fully expected that, after OT&E, there would be a technical interchange and Rapiscan would be given an opportunity to address all outstanding defects. The contractual language further underscored Rapiscan's understanding:

2. Rapiscan shall submit a revised solution no later than 30 calendar days after notification from the Contrating Officer of deficiencies found in OT&E.

While TSA had been willing to move to OT&E with known remaining defects, Rapiscan did not believe that TSA would direct deployment of the ATR upgrade until the defects identified during

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QT&E and any new defects identified during OT&E were resolved. This is why Rapiscan was working on updating the Tier I software and algorithm while OT&E was ongoing. Rapiscan believed that this approach was consistent with the way TSA handled the other defects identified by TSA, and that handling the situation in this way would rectify the negative value issue without delaying OT&E.

Given Rapiscan's well-supported belief that there would be an opportunity before deployment to correct any outstanding defects, and that it would have a software fix ready to incorporate and test by that time, Rapiscan made a decision to delay notifying TSA. There is evidence that the engineers and others were sensitive to causing any delay to TSA's schedule, and, in particular, they felt pressure not to delay OT&E. That TSA was willing to move to OT&E in the face of defects in the QLR further reinforced for Rapiscan the importance of not delaying OT&E. As such, the engineers were concerned that, if TSA was told about the recommendation to update the software to address the negative value issue before OT&E started, there was a risk that it could require the OT&E to be delayed while a software update was tested, and that this would frustrate the customer. Rapiscan's engineers were also concerned that TSA could lose confidence in Rapiscan's solution if Rapiscan were to come forward with another software issue.

At bottom, Rapiscan was operating under an understanding that it would have the opportunity to discuss the issue with TSA and update the software to address the negative value issue at the same time it addressed other defects before deployment. Rapiscan intended to disclose the issue to TSA, but it made a judgment call to wait until the technical interchange that

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it expected would occur after receipt of the OT&E report (which Rapiscan still has not seen as of the date of this report).

E. Reporting Requirements under the Risk Management Plan

The decision to delay notification until after OT&E reflected a misjudgment from a customer relations standpoint and a failure of Rapiscan to achieve the level of transparency to which it aspires. However, Rapiscan believed that it was acting in accordance with the contract, and there is support for Rapiscan's understanding.

The requirements under the contract for reporting defects are governed by the Risk Management Plan ("RMP") (CDRL E002, dated October 7, 2009). The RMP makes clear that not every type of defect need be disclosed to TSA. In this regard, the RMP established the following four-tiered scale for measuring the severity of a given risk and the likelihood of a given risk:

Table 8-1: Severity of Risk

Score	Performance	Cost	Schedule
0	No impact to Program deliverables.	No impact to Program cost.	No impact to Program schedule.
1	Minimal impact to Program deliverables; customer is generally satisfied.	Customer accepts budget impact, if any.	Customer accepts schedule impact, if any.
2	Some impact to Program deliverables; customer is dissatisfied.	Cost impact jeopardizes Program.	Schedule impact jeopardized Program.
3	Large impact to Program deliverables; customer rejects deliverables.	Customer does not accept cost impact.	Customer does not accept budget impact.

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Table 8-2: Likelihood of Risk

Score	Likelihood
0	No risk.
1	Highly unlikely.
2	Reasonably likely.
3	Highly likely.

The RMP states that Rapiscan is only required to report defects that are deemed to have a severity level and likelihood of occurrence of two or above:

10.0 Risk Monitoring & Reporting

All risks that have a severity level of 2 or above and a likelihood of 2 or above shall be actively monitored within the Program Management Plan (PMP). The Program Manager shall report on these risks and their status at each Program Management Review (PMR).

Thus, the RMP did not contemplate that Rapiscan would raise every identified defect. Further, to the extent that a particular defect did rise to a level requiring disclosure under the RMP, that disclosure obligation was not immediate, but rather was timed to the next PMR.

With respect to the negative value issue, we were consistently told during our interviews that it did not rise to a level two either in terms of severity or risk of occurrence. With respect to severity, the engineers anticipated that it would take the software team only a few lines of code and a few hours to incorporate the software update, and testing could be completed on an expedited basis. There was a further belief that the software update would not delay the program at all because Rapiscan reasonably anticipated a period after OT&E to correct defects

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irrespective of the negative value issue. Furthermore, given that none of the three systems scheduled for OT&E had an aggregate low DC offset, the likelihood of the risk occurring was considered less than a level two, as defined by the RMP. Accordingly, Rapiscan reasonably believed that no disclosure of the negative value software issue was required under the contract.⁶

F. Rapiscan was Surprised and Concerned when TSA Indicated an Intent to Deploy the Software and Algorithm Package Installed on the OT&E Machines

Following receipt of the results of QT&E and throughout OT&E, Rapiscan's engineering department was continuing its internal development and testing process and preparing the next iteration of software to address existing Tier I issues. Because at least one of the deficiencies identified by TSA during QT&E concerned the algorithm, Rapiscan's engineering department was also working on an updated Tier I algorithm while OT&E was underway. In Rapiscan's view, some of the outstanding deficiencies that TSA identified during QT&E were not insignificant. Moreover, throughout OT&E, TSA was sharing high-level and anecdotal information with Rapiscan that suggested identification of additional defects, but TSA never provided adequate data to enable Rapiscan to understand the full scope of the Agency's findings. For example:

⁶ Another consideration was the lack of test data being made available to Rapiscan by TSA. In other programs, the TSA has implemented formal processes such as Development, Testing, and Evaluation ("DT&E") and simulated operational testing (TSIF) to provide documented findings of deficiencies discovered during testing. This is critical to the development process and provides insight into potential hardware, software, and algorithm issues. It allows the TSA and vendors, in a collaborative effort, to discover defects and other anomalies common to development efforts and then implement fixes so that the machines are ready to move on to field (OT&E) testing.

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From:	Smith1, Russell <(b)(6)>
Sent:	Tuesday, June 12, 2012 11:28 AM
To:	(b)(6)
Cc:	Orr, Jennifer <(b)(6)> Bhmer, Katie <(b)(6)> Cartwright, Frank A. (b)(6)
Subject:	Observations from ATR OT&E testing

FYI from yesterday's test status report for SAN

0900 the operator screen on the AIT flashed green and the screen was unusable for about 10 seconds. Operators and Data Team have never witnessed this issue before

42 blue screen rescans.

Russell Smith
Office of Security Capabilities
Transportation Security Administration
(b)(6) Office
(b)(6) Cell

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From: Smith, Russell (b)(6)
Sent: Thursday, June 14, 2012 11:27 AM
To: (b)(6)
Cc: Orr, Jennifer <(b)(6)>; Bhuner, Katie (b)(6); Burdette, Richard (b)(6); (b)(6); Burrows, Devon (b)(6); Cartwright, Frank A. (b)(6); Sculli, Steven (b)(6)
Subject: Phoenix 6/11/2012

You all get this one?

- * 1145 - 1446
- o ATR machine had a series of display errors, TSO made several attempts to reboot the ATR machine, even had a failure to restart. After each reboot, first PAX screened ATR machine returned an error.
- o Trouble Ticket called in. Tech said reference detection in Master Unit was too low. Adjusted (increased) value and resolve the "POT" problem. No other services observed while tech was present. ATR TSO performed a Recalibration with OIK at 1443 hours, first PAX screen after shutdown at 1446. Observed system run normal for rest of PM shift.

Russell Smith

Even into early July, TSA was indicating that testing remained underway and that any issues would need to be fixed and tested prior to deployment. It was these sorts of exchanges, an example of which appears below, that reinforced Rapiscan's view that there would be an opportunity after OT&E to address known defects.

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From:	Smith1, Russell - (b)(6)
Sent:	Friday, July 6, 2012 11:24 AM
To:	(b)(6)
Cc:	(b)(6)
Subject:	RE: Tier II status

Good Morning.

Just because OT&E is over, that doesn't mean testing is over. If they find discrepancies from OT&E, then they will have to be fixed and regression tested at TSI and TSIF, at a minimum.

Russell Smith
Office of Security Capabilities
Transportation Security Administration
Office
(b)(6) Cell
(b)(6)

Given the QT&E defects and the suggestion of additional issues discovered by TSA during OT&E, Rapiscan was confused and concerned when, in July, TSA began communicating to Rapiscan's program management team its intent to deploy the version of ATR that was still undergoing OT&E. As discussed above, Rapiscan assumed that additional testing would be required before deployment; Rapiscan thought that, at the very least, the outstanding defects identified by TSA during QT&E would need to be addressed, and Rapiscan would also have the opportunity to address the negative value issue and any additional issues identified during the testing.

With the discussion of possible deployment even before TSA had shared the results of OT&E, there was lingering confusion and concern about the status of OT&E and whether Rapiscan and TSA would engage in a technical exchange following OT&E as was customary in other instances. There was an internal discussion within Rapiscan about whether it was appropriate or prudent to have a detailed discussion about the Tier I software until after TSA delivered results from OT&E.

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Rapiscan's confusion and concern intensified based on the following August 7, 2012 communication from the Contracting Officer:

-----Original Message-----
From: Nyman, Lance P [mailto: [REDACTED] (b)(6)]
Sent: Tuesday, August 07, 2012 8:39 AM
To: Peter Kant; [REDACTED] (b)(6)]
Cc: Smith, Russell; Orr, Jennifer; Blumer, Katie; Bertucci, Malysa
Subject: FW: Rapiscan ATR

Rapiscan team - as you know, we have completed both lab (QT&E) and field testing (OT&E) testing of Rapiscan's AIT-1 Tier I ATR solution (software version 04.00.09; Algorithm version 1.9). Although the final test reports from OT&E have not been completed, and approval to deploy has not been granted by the appropriate DHS authority, we are optimistic that approval will ultimately be granted. The solution largely met requirements at the Tier I level. The four specifically-noted deficiencies found in preliminary test reports are relatively minor in nature. We will probably receive permission to defer the correction of those deficiencies until after the Tier I solution is deployed.

Appendix to the Show Cause Letter at 16 (Email from Lance Nyman). This communication raised serious questions and concerns for Rapiscan. For example, Rapiscan did not understand when it would receive the final OT&E test results, or how it could possibly deploy the ATR upgrade without first seeing the OT&E test reports. Nor did Rapiscan understand what the Contracting Officer meant when he wrote that the solution "largely met requirements at the Tier I level." Rapiscan was also particularly concerned by the Contracting Officer's indication that TSA was expecting to waive the Tier I defects and move to deployment. Finally, Rapiscan was concerned because it appeared as though it was not going to have the opportunity to update the software to address the negative value issue prior to deployment, as had always been its intent. This change in circumstance altered Rapiscan's internal characterization and discussion of the blue man issue and it became a crucial issue that needed to be addressed before deployment.

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G. Rapiscan Identified the Negative Value Issue to TSA in July and August 2012

Beginning in July 2012, when Rapiscan understood that the Government was considering deployment of the ATR version tested during OT&E, Rapiscan identified the negative value issue to TSA. Rapiscan's communication of the issue appears to have been muddled by competing concerns – satisfying the customer's desire to push forward while also communicating Rapiscan's concerns about fixing the Tier I defects (including the negative value issue) in a manner that did not create alarm.

On July 19, 2012, Rapiscan submitted a Request For Deviation that identified software defect number 8117, "Negative Values in Scan Images Not Handled," as being verified and closed during testing in connection with Tier II software. This July 19 submission was provided to Russell Smith – the Contracting Officer's Technical Representative for the contract under which the ATR development work was occurring – at the same time it was provided to John Tye, Rakesh Jalla, and Lee Spanier, who are DHS officials that are involved in product development and testing.

Following submission of the Request for Deviation on July 19, 2012, Rapiscan communicated to TSA that the Tier II software would rectify defects that exist in the Tier I software that was tested during OT&E. By July 31, 2012, and August 1, 2012, Russell Smith's e-mails and calendar appointments, including those attached to the Show Cause Letter at pages 7 and 23 of the Appendix to the Show Cause Letter, indicated that TSA understood that there were defects in the Tier I software.

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From: Smith1, Russell
Sent: Wednesday, August 01, 2012 9:35 AM
To: Zaroookian, Talin; Frelmanis, Adam D; Orr, Jennifer; Blumer, Katie; Cartwright, Frank A.; Spanier, Lee; Burdette, Richard; Burrows, Devon; MacIvor, Douglas; Bailey, Brian <CTR>; Garcia, Gilbert <CTR>
Cc: Hull, Jason
Subject: Tier I fix/Tier II

Importance: High

Katie and I just got off the phone with (b)(5)

Rapiscan plan is to fix tier I deficiencies as part of the tier II submission, which includes changes to the detection algorithm to meet tier II. No plan to provide tier I fixes for regression testing.

Russell Smith
Office of Security Capabilities
Transportation Security Administration
(b)(5) Office
(b)(5) Cell

Subject: Rapiscan AIT w/ ATR OT&E tier I fixes
Location: 1 866 527 9930 x 302485

Start: Wed 8/1/2012 4:00 PM
End: Wed 8/1/2012 5:00 PM

Recurrence: (none)

Meeting Status: Not yet responded

Organizer: Smith1, Russell

The repeated references to “tier I fixes” and “fix tier I deficiencies” are consistent with Rapiscan’s perception that it conveyed to TSA that a purpose of the revised software was to rectify known defects in the Tier I software. In addition, Rapiscan’s submissions to TSA, including a Request for Deviation, dated July 26, 2012, reflected Rapiscan’s request to update the algorithm to fix the defects TSA identified during QT&E and incorporate other improvements that Rapiscan had made. It was not Rapiscan’s intent to move to a Tier II

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algorithm; rather, the purpose of the revised algorithm was to fix defects in the Tier I algorithm while also improving reliability and performance. Once Rapiscan began testing that revised Tier I algorithm, it realized that there was a possibility that this revised algorithm might meet the Tier II requirements. It was trying to convey that message to TSA but Rapiscan's communication about its work on the algorithm – and the relationship between software and the algorithm – was not clear and led to understandable confusion at TSA.

Within Rapiscan, there was an internal discussion between the program management team and the engineering department. The program management team still did not have a firm grasp on the technical issues and was focused on complying with the customer's directions regarding deployment. On the other hand, the engineering department was strongly advocating that the government should wait and deploy the revised software and algorithm because there were significant enhancements over the OT&E versions. Rapiscan's prior performance problems on ATR were part of this internal discussion as well. There was a concern that deploying machines with the OT&E version of the software and algorithm, which contained defects that TSA communicated during QT&E and informally during OT&E, as well as the negative value issue, would lead to additional criticism about the usability and reliability of ATR. The head of the engineering department, (b)(6) ultimately recommended that the program management team communicate the benefits of updating the software and algorithm while downplaying the negative value issues to avoid creating unnecessary alarm. (b)(6) was also concerned that raising the negative value issue too strongly could cast doubt on the efficacy of the Government's own testing process. In this regard, it appears that (b)(6) recommendations to the program management team were driven by a desire to minimize

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negative impact on the relationship with TSA, while, at the time, communicating the risks of deploying the OT&E version of the software and hardware.

This internal dialogue contributed to the delay and the lack of clarity in Rapiscan's communication with TSA about the negative value issue. As reflected in the attachments to the Show Cause Letter, Rapiscan noted that there would be "significant risk in deploying the OT&E configuration fleetwide and will submit a revised RFD/ECP identifying the improvements made to the system software." See Appendix to the Show Cause Letter at 17 (August 3 letter from Rapiscan to TSA). On August 16, 2012, TSA and Rapiscan met to discuss the issues that Rapiscan had brought to the Government's attention. According to TSA's notes of that meeting, Rapiscan explained that there were "bugs" in the Tier I software that had been installed on the OT&E machines. See Appendix to the Show Cause Letter at 24 (August 16 meeting minutes). In particular, the negative value issue was discussed during the meeting:

- (b)(5) RFD test reports show bugs addressed
 - Eliminated intermittent hang during scan
 - Eliminated memory hang
 - Negative pixels – need to correct so it does not crash the image software (creating a blue man)
 - If not addressed may increase service tickets as tubes drift over time – results in 80% blue man

TSA's meeting notes reflect that the negative value issue was discussed along with the consequences of that shortcoming, if not properly addressed. As a follow-up to the August 16 meeting, Rapiscan provided additional detail about specific Tier I software defects, including the negative value issue:

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Defect #1: Negative Values In Scan Images Not Handled (Test report ref.: Defect 8117)

Findings: The AIT systems image display is dependent on the detectors. Detectors "float" over time and some create images with a small number of negative values in the background regions of the image. The technical explanation of this issue relates to the variability of DC offset in the photo multiplier tubes that are the detector element in the imaging system. When the software was tested on multiple machines, negative values were encountered in some images. As a result, the system created an unacceptable increase in the frequency of "blue man" results.

Benefit: Through software improvement, Rapiscan has modified the software to handle negative values in the image, irrespective of the DC offset characteristic of the photo multiplier tubes.

Mitigation if not accepted: More maintenance time will be required; negatively resulting in decreased operational availability, decreased throughput and an increase in total cost of ownership.

See Appendix to the Show Cause Letter at 28 (Memorandum to TSA, dated August 22, 2012). In response to questions from TSA about whether Rapiscan could replicate the OT&E performance if the units are upgraded with the Tier I software, Rapiscan provided additional background to explain to TSA that the hardware solution (*i.e.*, replacing the detectors) was not a cost effective or stable long-term resolution as compared to the software solution that Rapiscan was advocating. See Appendix to the Show Cause Letter at 2-3, 44-45 (Memorandum to TSA, dated August 30, 2012). In that August 30 memorandum, Rapiscan explained to TSA that a hardware solution was deployed as the immediate corrective maintenance action while a permanent software solution was pursued in parallel.

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During ATR installations in May 2012, operational impact was observed on some units and the initial action was to do a physical audit of the units. The "negative values in scan images not handled" defect was identified, which causes the software to crash, represented by a blue man image. The root cause was traced to certain detector characteristics. When identification of the issue was noted, a permanent software solution was initiated while a hardware solution was identified as an immediate corrective maintenance action. Due to the impact on the testing schedule and program goals of TSA, Rapiscan could not deploy this revised software version to TSA within the OT&E timeline that had already kicked off. Therefore, we addressed this critical defect (Negative Values In Scan Images) prior to the start of the OT&E on the three systems by analyzing and replacing some detectors with the approved parts available, that avoided the issue by controlling the offset characteristic of the detector. The evaluation of the detectors required engineering analysis and only 25% of detectors analyzed met the evaluation criterion. The hardware analysis and corrective action is why TSA did not observe the operational impact from this critical defect. Though the results of OT&E have shown the effectiveness of this solution, the estimated number of detectors that would need replacement makes this procedure for fleet-wide application both cost and timeline prohibitive. In addition, the life cycle cost of system sustainability would be negatively impacted due to the level of effort needed to select detectors with negative offsets.

See Appendix to the Show Cause Letter at 2-3, 44-45 (Memorandum to TSA, dated August 30, 2012). Since these exchanges in July and August about the DC offset issue, Rapiscan has been submitting to TSA additional information about Rapiscan's recommended way forward and the updated software has been submitted for testing on the original Tier I algorithm. Rapiscan has still not received the OT&E report.

III. CONCLUSION

During our review of the documents and interviews with employees, we were mindful of the questions in TSA's Show Cause Letter about the nature and timing of Rapiscan's identification of the negative value issue to TSA. Our findings are included in the above narrative. We note that employees with whom we spoke acknowledged that the communications

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about the negative value issue could have been more prompt and more clear, and that Rapiscan's decision to delay notification of the software issue represented a misjudgment from a customer relations standpoint and a failure to achieve the level of clarity and transparency to which Rapiscan seeks to hold itself. However, we did not identify any evidence of fraud or manipulation of test results. Nor did we find any evidence that the issues raised in the Show Cause Letter reflected any material breach of contract.

We would be pleased to discuss our report with you at any time.

Sincerely,



Crowell & Moring LLP

Counsel for Rapiscan System, Inc.

cc:



General Counsel
Rapiscan Systems, Inc.

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Attachment C



August 8, 2012

Mr. Lance Nyman
Contracting Officer
Transportation Security Administration (TSA)

Subject: Advanced Imaging Technology-1 (AIT-1) ATR Deployment
Reference: Contract Number HSTS04-09-D-CT2077, as modified

Dear Mr. Lyman;

In response to your email dated August 7, 2012, Rapiscan respectfully requests TSA headquarters reach out to the three airports who participated in the ATR OT&E as each site is reporting negative operational impacts of the current ATR software. These impacts are directly related to the reasons Rapiscan is recommending TSA delay deployment of the current ATR operating software. Below is Rapiscan's explanation of the software improvements we are recommending for ATR deployment.

Following our Tier 1 software submission we have continued extensive internal testing and identified enhancements to improve the reliability and operational availability of ATR systems. Rapiscan incorporated additional changes designed to facilitate reliable Automated Threat Recognition (ATR) as well. With ATR there are no images displayed; therefore the System Software must provide assurances that the system is functioning properly and there are no image anomalies. Without these improvements any one of a number of conditions can result in a "blue man" (meaning and inspection fault) display without any guidance to the operator as to the root cause. "Blue Man" faults will result in rescans or additional pat-down searches. This will slow throughput as shown at the ATR OT&E airports.

It is important to note that the System Software is a separate component than the Algorithm Software. The improvements within the System Software do not impact detection performance nor are we proposing a new algorithm for deployment. These enhancements listed below will have direct impact on reliability, maintainability and availability.

Improvements Incorporated in System Software v4.00.19

TSL/TSA reported defects addressed:

- Corrected message if master interlock is opened.
- Fixed mismatch between daily and monthly passenger counts (will see correct passenger count at all times).
- Corrected Total Passenger count and Alarmed Passenger count definitions as per FDRS requirement.

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www.rapiscan.com

The total number of detectors per unit is 16 detectors. Using the OT&E systems as a sample set, 12 detectors were replaced as follows:

- o San Diego—6 total
- o Phoenix—3 total
- o Pittsburgh—3 total

In our detector qualification effort for OT&E, 60 detectors were analyzed in order to identify 12 detectors with adequate offset. On average, 4 detectors out of a total of 16 were replaced per system.

Upon identification of the issue, Rapiscan analyzed image data from a total of 11 systems with ATR, of which four systems exhibited the negative values in the images. Using the 11 systems analyzed and extrapolating to the 251 TSA deployed units, it is estimated that 92 of the 251 systems will be affected. This equates to a supply of 370 qualified detectors to be required. To supply the 370 estimated replacement need, 1480 detectors would need to be analyzed. Both supply chain and time and resources required to analyze this quantity is both cost and time prohibitive and also does not offer a long-term fix for this issue.

When the offset issue was identified on a particular test system that was operated over a 2-month period without selected detectors, the unit displayed blue man on 9 out 10 scans. Using these results, it is estimated that 90 percent of images presented from a unit with an offset issue will result in an unacceptable blue man rate. Without the recommended system software improvement, this will require corrective maintenance instead of providing more robust system software that can handle the operational corrections as needed. A negative impact to throughput, system availability and overall reliability will be expected without the new software.

Conclusion is that there was a direct correlation of proactive efforts of replacing the detectors and the performance observed during OT&E. However, as explained above, this is not a long-term or cost-effective solution. Rapiscan is confident that the implementation of the recommended software will provide TSA with a better, more robust fleet-wide deployment solution—proving better total cost of ownership due to system software versus parts replacement over the life cycle of the systems.

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Attachment D



August 30, 2012

To: Lance Nyman, Contract Officer
Russell Smith, Contract Officer's Technical Representative
Jennifer Orr, Portfolio Manager – People Screening Technologies

From: (b)(6) Program Manager

Subject: Revised ATR Tier I Software Solution

The purpose of this memorandum is to provide a detailed justification for deploying the revised ATR Tier I software solution recommended by Rapiscan.

During ATR installations in May 2012, operational impact was observed on some units and the initial action was to do a physical audit of the units. The “negative values in scan images not handled” defect was identified, which causes the software to crash, represented by a blue man image. The root cause was traced to certain detector characteristics. When identification of the issue was noted, a permanent software solution was initiated while a hardware solution was identified as an immediate corrective maintenance action. Due to the impact on the testing schedule and program goals of TSA, Rapiscan could not deploy this revised software version to TSA within the OT&E timeline that had already kicked off. Therefore, we addressed this critical defect (Negative Values In Scan Images) prior to the start of the OT&E on the three systems by analyzing and replacing some detectors with the approved parts available, that avoided the issue by controlling the offset characteristic of the detector. The evaluation of the detectors required engineering analysis and only 25% of detectors analyzed met the evaluation criterion. The hardware analysis and corrective action is why TSA did not observe the operational impact from this critical defect. Though the results of OT&E have shown the effectiveness of this solution, the estimated number of detectors that would need replacement makes this procedure for fleet-wide application both cost and timeline prohibitive. In addition, the life cycle cost of system sustainability would be negatively impacted due to the level of effort needed to select detectors with negative offsets.

