PROPOSED CHARGING LETTER

Patricia Byrne
Vice President & Chief Counsel Global Trade Compliance
BAE Systems, Inc.
2941 Fairview Park Drive, Suite 100
Falls Church, VA 22042

Re: Charged Violations of the Arms Export Control Act and the International Traffic in Arms Regulations by BAE Systems, Inc.

Dear Ms. Byrne:

The Department of State ("Department") charges BAE Systems, Inc., including its operating divisions, subsidiaries, and business units (collectively "BAE" or "Respondent"), with violations of the Arms Export Control Act ("AECA") (22 U.S.C. 2751 *et seq*.) and the International Traffic in Arms Regulations ("ITAR") (22 C.F.R. parts 120-130) in connection with unauthorized exports, retransfers of defense articles to multiple countries, including in one case to the People's Republic of China ("PRC"); and unauthorized furnishing of defense services, as well as violations of applicable terms, conditions, and provisos of Directorate of Defense Trade Controls ("DDTC") authorizations. A total of 104 violations are charged at this time.

The essential facts constituting the violations are described herein. The Department reserves the right to amend this proposed charging letter, including through a revision, to incorporate additional charges stemming from the same misconduct of Respondent. This proposed charging letter, pursuant to 22 C.F.R. 128.3, provides notice of our intent to impose debarment or civil penalties or both in accordance with 22 C.F.R. 127.7 and 127.10.

When determining the charges and penalties to pursue in this matter, the Department considered mitigating factors. Most notably: (a) Respondent voluntarily disclosed the violations, with one exception in which three violations arose from a directed disclosure; (b) Respondent cooperated with the Department's requests for information; (c) Respondent self-initiated improvements to its compliance program; and (d) Respondent entered into multiple agreements with the Department tolling the statutory period that applies to enforcement of the AECA and the ITAR.

The Department notes that had the Department not taken into consideration these mitigating factors, it would have charged Respondent with additional violations or proposed a higher penalty.

When determining the charges and penalties to pursue in this matter, the Department also considered aggravating factors, including: (a) the U.S. government assessed that certain unauthorized exports to the PRC created the potential for harm to U.S. national security; (b) unauthorized exports of technical data to a proscribed country listed in 22 C.F.R. 126.1, the PRC; (c) unauthorized exports of defense articles, including technical data, designated as Significant Military Equipment (SME); (d) systemic and pervasive nature of violations; (e) insufficient internal controls related to the administering of DDTC authorizations; and (f) failure to implement effective corrective actions to address the root causes of reported violations.

While this proposed charging letter describes conduct that occurred between April 20, 2011, and March 24, 2025, the Department is charging the Respondent with ITAR violations that occurred between May 19, 2019, to March 24, 2025.

JURISDICTION

Respondent is a corporation organized under the laws of Delaware and a U.S. person within the meaning of 22 C.F.R. 120.62. Respondent is subject to the jurisdiction of the United States.

During the period covered by the violations set forth herein, Respondent was engaged in the manufacture and export of defense articles and was registered with DDTC as a manufacturer/exporter and broker, in accordance with section 38 of the AECA and 22 C.F.R. 122.1 and 129.3.

The described violations relate to defense articles, including technical data, described by Respondent in its disclosures as controlled under Categories II, III, IV, V, VI, IX, XI, XII, XIV, and XIX of the U.S. Munitions List ("USML"), 22 C.F.R. 121.1, at the time the violations occurred. Some of the relevant defense articles are further designated as SME.

BACKGROUND

Based in Falls Church, Virginia, and incorporated in Delaware, BAE is a leading defense, aerospace, and security company providing products and services to military and commercial customers. It is the U.S.-based subsidiary of BAE Systems plc, headquartered in London, United Kingdom. This Proposed Charging Letter applies to BAE Systems, Inc. only.

