<u>A recipient will not be considered to have acted in a knowing and willful</u> <u>manner when it has relied in good faith on a reasonable interpretation of state or federa</u>l law as a <u>basis for its action or failure to a</u>ct.

knowing and willful

If the violation involved inappropriate use of <u>funds, the amount of funding that was inappropriately</u> used

in whole or in part,

§ 1606.4 Magnitude of a Termination or Limited Reduction in Funding [NEW]

The magnitude of any termination, in whole or in part, or any lesser reduction in funding, will be based on consideration of the following criteria:

(a) The number of restrictions or requirements violated;

(b) Whether the violation represents an instance of noncompliance with a substantive statutory or regulatory restriction or requirement, rather than an instance of noncompliance with a non-substantive technical or procedural requirement;

(c) The extent to which the violation is an isolated event or part of a pattern of noncompliance with LSC requirements or restrictions;

(d) If the violation involved inappropriate use of funds, the amount of funds that were used inappropriately;

(e) The extent to which the recipient has taken action to cure the violation and remedy6 cs d418 5r5(e

<u>A recipient will not be considered to have acted in a knowing and willful</u> <u>manner when it has relied in good faith on a reasonable interpretation of state or federa</u>l law as a <u>basis for its action or failure to a</u>ct.

Substantial violation means a knowing and willful violation by the recipient of a provision of the LSC Act, the Corporation's appropriations act or other law applicable to LSC funds, or a Corporation rule, regulation, guideline or instruction, or a term or condition of the recipient's

The Corporation may issue a proposed determination to suspend

(3) The extent to which the violation is an isolated event or part of a pattern of noncompliance with LSC requirements or restrictions;

## § 1623.6 Final decision for a suspension. [NEW]

(a) The recipient or the Corporation may seek review by the President of a final determination to suspend a recipient. A request shall be made in writing within 10 business days after receipt of the final determination by the party seeking review and shall state in detail the reasons for seeking review.

(b) The President shall conduct a review based solely on the information in the administrative record of the proceedings, including the appeal to the President, and any additional submissions, either oral or in writing, that the President may request. A recipient shall be given a copy of, and an opportunity to respond to, any additional submissions made to the President. All submissions and responses made to the President shall become part of the administrative record. Upon request, the Corporation shall provide a copy of the written record to the recipient.

(c) The President may not conduct the review if the President has had prior involvement in the proposed and/or final determinations. If the President cannot review the appeal, or the President chooses not to do so, then the President shall refer the matter for decision to an external independent hearing examiner

(d) As soon as practicable after receipt of the request for review of a recommended decision, but not later than 30 days after the request for review, the President or designee may adopt, modify, or reverse the final determination, or direct further consideration of the matter.

(e) The decision of the President or designee under this section shall become final upon receipt by the recipient.

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