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Operational Enhancements:

- Better System Variability Tolerance—the System Software has been modified to detect and compensate for variations such as: physical movement of the system, system component tolerances, and subject pose issues. These faults can cause a significant number of “blue men” that without images or an explanation will be difficult to resolve.
- Better Blue Man analysis, display, and logging— the system identifies and reports system errors versus pose and body geometry issues. Pose issues can be corrected on subsequent passengers by operator action. System faults need to be remedied by service action.
- Better OTK analysis— system warns of OTK being misplaced to allow correction rather than initiating a service call.
- Better Fault Logging to facilitate first time service success especially in the absence of images.
- More reliable system operation due to better initialization and fault recovery routines.

For the purpose of ensuring a common understanding; the following tested and released configurations are:

1. The field tested “OT&E Tier 1 configuration”—System software v4.00.09 with Algorithm v1.9
2. The “Tier 1/2 configuration”—System software v4.00.19 with Algorithm v2.8

Assuming option 2 is not viable due to TSA deployment plans, it is recommended that a revised configuration is created:

3. System software v4.00.19 with Algorithm v1.9 (requires approximately 5 weeks for development and testing)

Rapiscan looks forward to hearing back from you on this matter. As always, please let me know if this needs further clarification. Upon agreement to the approach, Rapiscan will submit a revised RFD to include a schedule for delivery.

Respectfully,

(b)(6)

Rapiscan Systems

Cc: Melyssa Bertucci
Russell Smith
Peter Kant



Transportation
Security
Administration

November 13, 2012

Ajay Mehra
President
Rapiscan Systems, Inc.
2805 Columbia Street
Torrance, CA 90503

RE: Rapiscan Must Show Cause For Why It Should Not Be Debarred

Dear Mr. Mehra:

As the Head of the Contracting Activity (HCA) for the Transportation Security Administration (TSA), I am informing you through this Show Cause Notice that I possess information that raises serious concerns about the present responsibility of Rapiscan Systems, Inc. (Rapiscan), which could lead to its debarment.¹ This information regards Rapiscan's conduct and performance under TSA contract HSTS04-09-D-CT2077 (Contract), dated February 28, 2009, as amended, which required Rapiscan to develop, produce and deploy an Advanced Imaging Technology with Automatic Targeting Recognition (AIT/ATR) for use in TSA screening at airports.² The Contract also required that Rapiscan conduct, and the AIT/ATR's software, algorithm, and other components successfully pass, a series of testing protocols, including Operational Testing and Evaluation (OT&E) which was performed at select airports.³ According to the Contract, Rapiscan's conduct of these tests, and the AIT/ATR technology passing them, must have occurred before TSA could have accepted the technology and allowed Rapiscan to have continued working on schedule toward satisfying the June 2013 statutory deadline for its nationwide deployment.⁴

Specifically, the attached documents suggest that, contrary to the Contract, Rapiscan intentionally withheld information from TSA, beginning in early May and continuing until at least early August 2012, regarding a critical defect that affected the AIT/ATR's tier I software

¹ Federal Acquisition Regulation (FAR) Part 9.4 (Debarred contractors are excluded from receiving new contracts, conducting business with the government as an agent or representative of contractors and Federal agencies will not solicit offers from them); *id.*, §§ (b)(1), (c); 2 C.F.R. Part 180 *as implemented by* 2 C.F.R. Part 3000 (*reciprocity at FAR § 9.401*) (Debarred contractors cannot receive Federal grants, loans and other Federal financial assistance).

² See e.g., Contract.

³ Contract § C.2.1.

⁴ *Id.* § 1.2 (FAR 52.246-19).

(4.00.09) (original software) but not its tier I algorithm (v1.9) (original algorithm) or its other components.⁵ This defect, later identified by Rapiscan as “negative values in scan images not handled” (defect), would cause the original software, and, therefore, the AIT/ATR as a whole, to seriously malfunction.⁶ In addition, the documents suggest that, contrary to the Contract, Rapiscan intentionally withheld information from TSA beginning in May and continuing until late August 2012, regarding its compensating for the original software defect by replacing AIT/ATR detectors (hardware solution), which resulted in the technology successfully passing OT&E on schedule even though the original software defect remained intact.⁷ According to the documents, moreover, Rapiscan’s failure to disclose the original software defect and, indirectly the hardware solution, to TSA appears to be part of a plan or strategy that the company had developed to withhold this information from the agency at this time by using the hardware solution as an expedient method for ensuring that the AIT/ATR would pass OT&E on schedule, thereby averting TSA questions about the original software defect had it caused the technology to fail OT&E.⁸ At the same time that it had identified the original software defect in early May 2012, and consistent with its strategy not to disclose it to TSA (which, again, was contrary to the Contract⁹), the documents suggest that Rapiscan had begun to develop an upgraded software (4.00.19) that would have corrected the original software defect so that, if it were able to convince TSA to use the upgraded, instead of the original, software, Rapiscan would not have had to disclose the original software defect to TSA at all.¹⁰ The documents suggest that, in addition to its strategy of not disclosing the original software defect and hardware solution to TSA, Rapiscan also developed the upgraded software, in part, so that it could avoid having to rely on the hardware solution, as Rapiscan had found it to be time and cost prohibitive for nationwide deployment.¹¹

Almost three months from when it first learned about the original software defect in early May 2012, and contrary to the agency’s instructions, Rapiscan submitted to TSA a Request for

⁵ *Id.*; Rapiscan Letter (b)(6) to TSA (Smith and Orr), dated August 3, 2012, (Rapiscan August 3 Letter), App. 1 (as discussed more thoroughly below, Rapiscan did not disclose the original software defect that it had known about since early May 2012, in any document or otherwise to TSA at least until it submitted the August 3rd letter to the agency, and even then, Rapiscan only stated that there was a “significant risk” in deploying the AIT/ATR but without explaining that this risk was the original software defect); Rapiscan Letter (b)(6) to TSA (Nyman, Smith, and Orr), regarding Revised ATR Tier I Software Solution, dated August 30, 2012, (Rapiscan August 30 Letter), App. 2-3 (Only after several TSA inquiries does Rapiscan fully disclose and explain the history of the original software defect to TSA for the first time).

⁶ Rapiscan August 30 Letter, App. 2-3. Note that the defect in the original software was also sometimes referred to in the documents as “negative values in scan images.”

⁷ Contract § I.2 (FAR 52.246-19); Rapiscan August 30 Letter, App. 2-3.

⁸ See note 5; Show Cause Notice, *supra* and *infra*.

⁹ Contract § I.2 (FAR 52.246-19).

¹⁰ Rapiscan August 30 Letter, App. 2-3; Rapiscan Letter (b)(6) to TSA (Nyman), regarding Advanced Imaging Technology-1 (AIT-1) ATR Deployment, dated August 8, 2012, (Rapiscan August 8 letter), App. 4-5; email from TSA (Smith) to Rapiscan (b)(6) and other recipients, regarding RFD for tier I fixes, dated July 31, 2012, 8:45 a.m., App. 6; email from Russell Smith, TSA, to Talin, Zarookian, TSA, regarding Tier I fix/Tier II, dated August 1, 2012, 9:35 a.m., App. 7; email from Rapiscan (b)(6) to TSA (Smith), regarding Tier I submittal response, dated August 3, 2012, 1:46 p.m., App. 8, and attached RFD, dated July 26, 2012, Software Test Results, no. 8117 and Test Notes, App. 9, 14.

¹¹ Rapiscan August 30 Letter, App. 2-3.

Deviation (RFD), dated July 26, 2012, that, among its other requests and information, recommended that Rapiscan release to the agency for evaluation its upgraded software and, confusedly for TSA (as the original algorithm was not defective), a new algorithm (v.2.8) (new algorithm) that Rapiscan had since completed.¹² According to Rapiscan's RFD, all critical defects, including the defect in the original software, were allegedly no longer open (*i.e.*, resolved) in the upgraded software.¹³ Consistent with its strategy discussed above, the documents further suggest that Rapiscan failed to disclose to TSA in this RFD, or otherwise up to this time, that, while the upgraded software had allegedly resolved the defect, it was still contained in the original software and/or that the successful OT&E was, in whole or in part, the result of the hardware solution, even though Rapiscan had known about the defect and hardware solution for several months (May-July, 2012).¹⁴ By the end of July and continuing into early August 2012, therefore, TSA still did not know about the original software defect and hardware solution and believed that the AIT/ATR could continue toward deployment unimpeded using the original software and original algorithm; as a result, the agency disapproved Rapiscan's RFD on August 1, 2012, because the project schedule had directed that tier I be completed before tier II and because the new algorithm alone would have required months of testing in a laboratory setting and later OT&E in the field and this delay would have seriously risked satisfying the June 2013 statutory deadline for the AIT/ATR's nationwide deployment.¹⁵

On the same day that it disapproved the RFD, August 1, 2012, and still without knowledge of the original software defect, TSA orally instructed Rapiscan to continue working toward the AIT/ATR's deployment using the original software and original algorithm, which the agency believed would not have required the additional, exorbitant time that testing at least the new algorithm would have required.¹⁶ The documents also suggest that, upon learning about TSA's intent to pursue the AIT/ATR's deployment using the original software and original algorithm on August 1st, Rapiscan for the first time began informing TSA, but failed to fully explain, that it had identified a "significant risk" for doing so in a letter dated August 3, 2012.¹⁷ According to the documents, Rapiscan appears to have identified the problem as a "significant risk," rather

¹² Email from TSA (Smith) to Rapiscan (b)(5) and other recipients, regarding RFD for tier I fixes, dated July 31, 2012, 8:45 a.m., App. 6; email from Russel Smith, TSA, to Talin, Zarookian, TSA, regarding Tier I fix/Tier II, dated August 1, 2012, 9:35 a.m., App. 7; email from Rapiscan (b)(5) to TSA (Smith), regarding Tier I submittal response, dated August 3, 2012, 1:46 p.m., App. 8, and attached RFD, dated July 26, 2012, Software Test Results, no. 8117 and Test Notes, App. 9, 14.

¹³ Email from Rapiscan (b)(5) to TSA (Smith), regarding Tier I submittal response, dated August 3, 2012, 1:46 p.m., App. 8, and attached RFD, dated July 26, 2012, Software Test Results, no. 8117 and Test Notes, App. 9, 14.

¹⁴ See, e.g. RFD, dated July 26, 2012, App. 9-14; Rapiscan August 30 Letter, App. 2-3.

¹⁵ Email from TSA (Nynan) to Rapiscan (Kant) and other recipients, dated August 7, 2012, 8:39 a.m., App. 16; email from TSA (Degnan) to Rapiscan (b)(5) and other recipients, regarding Adjudicated Change Request: Rapiscan Secure 1000 RFD 019 R1 (ATR Tier I and II submittal), dated August 1, 2012, 12:28 p.m., App. 20-21, and attached RFD denial, dated August 1, 2012, App. 22; email from TSA (Smith) to Rapiscan (b)(5) and other recipients, regarding RFD for tier I fixes, dated July 31, 2012, 8:45 a.m., App. 6; Rapiscan August 30 Letter, App. 2-3.

¹⁶ *Id.*; telephone conversation dated August 1, 2012, as referenced in Rapiscan August 3 Letter, App. 1 (Senior TSA and Rapiscan officials discuss the basis for the RFD's denial and TSA's desire to continue toward nationwide deployment using the OT&E-passed, original (tier I) software and algorithm); Meeting Appointment, TSA (Smith) Organizer, regarding Rapiscan AIT w/ ATR OT&E tier I fixes, dated Wed August 1, 2012 4-5 p.m., App. 23.

¹⁷ *Id.*; Rapiscan August 3 Letter, App. 1.

than disclosing it as the original software defect (negative values in scan images not handled), as it later would and as it did with regard to the upgraded software in the July 2012 RFD, because the company was still attempting to pursue its strategy of having TSA approve the use of the upgraded software, in which case it would not have had to disclose that it knew about the original software defect since early May 2012.¹⁸ The documents suggest that Rapiscan also continued its attempt to pursue its strategy of nondisclosure at this time precisely because it knew that it could not comply with TSA's instructions on moving forward, as the original software still contained the defect and the hardware solution was time and cost prohibitive.¹⁹

In response to an August 7th TSA inquiry for more information regarding the significant risk language in its August 3rd letter, Rapiscan requested in an August 8th letter that TSA contact the airports where the AIT/ATR OT&E were conducted in order for TSA to confirm that the original software was having "negative operational impacts,"²⁰ rather than disclosing that the impacts were, in fact, caused by the original software defect.²¹ Rapiscan's failure to disclose this information to TSA at this time was critical to the agency because, although Rapiscan had allegedly solved the original software defect in the upgraded software, the documents suggest that this upgraded software, as Rapiscan must have known, was compatible only with the new algorithm and, therefore, would not work at that time with the original algorithm that had already passed OT&E.²² The result of this incompatibility for TSA was that combining the defect-free, upgraded software with the original, OT&E-passed algorithm for purposes of moving forward with this technology combination was simply not possible at that time.²³ The documents again suggest that, consistent with its strategy, Rapiscan's continued lack of disclosure was intentional because, while stating in the August 8th letter that the original software and original algorithm had been tested and released, Rapiscan did not offer this combination for purposes of moving forward toward deployment nor did it explain why it did not, as that would have required Rapiscan to disclose the original software defect to TSA.²⁴ Rather, Rapiscan only offered the upgraded software and new algorithm or the upgraded software and original algorithm (and its five week delay to make them compatible), both of which would not have required it to disclose the original software defect, and recommended the latter combination (with its five or more weeks of delay) for purposes of moving forward toward deployment because TSA had already rejected the former approach and this combination was consistent with its strategy of intentional nondisclosure.²⁵

¹⁸ Rapiscan August 3 Letter, App. 1; Rapiscan August 30 Letter, App. 2-3.

¹⁹ *Id.*

²⁰ Email from TSA (Nyman) to Rapiscan (Kant) and other recipients, regarding FW: Rapiscan ATR, dated August 7, 2012, 8:39 a.m., App. 16 and attached Rapiscan August 3 Letter, App. 17 (same as App. 1); email from Rapiscan [REDACTED] to TSA (Nyman), regarding Rapiscan ATR, dated August 8, 2012, 11:27 a.m., App. 15-16, and attached Rapiscan August 8 Letter, App. 18-19 (same as App. 4-5).

²¹ Rapiscan August 30 Letter, App. 2-3.

²² Rapiscan August 3 Letter; email from Rapiscan [REDACTED] to TSA (Nyman) and other recipients, dated August 8, 2012, 11:27 a.m., App. 15, and attached Rapiscan August 8 Letter, App. 18-19 (same as App. 4-5).

²³ *Id.*

²⁴ Email from Rapiscan [REDACTED] to TSA (Nyman) and other recipients, dated August 8, 2012, 11:27 a.m., App. 15, and attached Rapiscan August 8 Letter, App. 18-19 (same as App. 4-5).

²⁵ *Id.*

The documents continue to suggest that Rapiscan began to provide TSA with additional details regarding, but again without fully explaining, the underlying basis for the significant risk orally during an August 16, 2012, meeting between TSA and Rapiscan officials, which occurred only after TSA requested that Rapiscan do so and several months since Rapiscan discovered it.²⁶ The documents further suggest that Rapiscan did not provide complete responses to TSA's requests for an explanation regarding the significant risk language in the August 3rd letter, which would have at least included that it was in fact the original software defect (negative values in scan images not handled) and its history, because of its continuing strategy for not doing so and, more importantly, had it done so, Rapiscan would have also been forced to explain why it had failed to disclose this critical information to TSA for the past several months.²⁷ According to the documents, a further TSA inquiry finally forced Rapiscan to disclose to TSA that the original software defect existed and its consequences for the AIT/ATR, but not its history, such as that Rapiscan had known about it since early May 2012²⁸ and had performed the hardware solution in response.²⁹ Because it failed to do so in the lengthy August 22nd letter even though TSA had previously asked, the documents suggest that, as late as August 23rd, Rapiscan also admitted in an email response to yet another email inquiry from TSA, that the successful OT&E could not be replicated nationwide.³⁰ As of August 23rd, therefore, Rapiscan finally admitted, and TSA finally learned, that moving the AIT/ATR forward using the original software and original algorithm toward deployment was not possible, even though Rapiscan knew that this was so since early May 2012.³¹ With even more necessary prodding from the agency via another TSA inquiry, Rapiscan was finally forced to provide TSA with a full and complete explanation of its discovery of the original software defect, its hardware solution and its attempt to correct the original software with the upgraded software in a letter dated August 30, 2012 (attached to an email of the same date), which, was almost four months since Rapiscan had originally detected

²⁶ Meeting Notes between TSA and Rapiscan officials, dated August 16, 2012, (Meeting Notes), App. 24; email from TSA (Nyman) to Rapiscan (b)(6) and other recipients, regarding Rapiscan ATR, dated August 14, 2012, 11:18 a.m., App. 15.

²⁷ Email from Rapiscan (b)(6) to TSA (Nyman), regarding Rapiscan ATR, dated August 8, 2012, 11:27 a.m., App. 15-16, and attached Rapiscan August 8 Letter, App. 18-19 (same as App. 4-5); Email from TSA (Nyman) to Rapiscan (Kant) and other recipients, regarding FW: Rapiscan ATR, dated August 7, 2012, 8:39 a.m., App. 16 and attached Rapiscan August 3 Letter, App. 17 (same as App. 1); Meeting Notes, App. 24; email from TSA (Nyman) to Rapiscan (b)(6) and other recipients, regarding Rapiscan ATR, dated August 14, 2012, 11:18 a.m., App. 15.

²⁸ Email from TSA (Orr) to Rapiscan (b)(6) and other recipients, regarding Rapiscan Explanation on Proposed Software, dated August 16, 2012, 4:32 p.m., App. 25-26; email from Rapiscan (b)(6) to TSA (Orr), regarding Rapiscan Explanation on Proposed Software, dated August 22, 2012, 12:02 p.m., App. 25, and attached Rapiscan Letter (b)(6) to TSA (Nyman) and other recipients, regarding Recommended Upgrades for ATR Tier I Solutions, dated August 22, 2012 (Rapiscan August 22 Letter), App. 27-29, and attached Rapiscan August 8 Letter, App. 30-32 (same as App. 4-5) (Attachment 1) and RFD Software Test Report, App. 33-35 (same as App. 12-14) (Attachment 2)(Rapiscan August 22 Letter Attachments).

²⁹ Rapiscan August 30 Letter, App. 2-3.

³⁰ See, e.g., Rapiscan August 22 Letter and Rapiscan August 22 Letter Attachments, App. 27-32; email from TSA (Orr) to Rapiscan (b)(6) and other recipients, regarding Rapiscan Explanation on Proposed Software, dated August 16, 2012, 4:32 p.m., App. 38-39 (same as App. 25); email from TSA (Orr) to Rapiscan (b)(6) and other recipients, regarding Rapiscan Explanation on Proposed Software, dated August 22, 4:05 p.m., App. 37; email from Rapiscan (b)(6) to TSA (Orr) and other recipients, regarding Rapiscan Explanation on Proposed Software, dated August 23, 2012, 7:18 a.m., App. 37.

³¹ Email from Rapiscan (b)(6) to TSA (Orr) and other recipients, regarding Rapiscan Explanation on Proposed Software, dated August 23, 2012, 7:18 a.m., App. 37; Rapiscan August 30 Letter, App. 2-3.

the original software defect in early May 2012.³² Had Rapiscan disclosed the original software defect and/or hardware solution to TSA in May 2012, when it had presumably first learned about them, however, the agency could have directed it to take steps to properly address the defect then, which would have prevented much of the delay in deploying the AIT/ATR that persists even to this day.³³

With regard to the allegations set forth above, therefore, I am requesting that you provide the following information and answer the following questions, complete with explanations, within fourteen (14) calendar days of receipt so that I can further investigate this matter in order to recommend whether the Department of Homeland Security (DHS) (to which TSA is a component), Suspension and Debarment Official (SDO) should initiate administrative proceedings for Rapiscan's debarment. See 48 C.F.R. § 9.4 and note 1. This deadline may be extended for good cause shown upon prior timely request to the undersigned. For purposes of this Show Cause Notice, the term "Rapiscan" includes all of its employees, consultants, subcontractors and any other entity and/or individuals relevant to this matter. All information provided must be true, accurate and complete; false statements, including withholding relevant documents and/or other information, are punishable under 18 U.S.C. § 1001.

1. Provide all documents and/or other information regarding this matter, including, but not limited to, emails, letters, memoranda, notes, recordings, PMR and other briefing slides, and copies of Rapiscan internal testing plans and reports.
2. Identify all Rapiscan past AIT clients, including for each, the agency or other entity, program manager, contact information, and date of purchase (do not include any classified information, including clients that may have been, or currently are, classified).
3. Identify Rapiscan employees, and/or other individuals, with knowledge of the original software defect and/or hardware solution and when and how they learned about them.
4. Identify Rapiscan employees, and/or other individuals, who directed that the hardware solution be undertaken and the basis for the direction?
5. Identify Rapiscan employees, and/or other individuals, whose responsibility it was to inform TSA of the original software defect and/or hardware solution and why they did not do so?

³² Email from TSA (Orr) to Rapiscan (b)(5) and other recipients, regarding Rapiscan Explanation on Proposed Software, dated August 27, 2012, 1:39 p.m., App. 36-37; email from Rapiscan (b)(5) to TSA (Orr) regarding Rapiscan Explanation on Proposed Software, August 27, 2012, 9:04 p.m., App. 36; email from Rapiscan (b)(5) to TSA (Orr) and other recipients, regarding Rapiscan Explanation on Proposed Software, dated August 30, 2012, 6:41 p.m., App. 40, and attached Rapiscan August 30 Letter, App. 44-45 (same as App. 2-3).

³³ Email from TSA (Smith) to TSA (Cartwright) and other recipients, regarding Rapiscan RFD, dated October 1, 2012, 11:05 a.m., App. 46; RFD, dated September 26, 2012, requesting "[d]igital correction of negative values produced by detector assemblies. Negative values can cause software crash which is represented by a blue man image," (September 26 RFD) App. 48-56; September 26 RFD Approval, dated October, 15, 2012, App. 57.

6. Has Rapiscan taken disciplinary action against its employees, and/or other individuals, who knew about the original software defect but failed to inform TSA? If so, explain the disciplinary action that Rapiscan took against each employee and/or other individual. If no disciplinary action has been taken in this matter, explain why not?
7. Identify Rapiscan employees, and/or other individuals, who attempted to inform TSA of the original software defect and/or hardware solution and why they did not succeed in doing so?
8. Did Rapiscan withhold information from TSA at any time regarding the original software defect? If not, explain why not? If so, was Rapiscan's withholding of information from TSA intentional? If not intentional, explain why not.
9. Did Rapiscan withhold information from TSA at any time regarding its compensating for the original software defect by replacing AIT/ATR detectors (hardware solution)? If not, explain why not?
10. If the answer to question 9 is yes, was Rapiscan's withholding of information from TSA intentional and/or an expedient method for ensuring that the AIT/ATR would pass OT&E on schedule? If not intentional and/or expedient, explain why not.
11. Did Rapiscan at any time maintain a plan or strategy to withhold information from TSA regarding the original software defect and/or the hardware solution?
12. Did Rapiscan withhold information from TSA at any time regarding its development of an upgraded software (4.00.19)? If not, explain why not. If so, was Rapiscan's withholding of this information from TSA intentional? If not intentional, explain why not.
13. Did Rapiscan develop the upgraded software, in whole or in part, so that it would not have had to disclose the original software defect to TSA if it were able to convince the agency to use the upgraded software instead?
14. In its view, did Rapiscan have a contractual and/or other obligation to inform TSA of the original software defect, hardware solution and/or the development of the upgraded software when, and/or after, it learned about them?
15. In Rapiscan's view, did TSA's configuration management and/or test protocols require Rapiscan to inform TSA of the original software defect, hardware solution and/or the development of the upgraded software when, and/or after, it learned about them?
16. When and how did Rapiscan discover the original software defect?
17. When and how did Rapiscan learn that the original software defect would cause the AIT/ATR to seriously malfunction (or "crash")?