VIOLATIONS

ITAR violations included in this proposed charging letter are derived from several sources, including a directed disclosure issued by the Department to Respondent under 22 C.F.R. 122.5, and more than 20 voluntary disclosures submitted by Respondent to DDTC in accordance with 22 C.F.R. 127.12, for activities occurring between May 2019 and March 2025. Due in part to the large number of violations over an extended period, the Department provides a summary of the violations which fall into seven categories: 1) unauthorized exports of technical data to a destination proscribed by the ITAR in 22 C.F.R. 126.1, the PRC; 2) unauthorized exports of technical data to destinations not proscribed by the ITAR in 22 C.F.R. 126.1; 3) unauthorized furnishing of defense services; 4) unauthorized exports of defense articles; 5) unauthorized retransfers of defense articles; 6) violations of terms, conditions, and provisos of agreements; and 7) violations of terms, conditions, and provisos of licenses or exemptions.

I. Unauthorized Exports of Technical Data to a Destination Proscribed by the ITAR in 22 C.F.R. 126.1, the PRC

Between December 13 and 14, 2023, Respondent exported without authorization USML Category XI(d) technical data, directly related to printed wiring boards for use in global positioning system (GPS) receivers described in USML Category XI(c)(2), to a manufacturer located in the PRC. In explaining the root cause of the violations, Respondent recognized its supply chain team did not fully understand the export control and compliance regulations, and Respondent's secure file transfer networks used to facilitate the file transfers did not sufficiently highlight export control warnings prior to file transmission. Additionally, within the supply chain team, there had not been a formal training or clear written process with respect to using the secure file transfer network. Additionally, there was not an adequate understanding as to whom export control related questions should be addressed.

The U.S. Government reviewed the above-described activities and assessed that certain of BAE's unauthorized exports to the PRC created the potential for harm to U.S. national security.

II. Unauthorized Exports of Technical Data to Destinations Not Proscribed by the ITAR in 22 C.F.R. 126.1

Between September 4 and 5, 2021, Respondent exported without authorization 46 files containing USML Category XI(d) technical data, directly related to printed wiring boards (PWB) controlled under USML Category XI(c)(2) for integration into military GPS, to Canada.

Respondent disclosed that it exported the technical data after the relevant Manufacturing License Agreement (MLA) had expired. Respondent stated that the violation resulted from the failure of Respondent's employees to follow established procedures, which required them to obtain approval prior to exporting the technical data, as well as Respondent's failure to properly monitor and maintain the relevant MLA, thus permitting it to expire.

In June 2023, Respondent exported without authorization USML Category V(j) technical data, directly related to 2,4-Dinitroanisole (DNAN) explosive mixture, controlled under USML Category V(a)(11) and designated as SME, to the United Kingdom. DNAN is an ingredient used by Respondent to manufacture IMX-101, a high explosive composite mixture for the U.S. Army. Respondent sent a request for quote (RFQ) containing the DNAN technical data to the United Kingdom via email, mistakenly believing that the technical specification was in the public domain and thus could be exported without authorization.

In July 2024, Respondent exported without authorization USML Category VI(g) technical data, a summary sheet of trim and stability calculations ("summary sheet") for a U.S. Navy guided missile destroyer to Germany. The guided missile destroyer is controlled under USML Category VI(a) and designated as SME. Respondent sent an RFQ to prospective manufacturers regarding a new dock to be built at Respondent's repair yard in Florida. A builder in Germany requested additional information from Respondent including physical characteristics of the vessels to be supported in the dock. In response to the request, Respondent's employee exported the summary sheet to the builder in Germany. The employee did not consult with the Empowered Official (EO) as the summary sheet did not have export control markings. On July 25, 2025, the builder requested further information from Respondent to provide an accurate response to the RFQ. This time, Respondent's employee recognized the expanded report was potentially export-controlled technical data and requested the EO to review the summary sheet and the expanded information requested by the builder. The EO determined that both documents were controlled under USML Category VI(g).