18. When did Rapiscan decide to perform the hardware solution and why?
19. Why did Rapiscan complete OT&E with a configuration that it would not be willing to deploy nationwide?
20. Why did Rapiscan fail to inform TSA of the original software defect and/or hardware solution when it submitted the RFD on July 26, 2012?
21. Did Rapiscan recommend in the RFD that it release its upgraded software and new algorithm to TSA for additional testing and ultimately deployment, in whole or in part, so that it would not have to disclose the original software defect to TSA? If not, why did Rapiscan submit the RFD that requested this approval?
22. When did Rapiscan inform TSA of the original software defect? Did Rapiscan do so in response to TSA's instruction on August 1 to continue working toward the AIT/ATR's deployment using the original software and original algorithm?
23. What specific problem does the "significant risk" language in Rapiscan's August 3, 2012, letter to TSA refer to? If it refers, in whole or in part, to the original software defect, why did Rapiscan not identify it as such in the August 3, 2012, letter?
24. What specific problem does the "negative operational impact[]" language in Rapiscan's August 8, 2012, letter refer to? If it refers, in whole or in part, to the original software defect, why did Rapiscan not identify it as such in the August 8, 2012, letter?
25. Did Rapiscan fail to disclose the original software defect in its August 3rd and 8th letters, in whole or in part, because it was still attempting to pursue its strategy of not disclosing it to TSA?
26. Did Rapiscan develop the upgraded software to be compatible only with the new algorithm but not with the original algorithm? If so, why did Rapiscan do so? If not, explain why not.
27. Did Rapiscan develop the upgraded software to be compatible only with the new algorithm, but not with the original algorithm, at least in part, so that TSA would approve the RFD and use this technology combination?
28. Why did Rapiscan not offer the tested-and-released original software and original algorithm for purposed of moving forward toward deployment in the August 3, 2012, Letter? Was it because, to do so, would have required Rapiscan to disclose the original software defect to TSA?
29. When did Rapiscan know that the successful OT&E at select airports that was completed on July 11, 2012, could not be replicated nationwide? If before August 23, 2012, why did Rapiscan wait to admit this to TSA until then?

30. What other changes relevant to this matter did Rapiscan make to the AIT/ATR without informing TSA and when and why were they made?
31. Describe Rapiscan's ethics program, internal controls and/or other mechanisms that were established prior to August 30, 2012?
32. Provide any other information and/or documents that Rapiscan believes will assist me in determining whether it is presently responsible.

Should Rapiscan fail to respond to this Show Cause Notice within fourteen (14) calendar days of receipt (or by the end of any extension granted), I will evaluate the case based on the information currently available to me and make a recommendation to the DHS SDO regarding Rapiscan's possible debarment. I may also consider Rapiscan's failure to respond as a factor affecting its present responsibility as a Government contractor. As a result of the security screening of U.S. mail sent to our agency, the preferred method for corresponding with me is by email and/or hand delivery. Please provide a copy of all correspondence regarding this matter to the attorney designated below.

If you have any questions, please contact Salomon Gomez, the TSA attorney assigned to this matter, at (b)(6) or at (b)(6) and by mail at the following address:

Salomon Gomez, Attorney
Transportation Security Administration
601 South 12th Street--TSA-2
Arlington, Virginia 20598

Thank you for your time and attention to this important matter. I look forward to reviewing your responses to the data request and questions included in this Show Cause Notice and other information regarding to Rapiscan's present responsibility that is relevant to this matter.

Sincerely,



Karen Shelton Waters
Assistant Administrator for Office of Acquisition
& TSA Head of the Contract Activity

cc: Salomon Gomez, TSA
Susan Tashiro, TSA
Ronald Gallihugh, TSA
Lance Nyman, TSA
Peter Kant,
Executive Vice President, Rapiscan

APPENDIX

ATR Tier I

Date: August 3rd, 2012

Russell and Jen,

We regret the confusion our RFD caused with Tier 1 and Tier 2 detection and per our discussion on Wednesday we are recommending the following:

1. Rapiscan has identified significant risk in deploying the OT&E configuration fleet wide and will submit a revised RFD/ECP identifying the improvements made to the system software to address the operational risks; this will require some backward engineering to synch the system improvements with the old algorithm. We will submit a schedule with the RFD that will best meet the deployment schedule as discussed on the call yesterday.
2. At this time, we do not believe that regression testing on the Tier 1 submission is appropriate since the most current algorithm has significant improvements. We intend to work with TSA/TSL to complete the full evaluation of this improved algorithm to synch with the ATR deployment schedule at some near-term point.
3. Rapiscan will revert back to the OT&E algorithm version due to TSA testing requirements; this requires some software changes and testing.
4. Rapiscan will continue to work with TSA to ensure the deployment schedule addresses said risks and allows for mitigation. We recognize that each system will need to have a system health evaluation which will add to the ATR upgrade time.

Please feel free to contact us with any questions or concerns.

Sincerely,

(S)(B)

Program Manager
Rapiscan Systems Inc.

(S)(B)

Office

CC:

(S)(B)

Peter Kant

(S)(B)

1



August 30, 2012

To: Lance Nymon, Contract Officer
Russell Smith, Contract Officer's Technical Representative
Jennifer Orr, Portfolio Manager -- People Screening Technologies

From: (b)(8) Program Manager

Subject: Revised ATR Tier I Software Solution

The purpose of this memorandum is to provide a detailed justification for deploying the revised ATR Tier I software solution recommended by Rapiscan.

During ATR installations in May 2012, operational impact was observed on some units and the initial action was to do a physical audit of the units. The "negative values in scan images not handled" defect was identified, which causes the software to crash, represented by a blue man image. The root cause was traced to certain detector characteristics. When identification of the issue was noted, a permanent software solution was initiated while a hardware solution was identified as an immediate corrective maintenance action. Due to the impact on the testing schedule and program goals of TSA, Rapiscan could not deploy this revised software version to TSA within the OT&E timeline that had already kicked off. Therefore, we addressed this critical defect (Negative Values In Scan Images) prior to the start of the OT&E on the three systems by analyzing and replacing some detectors with the approved parts available, that avoided the issue by controlling the offset characteristic of the detector. The evaluation of the detectors required engineering analysis and only 25% of detectors analyzed met the evaluation criterion. The hardware analysis and corrective action is why TSA did not observe the operational impact from this critical defect. Though the results of OT&E have shown the effectiveness of this solution, the estimated number of detectors that would need replacement makes this procedure for fleet-wide application both cost and timeline prohibitive. In addition, the life cycle cost of system sustainability would be negatively impacted due to the level of effort needed to select detectors with negative offsets.

2

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~~SENSITIVE SECURITY INFORMATION~~ - This document contains Sensitive Security Information that is controlled under 49 CFR parts 15 and 1520. No part of this record may be disclosed to persons without a "need to know" or other written authorization from the Administrator of the Transportation Security Administration or the Secretary of Transportation. Unauthorized disclosure may result in civil penalty or other action. For U.S. Government agencies, public disclosure is governed by 5 U.S.C. 552 and 49 CFR parts 15 and 1520.

The total number of detectors per unit is 16 detectors. Using the OT&E systems as a sample set, 12 detectors were replaced as follows:

- o San Diego—6 total
- o Phoenix—3 total
- o Pittsburgh—3 total

In our detector qualification effort for OT&E, 60 detectors were analyzed in order to identify 12 detectors with adequate offset. On average, 4 detectors out of a total of 16 were replaced per system.

Upon identification of the issue, Rapiscan analyzed image data from a total of 11 systems with ATR, of which four systems exhibited the negative values in the images. Using the 11 systems analyzed and extrapolating to the 251 TSA deployed units, it is estimated that 92 of the 251 systems will be affected. This equates to a supply of 370 qualified detectors to be required. To supply the 370 estimated replacement need, 1480 detectors would need to be analyzed. Both supply chain and time and resources required to analyze this quantity is both cost and time prohibitive and also does not offer a long-term fix for this issue.

When the offset issue was identified on a particular test system that was operated over a 2-month period without selected detectors, the unit displayed blue man on 9 out 10 scans. Using these results, it is estimated that 90 percent of images presented from a unit with an offset issue will result in an unacceptable blue man rate. Without the recommended system software improvement, this will require corrective maintenance instead of providing more robust system software that can handle the operational corrections as needed. A negative impact to throughput, system availability and overall reliability will be expected without the new software.

Conclusion is that there was a direct correlation of proactive efforts of replacing the detectors and the performance observed during OT&E. However, as explained above, this is not a long-term or cost-effective solution. Rapiscan is confident that the implementation of the recommended software will provide TSA with a better, more robust fleet-wide deployment solution—proving better total cost of ownership due to system software versus parts replacement over the life cycle of the systems.

3

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Rapiscan[®] systems

An OSI Systems Company

August 8, 2012

Mr. Lance Nyman
Contracting Officer
Transportation Security Administration (TSA)

Subject: Advanced Imaging Technology-1 (AIT-1) ATR Deployment
Reference: Contract Number HSTS04-09-D-CT2077, as modified

Dear Mr. Lyman;

In response to your email dated August 7, 2012, Rapiscan respectfully requests TSA headquarters reach out to the three airports who participated in the ATR OT&E as each site is reporting negative operational impacts of the current ATR software. These impacts are directly related to the reasons Rapiscan is recommending TSA delay deployment of the current ATR operating software. Below is Rapiscan's explanation of the software improvements we are recommending for ATR deployment.

Following our Tier 1 software submission we have continued extensive internal testing and identified enhancements to improve the reliability and operational availability of ATR systems. Rapiscan incorporated additional changes designed to facilitate reliable Automated Threat Recognition (ATR) as well. With ATR there are no images displayed; therefore the System Software must provide assurances that the system is functioning properly and there are no image anomalies. Without these improvements any one of a number of conditions can result in a "blue man" (meaning and inspection fault) display without any guidance to the operator as to the root cause. "Blue Man" faults will result in rescans or additional pat-down searches. This will slow throughput as shown at the ATR OT&E airports.

It is important to note that the System Software is a separate component than the Algorithm Software. The improvements within the System Software do not impact detection performance nor are we proposing a new algorithm for deployment. These enhancements listed below will have direct impact on reliability, maintainability and availability.

Improvements incorporated in System Software v4.00.19

TSA/TSA reported defects addressed:

- Corrected message if master interlock is opened.
- Fixed mismatch between daily and monthly passenger counts (will see correct passenger count at all times).
- Corrected Total Passenger count and Alarmed Passenger count definitions as per FDRS requirement.

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2805 Columbia St. Torrance, California 90503 USA
Telephone +1 310-978-1457 Facsimile +1 310-349-2491

www.rapiscansystems.com

Operational Enhancements:

- Better System Variability Tolerance—the System Software has been modified to detect and compensate for variations such as: physical movement of the system, system component tolerances, and subject pose issues. These faults can cause a significant number of “blue men” that without images or an explanation will be difficult to resolve.
- Better Blue Man analysis, display, and logging— the system identifies and reports system errors versus pose and body geometry issues. Pose issues can be corrected on subsequent passengers by operator action. System faults need to be remedied by service action.
- Better OTK analysis— system warns of OTK being misplaced to allow correction rather than initiating a service call.
- Better Fault Logging to facilitate first time service success especially in the absence of Images.
- More reliable system operation due to better initialization and fault recovery routines.

For the purpose of ensuring a common understanding; the following tested and released configurations are:

1. The field tested “OT&E Tier 1 configuration”—System software v4.00.09 with Algorithm v1.9
2. The “Tier 1/2 configuration”—System software v4.00.19 with Algorithm v2.8

Assuming option 2 is not viable due to TSA deployment plans, it is recommended that a revised configuration is created:

3. System software v4.00.19 with Algorithm v1.9 (requires approximately 5 weeks for development and testing)

Rapiscan looks forward to hearing back from you on this matter. As always, please let me know if this needs further clarification. Upon agreement to the approach, Rapiscan will submit a revised RFD to include a schedule for delivery.

Respectfully,

(b)(6)

Rapiscan Systems

Cc: Melyssa Bertucci
Russell Smith
Peter Kant



Rapiscan
systems
An OSI Systems Company

Gomez, Salomon <TSA OCC>

From: Smith1, Russell
Sent: Tuesday, July 31, 2012 8:45 AM
To: (b)(6)
Cc: (b)(6); Orr, Jennifer; Blumer, Katie; Cartwright, Frank A.
Subject: RFD for tier I fixes

(b)(6)

Got your voice mail.

FYI. Some folks here are having trouble getting past the fact that you included tier II in the RFD. Pretty sure Jenn and I asked you not to include that as part of the RFD.

As we mentioned before, tier I has to be approved prior to testing of tier II.

Tier II will be tested for detection and false alarm, first, at TSL prior to being tested elsewhere.

Tier I fixes are what need to be tested now at TSIF.

Will let you know when I hear anything on the RFD.

I am offsite this morning and telecommuting this afternoon.

Russell Smith
Office of Security Capabilities
Transportation Security Administration

(b)(6) Office
(b)(6) Cell
(b)(6)

~~If I am not the COTR for your contract please understand.. If the technical direction provided above is not clear or conflicts in any way with previous technical direction or understanding of SOW tasks, please notify the Contracting Officer and the COTR before proceeding in accordance with the direction contained herein if you believe that the technical direction provided above it (1) exceeds the scope and funding on the contract, or (2) adversely impacts service or delivery dates specified explicitly in the contract."~~

~~If I am the COTR for your contract please understand as the COTR, I am not authorized to delete, change, waive, or negotiate any of the technical requirements, other terms and conditions of the contract. Should a change to the contract become necessary, it must be made by a contract modification issued by the Contracting Officer."~~

6

4

Gomez, Salomon <TSA OCC>

From: Smith1, Russell
Sent: Wednesday, August 01, 2012 9:35 AM
To: Zarookian, Talin; Freimanis, Adam D; Orr, Jennifer; Blumer, Katie; Cartwright, Frank A.; Spanier, Lee; Burdette, Richard; Burrows, Devon; MacIvor, Douglas; Bailey, Brian <CTR>; Garcia, Gilbert <CTR>
Cc: Hull, Jason
Subject: Tier I fix/Tier II
Importance: High

Katie and I just got off the phone with (b)(6)

Rapsican plan is to fix tier I deficiencies as part of the tier II submission, which includes changes to the detection algorithm to meet tier II. No plan to provide tier I fixes for regression testing.

Russell Smith
Office of Security Capabilities
Transportation Security Administration

(b)(6) Office
Cell

(b)(6)

~~If I am not the COTR for your contract please understand... If the technical direction provided above is not clear or conflicts in any way with previous technical direction or understanding of SOW tasks, please notify the Contracting Officer and the COTR before proceeding in accordance with the direction contained herein if you believe that the technical direction provided above it (1) exceeds the scope and funding on the contract, or (2) adversely impacts services or delivery dates specified explicitly in the contract."~~

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7

Gomez, Salomon <TSA OCC>

From: Smith1, Russell
Sent: Friday, August 03, 2012 1:50 PM
To: Freimanis, Adam D; Zarookian, Talin; Hull, Jason; Nyman, Lance P; Bertucci, Melyssa; Blumer, Katie; Cartwright, Frank A.
Subject: FW: Tier I submittal response
Attachments: Tier I response.pdf

FYI. Im sure we need to discuss early next week

Russell Smith
Office of Security Capabilities
Transportation Security Administration

(b)(6) Office
Cell

(b)(6)

If I am not the COTR for your contract please understand... If the technical direction provided above is not clear or conflicts in any way with previous technical direction or understanding of SOW tasks, please notify the Contracting Officer and the COTR before proceeding in accordance with the direction contained herein if you believe that the technical direction provided above it (1) exceeds the scope and funding on the contract, or (2) adversely impacts service or delivery dates specified explicitly in the contract."

If I am the COTR for your contract please understand as the COTR. I am not authorized to delete, change, waive, or negotiate any of the technical requirements or other terms and conditions of the contract. Should a change to the contract become necessary, it must be made by a contract modification issued by the Contracting Officer."

From: (b)(6) [mailto:(b)(6)]
Sent: Friday, August 03, 2012 1:46 PM
To: Smith1, Russell; Orr, Jennifer
Cc: (b)(6) Peter Kant; (b)(6)
Subject: Tier I submittal response

Russell,
Attached is our response for our Tier I discussion yesterday.

Regards,

(b)(6)

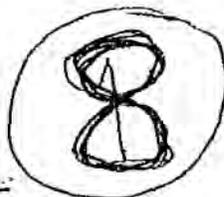
Program Manager
Rapiscan Systems Inc.

(b)(6)

- Office

As the world's leading security screening provider, Rapiscan Systems provides state of the art products, solutions and services that meet our customers' most demanding threat detection needs -- while improving their operational efficiency.

"Rapiscan Systems: One Company -- Total Security"



REQUEST FOR DEVIATION/WAIVER (RFD/RFW)				1. DATE (YYYYMMDD) 2012/07/26		Form Approved OMB No. 0704-0188	
<p>The public reporting burden for this collection of information is estimated to average 2 hours 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 (0704-0188), 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> <p>PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE ABOVE ADDRESS. RETURN COMPLETED FORM TO THE GOVERNMENT ISSUING CONTRACTING OFFICER FOR THE CONTRACT/ PROCURING ACTIVITY NUMBER LISTED IN ITEM 2 OF THIS FORM.</p>						2. PROCURING ACTIVITY NUMBER	
4. ORIGINATOR				b. ADDRESS (Street, City, State, Zip Code)		3. DODAAC	
a. TYPED NAME (First, Middle Initial, Last) (b)(6)				Rapiscan Systems 2805 Columbia Street Torrance, CA 90503		5. (X one)	
						<input checked="" type="checkbox"/> DEVIATION <input type="checkbox"/> WAIVER <input checked="" type="checkbox"/> MINOR <input type="checkbox"/> CRITICAL <input type="checkbox"/> MAJOR <input type="checkbox"/> CRITICAL	
7. DESIGNATION FOR DEVIATION/WAIVER				8. BASELINE AFFECTED		9. OTHER SYSTEM/CONFIGURATION ITEMS AFFECTED	
a. MODEL/TYPE Secure 1000 SP		b. CAGE CODE 04HU6	c. SYS. DESIG. AIT/ATR	d. DEV. WAIVER NO. RFD-019 R1	<input checked="" type="checkbox"/> FUNCTIONAL <input type="checkbox"/> ALLOCATED <input checked="" type="checkbox"/> PRODUCT	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
10. TITLE OF DEVIATION/WAIVER Developmental Deviation - ATR Tier I & II submittal							
11. CONTRACT NO. AND LINE ITEM HSTS04-09-D-CT2077				12. PROCURING CONTRACTING OFFICER			
				a. NAME (First, Middle Initial, Last) Lance Nyman			
				b. CODE TSA-16		c. TELEPHONE NO. 571.227.4261	
13. CONFIGURATION ITEM NOMENCLATURE See Attachment I				14. CLASSIFICATION OF DEFECT			
a. CO NO. N/A		b. DEFECT NO. N/A		c. DEFECT CLASSIFICATION			
				<input checked="" type="checkbox"/> MINOR <input type="checkbox"/> MAJOR <input type="checkbox"/> CRITICAL			
15. NAME OF LOWEST PART/ASSEMBLY AFFECTED Top Assy, Secure Single Pose, ATR				16. PART NO. OR TYPE DESIGNATION 20106554			
17. EFFECTIVITY TSIF: S50951001				18. RECURRING DEVIATION/WAIVER			
				<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO			
19. EFFECT ON COST/PRICE None				20. EFFECT ON DELIVERY SCHEDULE None			
21. EFFECT ON INTEGRATED LOGISTICS SUPPORT, INTERFACE OR SOFTWARE See Attachment I							
22. DESCRIPTION OF DEVIATION/WAIVER Upgrade ATR system to address deficiencies noted from Tier I Quick Look Report (QLR) dated January 23, 2012. This upgrade has been tested by Rapiscan also complies with Tier II detection requirements.							
23. NEED FOR DEVIATION/WAIVER Address deficiencies from Tier I QLR dated January 23, 2012 and submittal for Tier II for testing, 1) See Attachment II: Software Test Report 2) See attached file AIT-ATR QTE Deficiencies QLR - Rapiscan-v1 9_Response 20120724 2) See attached file Appendix A: Tier II Automated Detection Report							
24. CORRECTIVE ACTION TAKEN Replace I/O computer, update system software (version 04.00.19) and algorithm (version 2.8) Upgrade date is estimated for the week of July 30th, 2012.							
25. SUBMITTING ACTIVITY							
a. TYPED NAME (First, Middle Initial, Last) (b)(6)		b. TITLE Program Manager		c. SIGNATURE (b)(6)			
<small>Digitally signed by Lance N. Nyman DN: cn=Lance N. Nyman, o=Rapiscan Systems nc, email=lance.nyman@rapiscan.com, c=US Date: 2012.07.26 17:27:33 -0400</small>							
26. APPROVAL/DISAPPROVAL				a. RECOMMEND <input type="checkbox"/> APPROVAL <input type="checkbox"/> DISAPPROVAL			
b. APPROVAL <input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED				c. GOVERNMENT ACTIVITY			
d. TYPED NAME (First, Middle Initial, Last)		e. SIGNATURE		f. DATE SIGNED (YYYYMMDD)			
g. APPROVAL <input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED				h. GOVERNMENT ACTIVITY			
i. TYPED NAME (First, Middle Initial, Last)		j. SIGNATURE		k. DATE SIGNED (YYYYMMDD)			

Rapiscan Systems

Attachment I Single Pose System: Securo 1000					
Item No.	Nomenclature	System Part Number	BOM Revision Level	Drawing Part Number	Dwg Revision Level
(b)(4)					

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Attachment II

Test Report Narrative

The software testing of PS-SE ATR Tier II Algorithm has a number of sections. This narrative explains the various sections.

Test Case Summary

The "Test Case Summary" table lists the 28 test cases that were executed on the software candidates 4.00.17 and algorithm 2.7 and 4.00.19 and algorithm 2.8 (the second release candidate that addresses the identified defects). The Status field indicates if this test case passed or failed. If the test case failed, the remaining items in the test case are completed and the defects are tracked with an assigned defect number. These defect numbers are then individually re-evaluated in subsequent test runs against the new software release. For example, in test run 31556, executing test case 3701, tested on release candidate 4.00.17 and algorithm 2.7, two defects were identified: 7095 and 8117. These were subsequently verified and closed against the new build, as detailed in the 'Defects' table later on in the report.

<u>31556</u>	<u>3701</u>	Secure 1000 ATR Basic User Operations	(b)(3)-49 U.S.C. § 114(r)	250	1400	(b)(3)-49 U.S.C. § 114(r)	(b)(3)-49 U.S.C. §
--------------	-------------	---------------------------------------	---------------------------------	-----	------	---------------------------------	-----------------------

Test Run Status vs Model

The "Test Run Status vs Model" table indicates that at the end of the testing, [REDACTED]. The test runs are documented in the above table.

Defect Status vs Severity

The "Defect Status vs Severity" table summarizes the status of the defects that are required for release. There are no defects open for the final release candidate 4.00.19 and algorithm 2.8.

Defects

The "Defects" contains three sub-sections:

"Verified and closed during testing" are defects that have been tested and closed for the final release candidate 4.00.19 and algorithm 2.8.

"Closed during testing, no defect found" are defects that have been closed without testing for the final release candidate 4.00.19 and algorithm 2.8.

"Open Critical Defects" lists any open critical defects for the final release candidate 4.00.19 and algorithm 2.8. There are no critical defects open for this release candidate 4.00.19 and algorithm 2.8.

Test Notes

The "Test Notes" section contains any other notes or observations.