III. Unauthorized Furnishing of Defense Services

Between 2019 and 2022, Respondent's subcontractor furnished defense services without authorization on more than 17 separate occasions in Italy and France (to include French Guiana). These defense services included site acceptance testing, specialty maintenance, and operation consulting on Range Instrumentation Radars (RIR) and Electro-Optical Tracking Systems, controlled under USML Category XI(a)(3)(iv) and designated as SME. Respondent had a long-term contractual relationship with the subcontractor beginning in 2016. Between 2016 and 2018, the subcontractor supported Respondent's U.S. government contracts limited to U.S. locations. In 2019, Respondent expanded the engagement and subcontracted the furnishing of defense services outside of the United States. In 2022, Respondent determined that the subcontractor was not listed as an authorized party on Respondent's relevant technical assistance agreement (TAA) and was not registered with DDTC under part 122 of the ITAR.

Respondent caused the violations by instructing the subcontractor to furnish defense services without authorization on multiple occasions in 2019 while conducting factory and site acceptance testing of RIR 980 intended for the French Radar Systems. Between 2020 and 2021, the subcontractor's field service technician traveled to French Guiana on four occasions and furnished defense services without authorization related to the integration and testing of the RIR 980. Between 2020 and 2022, the same technician participated in 13 meetings with foreign parties from France and Italy, where the technician furnished defense services without authorization related to the radars.

Separately, but similarly, between September 20, 2019, and October 4, 2019, Respondent furnished defense services without authorization related to qualification testing of support equipment controlled under USML Categories II, IV, VIII, and XI for F-16 aircraft in Indonesia. Respondent furnished those defense services after termination of a prior TAA and before execution of its successor. Respondent's export compliance employee approved a trip to Indonesia for two technical engineers to furnish defense services under a terminated TAA. Although Respondent obtained a new TAA on the same day the technical engineers departed for Indonesia, the TAA had not been fully executed. Respondent explained that the employee improperly relied on the exemptions under 22 C.F.R. 125.4(b)(2) and 125.4(b)(4), which authorize the transfer of technical data but do not permit defense services.

IV. Unauthorized Exports of Defense Articles

In September 2020, Respondent exported without authorization a T700 Full Authority Digital Engine Control (FADEC), controlled under USML Category XIX(e), to Switzerland. Respondent disclosed a series of processing errors between the Aftermarket Shipping and Dock Shipping sections that resulted in a USML defense article being mistakenly shipped as an EAR item and without DDTC authorization. Respondent's export compliance officer reviewed and approved the export of a F404 ECU, an item subject to the Export Administration Regulations (EAR), to Switzerland. Subsequently, Respondent's shipping department mistakenly picked a T700 FADEC, USML Category XIX(e), designated Significant Military Equipment ("SME"), from the 'export hold shelf' instead of the F404 ECU assigned to Switzerland. Dock shipping personnel packed and prepared the T700 FADEC for shipping to Switzerland without verifying the part number against the Memorandum of Shipping. Consequently, Respondent exported the T700 FADEC to Switzerland without authorization, citing to the EAR under Export Control Classification Number (ECCN) 9A619.f. instead of USML Category XIX(e) in the accompanying commercial invoice.

V. Unauthorized Retransfers of Defense Articles

In February 2025, Respondent's UK project team retransferred without authorization technical data identified as USML Category VIII(i). The technical data was a paint specification directly related to the F-35 Active Inceptor System (F-35 AIS), which in turn is controlled under USML Category VIII(h)(1), and VIII(h)(29)(i)-(iii). The transfer was to an unauthorized supplier located in the United Kingdom. Respondent's UK project team identified approved paint finishers listed as sublicensees under the TAA but contracted with and retransferred the paint specifications to the manufacturer of the aft cover of the F-35 AIS, that had an existing subcontract relationship with the TAA-authorized paint finishers. The manufacturer, however, was not authorized on the license. The unauthorized retransfer occurred due to the project team's failure to verify that all recipients of the data were listed as sublicensees on the TAA.

VI. Violations of Terms, Conditions, and Provisos of Agreements

Between November 2020 and March 2025, Respondent submitted multiple disclosures describing violations and highlighting challenges in managing over 120 DDTC agreement authorizations and compliance with the terms, conditions, and provisos dating back to 2011.