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SOFTWARE TEST REPORT

TSA Test Report for PS-SE ATR Tier II Algorithm								
Test Run #	Test Case #	Summary	Status	Bags Scanned	Run Time	Defect #		
PS AIT ATR Tier II, Secure 1000 ATR								
Test Case Summary								
<u>31554</u>	<u>3728</u>	Secure 1000 ATR Version Test (4.00.17, Algorithm v2.7)	(b)(3)-49 U.S.C. § 114(r)	0	15	(b)(3)-49 U.S.C. § 114(r)		
<u>31555</u>	<u>3700</u>	Secure 1000 ATR Installation Test		75	400			
<u>31556</u>	<u>3701</u>	Secure 1000 ATR Basic User Operations		250	1400			
<u>31557</u>	<u>3703</u>	Secure 1000 ATR Level Z User Operations		60	210			
<u>31558</u>	<u>3704</u>	Secure 1000 ATR Sanify Test		50	125			
<u>31559</u>	<u>3705</u>	Secure 1000 ATR Avatar/SO Display Test		50	60			
<u>31560</u>	<u>3707</u>	Secure 1000 ATR BIT/FIT Test		50	100			
<u>31561</u>	<u>3708</u>	Secure 1000 ATR Image Timing Test		25	45			
<u>31562</u>	<u>3709</u>	Secure 1000 ATR Image Queuing		5	15			
<u>31563</u>	<u>3710</u>	Secure 1000 ATR User Report Generation		75	120			
<u>31564</u>	<u>3711</u>	Secure 1000 ATR Memory Leak Testing		200	60			
<u>31565</u>	<u>3712</u>	Secure 1000 ATR User Access		10	75			
<u>31566</u>	<u>3713</u>	Secure 1000 ATR Daily System Health Test		20	45			
<u>31567</u>	<u>3714</u>	Secure 1000 ATR Service Mode		75	90			
<u>31568</u>	<u>3716</u>	Secure 1000 ATR Automated Scans		149000	36000			
<u>31569</u>	<u>3720</u>	Secure 1000 ATR QDP Items Validation		5	120			
<u>31570</u>	<u>3727</u>	Secure 1000 ATR Shutdown Test		20	75			
<u>31571</u>	<u>3729</u>	Secure 1000 ATR UPS Test		5	30			
Defects fixed, new candidate release for verification								
<u>32120</u>	<u>3728</u>	Secure 1000 ATR Version Test (4.00.19, Algorithm v2.8)			0		15	
<u>32121</u>	<u>3701</u>	Secure 1000 ATR Basic User Operations		225	900			

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SOFTWARE TEST REPORT

<u>32122</u>	<u>3703</u>	Secure 1000 ATR Level Z User Operations	(b)(3)-49 U.S.C. § 114(r)	55	200	(b)(3)-49 U.S.C. § 114(r)
<u>32123</u>	<u>3704</u>	Secure 1000 ATR Sanity Test	(b)(3)-49 U.S.C. § 114(r)	50	120	(b)(3)-49 U.S.C. § 114(r)
<u>32125</u>	<u>3708</u>	Secure 1000 ATR Image Timing Test	(b)(3)-49 U.S.C. § 114(r)	25	30	(b)(3)-49 U.S.C. § 114(r)
<u>32126</u>	<u>3710</u>	Secure 1000 ATR User Report Generation	(b)(3)-49 U.S.C. § 114(r)	65	100	(b)(3)-49 U.S.C. § 114(r)
<u>32127</u>	<u>3711</u>	Secure 1000 ATR Memory Leak Testing	(b)(3)-49 U.S.C. § 114(r)	8500	2880	(b)(3)-49 U.S.C. § 114(r)
<u>32128</u>	<u>3741</u>	Secure 1000 ATR Algorithm Messaging	(b)(3)-49 U.S.C. § 114(r)	12	60	(b)(3)-49 U.S.C. § 114(r)
<u>32129</u>	<u>3716</u>	Secure 1000 ATR Automated Scans	(b)(3)-49 U.S.C. § 114(r)	6822	2850	(b)(3)-49 U.S.C. § 114(r)
<u>32135</u>	<u>3706</u>	Secure 1000 ATR Avatar/SO Display Test (Short)	(b)(3)-49 U.S.C. § 114(r)	5	30	(b)(3)-49 U.S.C. § 114(r)
732355 - PS AIT ATR Tier II - Test Run Count : 28				165734	45170 Mins	(b)(3)-49 U.S.C. § 114(r)
(b)(3)-49 U.S.C. § 114(r) Total Number of Test Runs executed : 28				165734	45170 Mins	(b)(3)-49 U.S.C. § 114(r)

Test Run Status vs Model	Secure 1000 ATR	
PS AIT ATR Tier II	Passed	(b)(3)-49 U.S.C. § 114(r)
Defect Status vs Severity	Critical	Medium
Required for Release	Closed	(b)(3)-49 U.S.C. § 114(r)
	Closed No Bug	(b)(3)-49 U.S.C. § 114(r)
	Open	(b)(3)-49 U.S.C. § 114(r)

Defects	
Defect #	Summary
Verified and closed during testing	

<u>7095</u>	TSA Non-Compliance Report: Avatar Display Takes Longer Than 10 Seconds	(b)(3)-49 U.S.C. § 114(r)
<u>7397</u>	IO PC Incorrectly Configured	(b)(3)-49 U.S.C. § 114(r)
<u>7647</u>	System Hangs During Automated Scanning	(b)(3)-49 U.S.C. § 114(r)
<u>7730</u>	System Hang With Shared Memory Error	(b)(3)-49 U.S.C. § 114(r)
<u>7732</u>	Different Messages For Same Scan Target	(b)(3)-49 U.S.C. § 114(r)
<u>7754</u>	Detect Interlock when master interlock is opened during a slave scan	(b)(3)-49 U.S.C. § 114(r)
<u>7755</u>	Mismatch in passenger count report	(b)(3)-49 U.S.C. § 114(r)
<u>7903</u>	Daily Passenger Count Does Not Tally All Scans	(b)(3)-49 U.S.C. § 114(r)
<u>8025</u>	Algorithm Messaging Problems	(b)(3)-49 U.S.C. § 114(r)

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SOFTWARE TEST REPORT

<u>8039</u>	Memory Growth in Secure1000.exe	(b)(3)-49 U.S.C. § 114(r)
<u>8117</u>	Negative Values In Scan Images Not Handled	
<u>8122</u>	Error log file being truncated	
<u>8175</u>	Event Log/Algorithm Detection Option Not Working	
<u>8254</u>	Warmup Option Not Appearing On System Error	
<u>8281</u>	Report Download/Display Message Not Always In Focus	
Closed during testing, no defect found		
<u>7318</u>	Avatar Display and Secure 1000 GUI Execs Terminate	
<u>7884</u>	System Hang With Resources Error	
<u>7899</u>	AITLauncher Error	
<u>8058</u>	Run Time Error During Daily System Health Test	
Open Critical Defects		
Test Notes		
There are no critical defects open at the end of the test cycle, and so the software is recommended for release.		

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Gomez, Salomon <TSA OCC>

From: Nyman, Lance P
Sent: Tuesday, August 14, 2012 11:18 AM
To: (b)(6) Peter Kant; (b)(6)
Cc: Smith1, Russell; Orr, Jennifer; Blumer, Katie; Bertucci, Melyssa; (b)(6)
Subject: RE: Rapiscan ATR

(b)(6) we've researched internally and would like to discuss with you the way forward. Are you able to meet or have a call this afternoon?

Best Regards,
Lance Nyman
Transportation Security Administration
Office of Acquisition

-----Original Message-----

From: Nyman, Lance P
Sent: Thursday, August 09, 2012 1:50 PM
To: (b)(6) Peter Kant; (b)(6)
Cc: Smith1, Russell; Orr, Jennifer; Blumer, Katie; Bertucci, Melyssa; (b)(6)
Subject: RE: Rapiscan ATR

(b)(6)

Thank you for the fast response. We plan to research internally the existence of any negative operation impacts experienced during OT&E. This research would be greatly facilitated if Rapiscan could share the specific reports/tickets that describe said impacts.

We would like to meet early next week to discuss the contents of the matter. As such, we'd appreciate the reports/tickets soonest.

Best Regards,
Lance Nyman
Transportation Security Administration
Office of Acquisition

-----Original Message-----

From: (b)(6) [mailto:(b)(6)]
Sent: Wednesday, August 08, 2012 11:27 AM
To: Nyman, Lance P; Peter Kant; (b)(6)
Cc: Smith1, Russell; Orr, Jennifer; Blumer, Katie; Bertucci, Melyssa; (b)(6)
Subject: RE: Rapiscan ATR

Lance,

Attached please find our explanation for the requested change.

Please let me know if you want to schedule a call to discuss further or if you have any questions.

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. Thanks,

(b)(6)

-----Original Message-----

From: Nyman, Lance P [mailto:(b)(6)]
Sent: Tuesday, August 07, 2012 8:39 AM
To: Peter Kant; (b)(6)
Cc: Smith1, Russell; Orr, Jennifer; Blumer, Katie; Bertucci, Melyssa
Subject: FW: Rapiscan ATR

Rapiscan team - as you know, we have completed both lab (QT&E) and field testing (OT&E) testing of Rapiscan's AIT-1 Tier I ATR solution (software version 04.00.09; Algorithm version 1.9). Although the final test reports from OT&E have not been completed, and approval to deploy has not been granted by the appropriate DHS authority, we are optimistic that approval will ultimately be granted. The solution largely met requirements at the Tier I level. The four specifically-noted deficiencies found in preliminary test reports are relatively minor in nature. We will probably receive permission to defer the correction of those deficiencies until after the Tier I solution is deployed.

As such, we do not at this point have any reason to foresee significant risk to TSA in deploying the as-tested version (software version 04.00.09; Algorithm version 1.9) of Rapiscan's Tier I ATR solution fleet wide. Can you help us understand why Rapiscan believes there is significant risk, as indicated in the attached letter?

Best Regards,
Lance Nyman
Transportation Security Administration
Office of Acquisition

<<Tier I response.pdf>>

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Attachment to Nymor Aug 7 Email



ATR Tier I

Date: August 3rd, 2012

Russell and Jen,

We regret the confusion our RFD caused with Tier 1 and Tier 2 detection and per our discussion on Wednesday we are recommending the following:

1. Rapiscan has identified significant risk in deploying the OT&E configuration fleet wide and will submit a revised RFD/ECP identifying the improvements made to the system software to address the operational risks; this will require some backward engineering to synch the system improvements with the old algorithm. We will submit a schedule with the RFD that will best meet the deployment schedule as discussed on the call yesterday.
2. At this time, we do not believe that regression testing on the Tier 1 submission is appropriate since the most current algorithm has significant improvements. We intend to work with TSA/TSL to complete the full evaluation of this improved algorithm to synch with the ATR deployment schedule at some near-term point.
3. Rapiscan will revert back to the OT&E algorithm version due to TSA testing requirements; this requires some software changes and testing.
4. Rapiscan will continue to work with TSA to ensure the deployment schedule addresses said risks and allows for mitigation. We recognize that each system will need to have a system health evaluation which will add to the ATR upgrade time.

Please feel free to contact us with any questions or concerns.

Sincerely,

(b)(6)

Program Manager
Rapiscan Systems Inc.

(b)(6)

Office

CC:

(b)(6)

Peter Kant

(b)(6)

17

ATTACHMENT TO  August 8 email

Rapiscan
systems
An OSI Systems Company

August 8, 2012

Mr. Lance Nyman
Contracting Officer
Transportation Security Administration (TSA)

Subject: Advanced Imaging Technology-1 (AIT-1) ATR Deployment
Reference: Contract Number HST504-09-D-CT2077, as modified

Dear Mr. Lyman:

In response to your email dated August 7, 2012, Rapiscan respectfully requests TSA headquarters reach out to the three airports who participated in the ATR OT&E as each site is reporting negative operational impacts of the current ATR software. These impacts are directly related to the reasons Rapiscan is recommending TSA delay deployment of the current ATR operating software. Below is Rapiscan's explanation of the software improvements we are recommending for ATR deployment.

Following our Tier 1 software submission we have continued extensive internal testing and identified enhancements to improve the reliability and operational availability of ATR systems. Rapiscan incorporated additional changes designed to facilitate reliable Automated Threat Recognition (ATR) as well. With ATR there are no images displayed; therefore the System Software must provide assurances that the system is functioning properly and there are no image anomalies. Without these improvements any one of a number of conditions can result in a "blue man" (meaning an inspection fault) display without any guidance to the operator as to the root cause. "Blue Man" faults will result in rescans or additional pat-down searches. This will slow throughput as shown at the ATR OT&E airports.

It is important to note that the System Software is a separate component than the Algorithm Software. The improvements within the System Software do not impact detection performance nor are we proposing a new algorithm for deployment. These enhancements listed below will have direct impact on reliability, maintainability and availability.

Improvements Incorporated in System Software v3.00.19

TSA/TSA reported defects addressed:

- Corrected message if master interlock is opened.
- Fixed mismatch between daily and monthly passenger counts (will see correct passenger count at all times).
- Corrected Total Passenger count and Alarmed Passenger count definitions as per FDRS requirement.

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2805 Columbia St. Torrance, California 90503 USA
Telephone +1 310-978-1457 Facsimile +1 310-349-2491

www.rapiscansystems.com

Operational Enhancements:

- Better System Variability Tolerance—the System Software has been modified to detect and compensate for variations such as: physical movement of the system, system component tolerances, and subject pose issues. These faults can cause a significant number of “blue men” that without images or an explanation will be difficult to resolve.
- Better Blue Man analysis, display, and logging— the system identifies and reports system errors versus pose and body geometry issues. Pose issues can be corrected on subsequent passengers by operator action. System faults need to be remedied by service action.
- Better OTK analysis— system warns of OTK being misplaced to allow correction rather than initiating a service call.
- Better Fault Logging to facilitate first time service success especially in the absence of images.
- More reliable system operation due to better initialization and fault recovery routines.

For the purpose of ensuring a common understanding; the following tested and released configurations are:

1. The field tested “OT&E Tier 1 configuration”—System software v4.00.09 with Algorithm v1.9
2. The “Tier 1/2 configuration”—System software v4.00.19 with Algorithm v2.8

Assuming option 2 is not viable due to TSA deployment plans, It is recommended that a revised configuration is created:

3. System software v4.00.19 with Algorithm v1.9 (requires approximately 5 weeks for development and testing)

Rapiscan looks forward to hearing back from you on this matter. As always, please let me know if this needs further clarification. Upon agreement to the approach, Rapiscan will submit a revised RFD to include a schedule for delivery.

Respectfully,

(b)(6)

Rapiscan Systems

Cc: Melyssa Bertucci
Russell Smith
Peter Kant

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Rapiscan
systems
An OSI Systems Company

Gomez, Salomon <TSA OCC>

From: Smith1, Russell
Sent: Wednesday, August 01, 2012 12:44 PM
To: Orr, Jennifer; Blumer, Katie; Cartwright, Frank A. ; Burdette, Richard; MacIvor, Douglas; Burrows, Devon
Subject: FW: ADJUDICATED CHANGE REQUEST: Rapiscan Secure 1000 RFD 019 R1 (ATR Tier I & II submittal)
Attachments: RFD 019 R1 - Disapproved.pdf

Russell Smith
Office of Security Capabilities
Transportation Security Administration

(b)(6) Office
Cell

(b)(6)

~~If I am not the COTR for your contract please understand... If the technical direction provided above is not clear or conflicts in any way with previous technical direction or understanding of SOW tasks, please notify the Contracting Officer and the COTR before proceeding in accordance with the direction contained herein if you believe that the technical direction provided above (1) exceeds the scope and funding on the contract, or (2) adversely impacts service or delivery dates specified explicitly in the contract."~~

~~If I am the COTR for your contract please understand as the COTR, I am not authorized to delete, change, waive, or negotiate any of the technical requirements or other terms and conditions of the contract. Should a change to the contract become necessary, it must be made by a contract modification issued by the Contracting Officer."~~

From: Degnan, Brian <CTR>
Sent: Wednesday, August 01, 2012 12:28 PM
To: (b)(6)
Cc: Smith1, Russell; Hanby, Joseph <CTR>; Mcelyea, Michael; (b)(6); (b)(6) Chilton, William <CTR>; Rochelle-Rhoden, Edna <CTR>; (b)(6)
Subject: ADJUDICATED CHANGE REQUEST: Rapiscan Secure 1000 RFD 019 R1 (ATR Tier I & II submittal).

Good afternoon (b)(6)

The following change request has been adjudicated by TSA:

CR NUMBER: RFD 019 R1

DISPOSITION: Disapproved. Regression testing of Tier 1 requirements must be approved by TSA prior to the utilization and testing of the Tier 2 requirements.

Attached please find a copy of the adjudication for your record.

Please contact me if you have any questions or concerns.

Thank you,
Brian Degnan
TSA OSC Configuration Management
Contract Support

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GST Team
ICF International

Ph [redacted] (b)(6)

[redacted] (b)(5)

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REQUEST FOR DEVIATION/WAIVER (RFD/RFW)				1. DATE (YYYYMMDD) 2012/07/26		Form Approved OMB No. 0704-0188		
<p>The public reporting burden for this collection of information is estimated to average 2 hours 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 (0704-0188), 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> <p>PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE ABOVE ADDRESS. RETURN COMPLETED FORM TO THE GOVERNMENT ISSUING CONTRACTING OFFICER FOR THE CONTRACT/PROCURING ACTIVITY NUMBER LISTED IN ITEM 2 OF THIS FORM.</p>						2. PROCURING ACTIVITY NUMBER		
4. ORIGINATOR						3. DODAAC		
a. TYPED NAME (First, Middle Initial, Last) (b)(6)			b. ADDRESS (Street, City, State, Zip Code) Rapiscan Systems 2805 Columbia Street Torrance, CA 90503			5. (X one) <input checked="" type="checkbox"/> DEVIATION <input type="checkbox"/> WAIVER		
7. DESIGNATION FOR DEVIATION/WAIVER						6. (X one) <input type="checkbox"/> MAJOR <input checked="" type="checkbox"/> MINOR <input type="checkbox"/> CRITICAL		
a. MODEL/TYPE Secure 1000 SP		b. CAGE CODE 04HU6	c. SYS. DESIG. AIT/ATR	d. DEV. WAIVER NO. RFD-019 R1	8. BASELINE AFFECTED <input type="checkbox"/> FUNCTIONAL <input type="checkbox"/> ALLOCATED <input checked="" type="checkbox"/> PRODUCT		9. OTHER SYSTEM/CONFIGURATION ITEMS AFFECTED <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
10. TITLE OF DEVIATION/WAIVER ATR, Tier I & II submittal								
11. CONTRACT NO. AND LINE ITEM HSTS04-09-D-CT2077				12. PROCURING CONTRACTING OFFICER				
13. CONFIGURATION ITEM NOMENCLATURE See Attachment I								
14. CLASSIFICATION OF DEFECT				15. NAME OF LOWEST PART/ASSEMBLY AFFECTED Top Assy, Secure Single Pose, ATR				
a. CD NO. N/A				b. DEFECT NO. N/A		c. DEFECT CLASSIFICATION <input checked="" type="checkbox"/> MINOR <input type="checkbox"/> MAJOR <input type="checkbox"/> CRITICAL		
16. PART NO. OR TYPE DESIGNATION 20106554				17. EFFECTIVITY TSIF: S50951001				
18. RECURRING DEVIATION/WAIVER <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO				19. EFFECT ON COST/PRICE None				
20. EFFECT ON DELIVERY SCHEDULE None				21. EFFECT ON INTEGRATED LOGISTICS SUPPORT, INTERFACE OR SOFTWARE See Attachment I				
22. DESCRIPTION OF DEVIATION/WAIVER Upgrade ATR system to address deficiencies noted from Tier I Quick Look Report (QLR) dated January 23, 2012. This upgrade has been tested by Rapiscan also complies with Tier II detection requirements.								
23. NEED FOR DEVIATION/WAIVER Address deficiencies from Tier I QLR dated January 23, 2012 and submittal for Tier II for testing, 1) See Attachment II: Software Test Report 2) See attached file AIT-ATR QTB Deficiencies QLR - Rapiscan-v1 9 Response 20120724 3) See attached file Appendix A: Tier II Automated Detection Report								
24. CORRECTIVE ACTION TAKEN Replace I/O computer, update system software (version 04.00.19) and algorithm (version 2.8) Upgrade date is estimated for the week of July 30th, 2012. Upon completion of TSIF testing, Rapiscan will submit an ECP to change the system baseline. In the event testing is not successful								
25. SUBMITTING ACTIVITY								
a. TYPED NAME (First, Middle Initial, Last) (b)(6)			b. TITLE Program Manager		c. SIGNATURE (b)(6)			
26. APPROVAL/DISAPPROVAL								
a. RECOMMEND <input type="checkbox"/> APPROVAL <input type="checkbox"/> DISAPPROVAL				b. APPROVAL <input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED				
c. GOVERNMENT ACTIVITY				d. TYPED NAME (First, Middle Initial, Last)				
e. SIGNATURE				f. DATE SIGNED (YYYYMMDD)				
g. APPROVAL <input type="checkbox"/> APPROVED <input checked="" type="checkbox"/> DISAPPROVED				h. GOVERNMENT ACTIVITY				
i. TYPED NAME (First, Middle Initial, Last) Michael MElyea				j. SIGNATURE <i>[Signature]</i>		k. DATE SIGNED (YYYYMMDD) 20120801		

[Handwritten signature and initials]

Gomez, Salomon <TSA OCC>

Subject: Rapiscan AIT w/ ATR OT&E tier I fixes
Location: 1 866 527 9930 x [REDACTED]
Start: Wed 8/1/2012 4:00 PM
End: Wed 8/1/2012 5:00 PM
Recurrence: (none)
Meeting Status: Not yet responded
Organizer: Smith1, Russell

1 866 527 9930

Pass code [REDACTED]

Leader code [REDACTED]

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8/16/2012 Rapiscan ATR

Rapiscan: (b)(5) Peter Kant, (b)(5) (phone) and (b)(5) (phone)

TSA: Lance, Melyssa, Russell, Jen, Katie

- Russell – The letters from Rapiscan reference negative operational impacts but the last maintenance tickets in the Maximo system are from May
 - There may have been some direct contact between Rapiscan and the airports but TSA has re-enforced the message that all issues are to be documented using normal ticketing procedures
- Jen – OT&E went well
 - There are some procedural issues to improve to increase efficiency
 - Good throughput and accuracy
- Peter K – Rapiscan is interested in getting ATR out there as much as TSA
 - Blue man, troubleshooting, pose error
 - Information gleaned from pulling log files on OT&E units
 - Rapiscan is risk averse going forward and want to be very overt about potential issues
- (b)(5) – reduction in service calls but internal testing has improved pose variation in the S/W (reduction in blue man)
 - The origin of the blue man is now recorded
 - Found some bugs (3-4) that have fixed
- (b)(5) – RFD test reports show bugs addressed
 - Eliminated intermittent hang during scan
 - Eliminated memory hang
 - Negative pixels – need to correct so it does not crash the image software (creating a blue man)
 - If not addressed may increase service tickets as tubes drift over time – results in 80% blue man
- Peter K – would like to make bug fixes work with the Oct schedule
- (b)(5) – 5 weeks development (already 2 weeks in) so could install week of Sept 10 in the Lab
 - S/W and H/W change (end of life computer)
 - Computer has a faster processor but they still not be able to meeting req until combined with new algorithm
- Lance – send a draft RFD for v.4.0.20 with Algorithm v.1.9 so we can look at rigor of testing needed and draft a schedule
- Peter K – will start ordering kit parts now
- (b)(5) – First kit will be ready approx 10-12 weeks from ordering
- Peter K – Will provide a production schedule soon.

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Gomez, Salomon <TSA OCC>

From: [REDACTED] (b)(6)
Sent: Wednesday, August 22, 2012 12:02 PM
To: Orr, Jennifer
Cc: Nyman, Lance P; Bertucchi, Melyssa; Bolger, Holly; Freimanis, Adam D; Smith1, Russell; Blumer, Katie; Cartwright, Frank A. ; Peter Kant; [REDACTED] (b)(6)
Subject: RE: Rapiscan Explanation on Proposed Software
Attachments: ATR Tier I Technical Memo082212.pdf; RFD-017 R4_draft.pdf

Jennifer et al,

Please find attached our response to the requested information below. Please let us know if you need any additional information or have any questions. Password for draft:RFD to follow.

Thanks,

[REDACTED] (b)(6)

Program Manager - AT Systems
Rapiscan Systems Inc.
1901 S. Bell Street, Ste. 325
Arlington, VA 22202
(Cell) [REDACTED] (b)(6)
(Office) [REDACTED]
(Fax) 703-812-0335

From: Orr, Jennifer [mailto:[REDACTED] (b)(6)]
Sent: Thursday, August 16, 2012 4:32 PM
To: [REDACTED] (b)(6); Peter Kant
Cc: Nyman, Lance P; Bertucchi, Melyssa; Bolger, Holly; Freimanis, Adam D; Smith1, Russell; Blumer, Katie; Cartwright, Frank A.
Subject: Rapiscan Explanation on Proposed Software

Hi Peter -

Thank you all for the discussion this morning. We would like to take you up on the offer to provide us some more detail on the proposed changes under the Tier I algorithm. Can you please provide the following:

- What changes are being proposed
- Impetus of the changes that are being proposed
- Impact and risks (if any) to TSA operationally if the new, proposed software is not accepted
 - Mitigation to offset the risks associated with non-acceptance
- Test data that substantiates the operational performance issues as noted in the letter

In addition - does Rapiscan feel that the performance observed during OT&E can be replicated fleet wide if TSA chooses to upgrade the units with the OT&E tested software? If not, please explain why. If there are caveats, also please explain in detail.

This will allow us to make a better decision on our approach.

Thanks again. Is it possible to have this by noon on Monday? If you need more time, please let me know.

Thanks
Jen

25

Jennifer Orr

Office of Security Capabilities

Portfolio Manager - People Screening Technologies

Checkpoint Technologies Division

Office: (b)(6)

Cell: (b)(6)

26

3



August 22, 2012

To: Lance Nyman, Contract Officer
Russell Smith, Contract Officer's Technical Representative
Jennifer Orr, Portfolio Manager – People Screening Technologies

From: (b)(5) Program Manager

Subject: Recommended Upgrades for ATR Tier I Solutions

RE: TSA Portfolio Manager request sent via email on August 17, 2012

Executive Summary

The purpose of this memorandum is to provide further clarification to the letter sent on August 9, 2012 (See Attachment I), and offer additional detail on the proposed changes to the ATR Tier I submission as requested in the email dated August 17, 2012.

In the information that follows we will provide:

- What changes are being proposed
- Impetus of the changes that are being proposed
- Impact and risks to TSA operationally if the new, proposed software is not accepted
 - Mitigation to offset the risks associated with non-acceptance
- Test data that substantiates the operational performance issues as noted in the letter

As stated in our letter provided on August 9, 2012 and as discussed in our meeting on August 16, 2012, in parallel to the OT & E efforts, Rapiscan conducted extensive system software testing (See Attachment II for the test report for test data).

The following information provides a detailed explanation of our position, the changes proposed, the defect associated, and the impact should the revised software not be deployed.

27

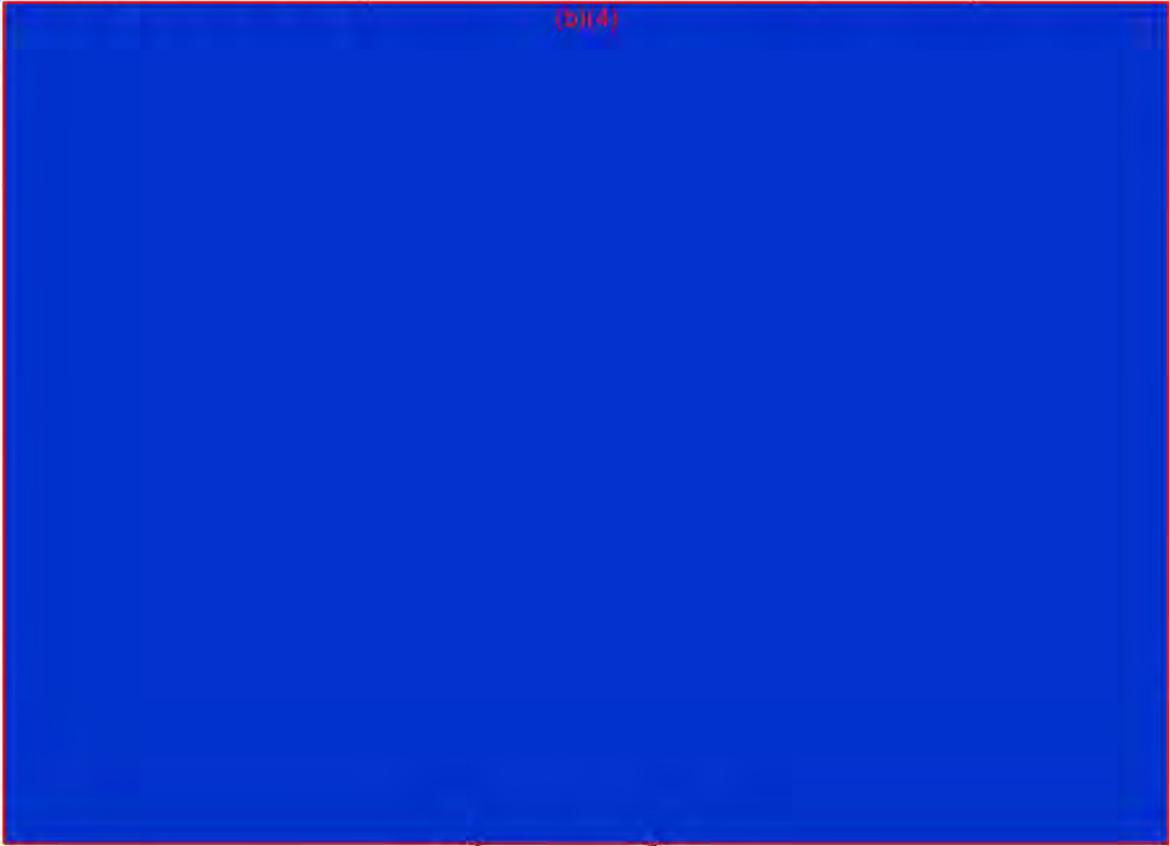
Proposed Improvements

Software

Under our continuous product improvement efforts, three defects were discovered that offer significant operational improvement. The included test report lists these defects (the impetus for changes) as number 8117, 7647, 7730, as referenced below.

The following provides a description of findings related to the defect, the benefit offered through the implementation of the revised software and the mitigation plan if TSA should choose not to accept the revised software:

(b)(4)



28

Hardware

The system software has been validated internally with a faster computer that meets the less than 10 second-scan time requirement that can also support future system improvements. As this system configuration has received significant testing (165734 scans) and the old computer will not meet the scan time requirement, this configuration is recommended for deployment.

Schedule

As stated in the letter, we are in the process of testing these improvements with the approved Algorithm (v1.9). We have now completed software development and are now in the first test cycle. The following outlines the schedule for delivering this solution to TSA for regression testing:

ID	Task Name	Duration	Start	Finish	7/2	Aug 5, '12	Aug 19, '12	Sep 2, '12	Sep 16, '12	Sep 30, '12	10
					S	W	S	T	M	F	T
1											
2	Revised Test software										
3	Merge system sw 4.00.19 with algorithm 1.9	2 wks	Mon 8/6/12	Fri 8/17/12							
4	Proficiency test cycle	1 wk	Mon 8/20/12	Fri 8/24/12							
5	Bug fix	1 wk	Mon 8/20/12	Fri 8/24/12							
6	Test cycle	1 wk	Mon 8/27/12	Fri 8/31/12							
7	Bug fix	1 wk	Mon 8/27/12	Fri 8/31/12							
8	Final test cycle	1 wk	Mon 9/3/12	Fri 9/7/12							
9	Test report and submission paperwork	1 day	Mon 9/10/12	Mon 9/10/12							

Conclusion

Rapiscan understands and appreciates the performance of our OT&E solution was acceptable. However, prior to full deployment we recommend system software changes that have no impact to the detection capability of the machine. Rapiscan is confident this new system software and upgraded computer provides a solution that will better meet the performance goals of the program and the operational needs of the airports.

29

Attachment I

Rapiscan
systems
An OSI Systems Company

August 8, 2012

Mr. Lance Nyman
Contracting Officer
Transportation Security Administration (TSA)

Subject: Advanced Imaging Technology-1 (AIT-1) ATR Deployment
Reference: Contract Number HSTS04-09-D-CT2077, as modified

Dear Mr. Lyman;

In response to your email dated August 7, 2012, Rapiscan respectfully requests TSA headquarters reach out to the three airports who participated in the ATR OT&E as each site is reporting negative operational impacts of the current ATR software. These impacts are directly related to the reasons Rapiscan is recommending TSA delay deployment of the current ATR operating software. Below is Rapiscan's explanation of the software improvements we are recommending for ATR deployment.

Following our Tier 1 software submission we have continued extensive internal testing and identified enhancements to improve the reliability and operational availability of ATR systems. Rapiscan incorporated additional changes designed to facilitate reliable Automated Threat Recognition (ATR) as well. With ATR there are no images displayed; therefore the System Software must provide assurances that the system is functioning properly and there are no image anomalies. Without these improvements any one of a number of conditions can result in a "blue man" (meaning and inspection fault) display without any guidance to the operator as to the root cause. "Blue Man" faults will result in rescans or additional pat-down searches. This will slow throughput as shown at the ATR OT&E airports.

It is important to note that the System Software is a separate component than the Algorithm Software. The improvements within the System Software do not impact detection performance nor are we proposing a new algorithm for deployment. These enhancements listed below will have direct impact on reliability, maintainability and availability.

Improvements incorporated in System Software v4.00.19

TSA/TSA reported defects addressed:

- Corrected message if master interlock is opened.
- Fixed mismatch between daily and monthly passenger counts (will see correct passenger count at all times).
- Corrected Total Passenger count and Alarmed Passenger count definitions as per FDRS requirement.

30

Hardware

The system software has been validated internally with a faster computer that meets the less than 10 second-scan time requirement that can also support future system improvements. As this system configuration has received significant testing (165734 scans) and the old computer will not meet the scan time requirement, this configuration is recommended for deployment.

Schedule

As stated in the letter, we are in the process of testing these improvements with the approved Algorithm (v1.9). We have now completed software development and are now in the first test cycle. The following outlines the schedule for delivering this solution to TSA for regression testing:

IQ	Task Name	Duration	Start	End	72	Mar 5, 12	Apr 19, 12	Jun 2, 12	Jun 16, 12	Jun 30, 12	IQ							
					S	W	S	T	M	F	T	S	W	S	T	M	F	T
1																		
2	Revised test software																	
3	Upgrade system sw 4.00.19 with algorithm 1.9	2 wks	Mon 6/6/12	Fri 6/17/12														
4	Preliminary test cycle	1 wk	Mon 6/20/12	Fri 6/24/12														
5	Bug fix	1 wk	Mon 6/20/12	Fri 6/24/12														
6	Test cycle	1 wk	Mon 6/27/12	Fri 6/31/12														
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Conclusion

Rapiscan understands and appreciates the performance of our OT&E solution was acceptable. However, prior to full deployment we recommend system software changes that have no impact to the detection capability of the machine. Rapiscan is confident this new system software and upgraded computer provides a solution that will better meet the performance goals of the program and the operational needs of the airports.

31

Attachment I

Operational Enhancements:

- Better System Variability Tolerance—the System Software has been modified to detect and compensate for variations such as: physical movement of the system, system component tolerances, and subject pose issues. These faults can cause a significant number of "blue men" that without images or an explanation will be difficult to resolve.
- Better Blue Man analysis, display, and logging—the system identifies and reports system errors versus pose and body geometry issues. Pose issues can be corrected on subsequent passengers by operator action. System faults need to be remedied by service action.
- Better OTK analysis— system warns of OTK being misplaced to allow correction rather than initiating a service call.
- Better Fault Logging to facilitate first time service success especially in the absence of images.
- More reliable system operation due to better initialization and fault recovery routines.

For the purpose of ensuring a common understanding; the following tested and released configurations are:

1. The field tested "OT&E Tier 1 configuration"—System software v4.00.09 with Algorithm v1.9
2. The "Tier 1/2 configuration"—System software v4.00.19 with Algorithm v2.8

Assuming option 2 is not viable due to TSA deployment plans, it is recommended that a revised configuration is created:

3. System software v4.00.19 with Algorithm v1.9 (requires approximately 5 weeks for development and testing)

Rapiscan looks forward to hearing back from you on this matter. As always, please let me know if this needs further clarification. Upon agreement to the approach, Rapiscan will submit a revised RFD to include a schedule for delivery.

Respectfully,

(b)(6)

Rapiscan Systems

Cc: Melyssa Bertucci
Russell Smith
Peter Kant

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SOFTWARE TEST REPORT

FSA Test Report for PS-SE ATR Tier II Algorithm								
Test Run #	Test Case #	Summary	Status	Bags Scanned	Run Time	Defect #		
PS AIT ATR Tier II, Secure 1000 ATR								
Test Case Summary								
31554	3728	Secure 1000 ATR Version Test (4.00.17, Algorithm v2.7)	(b)(3)-49 U.S.C. § 114(r)	0	15	(b)(3)-49 U.S.C. § 114(r)		
31556	3700	Secure 1000 ATR Installation Test		75	400			
31556	3701	Secure 1000 ATR Basic User Operations		250	1400			
31557	3703	Secure 1000 ATR Level Z User Operations		60	210			
31558	3704	Secure 1000 ATR Sanity Test		50	125			
31559	3705	Secure 1000 ATR Avatar/SO Display Test		50	60			
31560	3707	Secure 1000 ATR BIT/FIT Test		50	100			
31561	3708	Secure 1000 ATR Image Timing Test		25	45			
31562	3709	Secure 1000 ATR Image Queuing		5	15			
31563	3710	Secure 1000 ATR User Report Generation		75	120			
31564	3711	Secure 1000 ATR Memory Leak Testing		200	60			
31565	3712	Secure 1000 ATR User Access		10	75			
31566	3713	Secure 1000 ATR Daily System Health Test		20	45			
31567	3714	Secure 1000 ATR Service Mode		75	90			
31568	3716	Secure 1000 ATR Automated Scans		149000	35000			
31569	3720	Secure 1000 ATR QDP Items Validation		5	120			
31570	3727	Secure 1000 ATR Shutdown Test		20	75			
31571	3729	Secure 1000 ATR UPS Test		5	30			
Defects fixed, new candidate release for verification.								
32120	3728	Secure 1000 ATR Version Test (4.00.19, Algorithm v2.8)			0		15	
32121	3701	Secure 1000 ATR Basic User Operations		225	900			

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SOFTWARE TEST REPORT

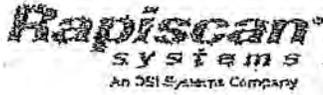
<u>32122</u>	<u>3703</u>	Secure 1000 ATR Level Z User Operations	(b)(3)-49 U.S.C. § 114(r)	55	200	(b)(3)-49 U.S.C. § 114(r)
<u>32123</u>	<u>3704</u>	Secure 1000 ATR Sanity Test		50	120	
<u>32125</u>	<u>3708</u>	Secure 1000 ATR Image Timing Test		25	30	
<u>32126</u>	<u>3710</u>	Secure 1000 ATR User Report Generation		65	100	
<u>32127</u>	<u>3711</u>	Secure 1000 ATR Memory Leak Testing		8500	2880	
<u>32128</u>	<u>3741</u>	Secure 1000 ATR Algorithm Messaging		12	60	
<u>32129</u>	<u>3716</u>	Secure 1000 ATR Automated Scans		6822	2850	
<u>32135</u>	<u>3706</u>	Secure 1000 ATR Avatar/SO Display Test (Short)		5	30	
732355 - PS AIT ATR Tier II - Test Run Count : 28				165734	45170 Mins	
Total Number of Test Runs executed : 28				165734	45170 Mins	

Test Run Status / Mode	Secure 1000 ATR	
PS AIT ATR Tier II	Passed	(b)(3)-49 U.S.C. §
Defect Status / Severity	Critical	Medium
Required for Release	Closed	Low
	Closed No Bug	Enhancement
	Open	Nuisance

Defect #	Summary	Severity
----------	---------	----------

Verified and closed during testing		
<u>7095</u>	TSA Non-Compliance Report: Avatar Display Takes Longer Than 10 Seconds	(b)(3)-49 U.S.C. § 114(r)
<u>7397</u>	IO PC Incorrectly Configured	
<u>7647</u>	System Hangs During Automated Scanning	
<u>7730</u>	System Hang With Shared Memory Error	
<u>7732</u>	Different Messages For Same Scan Target	
<u>7754</u>	Detect Interlock when master interlock is opened during a slave scan	
<u>7755</u>	Mismatch in passenger count report	
<u>7903</u>	Daily Passenger Count Does Not Tally All Scans	
<u>8025</u>	Algorithm Messaging Problems	

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SOFTWARE TEST REPORT

8039	Memory Growth In Secure1000.exe	(b)(3)-49 U.S.C. § 114(r)
8117	Negative Values In Scan Images Not Handled	
8122	Error log file being truncated	
8175	Event Log/Algorithm Detection Option Not Working	
8254	Warmup Option Not Appearing On System Error	
8281	Report Download/Display Message Not Always In Focus	
Closed during testing, no defect found		
7318	Avatar Display and Secure 1000 GUI Execs Terminate	
7884	System Hang With Resources Error	
7899	AITLauncher Error	
8058	Run Time Error During Dally System Health Test	
Open Critical Defects		
Test Notes		
There are no critical defects open at the end of the test cycle, and so the software is recommended for release.		

35

Gomez, Salomon <TSA OCC>

From: Smith1, Russell
Sent: Tuesday, August 28, 2012 7:51 AM
To: Blumer, Katie
Cc: Cartwright, Frank A.
Subject: FW: Rapiscan Explanation on Proposed Software

More stalling...

Russell Smith
Office of Security Capabilities
Transportation Security Administration

(b)(6) Office
Cell

(b)(6)

~~If I am not the COTR for your contract please understand... If the technical direction provided above is not clear or conflicts in any way with previous technical direction or understanding of SOW tasks, please notify the Contracting Officer and the COTR before proceeding in accordance with the direction contained herein if you believe that the technical direction provided above it (1) exceeds the scope and funding on the contract, or (2) adversely impacts service or delivery dates specified explicitly in the contract.~~

~~If I am the COTR for your contract please understand as the COTR, I am not authorized to delete, change, waive, or negotiate any of the technical requirements or other terms and conditions of the contract. Should a change to the contract become necessary, it must be made by a contract modification issued by the Contracting Officer.~~

From: (b)(6) [mailto:(b)(6)]
Sent: Monday, August 27, 2012 9:04 PM
To: Orr, Jennifer
Cc: Nyman, Larice P; Bertucci, Melyssa; Bolger, Holly; Freimanis, Adam D; Smith1, Russell; (b)(6)
Subject: RE: Rapiscan Explanation on Proposed Software

Jen,

Our apology, this should have been done by Friday. I will get with the team in the am, as we just all arrived in NJ and we will have something to you by the end of the day tomorrow.

Thanks,

(b)(6)

Program Manager - AT Systems
Rapiscan Systems Inc.
1901 S. Bell Street, Ste. 325
Arlington, VA 22202
(Cell) (b)(6)
(Office) (b)(6)
(Fax) 703-812-0335

From: Orr, Jennifer [mailto:(b)(6)]
Sent: Monday, August 27, 2012 1:39 PM
To: (b)(6)
Cc: Nyman, Lance P; Bertucci, Melyssa; Bolger, Holly; Freimanis, Adam D; Smith1, Russell
Subject: RE: Rapiscan Explanation on Proposed Software

What is the status of the delivery of the revised write up?

From: (b)(6) [mailto:(b)(6)]
Sent: Thursday, August 23, 2012 7:18 AM
To: Orr, Jennifer
Cc: Nyman, Lance P; Bertucci, Melyssa; Bolger, Holly; Freimanis, Adam D; Smith1, Russell
Subject: RE: Rapiscan Explanation on Proposed Software

Jen,

Rapiscan does not feel that the performance observed during OT & E can be replicated fleet wide if TSA should choose to upgrade the units with the OT & E tested software based on the findings identified in our continuous testing effort, which are outlined in the technical response provided on 8/22/12.

Please let us know if need any additional information or have any other questions. We hope to have an update for you on the testing of the revised software with the approved Algorithm during the PMR next Wed.

Thanks,

(b)(6)

Program Manager - AT Systems
Rapiscan Systems Inc.
1901 S. Bell Street, Ste. 325
Arlington, VA 22202
(Cell) (b)(6)
(Office) (b)(6)
(Fax) 703-812-0335

From: Orr, Jennifer [mailto:(b)(6)]
Sent: Wednesday, August 22, 2012 4:05 PM
To: (b)(6)
Cc: Nyman, Lance P; Bertucci, Melyssa; Bolger, Holly; Freimanis, Adam D; Smith1, Russell
Subject: RE: Rapiscan Explanation on Proposed Software

(b)(6)

Much appreciated. Thank you for sending.

Can you answer the item below that was part of the original email. The response in email form is adequate.

"In addition - does Rapiscan feel that the performance observed during OT&E can be replicated fleet wide if TSA chooses to upgrade the units with the OT&E tested software? If not, please explain why. If there are caveats, also please explain in detail."

Thanks again

Jen

From: (b)(6) [mailto:(b)(6)]
Sent: Wednesday, August 22, 2012 7:23 AM
To: Orr, Jennifer; Peter Modica; Peter Kant
Cc: Nyman, Lance P; Bertucci, Melyssa; Bolger, Holly; Freimanis, Adam D; Smith1, Russell; Blumer, Katie; Cartwright, Frank A.
Subject: RE: Rapiscan Explanation on Proposed Software

37

Jen,

A quick update, we are close to finalizing our response, it will be deliver by noon today. Sorry for the delay.

Thanks,

(b)(6)

Program Manager - AT Systems
Rapiscan Systems Inc.
1901 S. Bell Street, Ste. 325
Arlington, VA 22202
(Cell) (b)(6)
(Office) (b)(6)
(Fax) 703-812-0335

From: (b)(6)

Sent: Monday, August 20, 2012 9:47 AM

To: 'Orr, Jennifer'; (b)(6) Peter Kant

Cc: Nyman, Lance P; Bertucci, Melyssa; Bolger, Holly; Freimanis, Adam D; Smith1, Russell; Blumer, Katie; Cartwright, Frank A.

Subject: RE: Rapiscan Explanation on Proposed Software

Jen,

We should have something to you no later than Tuesday, COB. We will deliver a cover memo that address the request below, along with the draft RFD as requested in our meeting late last week.

Thanks,

(b)(6)

Program Manager - AT Systems
Rapiscan Systems Inc.
1901 S. Bell Street, Ste. 325
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(Cell) (b)(6)
(Office) (b)(6)
(Fax) 703-812-0335

From: Orr, Jennifer [mailto:(b)(6)]

Sent: Thursday, August 16, 2012 4:32 PM

To: (b)(6) Peter Kant

Cc: Nyman, Lance P; Bertucci, Melyssa; Bolger, Holly; Freimanis, Adam D; Smith1, Russell; Blumer, Katie; Cartwright, Frank A.

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Hi Peter -

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This will allow us to make a better decision on our approach.

Thanks again. Is it possible to have this by noon on Monday? If you need more time, please let me know.

Thanks

Jen

Jennifer Orr

Office of Security Capabilities

Portfolio Manager - People Screening Technologies

Checkpoint Technologies Division

Office: (b)(5)

Cell: (b)(5)

39

\$

Gomez, Salomon <TSA OCC>

From: Smith1, Russell ([b)(6)]
Sent: Thursday, August 30, 2012 6:56 PM
To: [b)(6)]
Subject: Fw: Rapiscan Explanation on Proposed Software
Attachments: ATR TierI Justification_Final.pdf

Follow Up Flag: Follow up
Flag Status: Completed

From: [b)(6)]
To: Orr, Jennifer
Cc: Nyman, Lance P; Bertucci, Melyssa; Bolger, Holly; Freimanis, Adam D; Smith1, Russell; [b)(6)]
[b)(6)]

Sent: Thu Aug 30 18:41:48 2012
Subject: RE: Rapiscan Explanation on Proposed Software

Jen,

Please find attached the technical justification requested. Please let us know if you have any questions or need any additional information.

Thanks,

[b)(6)]
Program Manager - AT Systems
Rapiscan Systems Inc.
1901 S. Bell Street, Ste. 325
Arlington, VA 22202
(Cell) [b)(6)]
(Office) [b)(6)]
(Fax) 703-812-0335

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From: Orr, Jennifer [mailto:(b)(6)]
Sent: Wednesday, August 22, 2012 4:05 PM
To: Jerek Knight
Cc: Nyman, Lance P; Bertucci, Melyssa; Bolger, Holly; Freimanis, Adam D; Smith1, Russell
Subject: RE: Rapiscan Explanation on Proposed Software

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Rapiscan Systems Inc.
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(Cell) [Redacted]
(Office) [Redacted]
(Fax) 703-812-0335

From: [Redacted]
Sent: Monday, August 20, 2012 9:47 AM
To: 'Orr, Jennifer'; [Redacted] Peter Kant
Cc: Nyman, Lance P; Bertucci, Melyssa; Bolger, Holly; Frelmanis, Adam D; Smith1, Russell; Blumer, Katie; Cartwright, Frank A.
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(Cell) [Redacted]
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Thanks
Jen

Jennifer Orr

Office of Security Capabilities

Portfolio Manager - People Screening Technologies

Checkpoint Technologies Division

Office: (b)(6)

Cell: (b)(6)

43

Rapiscan[®]
systems
An GSI Systems Company

August 30, 2012

To: Lance Nyman, Contract Officer
Russell Smith, Contract Officer's Technical Representative
Jennifer Orr, Portfolio Manager – People Screening Technologies

From: [REDACTED] Program Manager

Subject: Revised ATR Tier I Software Solution

The purpose of this memorandum is to provide a detailed justification for deploying the revised ATR Tier I software solution recommended by Rapiscan.