Respondent obtained a TAA to export Link 16 Multifunctional Information Distribution System (MIDS) Low Volume Terminals (TVL) technical data and defense services controlled under USML Category XI(d), directly related to USML Category XI(a)(5), and XI(c) and designated as SME regarding operation, installation, integration, and training to Respondent's affiliate in Australia. The TAA outlined the scope and limitations of the technical data Respondent intended to exchange, specifically excluding software source code from its scope. The TAA also included a proviso prohibiting discussion, offering, release or exposure of software source code.

In October 2021, Respondent violated the technical proviso when it exported software source code, designated as SME, to its Australia-based affiliate and foreign end-user. Respondent stated that the violation resulted from an employee's failure to understand the scope of the TAA, as well as the failure to confirm that the files did not contain source code prior to export. The employee exported a zip file using Respondent's secure file transfer systems containing executable files prohibited under the TAA proviso. Respondent confirmed that file had been destroyed.

Between October 2021 and March 2023, Respondent violated provisos of Department authorizations stipulating that amendments to multiple TAAs may not enter into force until the agreement holder and all other signatories executed the amendments. Respondent exported technical data controlled under USML Category XI(d), directly related to MIDS controlled under USML Category XI(a)(5), and XI(a)(11), and designated as SME to France, Germany, Israel, Italy, Japan, Spain, and the United Kingdom against TAAs still pending signatures. Additionally, in March 2023, Respondent violated a proviso of a Department authorization requiring that "[n]o US signatories may export, reexport, retransfer or temporarily import defense articles, technical data or defense services against this amendment until all parties have executed the amendment." Respondent failed to obtain a fully executed TAA prior to the export of technical data controlled under USML Category IV(i) pertaining to weapon system for rocket launchers, directly related to USML Category IV(a)(5), and IV(h)(1), and designated as SME, for exports to the Netherlands.

The Department issued a directed disclosure to Respondent related to Respondent's use of a specific MLA in April 2024. In response, Respondent disclosed its failure to obtain and upload required DSP-83s from foreign parties. The MLA, as amended, authorizes Respondent to export technical data controlled under USML Category XI(d), directly related to USML Category XI(a)(5)(iii) and designated as SME to Germany. The MLA authorizes the development of software and use of executable software on foreign-designed and manufactured military radio equipment. The MLA included a proviso that "the applicant must upload a Nontransfer and Use Certificate (DSP-83)…signed by the applicant and the foreign licensee…prior to the implementation of this agreement." However, Respondent failed to obtain and upload the DSP-83 as required by the proviso. Moreover, Respondent reviewed other MLAs and disclosed five violations of provisos requiring DSP-83s from foreign signatories.

Separately, Respondent had an MLA which originated in 2003 effective through December 31, 2020 authorizing the export of technical data and furnishing of defense services initially correctly classified under USML Category VIII(h) for helicopters to Japan. In 2013, the Department redesignated those and other articles as USML Category VIII(b) SME. Respondent did not correctly reclassify the items until 2015. In a March 2021 disclosure, Respondent described multiple violations that occurred between April 20, 2011, and December 8, 2020, involving the terms of an MLA authorizing the export of technical data and furnishing of defense services involving the FADEC, Digital Engine Control (DEC), and Engine History Counter (EHC) for the T700 701C, T700 401C, and T700 701D engines to Japan. As a result of the misclassifications, Respondent failed to obtain the required DSP-83s for SME defense articles.

Furthermore, Respondent failed to identify this requirement in accordance with 22 C.F.R. 123.15 in several amendments to the MLA, including in a major amendment in 2020. The SME classification and congressional notification issue was raised by DDTC's licensing team in 2020 when Respondent submitted the major amendment, which caused Respondent to review the MLA and submit a disclosure. Respondent explained it did not realize that major changes to the MLA covering SME items manufactured abroad require congressional notification regardless of value. Upon review of the submission, DDTC identified this issue, prompting Respondent to review the MLA. Respondent audited the shipments of hardware exported between 2011 and 2019 in furtherance of the MLA and disclosed the incorrect USML category for exports of certain defense articles to Japan. Relatedly, Respondent reported that it manufactured defense articles abroad controlled under USML Category XIX(e) and designated as SME, but failed to file accurate sales figures in the annual sales report related to the MLA from 2012 to 2018.