During ATR installations in May 2012, operational impact was observed on some units and the initial action was to do a physical audit of the units. The “negative values in scan images not handled” defect was identified, which causes the software to crash, represented by a blue man image. The root cause was traced to certain detector characteristics. When identification of the issue was noted, a permanent software solution was initiated while a hardware solution was identified as an immediate corrective maintenance action. Due to the impact on the testing schedule and program goals of TSA, Rapiscan could not deploy this revised software version to TSA within the OT&E timeline that had already kicked off. Therefore, we addressed this critical defect (Negative Values In Scan Images) prior to the start of the OT&E on the three systems by analyzing and replacing some detectors with the approved parts available, that avoided the issue by controlling the offset characteristic of the detector. The evaluation of the detectors required engineering analysis and only 25% of detectors analyzed met the evaluation criterion. The hardware analysis and corrective action is why TSA did not observe the operational impact from this critical defect. Though the results of OT&E have shown the effectiveness of this solution, the estimated number of detectors that would need replacement makes this procedure for fleet-wide application both cost and timeline prohibitive. In addition, the life cycle cost of system sustainability would be negatively impacted due to the level of effort needed to select detectors with negative offsets.

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The total number of detectors per unit is 16 detectors. Using the OT&E systems as a sample set, 12 detectors were replaced as follows:

- o San Diego—6 total
- o Phoenix—3 total
- o Pittsburgh—3 total

In our detector qualification effort for OT&E, 60 detectors were analyzed in order to identify 12 detectors with adequate offset. On average, 4 detectors out of a total of 16 were replaced per system.

Upon identification of the issue, Rapiscan analyzed image data from a total of 11 systems with ATR, of which four systems exhibited the negative values in the images. Using the 11 systems analyzed and extrapolating to the 251 TSA deployed units, it is estimated that 92 of the 251 systems will be affected. This equates to a supply of 370 qualified detectors to be required. To supply the 370 estimated replacement need, 1480 detectors would need to be analyzed. Both supply chain and time and resources required to analyze this quantity is both cost and time prohibitive and also does not offer a long-term fix for this issue.

When the offset issue was identified on a particular test system that was operated over a 2-month period without selected detectors, the unit displayed blue man on 9 out 10 scans. Using these results, it is estimated that 90 percent of images presented from a unit with an offset issue will result in an unacceptable blue man rate. Without the recommended system software improvement, this will require corrective maintenance instead of providing more robust system software that can handle the operational corrections as needed. A negative impact to throughput, system availability and overall reliability will be expected without the new software.

Conclusion is that there was a direct correlation of proactive efforts of replacing the detectors and the performance observed during OT&E. However, as explained above, this is not a long-term or cost-effective solution. Rapiscan is confident that the implementation of the recommended software will provide TSA with a better, more robust fleet-wide deployment solution—proving better total cost of ownership due to system software versus parts replacement over the life cycle of the systems.

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Gomez, Salomon <TSA OCC>

From: Smith1, Russell
Sent: Monday, October 01, 2012 11:05 AM
To: Cartwright, Frank A ; Blumer, Katie; Carrington, Chawanna
Cc: Freimanis, Adam D; Zarookian, Tallin; Hull, Jason
Subject: FW: Rapiscan RFD

FYI...New Rapiscan AIT ATR RFD.

Russell Smith
Office of Security Capabilities
Transportation Security Administration

(b)(6) Office
Cell

(b)(6)

~~If I am not the COTR for your contract please understand... If the technical direction provided above is not clear or conflicts in any way with previous technical direction or understanding of SOW tasks, please notify the Contracting Officer and the COTR before proceeding in accordance with the direction contained herein if you believe that the technical direction provided above it (1) exceeds the scope and funding on the contract, or (2) adversely impacts source or delivery dates specified explicitly in the contract."~~

~~If I am the COTR for your contract please understand as the COTR, I am not authorized to delete, change, waive, or negotiate any of the technical requirements or other terms and conditions of the contract. Should a change to the contract become necessary, it must be made by a contract modification issued by the Contracting Officer."~~

From: Degnan, Brian <CTR>
Sent: Monday, October 01, 2012 10:56 AM
To: Smith1, Russell
Subject: RE: Rapiscan RFD



RFD-020
Rev1_signed.pdf

Hi Russell,
I've attached the original version. I contacted Jerek and asked him to add an RFD expiration period. He will submit a revision shortly.

Thank you,
Brian Degnan
TSA OSC Configuration Management
Contract Support
GST Team
ICF International

Ph. (b)(6)

(b)(6)

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✈

From: Smith1, Russell
Sent: Monday, October 01, 2012 10:53 AM
To: Degnan, Brian <CTR>
Subject: Rapiscan RFD

Have you guys sent out the Rapiscan RFD?

I need to see that one.

Russell Smith
Office of Security Capabilities
Transportation Security Administration

(b)(6) Office
Cell

(b)(6)

~~If I am not the COTR for your contract please understand... If the technical direction provided above is not clear or conflicts in any way with previous technical direction or understanding of SOW tasks, please notify the Contracting Officer and the COTR before proceeding in accordance with the direction contained herein if you believe that the technical direction provided above it (1) exceeds the scope and funding on the contract, or (2) adversely impacts service or delivery dates specified explicitly in the contract."~~

~~If I am the COTR for your contract please understand as the COTR, I am not authorized to delete, change, waive, or negotiate any of the technical requirements or other terms and conditions of the contract. Should a change to the contract become necessary, it must be made by a contract modification issued by the Contracting Officer."~~

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REQUEST FOR DEVIATION/WAIVER (RFD/RFW)				1. DATE (YYYYMMDD) 2012/09/26		Form Approved OMB No. 0704-0188	
<p>The public reporting burden for this collection of information is estimated to average 2 hours 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 (0704-0188), 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> <p>PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE ABOVE ADDRESS. RETURN COMPLETED FORM TO THE GOVERNMENT ISSUING CONTRACTING OFFICER FOR THE CONTRACT/PROCURING ACTIVITY NUMBER LISTED IN ITEM 2 OF THIS FORM.</p>						2. PROCURING ACTIVITY NUMBER	
4. ORIGINATOR						3. DODAAC	
a. TYPED NAME (First, Middle Initial, Last) (b)(6)			b. ADDRESS (Street, City, State, Zip Code) Rapiscan Systems 2805 Columbia Street Torrance, CA 90503			5. (X one) <input checked="" type="checkbox"/> DEVIATION <input type="checkbox"/> WAIVER	
						6. (X one) <input checked="" type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input type="checkbox"/> CRITICAL	
7. DESIGNATION FOR DEVIATION/WAIVER				8. BASELINE AFFECTED		9. OTHER SYSTEM/CONFIGURATION ITEMS AFFECTED	
a. MODEL/TYPE Secure 1000 SP	b. CAGE CODE 04HU6	c. SYS. DESIG. AIT/ATR	d. DEV. WAIVER NO. RFD-020 Rev.1	<input type="checkbox"/> FUNCTIONAL <input checked="" type="checkbox"/> PRODUCT	<input type="checkbox"/> ALLOCATED	<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
10. TITLE OF DEVIATION/WAIVER ATR Modification							
11. CONTRACT NO. AND LINE ITEM HSTS04-09-D-CT2077				12. PROCURING CONTRACTING OFFICER			
				a. NAME (First, Middle Initial, Last) Lance Nyman			
				b. CODE TSA-16		c. TELEPHONE NO. 571.227.4261	
13. CONFIGURATION ITEM NOMENCLATURE Secure 1000 SP - ATR				14. CLASSIFICATION OF DEFECT			
a. CD NO. N/A		b. DEFECT NO. N/A		c. DEFECT CLASSIFICATION <input type="checkbox"/> MINOR <input type="checkbox"/> MAJOR <input type="checkbox"/> CRITICAL			
15. NAME OF LOWEST PART/ASSEMBLY AFFECTED. Top Assy, Secure Single Pose, ATR				16. PART NO. OR TYPE DESIGNATION 20106554			
17. EFFECTIVITY TSIF: S50951001						18. RECURRING DEVIATION/WAIVER <input type="checkbox"/> YES <input checked="" type="checkbox"/> NO	
19. EFFECT ON COST/PRICE None				20. EFFECT ON DELIVERY SCHEDULE None			
21. EFFECT ON INTEGRATED LOGISTICS SUPPORT, INTERFACE OR SOFTWARE None							
22. DESCRIPTION OF DEVIATION/WAIVER Hardware and software modifications as described below: 1) System Hardware - Reduce scan time to <10sec per scan 2) System Software - Digital correction of negative values produced by detector assemblies. Negative values can cause software crash which is represented by a blue man image							
23. NEED FOR DEVIATION/WAIVER Install ATR modification at TSIF for TSA testing and approval. Modification date is estimated for the week of October 8th, 2012. Upon completion of RFD testing at TSIF, Rapiscan will submit an ECP to change the system baseline and close this RFD. In the event testing is not successful Rapiscan will submit a revised RFD or return the unit to its previous configuration.							
24. CORRECTIVE ACTION TAKEN Replace system hardware as noted below 1) 13108776 Rev1 - Operator Station Computer, Secure-1000, TSA (Computer specifications attached) 2) 337-7510-00 Rev2 - PBA, System Control Board, S-1000 (Control Bd BOM attached)							
25. SUBMITTING ACTIVITY							
a. TYPED NAME (First, Middle Initial, Last) (b)(6)			b. TITLE Program Manager			c. SIGNATURE (b)(6) <small>Digitally signed by Jerik Knight DN: dc=COM, dc=OSDINT, dc=NSA, ou=OSIRM, ou=NSA/Region, ou=Employees, cn=Jerik Knight, date.2012.09.26 17:22:17 -0500</small>	
28. APPROVAL/DISAPPROVAL				a. RECOMMEND <input type="checkbox"/> APPROVAL <input type="checkbox"/> DISAPPROVAL <input type="checkbox"/>			
b. APPROVAL <input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED				c. GOVERNMENT ACTIVITY			
d. TYPED NAME (First, Middle Initial, Last)			e. SIGNATURE			f. DATE SIGNED (YYYYMMDD)	
g. APPROVAL <input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED				h. GOVERNMENT ACTIVITY			
i. TYPED NAME (First, Middle Initial, Last)			j. SIGNATURE			k. DATE SIGNED (YYYYMMDD)	

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REV.	ZONE	DESCRIPTION	DATE	BY	APVD.
1	-	RELEASE PER ECN# 04077	07/30/12	CDP	BSP

DESCRIPTION: : I/O Computer, Secure 1000 ATR
VENDOR PART NO : PIO-5017P-MT-01-RS010 w/ Intel Xeon E3-1275V2 Processor
VENDOR : Super Micro

Rapiscan
systems
An OSI Systems Company

2805 Columbia Street
Torrance, CA 90503

Description:

I/O Computer, Secure 1000 ATR

DRAWN BY:

CDP

DATE:

07/30/12

ECN No.: 04077

DRAWING NO.:

13108776

REV.:

1

CHECKED BY:

BSP

DATE:

07/30/12

USED ON:

NEXT ASSY:

APPROVED BY:

BSP

DATE:

07/30/12

SHEET 1 OF 4

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SUPERMICRO

PIO-5017P-MT-01-RS010
TSA / Rapidscan Torrance X9SAE

Part Number:	PIO-5017P-MT-01-RS010	BOM Revision:	01
Type:	PIO System	Last Update:	07/31/2012
MOQ:			
Comment:	<p>HDD is primary bootable device USB Bootable device not allowed in BIOS setup.</p> <p>Windows XP SP3 Embedded OS SLP Install Image: XPE_OA_rev5.iso</p> <p>OEM BIOS required: SLP string needs to show "SUPERMICROCOMPUTERS" OEM Banner RapiScan inserted for power on splash screen.</p> <p>1. This is a SKU that used Microsoft XP Professional PRO 2. This OS has OEM activation, which means needs OEM BIOS to enable this feature. BIOS is attached for your reference. 3. The Ghost OEM image is provided by customer. A unique partition mapping is done to perform image recovery. The deployment tool is CD based. b. Insert CD c. Boot from it by pressing F11 d. Select DVD drive e. Enter password "rape2830" f. After script is complete, run the following manual commands: From X:\Windows\System32> prompt type in: "C:\GHOST\GHOST32.EXE -clone,mode=restore,src=c:\TSAIO.GHO,dst=1 -sure"</p>		
Warranty:	Standard PIO Warranty and Two Year Extended.		
Sys Warranty For:			
OEM:			

Part: **(1010)** Sales: **(1010)** Customer: Rapidscan Systems, INC.

Components

Part Number	Part Description	Qty	Note	Vendor Info
Chassis:				
CSE-512F-350B	Black 1U S17 chassis w/ 5.25" bays			
CD-ROM and accessories:				
CDM-SATA	mini-SATA to SATA adapter for slim DVD	1		(ABLECOM: 1011-AASM01-020) (Ablecom: B4-TP001XXX(1046T001))
DVM-TEAC-DVD-S8T1	BLACK TEAC SLIM DVD ROM SATA DRIVE ROHS	1		(TEAC : DV-28S-W)
Cable:				
COL-0060L	12V 4 TO 4 PIN PWR CONNECTOR EXTENSION, 1F	1		

DRAWING NO: 13108778 REV 1

SHEET 2 OF 4

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CaL-0315L	35CM SATA FLAT S-S W/ LATCH P8F	1	(AMPHENOL: AST6170-0004)
CPU:			
P4X-UPE31275V2-SR0PA	IVY B. 4C/8T E3-1275V3 3.5G 6M 77W W/GFX H2 2011 E1	1	(Intel: 919967 CM8063701096702 SR0PA)
Motherboard:			
MB -X9SAE-O-P	MB -X9SAE-O-P	1	
Memory:			
MEM-DR320L-SL04-EU13	2GB 2Rx8 M39185673G80-CH9 DDR3-1333 ECC UDIMM	4	(SAMSUNG: M39185673G80-CH9)
Hard Drive:			
HDD-T0500-WD5003ABYX	WD RE4 500G SATA 6Gb/s 7200 RPM 64MB 3.5"	1	(Western Digital: WD5003ABYX)
Heat Sink:			
SNK-P0046P	1U PASSIVE CPU HS FOR INTEL LGA1156	1	(AVC: P20900071)
Software:			
SFT-M3FT-XPPROSP3	G82-00037 WindowXP Pro Embedded SP3	1	(MICROSOFT: G82-00037)
Part:			
MCP-260-00048-0N	Standard I/O Shield for C7Q67 with EMI Gasket	1	NCT new Part replacement for MCP- 260-00024- 0N

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Intel® Xeon® processor E3-1200 Product Family

Processor Number	Frequency Type	Clock GHz	GTP	GFLOP	APP 1-way	APP 2-way	APP 4-way
E3-1265LV2	Base	2.5	100000	80	0.024	0.048	0.096
	Single Core Max Turbo	3.5	140000	112	0.0336	0.0672	0.1344
	GPU ONLY	1.15	29133	55.2	0.01656	0.03312	0.06624
E3-1270	Base	3.4	136000	108.8	0.03264	0.06528	0.13056
	Single Core Max Turbo	3.8	152000	122	0.03648	0.07296	0.14592
	GPU ONLY	N/A	N/A	N/A	N/A	N/A	N/A
E3-1270V2	Base	3.5	140000	112	0.0336	0.0672	0.1344
	Single Core Max Turbo	3.9	156000	125	0.03744	0.07488	0.14976
	GPU ONLY	N/A	N/A	N/A	N/A	N/A	N/A
E3-1275	Base	3.4	136000	108.8	0.03264	0.06528	0.13056
	Single Core Max Turbo	3.8	152000	122	0.03648	0.07296	0.14592
	GPU ONLY	N/A	N/A	N/A	N/A	N/A	N/A
E3-1275V2	Base	3.5	140000	112	0.0336	0.0672	0.1344
	Single Core Max Turbo	3.9	156000	125	0.03744	0.07488	0.14976
	GPU ONLY	1.25	81667	160	0.048	0.096	0.192
E3-1280	Base	3.5	140000	112	0.0336	0.0672	0.1344
	Single Core Max Turbo	3.9	156000	125	0.03744	0.07488	0.14976
	GPU ONLY	N/A	N/A	N/A	N/A	N/A	N/A
E3-1280V2	Base	3.6	144000	115.2	0.03456	0.06912	0.13824
	Single Core Max Turbo	4	160000	128	0.0384	0.0768	0.1536
	GPU ONLY	N/A	N/A	N/A	N/A	N/A	N/A

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Title/ Description: PBA, System Control Board, S-1000 Model #: Secure 1000 Single Pose

Drawing Number: Issue/ Revision: 2 Date: 01/03/2011 Drawn by: (b)(6) Appr: PL

Revision Part Number: 337-7510-00 Modified by: (b)(6) Date: 7/30/2012 ECR#: 4037

ITEM NO.	PART/DRAWING/ NUMBER	REV	QTY PER	MANUFACTURER'S PART NO.	MANUFACTURER'S *ALTERNATIVE	RECOMMENDED DISTRIBUTOR	DESCRIPTION	UM	COST
1	2910888	4	2				IC, Preprogrammed, Secure 1000, Single Pose	EA	
2	04104533	1	0				Scan Light Installation Instruction	EA	
3	38104699	2	2				Label, Revision, System Control Board, Secure 1000 Single Pose	EA	
4									
5									
6									
7									
8									
9									
10									
11									
12									
13									
14									
15									
16									
17									
18									
19									

GOVERNMENT TEST REPORT

**Government Test Run Report for Project # : 732355 - PS AIT ATR
TSA**

Test Run #	Test Case #	Summary	Status	Scanned	Run Time	
732355 - PS AIT ATR V4.00.21 Algo V 1.9						
Secure 1000 ATR						
32869	3700	Secure 1000 ATR Installation Test	(b)(3) 49 U.S.C. § 114(f)	25	120	
32870	3701	Secure 1000 ATR Basic User Operations		220	780	
32872	3703	Secure 1000 ATR Level Z User Operations		60	180	
32873	3704	Secure 1000 ATR Sanity Test		50	12	
32874	3705	Secure 1000 ATR Avatar/SO Display Test		10	35	
32875	3731	Secure 1000 ATR Version Test - Hybrid Development		0	16	
32918	3741	Secure 1000 ATR Algorithm Messaging		12	30	
32958	3716	Secure 1000 ATR Automated Scans		14,620	3825	
732355 - PS AIT ATR V4.00.21 Algo V 1.9 - Test Run Count : 8				14,997	4997 Mins	
732355 - PS AIT ATR V4.00.22 Algo V 1.9						
Secure 1000 ATR						
32978	3701	Secure 1000 ATR Basic User Operations	(b)(3) 49 U.S.C. § 114(f)	210	750	
32979	3703	Secure 1000 ATR Level Z User Operations		62	190	
32980	3704	Secure 1000 ATR Sanity Test		60	120	
32982	3716	Secure 1000 ATR Automated Scans		42,303	14902	
32983	3713	Secure 1000 ATR Daily System Health Test		20	45	
32991	3731	Secure 1000 ATR Version Test - Hybrid Development		0	15	
732355 - PS AIT ATR V4.00.22 Algo V 1.9 - Test Run Count : 6				42,655	16022 Mins	
732355 - PS AIT ATR V4.00.23 Algo V 1.9						
Secure 1000 ATR						
33233	3700	Secure 1000 ATR Installation Test	(b)(3) 49 U.S.C. § 114(f)	10	60	
33234	3701	Secure 1000 ATR Basic User Operations		50	180	
33235	3703	Secure 1000 ATR Level Z User Operations		50	90	
33236	3704	Secure 1000 ATR Sanity Test		20	90	
33237	3705	Secure 1000 ATR Avatar/SO Display Test		16	40	
33238	3707	Secure 1000 ATR BIT/FIT Test		6	45	
33239	3708	Secure 1000 ATR Image Timing Test		5	30	
33240	3713	Secure 1000 ATR Daily System Health Test		12	45	
33241	3714	Secure 1000 ATR Service Mode		30	90	
33243	3731	Secure 1000 ATR Version Test - Hybrid Development		0	15	

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GOVERNMENT TEST REPORT

33244	3741	Secure 1000 ATR Algorithm Messaging	732365 - PS C 1100	11	40
732365 - PS AIT ATR V4.00.23 Algo V.1.9 - Test Run Count : 11				210	725 Mins
Total Number of Test Runs executed : 25				57,862	21744 Mins

Notes:

There are no critical defects open at the end of the test cycle, the software is recommended for release

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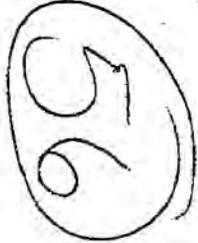
PARTS LIST

Title/ Description: SECURE 1000 ATR, TIER 1 Model #: Secure 1000 ATR

Drawing Number: SW93106091 Issue/ Revision: 4.00.23 Date: 09/25/12 Drawn by: (b)(6) Appr:

Navision Part Number: SW93106091 Modified by: (b)(6) Date: 09/25/12 ECN#: 04099

ITEM NO.	PART/DRAWING/ NUMBER	REV	QTY PER	MANUFACTURER'S PART NO.	MANUFACTURER'S *ALTERNATIVE	RECOMMENDED DISTRIBUTOR	DESCRIPTION	UM	COST
1	SW93106091-1	4.00.23	0				SECURE 1000 ATR, TIER 1, MASTER	EA	
2	SW93106091-2	4.00.23	0				SECURE 1000 ATR, TIER 1, SLAVE	EA	
3	SW93106091-3	4.00.23	0				SECURE 1000 ATR, TIER 1, I/O	EA	



REQUEST FOR DEVIATION/WAIVER (RFD/RFW)				1. DATE (YYYYMMDD) 2012/09/26		Form Approved OMB No. 0704-0188			
<p>The public reporting burden for this collection of information is estimated to average 2 hours 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 Service, Directorate for Information Operations and Reports (0704-0188), 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 uniquely valid OMB control number.</p> <p>PLEASE DO NOT RETURN YOUR COMPLETED FORM TO THE ABOVE ADDRESS. RETURN COMPLETED FORM TO THE GOVERNMENT PERSONNEL CONTRACTING OFFICER FOR THE CONTRACT/PROCURING ACTIVITY NUMBER LISTED IN ITEM 2 OF THIS FORM.</p>						2. PROCURING ACTIVITY NUMBER		3. DODAAC	
4. ORIGINATOR		b. ADDRESS (Street, City, State, Zip Code)				5. (X ONE)			
a. TYPED NAME (First, Middle Initial, Last)		Raspican Systems 2805 Columbia Street Torrance, CA 90503				<input checked="" type="checkbox"/> DEVIATION <input type="checkbox"/> WAIVER <input checked="" type="checkbox"/> MAJOR <input type="checkbox"/> MINOR <input type="checkbox"/> CRITICAL			
7. DESIGNATION FOR DEVIATION/WAIVER				8. BASELINE AFFECTED		9. OTHER SYSTEM CONFIGURATION ITEMS AFFECTED			
a. MODEL/TYPE		b. CAGE CODE		c. SYS. DESIG.		d. DEV. WAIVER NO.			
Secure 1000 SP		04HUK		A17/ATR		RFD-020 Rev.1			
				<input type="checkbox"/> BASIC TOOL <input checked="" type="checkbox"/> PRODUCT <input type="checkbox"/> ALLOCATED		<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO			
10. TITLE OF DEVIATION/WAIVER				12. PROCURING CONTRACTING OFFICER					
ATR Modification				a. NAME (First, Middle Initial, Last) Lance Nyman					
11. CONTRACT NO. AND LINE ITEM				b. CODE TSA-16		c. TELEPHONE NO. 571.227.4261			
11ST04-09-D-CT2077									
13. CONFIGURATION ITEM NOMENCLATURE				14. CLASSIFICATION OF DEFECT					
Secure 1000 SP - ATR				a. CD NO. b. DEFECT NO. c. DEFECT CLASSIFICATION					
				N/A N/A <input type="checkbox"/> MINOR <input type="checkbox"/> MAJOR <input type="checkbox"/> CRITICAL					
15. NAME OF LOWEST PART/ASSEMBLY AFFECTED				16. PART NO. OR TYPE DESIGNATION					
Top Assy, Secure Single Pass, ATR				20106554					
17. EFFECTIVITY				18. REQUIRING DEVIATION/WAIVER					
TSIF: S50951001				<input type="checkbox"/> YES <input checked="" type="checkbox"/> NO					
19. EFFECT ON COST/PRICE				20. EFFECT ON DELIVERY SCHEDULE					
None				None					
21. EFFECT ON INTEGRATED LOGISTICS SUPPORT, INTERFACE OR SOFTWARE									
None									
22. DESCRIPTION OF DEVIATION/WAIVER									
Hardware and software modifications as described below:									
1) System Hardware - Reduce scan time to <10sec per scan									
2) System Software - Digital correction of negative values produced by detector assemblies. Negative values can cause software crash which is represented by a blue tint image.									
23. NEED FOR DEVIATION/WAIVER									
Install ATR modification at TSIF for TSA testing and approval.									
Modification date is estimated for the week of October 8th, 2012. Post installation the system will be available for TSIF review and testing, which is anticipated for no more than 30 days.									
Upon completion of RFD testing at TSIF, Raspican will submit an RCP to change the system baseline and close this RFD. In the									
24. CORRECTIVE ACTION TAKEN									
Replace system hardware as noted below									
1) 13108776 Rev1 - Operator Station Computer, Secure-1000, TSA (Computer specifications attached)									
2) 137-7510-00 Rev2 - PIA, System Control Board, S-1000 (Control Bld BOM attached)									
25. SUBMITTING ACTIVITY									
a. TYPED NAME (First, Middle Initial, Last)		b. TITLE		c. SIGNATURE					
(b)(6)		Program Manager		(b)(6)					
26. APPROVAL/DISAPPROVAL									
a. APPROVAL		b. RECOMMEND		APPROVAL		DISAPPROVAL			
<input type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED									
d. TYPED NAME (First, Middle Initial, Last)				e. SIGNATURE		f. DATE SIGNED (YYYYMMDD)			
g. APPROVAL				h. GOVERNMENT ACTIVITY					
<input checked="" type="checkbox"/> APPROVED <input type="checkbox"/> DISAPPROVED				TSA-16					
i. TYPED NAME (First, Middle Initial, Last)		j. SIGNATURE		k. DATE SIGNED (YYYYMMDD)					
Michael MSE/1001				2012/10/15					

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Officers DEEPAK CHOPRA, CEO; AJAY MEHRA, PRES; ERIC LUIZ, CFO; ANDY KOTOWSKI, CTO

Directors THE OFFICER(S)

As of 06/01/2012

On June 1, 2012 a check with the California Secretary of State showed no corporate business registration for the above business.