Respondent exceeded the authorized value for hardware manufactured abroad under several MLAs for Japan and the Republic of Korea (ROK) pertaining to the MK 25 Quad Pack Canisters. Moreover, Respondent failed to provide the 2020 annual sales for the MK 25 Quad Pack Canisters for Japan until 2022. The defense articles manufactured abroad were controlled under USML Categories II(a)(1), II(j)(1), II(j)(10)(i), IV(h)(24), some of which were designated as SME. Respondent stated that it experienced challenges in estimating the sales report value for the calendar year.

Between July 31, 2020, and March 3, 2025, Respondent violated the terms of a TAA after Respondent failed to novate the TAA from a signatory that Respondent acquired in 2020. The TAA authorizes the export of technical data and defense services controlled under USML Category XII(f) in support of the production, development, and testing of military GPS test equipment to the United Kingdom, directly related to USML Category XII(e)(10). Respondent exported technical data and furnished defense services related to an interface control document to support the design of a simulator to test GPS/ global navigation satellite system units prior to amending the authorization.

Separately, in 2019 and 2020, Respondent failed to meet the requirements in 22 C.F.R. 124.4(a) and 22 C.F.R. 124.5 for several Department-issued agreements, when it failed to notify DDTC in writing of the status of the agreements and failed to inform DDTC if a decision was made not to conclude the agreements within 60 days of the date of the decision.

VII. Violations of Terms, Conditions, and Provisos of Licenses or Exemptions

Respondent disclosed its failure to timely return temporarily imported defense articles. During a self-assessment, Respondent identified that certain U.S.-origin defense articles were temporarily imported into the United States under license exemption 22 C.F.R. 123.4(a)(1) for repair or replacement ("the 123.4(a)(1) exemption"), which allows for temporary import (and subsequent export) of defense articles for a period of up to four years, subject to certain conditions. However, between April 23, 2020, and September 29, 2023, Respondent exported, in six different instances, repaired or replaced defense articles to Germany, the ROK, Sweden, Taiwan, and the United Arab Emirates under the 123.4(a)(1) exemption, more than four years after their original imports. Respondent explained that the business did not have a formal review process in place that related to shipments made under the 123.4(a)(1) repair exemption and junior export personnel were allowed to process and approve ITAR Part 123.4(a)(1) repair transactions. This delegation to less experienced team members resulted in errors in exemption usage.

Also, Respondent described two instances, between January and February 2021, in which it failed to cite the 123.4(a)(1) exemption for the importation of defense articles controlled under USML Category XI(c)(2) from the ROK and Spain. After repairing the defense articles, Respondent incorrectly exported the items citing the 123.4(a)(1) exemption in its electronic export information (EEI) filing.

Respondent explained that the export was managed by a procurement analyst rather than the import team. The procurement analyst did not match the outbound return shipment with the corresponding inbound shipment paperwork, leading to the improper application of the 123.4(a)(1) exemption.

Additionally, Respondent described several instances of its failure to return to the United States, within the four-year term of the authorization, defense articles temporarily exported to Australia, Israel and the United Kingdom in accordance with 22 C.F.R. 123.5(a). Under ITAR 22 C.F.R. 123.5 and 123.21, a license to temporarily export defense articles is valid for a period of up to four years. Respondent returned the defense articles to the United States after the temporary export authorizations had expired, contrary to the terms of the authorizations.

Between November 2019 and November 2020, Respondent violated a proviso of a license for the temporary export of personal protective equipment (PPE) to Afghanistan. Respondent failed to notify DDTC of the loss of the PPEs within 15 days of the incident, as required by the authorization proviso. Respondent additionally violated the terms of the same license when it exported government-furnished PPE items from Afghanistan. The employees shipped their equipment via an authorized freight forwarder. However, in one shipment an unauthorized customs broker cleared U.S. customs and did not decrement the DSP-73 license.

Moreover, Respondent reported multiple instances of misrepresentation or omission of facts in export or temporary import control documents. This included missing or incorrect citation of Department-issued authorizations in EEI filings between 2021 and 2025.

VIII. Closing Statements

Respondent completed an internal audit in 2021 and identified several areas that required improvement. Respondent completed several corrective actions that included: an increase of experienced personnel in leadership roles; an increase in number of Empowered Officials and Export Compliance Officials; additional financial resources to provide enhanced compliance training; incentives to retain talent; and the adoption of more robust information technology systems and tools.

Respondent submitted 25 disclosures to the Department and responded to one directed disclosure, each disclosing violations of the ITAR. Each disclosure included corrective actions intended to address the root causes of the violations. The corrective actions resulted in some improvement to Respondent's compliance program; similar violations recurred into 2025 indicating further improvements are needed.

Respondent disclosures identified several root causes across the company, including in some cases insufficient written procedures, trade compliance personnel's lack of experience, inadequate management of agreements, and an insufficient IT system to track authorizations. According to Respondent, frequent changes in export personnel led to an ineffective transition process for managing authorizations, which was the root cause of many violations. Respondent acknowledged that some of the violations went undetected in part because of insufficient export management software, which Respondent has been working to remedy, but has not yet completed. Respondent also disclosed that many violations stemmed from insufficient training, which resulted in the export team not being involved in preventing unauthorized exports of technical data. Respondent lacked a comprehensive compliance program that integrated corrective actions in response to disclosures across the enterprise.

RELEVANT ITAR REQUIREMENTS

The relevant period for the violations charged is May 2019 through March 2025. The regulations effective as of the relevant period are described below.

Part 121 of the ITAR identifies the items that are designated as defense articles, technical data, and defense services pursuant to section 38 of the AECA.

Section 123.1(a) of the ITAR provides that any person who intends to export or to temporarily import a defense article must obtain DDTC approval prior to the export or temporary import, unless the export or temporary import qualifies for an exemption under the provisions of this subchapter.

Section 125.2(c) of the ITAR describes that the export of technical data to a foreign person requires a license or other approval.

Section 126.1(a) of the ITAR provides that it is the policy of the United States to deny licenses and other approvals for exports and imports of defense articles and defense services, destined for or originating in certain countries, including the PRC.

Section 127.1(a) of the ITAR describes that without first obtaining the required license or other written approval from DDTC, it is unlawful to export, import, reexport or retransfer any defense article or technical data or to furnish any defense services for which a license or written approval is required by the ITAR.

Section 127.1(b) describes that it is unlawful to violate any of the terms or conditions of licenses or approvals granted pursuant to the ITAR.

Section 127.2 describes that it is unlawful to use or attempt to use any export or temporary import control document containing a false statement or misrepresenting or omitting a material fact for the purpose of exporting any defense article, technical data, or defense service.

CHARGES

Charges 1-38: Unauthorized Exports of Technical Data to a Destination Proscribed by the ITAR in 22 C.F.R. 126.1, the PRC

Respondent violated 22 C.F.R. 127.1(a)(1) 38 times when it exported without authorization documents containing technical data, controlled under USML Category XI(d), to a manufacturer located in the PRC. (Charges 1-38)

Charges 39-41: Unauthorized Exports of Technical Data to Destinations Not Proscribed by the ITAR in 22 C.F.R. 126.1

Respondent violated 22 C.F.R. 127.1(a)(1) one time when it exported without authorization 46 documents containing technical data, controlled under USML Category XI(d), to a foreign end user in Canada after an MLA had expired. (Charge 39)

Respondent violated 22 C.F.R. 127.1(a)(1) one time when it exported without authorization a document containing technical data, controlled under USML Category V(j), to the United Kingdom. (Charge 40)

Respondent violated 22 C.F.R. 127.1(a)(1) one time when it exported without authorization a document containing technical data, controlled under USML Category VI(g), to a manufacturer in Germany. (Charge 41)