Business started 1993 by parent company. 100% of capital stock is owned by the parent company.

DEEPAK CHOPRA born 1950. 1987-present active with Opto Sensors Inc, Hawthorne, CA.

AJAY MEHRA born 1962. 1993-present active here.

ERIC LUIZ. 2004-present active here.

ANDY KOTOWSKI born 1956. 1993-present active here.

Affiliates:

The following are related through common principals, management and/or ownership

OSI Electronics Inc, Hawthorne, CA, started 1995. Operates as a manufacture of PC boards and assemblies. Intercompany relations: None reported by management.

Opto Sensors Malaysia, started 1994. Operates as a manufacturer of electronic cells. Intercompany relations: None reported by management.

Opto Sensors Singapore Inc, Singapore, started 1988. Operates as a manufacturer of photo electric cells. Intercompany relations: None reported by management.

Rapiscan Security Products Ltd, London, England, started 1993. Operates as a manufacturer of security badge scanners. Intercompany relations: None reported by management.

U D T Sensors Inc, Hawthorne, CA, started 1990. DUNS #-277-0974. Operates as a manufacturer of photo electric cells. Intercompany relations: None reported by management.

OSS Systems, Inc

Metorex Security Products OY, Finland

Dolphin Medical, Inc

Osteometer Meditech, Inc

Government Activity Summary

Table with 6 columns: Activity Summary, Borrower, Administrative Debt, Grantee, Party Excluded from Federal Programs, Public Company, Congressional District, Contractor, Importer/Exporter, Possible candidate for socioeconomic program consideration (Labor Surplus Area, Small Business, Women Owned, Minority Owned, Disadvantaged Business Enterprise, Ethnicity Classification, Vietnam Veteran Owned, Disabled Owned, Historical College Classification).

The details provided in the Government Activity section are as reported to Dun & Bradstreet by the federal government and other sources.

Operations Data

As of 06/01/2012

Description: Subsidiary of Osi Systems, Inc., Hawthorne, CA started 1987 which operates as a manufacturer of photo electric cells. Parent company owns 100% of capital stock. Parent company has two other subsidiary(ies).

As noted, this company is a subsidiary of Osi Systems Inc, DUNS number 178295812, and reference is made to that report for background information on the parent company and its management.

Manufactures X-ray apparatus or tubes or related irradiation apparatus.



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Has 200 account(s). Terms are Net 30 days. Sells to the government. Territory : International.

Nonseasonal.

Employees: 867 which includes officer(s). UNDETERMINED employed here.

Facilities: 93,000 sq. ft. in a one story concrete block building.

Location: Industrial section on main street.

Industry Data

SIC		NAICS	
Code	Description	Code	Description
38440000	X-ray apparatus and tubes	334517	Irradiation Apparatus Manufacturing

Federal Information

Federal Employer Identification Numbers

Dun & Bradstreet, Inc. has compiled the following FEIN numbers for the business name in this report from the sources below. Dun & Bradstreet, Inc. provides this information "AS IS" with no guarantee as to its accuracy.

FEIN	Business Name	Address	Source	Date
95-4413488	RAPISCAN SECURITY PRODUCTS (U.S.A.), INC.	12525 CHADRON AVE., HAWTHORNE, CA 90250	GEORGIA BUSINESS REGISTRATIONS	10/18/2000

Corporate Family Relationships

The following establishments related to the subject of this report have reported activity with the Federal Government. Click the business's D-U-N-S number to order a Federal Information Report on that case.

This is not a complete corporate family structure. To order more information on this business's corporate structure, use D&B's Global Family Linkage product.

D-U-N-S®	Name	Loans	Claims	Debarments	Contracts	Grants
61-277-0974	OSI OPTOELECTRONICS, INC.	No	No	No	Yes	No
14-558-1588	SPACELABS MEDICAL, INC	No	No	No	Yes	No
08-291-1843	RAPISCAN SYSTEMS HIGH ENERGY I	No	No	No	Yes	No
00-801-1236	RAPISCAN LABORATORIES, INC.	No	No	No	Yes	No
07-423-3821	METOREX SECURITY PRODUCTS,	No	No	No	Yes	No

Reported US Government Contract Actions

Reported Date	Contract Awarded	Contract ID	Contract Amount	Contract Nature	Federal Supplier Code	Action Type	Contract Office & Agency
11/16/2012	08/2012	W9124312F0011/W9124	\$4,000	HAZARD-DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
08/28/2012	03/2012	W9124312F0011/W9124	4,000	HAZARD-DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
09/26/2011	03/2011	W9124311F0024/W9124	3,000	HAZARD-DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
10/29/2010	03/2010	W9124310F0083/W9124	3,000	HAZARD-DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE

ORDER UNDER



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09/14/2010	03/2010	W9124310F0063/ W9124	3,000	HAZARD- DETECTING INSTRU & APPARATUS	6665	SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
08/03/2010	03/2010	W9124310F0063/ W9124	3,000	HAZARD- DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
10/29/2010	03/2010	W9124Q05F1105/ W9124	151,000	ADP INPUT/OUTPUT & STORAGE DEVICES	7025	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
09/14/2010	03/2010	W9124Q05F1105/ W9124	151,000	ADP INPUT/OUTPUT & STORAGE DEVICES	7025	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
08/03/2010	03/2010	W9124Q05F1105/ W9124	151,000	ADP INPUT/OUTPUT & STORAGE DEVICES	7025	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
06/28/2012	02/2012	W912PQ12M0053/ W912P	12,000	HAZARD- DETECTING INSTRU & APPARATUS	6665	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
11/16/2012	07/2012	W912LA12P0059/ W912L	6,000	HAZARD- DETECTING INSTRU & APPARATUS	6665	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
11/16/2012	06/2012	W912D209P0051/ W912D	73,000	MISC MAINT EQ	4940	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
10/29/2010	07/2010	W912D209P0051/ W912D	66,000	MISC MAINT EQ	4940	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
11/16/2012	07/2012	W912D111P0150/ W912D	(60,000)	MISC ALARM, SIGNAL, SEC SYSTEMS	6350	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
11/16/2012	08/2012	W912D110F0008/ W912D	(4,000)	HAZARD- DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
10/29/2010	05/2010	W912D110F0008/ W912D	2,017,000	HAZARD- DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
10/29/2010	06/2010	W912D110F0008/ W912D	(54,000)	HAZARD- DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
09/14/2010	06/2010	W912D110F0008/ W912D	(54,000)	HAZARD- DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
09/14/2010	05/2010	W912D110F0008/ W912D	2,017,000	HAZARD- DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
05/22/2010	12/2009	W912D107P0381/ W912D	12,000	MAINT-REP OF MEDICAL-DENTAL- VET EQ	J065	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
10/29/2010	06/2010	W912DY08F0275/ W912D	(40,000)	INSTALL OF ELECT- ELCT EQ	N059	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
11/16/2012	08/2012	W912GL11F0030/ W912C	4,000	MAINT-REP OF INSTRUMENTS & LAB EQ	J066	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
04/03/2012	11/2011	W912CL07F0003/ W912C	(1,000)	PHYSICAL PROPERTIES TEST	6635	ORDER UNDER SINGLE AWARD INDEF DEL	DEPT OF DEFENSE



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				EQ			
					CONTR		
09/26/2011	06/2011	W911SD10F0118/ W911S	(3,000)	MAINT-REP OF MEDICAL-DENTAL- VET EQ	J065	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
10/25/2011	07/2011	W911SD09P0254/ W911S	(3,000)	MAINT-REP OF INSTRUMENTS & LAB EQ	J066	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
11/16/2012	04/2012	W91WRZ09P0019/ W91WR	(1,000)	MAINT-REP OF OFFICE MACHINES	J074	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
09/14/2010	03/2010	W91WRZ08P0042/ W91WR	(7,000)	MED & SURGICAL INSTRUMENTS,EQ & SUP	6515	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
08/03/2010	03/2010	W91WRZ08P0042/ W91WR	(7,000)	MED & SURGICAL INSTRUMENTS,EQ & SUP	6515	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
10/29/2010	05/2010	W91QF410F0032/ W91QF	84,000	PHYSICAL PROPERTIES TEST EQ	6635	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
09/14/2010	05/2010	W91QF410F0032/ W91QF	84,000	PHYSICAL PROPERTIES TEST EQ	6635	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
09/26/2011	06/2011	W91GY010C0005/ W91GY	636,000	MISC ALARM, SIGNAL, SEC SYSTEMS	6350	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
03/03/2011	11/2010	W91GY010C0005/ W91GY	2,065,000	MISC ALARM, SIGNAL, SEC SYSTEMS	6350	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
05/22/2010	01/2010	W91GY010C0005/ W91GY	25,162,000	MISC ALARM, SIGNAL, SEC SYSTEMS	6350	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
10/29/2010	04/2010	W91CRB10P0107/ W91CR	249,000	HAZARD- DETECTING INSTRU & APPARATUS	6665	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
09/14/2010	04/2010	W91CRB10P0107/ W91CR	249,000	HAZARD- DETECTING INSTRU & APPARATUS	6665	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
08/03/2010	04/2010	W91CRB10P0107/ W91CR	249,000	HAZARD- DETECTING INSTRU & APPARATUS	6665	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
10/29/2010	04/2010	W91B4N10P1090/ W91B4	749,000	PHYSICAL PROPERTIES TEST EQ	6635	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
09/14/2010	04/2010	W91B4N10P1090/ W91B4	749,000	PHYSICAL PROPERTIES TEST EQ	6635	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
08/03/2010	04/2010	W91B4N10P1090/ W91B4	749,000	PHYSICAL PROPERTIES TEST EQ	6635	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
10/29/2010	07/2010	W81XWH10F0399/ W81XW	50,000	PHYSICAL PROPERTIES TEST EQ	6635	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
10/29/2010	04/2010	SP470510P0198/ SP470	8,000	MAINT-REP OF ALARM & SIGNAL SYSTEM	J063	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
09/14/2010	04/2010	SP470510P0198/ SP470	8,000	MAINT-REP OF ALARM & SIGNAL SYSTEM	J063	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
		SP470510P0198/ SP470		MAINT-REP OF		PURCH USING	



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08/03/2010	04/2010	SP470	8,000	ALARM & SIGNAL SYSTEM	J063	SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
09/14/2010	11/2009	SPRMM110PPC03/ SPRMM	10,000	PRESSURE TEMP HUMIDITY INSTRUMENTS	6685	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
08/03/2010	11/2009	SPRMM110PPC03/ SPRMM	10,000	PRESSURE TEMP HUMIDITY INSTRUMENTS	6685	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
09/14/2010	10/2009	SPRMM110PPA91/ SPRMM	21,000	COMBINATION & MISC INSTRUMENTS	6695	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
08/03/2010	10/2009	SPRMM110PPA91/ SPRMM	21,000	COMBINATION & MISC INSTRUMENTS	6695	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
09/14/2010	10/2009	SPRMM110PPA90/ SPRMM	10,000	COMBINATION & MISC INSTRUMENTS	6695	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
08/03/2010	10/2009	SPRMM110PPA90/ SPRMM	10,000	COMBINATION & MISC INSTRUMENTS	6695	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
11/16/2012	07/2012	N4279412P0071/ N4279	40,000	ENGINEERING AND TECHNICAL SERVICES	R425	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
11/16/2012	07/2012	N0060412P3771/ N0060	3,000	PHYSICAL PROPERTIES TEST EQ	6635	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
11/16/2012	06/2012	N0060412F3132/ N0060	7,000	HAZARD-DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
06/28/2012	03/2012	N0060412F3076/ N0060	7,000	PHYSICAL PROPERTIES TEST EQ	6635	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
10/29/2010	07/2010	N0024410F0451/ N0024	3,000	MAINT-REP OF INSTRUMENTS & LAB EQ	J066	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
10/29/2010	07/2010	N0024410F0415/ N0024	24,000	MISC SPECIAL INDUSTRY MACHINE	3695	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
06/28/2012	01/2012	N0018911F0177/ N0018	20,000	MAINT-REP OF MISC EQ	J099	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
09/26/2011	05/2011	N0018911F0177/ N0018	6,000	MAINT-REP OF MISC EQ	J099	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
09/14/2010	03/2010	N0018910P0411/ N0018	5,000	PHYSICAL PROPERTIES TEST EQ	6635	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
08/03/2010	03/2010	N0018910P0411/ N0018	5,000	PHYSICAL PROPERTIES TEST EQ	6635	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
10/25/2011	07/2011	N0016411P0657/ N0016	2,000	HAZARD-DETECTING INSTRU & APPARATUS	6665	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
09/14/2010	03/2010	N0016409P0643/ N0016	24,000	HAZARD-DETECTING INSTRU & APPARATUS	6665	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
08/03/2010	03/2010	N0016409P0643/ N0016	24,000	HAZARD-DETECTING INSTRU & APPARATUS	6665	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
09/14/2010	04/2010	N0016409P0254/	(2,000)	MISC ALARM, SIGNAL, SEC	6350	PURCH USING SIMPLIFIED ACQ.	DEPT OF DEFENSE



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		N0016		SYSTEMS		PROCEDURES	
08/03/2010	04/2010	N0016409P0254/ N0016	(2,000)	MISC ALARM, SIGNAL, SEC SYSTEMS	6350	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
03/03/2011	11/2010	M6785406C5138/ M6785	(51,000)	HAZARD- DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
10/29/2010	06/2010	M0026410F0180/ M0026	74,000	HAZARD- DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
09/14/2010	04/2010	M0026410F0118/ M0026	8,000	PHYSICAL PROPERTIES TEST EQ	6635	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
11/16/2012	05/2012	HDTRA111F0039/ HDTRA	4,000	MISC ALARM, SIGNAL, SEC SYSTEMS	6350	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
11/16/2012	05/2012	HDTRA110F0042/ HDTRA	12,000	HAZARD- DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
09/26/2011	05/2011	HDTRA110F0042/ HDTRA	12,000	HAZARD- DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
09/14/2010	06/2010	HDTRA110F0042/ HDTRA	11,000	HAZARD- DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
10/29/2010	07/2010	HDTRA108F0104/ HDTRA	8,000	HAZARD- DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
10/16/2009	06/2009	HDTRA108F0104/ HDTRA	4,000	HAZARD- DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
06/28/2012	01/2012	FA701410FA018/ FA701	24,000	HAZARD- DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
09/14/2010	03/2010	FA701410FA018/ FA701	11,000	HAZARD- DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
08/03/2010	03/2010	FA701410FA018/ FA701	11,000	HAZARD- DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
09/14/2010	03/2010	FA449708F0025/ FA449	(2,000)	MAINT-REP OF ADP EQ & SUPPLIES	J070	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
08/03/2010	03/2010	FA449708F0025/ FA449	(2,000)	MAINT-REP OF ADP EQ & SUPPLIES	J070	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
11/16/2012	06/2012	FA445212P0018/ FA445	20,000	LEASE-RENT OF MISC EQ	W099	PURCH USING SIMPLIFIED ACQ. PROCEDURES	DEPT OF DEFENSE
06/28/2012	03/2012	FA445210C0001/ FA445	85,000	LEASE-RENT OF MISC EQ	W099	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE

ORDER UNDER



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02/07/2012	10/2011	FA445210C0001/ FA445	192,000	LEASE-RENT OF MISC EQ	W099	SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
03/03/2011	10/2010	FA445210C0001/ FA445	769,000	LEASE-RENT OF MISC EQ	W099	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
05/22/2010	12/2009	FA445210C0001/ FA445	554,000	LEASE-RENT OF MISC EQ	W099	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
02/04/2010	10/2009	FA445205C0003/ FA445	197,000	LEASE-RENT OF INSTRUMENTS & LAB EQ	W086	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	DEPT OF DEFENSE
06/28/2012	05/2012	NAMA12F0092/ NAMA1	4,000	MISC ALARM, SIGNAL, SEC SYSTEMS	6350	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	NATIONAL ARCHIVES AND RECORDS ADMINISTR
04/03/2012	03/2012	HSFE1109F0039/ HSFE1	3,000	MAINT-REP OF MISC EQ	J099	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	HOMELAND SECURITY DEPARTMENT OF, FEDERAL EMERGENCY MANAGEMENT AGENCY
10/29/2010	04/2010	HSFE1109F0039/ HSFE1	3,000	MAINT-REP OF MISC EQ	J099	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	HOMELAND SECURITY DEPARTMENT OF, FEDERAL EMERGENCY MANAGEMENT AGENCY
05/22/2010	04/2010	HSFE1109F0039/ HSFE1	3,000	MAINT-REP OF MISC EQ	J099	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	HOMELAND SECURITY DEPARTMENT OF, FEDERAL EMERGENCY MANAGEMENT AGENCY
09/28/2011	08/2011	HSFE1011F00099/ HSFE1	7,000	MISC ALARM, SIGNAL, SEC SYSTEMS	6350	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	HOMELAND SECURITY DEPARTMENT OF, FEDERAL EMERGENCY MANAGEMENT AGENCY
06/28/2012	05/2012	HSFELA11P0091/ HSFEL	1,000	MAINT-REP OF MISC EQ	J099	PURCH USING SIMPLIFIED ACQ. PROCEDURES	HOMELAND SECURITY DEPARTMENT OF, FEDERAL EMERGENCY MANAGEMENT AGENCY
09/26/2011	07/2011	HSFELA11P0091/ HSFEL	14,000	SERVICES (BASIC)	AD21	PURCH USING SIMPLIFIED ACQ. PROCEDURES	HOMELAND SECURITY DEPARTMENT OF, FEDERAL EMERGENCY MANAGEMENT AGENCY
09/26/2011	09/2011	HSFELA11P0091/ HSFEL	2,000	SERVICES (BASIC)	AD21	PURCH USING SIMPLIFIED ACQ. PROCEDURES	HOMELAND SECURITY DEPARTMENT OF, FEDERAL EMERGENCY MANAGEMENT AGENCY
12/28/2011	11/2011	HSFLGL12F00011/ HSFLG	7,000	HAZARD- DETECTING INSTRU & APPARATUS	6665	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	HOMELAND SECURITY DEPARTMENT OF, FEDERAL LAW ENFORCEMENT TRAINING CENTER
01/17/2011	10/2010	HSFLGL11F00021/ HSFLG	7,000	MAINT-REP OF OFFICE MACHINES	J074	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	HOMELAND SECURITY DEPARTMENT OF, FEDERAL LAW ENFORCEMENT TRAINING CENTER



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10/29/2010	01/2010	HSFLGL10F00105/ HSFLG	7,000	ADP SUPPORT EQUIPMENT	7035	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	HOMELAND SECURITY DEPARTMENT OF, FEDERAL LAW ENFORCEMENT TRAINING CENTER
05/22/2010	01/2010	HSFLGL10F00105/ HSFLG	7,000	ADP SUPPORT EQUIPMENT	7035	ORDER UNDER SINGLE AWARD INDEF DEL CONTR	HOMELAND SECURITY DEPARTMENT OF, FEDERAL LAW ENFORCEMENT TRAINING CENTER
11/16/2012	09/2012	HSBP20120030900/ HSBP2	16,000	PHYSICAL PROPERTIES TEST EQ	6635	PURCH USING SIMPLIFIED ACQ. PROCEDURES	HOMELAND SECURITY DEPARTMENT OF, BUREAU OF CUSTOMS AND BORDER PROTECTION
11/16/2012	07/2012	HSBP1012J00494/ HSBP1	1,238,000	TRUCKS AND TRUCK TRACTORS, WHEELED	2320	PURCH USING SIMPLIFIED ACQ. PROCEDURES	HOMELAND SECURITY DEPARTMENT OF, BUREAU OF CUSTOMS AND BORDER PROTECTION
11/16/2012	08/2012	HSBP1011J00829/ HSBP1	(161,000)	HAZARD- DETECTING INSTRU & APPARATUS	6665	PURCH USING SIMPLIFIED ACQ. PROCEDURES	HOMELAND SECURITY DEPARTMENT OF, BUREAU OF CUSTOMS AND BORDER PROTECTION
11/16/2012	09/2012	HSBP1011J00829/ HSBP1	161,000	HAZARD- DETECTING INSTRU & APPARATUS	6665	PURCH USING SIMPLIFIED ACQ. PROCEDURES	HOMELAND SECURITY DEPARTMENT OF, BUREAU OF CUSTOMS AND BORDER PROTECTION

Reported Federal Loans and Loan Guarantees

After a search of our files, we find that no government activity has been reported in this section.

Claims, Fees, Fines, Overpayments, Penalties and Other Misc. Reported Debts to Federal Agencies

After a search of our files, we find that no government activity has been reported in this section.

Reported Party Excluded From Federal Program(s)

After a search of our files, we find that no government activity has been reported in this section.

Reported U.S. Government Grants Awards

After a search of our files, we find that no government activity has been reported in this section.

Financial Statements

Key Business Ratios (Based on 60 establishments)

D&B has been unable to obtain sufficient financial information from this company to calculate business ratios. Our check of additional outside sources also found no information available on its financial performance. To help you in this instance, ratios for other firms in the same industry are provided below to support your analysis of this business.

	This Business	Industry Median	Industry Quartile
Profitability			
Return on Sales	UN	6.5	UN
Return on Net Worth	UN	5.4	UN
Short Term Solvency			
Current Ratio	UN	3.4	UN



Decide with Confidence

Quick Ratio	UN	1.8	UN
Efficiency			
Assets Sales	UN	144.6	UN
Sales / Net Working Capital	UN	1.8	UN
Utilization			
Total Liabs / Net Worth	UN	47.2	UN

Most Recent Financial Statement

As of 08/01/2012

On JUN 01 2012 Mary Jivani, Accounting Manager, deferred all information.