Charges 42-45: Unauthorized Furnishing of Defense Services

Respondent violated 22 C.F.R. 127.1(a)(1) three times when it furnished defense services without authorization, controlled under USML Category XI(d), to France and Italy. (Charges 42-44)

Respondent violated 22 C.F.R. 127.1(a)(1) one time when it furnished defense services without authorization, controlled under USML Category XI(d), to Indonesia. (Charge 45)

Charges 46: Unauthorized Exports of Defense Articles

Respondent violated 22 C.F.R. 127.1(a)(1) one time when it exported without authorization defense articles, controlled under USML Category XIX(e), to Switzerland. (Charge 46)

Charges 47: Unauthorized Retransfers of Defense Articles

Respondent violated 22 C.F.R. 127.1(a)(2) one time when Respondent retransferred without authorization technical data, controlled under USML Category VIII(i), to the United Kingdom. (Charge 47)

Charges 48-96: Violations of Terms, Conditions, and Provisions of Agreements

Respondent violated 22 C.F.R. 127.1(b)(1) 49 times when it violated the terms, conditions, and provisos of DDTC agreements from 2019 to 2025. (Charges 48-96)

Charges 97-104: Violations of Terms, Conditions, and Provisos of Licenses or Exemptions

Respondent violated 22 C.F.R. 127.1(b)(1) eight times when it violated the terms, conditions, and provisos of licenses from 2019 to 2024. (Charges 97-104)

ADMINISTRATIVE PROCEEDINGS

Pursuant to 22 C.F.R. 128.3(a), administrative proceedings against a Respondent are instituted by means of a charging letter for the purpose of obtaining an Order imposing civil administrative sanctions. The Order issued may include an appropriate period of debarment, which shall generally be for a period of three (3) years, but in any event will continue until an application for reinstatement is submitted and approved. Civil penalties, not to exceed the greater of $1,271,078 or the amount that is twice the value of the transaction that is the basis of the violation, per violation of 22 U.S.C. 2778, may be imposed as well, in accordance with 22 U.S.C. 2778(e) and 22 C.F.R. 127.10.

A Respondent has certain rights in such proceedings as described in 22 C.F.R. part 128. This is a proposed charging letter. In the event, however, that the

Department serves Respondent with a charging letter, Respondent is advised of the following:

You are required to answer a charging letter within 30 days after service. If you fail to answer the charging letter, your failure to answer will be taken as an admission of the truth of the charges and you may be held in default. You are entitled to an oral hearing, if a written demand for one is filed with the answer, or within seven (7) days after service of the answer. You may, if so desired, be represented by counsel of your choosing.

Additionally, in the event that Respondent is served with a charging letter, Respondent's answer, written demand for oral hearing (if any), and supporting evidence required by 22 C.F.R. 128.5(b), shall be in duplicate and mailed to the administrative law judge designated by the Department to hear the case at the following address:

USCG, Office of Administrative Law Judges G-CJ,
2703 Martin Luther King Jr. Ave SE, Stop 7000
Washington, DC 20593-7000

A copy shall be simultaneously mailed to the Director, Office of Defense Trade Controls Compliance:

Director Jae Shin
U.S. Department of State
PM/DDTC
SA-1, First Floor
2401 E Street, NW
Washington, DC 20522-0112

If Respondent does not demand an oral hearing, Respondent must transmit within seven (7) days after service of Respondent's answer, the original or photocopies of all correspondence, papers, records, affidavits, and other documentary or written evidence having any bearing upon or connection with the matters in issue.

Please be advised also that charging letters may be amended upon reasonable notice. Furthermore, pursuant to 22 C.F.R. 128.11, cases may be settled through consent agreements, including after service of a proposed charging letter.

The U.S. government is free to pursue civil, administrative, and/or criminal enforcement for AECA and ITAR violations. The Department's decision to pursue one type of enforcement action does not preclude it, or any other department or agency, from pursuing another type of enforcement action.

Sincerely,

Jae Shin
Director, Office of Defense Trade Controls Compliance
Bureau of Political-Military Affairs