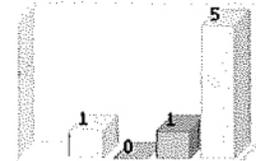
Indicators

Public Filings Summary

The following data includes both open and closed filings found in D&B's database on this company

Record Type	No. of Records	Most Recent Filing Date
Judgment	1	10/07/2011
Lien	0	
Suit	1	08/22/2011
UCC	5	04/13/2011

Public Filings



Bankruptcy Judgment Lien Suit UCC

The following Public Filing data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

Full Filings

Judgments

Status	Unsatisfied	Latest Info Received	01/13/2012
against	RAPISCAN SYSTEMS INC	Type	Judgment
Where Filed	PHILADELPHIA MUNICIPAL COURT, PHILADELPHIA, PA	Status Attained	10/07/2011
In Favor of	COMMONWEALTH OF PENNSYLVANIA, CITY OF PHILADELPHIA, PHILADELPHIA, PA	DOCKET NO.	201108700243CE
		Date Filed	10/07/2011

Suits

Status	Judgment entered	Latest Info Received	08/28/2012
Where Filed	PHILADELPHIA MUNICIPAL COURT, PHILADELPHIA, PA	DOCKET NO.	201108700243CE
Plaintiff	COMMONWEALTH OF PENNSYLVANIA, CITY OF PHILADELPHIA, PHILADELPHIA, PA	Status Attained	10/07/2011
Defendant	RAPISCAN SYSTEMS INC	Date Filed	08/22/2011
Cause	CODE ENFORCEMENT		

UCC Filings

Collateral	All Assets	Latest Info Received	05/05/2011
Filing No.	2011 1394728	Type	Original
Where Filed	SECRETARY OF STATE/UCC DIVISION, DOVER, DE	Date Filed	04/13/2011
Secured Party	WELLS FARGO BANK, NATIONAL ASSOCIATION, AS ADMINISTRATIVE AGENT, CHARLOTTE, NC		
Debtor	RAPISCAN GOVERNMENT SERVICES, INC., ARLINGTON, VA		



Decide with Confidence

Collateral	All Assets	Latest Info Received	08/09/2007
Filing No.	077123749313	Type	Original
Where Filed	SECRETARY OF STATE/UCC DIVISION, SACRAMENTO, CA	Date Filed	07/27/2007
Secured Party	WACHOVIA BANK, NATIONAL ASSOCIATION, AS ADMINISTRATIVE AGENT, CHARLOTTE, NC		
Debtor	RAPISCAN SYSTEMS HOLDINGS, INC.		
Collateral	Assets	Latest Info Received	10/28/2010
Filing No.	107248629372	Type	Original
Where Filed	SECRETARY OF STATE/UCC DIVISION, SACRAMENTO, CA	Date Filed	10/15/2010
Secured Party	WELLS FARGO BANK, NATIONAL ASSOCIATION, AS ADMINISTRATIVE AGENT, CHARLOTTE, NC		
Debtor	RAPISCAN SYSTEMS, INC.		
Collateral	Equipment and proceeds	Latest Info Received	02/04/2010
Filing No.	107221250848	Type	Original
Where Filed	SECRETARY OF STATE/UCC DIVISION, SACRAMENTO, CA	Date Filed	01/29/2010
Secured Party	TD EQUIPMENT FINANCE, INC., CHERRY HILL, NJ		
Debtor	RAPISCAN SYSTEMS, INC.		
Collateral	Equipment and proceeds	Latest Info Received	08/15/2008
Filing No.	080715 71632	Type	Original
Where Filed	SECRETARY OF THE COMMONWEALTH/UCC DIVISION, RICHMOND, VA	Date Filed	07/15/2008
Secured Party	COMMERCE COMMERCIAL LEASING, LLC, CHERRY HILL, NJ		
Debtor	RAPISCAN SECURITY PRODUCTS, INC. and OTHERS		

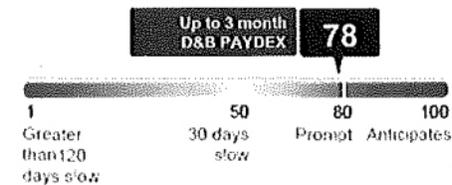
The public record items contained in this report may have been paid, terminated, vacated or released prior to the date this report was printed. Additional UCC and SLJ filings for this company can be found by conducting a more detailed search in our Public Records Database.

Paydex

D&B PAYDEX®

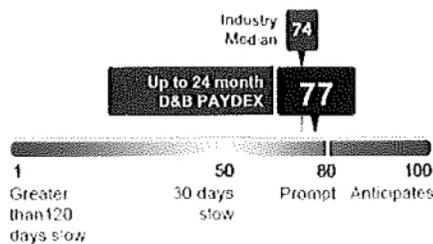
Shows the D&B PAYDEX scores as calculated up to 3 months and up to 24 months of payment experiences.

Up to 3 month D&B PAYDEX



When weighted by dollar amount, payments to suppliers average 3 Days Beyond Terms. Based on payments collected over last 3 months.

Up to 24 month D&B PAYDEX



When weighted by dollar amount, payments to suppliers average 5 days beyond terms. Based on payments collected up to 24 months.

When weighted by dollar amount, the industry average is 9 DAYS BEYOND terms.

- High risk of late payment (average 30 to 120 days beyond terms)
- Medium risk of late payment (average 30 days or less beyond terms)
- Low risk of late payment (average prompt to 30+ days sooner)

Payment Trend	unchanged ⁴	Total Payment Experiences for the HQ	82	Highest Now Owing	\$3,000,000
Payments Within Terms	64%	Total Placed for Collection	1	Highest Past Due	\$100,000
Average High Credit	\$109,702	Largest High Credit	\$6,000,000		



Decide with Confidence

Page 12 of 17

* compared to payments three months ago

Payment Summary

The Payment Summary section reflects payment information in D&B's file as of the date of this report.

There are 82 payment experiences in D&B's file, with 45 experiences reported during the last three month period. The highest Now Owes on file is \$3,000,000. The highest Past Due on file is \$100,000.

Top 10 Industries

Industries	Total Received	Total Amounts	Largest High Credit	Within Terms (%)	Days Slow (%)			
					0-30	31-60	61-90	90+
Whol electronic parts	11	\$131,050	\$80,000	52	15	31	2	0
Nonclassified	7	112,350	45,000	60	40	0	0	0
Trucking non-local	4	218,000	200,000	50	46	3	0	1
Whol computers/softwr	3	100,100	80,000	60	40	0	0	0
Mfg electromedcl prdt	2	6,200,000	6,000,000	98	0	0	0	2
Mfg computers	2	115,000	100,000	0	87	0	0	13
Mfg process controls	2	75,000	70,000	50	50	0	0	0
Whol electrical equip	2	40,250	40,000	99	0	0	0	1
Whol plumb/hydronics	1	200,000	200,000	50	50	0	0	0
Security systems svcs	1	45,000	45,000	50	0	50	0	0
OTHER INDUSTRIES	33	223,000	35,000	79	7	7	7	0

Other Payment Categories

Category	Total Received	Total Dollar Amounts	Largest High Credit
Cash Experiences	13	\$3,000	\$750
Payment record unknown	0	0	0
Unfavorable comments	0	0	0
Placed for Collection	1	2,500	0

Detailed Payment History

Date Reported	Paying Record	High Credit	Now Owes	Past Due	Selling Terms	Last Sale within(months)
January 2013	Ppt	\$30,000	\$30,000	\$0	N/A	1
	Ppt	5,000	2,500	0	N/A	1
	Ppt	1,000	50	50	N/A	1
December 2012	Ppt	6,000,000	3,000,000	0	N/A	1
	Ppt	45,000	20,000	0	N/A	1
	Ppt	40,000	35,000	20,000	N30	1
	Ppt	35,000	25,000	0	N/A	1
	Ppt	30,000	0	0	N30	2-3
	Ppt	20,000	7,500	0	N/A	1
	Ppt	20,000	0	0	N/A	4-5
	Ppt	20,000	750	0	N30	1
	Ppt	7,500	1,000	0	N/A	1
	Ppt	5,000	1,000	0	N30	1
	Ppt	1,000	0	0	N30	2-3
	Ppt	1,000	0	0	N/A	6-12



Decide with Confidence

	Ppt	750	0	0	N/A	2-3
	Ppt	500	0	0	N/A	6-12
	Ppt-Slow 30	80,000	20,000	1,000	N30	1
	Ppt-Slow 30	20,000	0	0	N/A	4-5
	Ppt-Slow 30	5,000	500	250	N30	1
	Ppt-Slow 60	15,000	2,500	2,500	N/A	1
	Ppt-Slow 60	10,000	2,500	2,500	N/A	1
	Ppt-Slow 60	5,000	1,000	500	N30	1
	Ppt-Slow 120	200,000	0	0	N/A	4-5
	Slow 30	100,000	100,000	100,000	N/A	1
	Slow 30	100	100	0	N30	1
	Slow 70	15,000	2,500	2,500	N30	2-3
	Slow 30-90	1,000	0	0	N/A	6-12
	Slow 90+	15,000	5,000	5,000	N/A	
	(030)	750	0	0	Cash account	1
	(031)	500	500	0	Cash account	
	(032)	500	500	0	Cash account	
	(033)	500	0	0	Cash account	4-5
	(034)	100	0	0	Cash account	2-3
	(035)	50	0	0	Sales COD	
November 2012	Ppt	5,000	500	0	N/A	1
	Ppt	500	500	0	1 10 N30	1
	Ppt	100	0	0	N/A	2-3
	Ppt-Slow 30	70,000	55,000	55,000	N30	1
	Ppt-Slow 30	6,000	1,000	1,000	N30	2-3
	Slow 10	2,500	750	0	N/A	1
	Slow 15	45,000	7,500	7,500	N/A	1
	Slow 30	100	0	0	N/A	6-12
	Slow 30	100	0	0	N/A	6-12
October 2012	Ppt	100	0	0	N/A	6-12
	(046)	100	0	0	Cash account	6-12
September 2012	Ppt	5,000	0	0	N/A	6-12
	Ppt	50	0	0	N/A	2-3
	Ppt-Slow 30	1,000	0	0	N/A	6-12
	Ppt-Slow 60	15,000	7,500	7,500	N/A	2-3
August 2012	Ppt-Slow 30	200,000	200,000	0	N/A	1
	Slow 30	500	0	0	N30	6-12
June 2012	Ppt-Slow 60	45,000	45,000	45,000	N/A	2-3
	Slow 120+	250	0	0	N/A	6-12
	Slow 240	2,500	2,500	2,500	N/A	
	(056)	250	0	0	Cash account	1
April 2012	Ppt	100	0	0	N/A	6-12
	Ppt-Slow 15	5,000	0	0	N/A	6-12
	Slow 10	2,500	0	0	N30	6-12
March 2012	Ppt	500	0	0	N30	6-12
	Ppt	500	0	0	N30	6-12
	Ppt	50	0	0	N30	2-3
	Ppt-Slow 90	5,000	0	0	N30	6-12
	(064)	100	0	0	Cash account	1



Decide with Confidence

	(065)	50	0	0	Cash account	6-12
	(066)	50	0	0	Cash account	2-3
	(067)	0	0	0	Sales COD	6-12
December 2011	Ppt	5,000	0	0	N/A	6-12
	Ppt	750	0	0	N/A	6-12
	Ppt-Slow 30	200,000	0	0	N/A	6-12
	Ppt-Slow 30	10,000	5,000	250	N30	1
	Ppt-Slow 60	80,000	20,000	2,500	N30	1
	Slow 45-80	250	0	0	N30	6-12
October 2011	Slow 90+	500	0	0	N/A	6-12
June 2011	Ppt	5,000	5,000	0	N/A	1
	Ppt	50	0	0	N/A	1
	Slow 5	2,500	0	0	N/A	1
May 2011	Ppt	1,000	0	0	N30	6-12
January 2011	Slow 80	500	0	0	N30	6-12
	(080)Placed for collection	0	0	2,500	N/A	

Lines shown in red are 30 or more days beyond terms

Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

Each experience shown is from a separate supplier. Updated trade experiences replace those previously reported.



Decide with Confidence

Activity Summary

Borrower	No
Administrative Debt	No
Grantee	No
Party Excluded from Federal Programs	No
Public Company	N/A
Congressional District	08
Contractor	No
Importer/Exporter	N/A

Possible candidate for socioeconomic program consideration

Labor Surplus Area	N/A	Small Disadvantaged	No
Small Business	N/A	HUB-Zoned Certified	No
Women Owned	N/A	Historically Under Utilized	No
Minority Owned	N/A	Veteran Owned	No
Disadvantaged Business Enterprise	No	Vietnam Veteran Owned	No
Ethnicity Classification	N/A	Disabled Owned	No
		Historical College Classification	N/A

The details provided in the Government Activity section are as reported to Dun & Bradstreet by the federal government and other sources.

Operations Data

As of 01/05/2013

Description: This is a branch: headquarters are located at 2805 Columbia St, Torrance, CA. Headquarters D-U-N-S 80-231-5069. This branch operates as a government affairs office.

Industry Data

SIC

Code	Description
36990502	Security control equipment and systems

NAICS

Code	Description
335999	All Other Miscellaneous Electrical Equipment and Component Manufacturing

Federal Information

Federal Employer Identification Numbers

Dun & Bradstreet, Inc. has compiled the following FEIN numbers for the business name in this report from the sources below. Dun & Bradstreet, Inc. provides this information "AS IS" with no guarantee as to its accuracy.

FEIN	Business Name	Address	Source	Date
95-4413488	RAPISCAN SYSTEMS INC	1901 S BELL ST STE 325, ARLINGTON, VA 22202	RAPISCAN SYSTEMS, INC.	05/01/2012

Corporate Family Relationships

The following establishments related to the subject of this report have reported activity with the Federal Government. Click the business's D-U-N-S number to order a Federal Information Report on that case.

This is not a complete corporate family structure. To order more information on this business's corporate structure, use D&B's Global Family Linkage product.

D-U-N-S®	Name	Loans	Claims	Debarments	Contracts	Grants
61-277-0974	OSI OPTOELECTRONICS, INC.	No	No	No	Yes	No
14-558-1588	SPACELABS MEDICAL, INC	No	No	No	Yes	No
08-291-1843	RAPISCAN SYSTEMS HIGH ENERGY I	No	No	No	Yes	No
00-801-1236	RAPISCAN LABORATORIES, INC.	No	No	No	Yes	No
07-423-3821	METOREX SECURITY PRODUCTS,	No	No	No	Yes	No
80-231-5069	RAPISCAN SYSTEMS, INC.	No	No	No	Yes	No

Reported US Government Contract Actions

After a search of our files, we find that no government activity has been reported in this section.

Reported Federal Loans and Loan Guarantees

After a search of our files, we find that no government activity has been reported in this section.



Decide with Confidence

Claims, Fees, Fines, Overpayments, Penalties and Other Misc. Reported Debts to Federal Agencies

After a search of our files, we find that no government activity has been reported in this section.

Reported Party Excluded From Federal Program(s)

After a search of our files, we find that no government activity has been reported in this section.

Reported U.S. Government Grants Awards

After a search of our files, we find that no government activity has been reported in this section.

Financial Statements

Key Business Ratios

	This Business	Industry Median	Industry Quartile
Profitability			
Return on Sales	UN	UN	UN
Return on Net Worth	UN	5.4	UN
Short Term Solvency			
Current Ratio	UN	UN	UN
Quick Ratio	UN	1.8	UN
Efficiency			
Assets Sales	UN	UN	UN
Sales / Net Working Capital	UN	1.8	UN
Utilization			
Total Liabs / Net Worth	UN	UN	UN

Most Recent Financial Statement

As of 01/05/2013

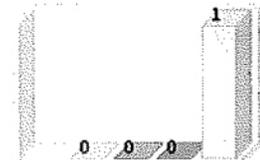
Indicators

Public Filings Summary

The following data includes both open and closed filings found in D&B's database on this company

Record Type	No. of Records	Most Recent Filing Date
Judgment	0	
Lien	0	
Suit	0	
UCC	1	04/13/2011

Public Filings



Bankruptcy Judgment Lien Suit UCC

The following Public Filing data is for information purposes only and is not the official record. Certified copies can only be obtained from the official source.

Full Filings

UCC Filings



Decide with Confidence

Collateral	All Assets	Latest Info Received	05/05/2011
Filing No.	2011 1394728	Type	Original
Where Filed	SECRETARY OF STATE/UCC DIVISION, DOVER, DE	Date Filed	04/13/2011
Secured Party	WELLS FARGO BANK, NATIONAL ASSOCIATION, AS ADMINISTRATIVE AGENT, CHARLOTTE, NC		
Debtor	RAPISCAN GOVERNMENT SERVICES, INC.		

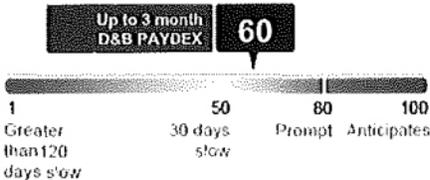
The public record items contained in this report may have been paid, terminated, vacated or released prior to the date this report was printed. Additional UCC and SLJ filings for this company can be found by conducting a more detailed search in our Public Records Database.

Paydex

D&B PAYDEX®

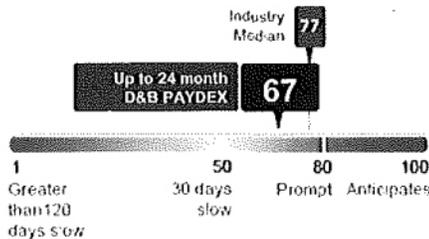
Shows the D&B PAYDEX scores as calculated up to 3 months and up to 24 months of payment experiences.

Up to 3 month D&B PAYDEX



When weighted by dollar amount, payments to suppliers average 22 Days Beyond Terms. Based on payments collected over last 3 months.

Up to 24 month D&B PAYDEX



When weighted by dollar amount, payments to suppliers average 18 days beyond terms. Based on payments collected up to 24 months.

When weighted by dollar amount, the industry average is 5 DAYS BEYOND terms.

- High risk of late payment (average 30 to 120 days beyond terms)
- Medium risk of late payment (average 30 days or less beyond terms)
- Low risk of late payment (average prompt to 30+ days sooner)

Payment Trend	unchanged *	Total Payment Experiences for the HQ	8	Highest Now Owing	\$2,500
Payments Within Terms	78%	Total Placed for Collection	1	Highest Past Due	\$2,500
Average High Credit	\$2,421	Largest High Credit	\$10,000		

* compared to payments three months ago

Payment Summary

The Payment Summary section reflects payment information in D&B's file as of the date of this report.

There are 8 payment experiences in D&B's file, with 45 experiences reported during the last three month period. The highest Now Owes on file is \$2,500. The highest Past Due on file is \$2,500.

Top 10 Industries

Industries	Total Received	Total Amounts	Largest High Credit	Within Terms (%)	Days Slow (%)			
					0-30	31-60	61-90	90+
Whol furniture	2	\$1,000	\$500	100	0	0	0	0
Gravure printing	1	10,000	10,000	50	0	50	0	0
Holding company	1	5,000	5,000	100	0	0	0	0
Nonclassified	1	750	750	0	100	0	0	0
Photocopying service	1	100	100	100	0	0	0	0
Mfg misc office eqpt	1	100	100	0	100	0	0	0

Other Payment Categories



Decide with Confidence

Category	Total Received	Total Dollar Amounts	Largest High Credit
Cash Experiences	1	\$100	\$100
Payment record unknown	0	0	0
Unfavorable comments	0	0	0
Placed for Collection	0	0	0

Detailed Payment History

Date Reported	Paying Record	High Credit	Now Owes	Past Due	Selling Terms	Last Sale within(months)
December 2012	Ppt-Slow 60	\$10,000	\$2,500	\$2,500	N/A	1
	Slow 30	100	100	0	N30	1
	(003)	100	0	0	Cash account	2-3
November 2012	Ppt	100	0	0	N/A	2-3
March 2012	Ppt	500	0	0	N30	6-12
	Ppt	500	0	0	N30	6-12
December 2011	Ppt	5,000	0	0	N/A	6-12
August 2011	Slow 10	750	750	750	N/A	

Lines shown in red are 30 or more days beyond terms

Payment experiences reflect how bills are met in relation to the terms granted. In some instances payment beyond terms can be the result of disputes over merchandise, skipped invoices etc.

Each experience shown is from a separate supplier. Updated trade experiences replace those previously reported.



Decide with Confidence

RAPISCAN GOV SERVICES INC

D-U-N-S® 07-828-4238 Single Phone 703 812-0322
1901 S Bell St Ste 325,
Arlington, VA 22202

Federal Information Report

Purchase Date: 01/18/2013
Last Update Date: 11/02/2011
Attention: DHS

Executive Summary

Company Info

Employees 15
*** Update available on request ***

This information is being provided to you immediately in the interest of speed. This report may not reflect the current status of this business. D&B can investigate this business and update the information based on the results of that investigation.

By ordering a standard investigation the same day you order this report, an updated report will be provided to you at no extra cost.

D&B Rating

D&B Rating

DS

Business Information

Business Summary

SIC 7382
Electrical contractor
NAICS 561621
Security Systems Services (except Locksmiths)

Credit Capacity Summary

D&B Rating

DS

Business History

Officers IVEN KING, PROJECT MANAGER

As of 11/02/2011

This business was registered as a Corporation in the State of Virginia on March 23,2011.

Government Activity Summary

Activity Summary

Public Company N/A
Congressional District 08
Importer/Exporter N/A

Possible candidate for socioeconomic program consideration

Labor Surplus Area	N/A	Small Disadvantaged	No
Women Owned	N/A	HUB-Zoned Certified	No
Minority Owned	N/A	Historically Under Utilized	No
Disadvantaged Business Enterprise	No	Veteran Owned	No
Ethnicity Classification	N/A	Vietnam Veteran Owned	No
		Disabled Owned	No
		Historical College Classification	N/A

The details provided in the Government Activity section are as reported to Dun & Bradstreet by the federal government and other sources.

Operations Data

As of 11/02/2011

Description: Contractor of electrical work (100%).

Employees: 15.

Special Events



Decide with Confidence

As of 11/02/2011

SELF REQUEST. This record was originally created on November 2, 2011, at the request of Iven King, Project Manager.

Industry Data

SIC		NAICS	
Code	Description	Code	Description
73820000	Security systems services	561621	Security Systems Services (except Locksmiths)

Federal Information

Reported US Government Contract Actions

After a search of our files, we find that no government activity has been reported in this section.

Reported Federal Loans and Loan Guarantees

After a search of our files, we find that no government activity has been reported in this section.

Claims, Fees, Fines, Overpayments, Penalties and Other Misc. Reported Debts to Federal Agencies

After a search of our files, we find that no government activity has been reported in this section.

Reported Party Excluded From Federal Program(s)

After a search of our files, we find that no government activity has been reported in this section.

Reported U.S. Government Grants Awards

After a search of our files, we find that no government activity has been reported in this section.

Financial Statements

D&B has researched this company and found no information available at this time.

Indicators

A check of D&B's public records database indicates that no filings were found for RAPISCAN GOV SERVICES INC, 1901 S Bell St Ste 325, Arlington, VA. D&B's extensive database of public record information is updated daily to ensure timely reporting of changes and additions. It includes business-related suits, liens, judgments, bankruptcies, UCC financing statements and business registrations from every state and the District of Columbia, as well as select filing types from Puerto Rico and the U.S. Virgin Islands. D&B collects public records through a combination of court reporters, third parties and direct electronic links with federal and local authorities. Its database of U.S. business-related filings is now the largest of its kind.

Paydex

D&B has not received a sufficient sample of payment experiences to establish a PAYDEX score.

D&B receives nearly 400 million payment experiences each year. We enter these new and updated experiences into D&B Reports as this information is received. At this time, none of those experiences relate to this company.

Payment Summary

The Payment Summary section reflects payment information in D&B's file as of the date of this report.

D&B has not received a sufficient sample of payment experiences to establish a PAYDEX score.



Commonwealth of Virginia
State Corporation Commission

St
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CISM1001 OFFICERS/DIRECTORS AND PRINCIPAL OFFICE

01/22/13

12:02:58

CORPORATE ID: F185490 2 CURRENT AR# 212-51-3350 DATE 04/13/12

CORP NAME: Rapiscan Government Services, Inc.

STREET: 12525 CHADRON AVENUE

CITY: HAWTHORNE

STATE: CA ZIP: 90250

S C

DIR REQUIRED: Y

E A

OFFICERS/DIRECTORS DISPLAY FOR AR# 212-51-3350

L T

NAME

TITLE

SIGN

-
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-
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-

B	PETER KANT	PRESIDENT/CEO	
O	ERIC LUIZ	TREASURER/CFO	
O	VICTOR SZE	SECRETARY	
D	JOHN CONLON	DIRECTOR	
D	PETER MODICA	DIRECTOR	

(Screen Id:/Corp_Officer_Director PO_Inquiry)