

## PROPOSED CHARGING LETTER

Brett C. Gerry  
Chief Legal Officer  
Executive Vice President, Global Compliance  
The Boeing Company  
929 Long Bridge Drive  
M/C 7949/9529  
Arlington, Virginia 22202

Re: Violations of the Arms Export Control Act and the International Traffic in Arms Regulations by The Boeing Company

Dear Mr. Gerry:

The Department of State (“Department”) charges The Boeing Company, including its operating divisions, subsidiaries, and business units (collectively “Boeing” 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 of defense articles, including technical data, as well as failure to adhere to the terms and conditions of authorizations. A total of 199 violations are charged at this time.

The essential facts constituting the charged 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 civil penalties in accordance with 22 C.F.R. 127.10.

When determining the charges and penalties to pursue in this matter, the Department considered mitigating factors, including: (a) Respondent voluntarily disclosed all violations described herein, a considerable majority of which predate 2020, after which Respondent incorporated numerous improvements to its compliance program; (b) Respondent cooperated with the Department’s requests for information; and (c) 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) harm to U.S. national security; (b) unauthorized exports to a proscribed destination listed in 22 C.F.R. 126.1; (c) unauthorized exports to Russia, a country at that time subject to restrictive measures on defense exports per the Department of State public announcement on April 28, 2014; and (d) unauthorized exports of defense articles, including technical data, designated as Significant Military Equipment (SME)<sup>1</sup>; and (e) multiple violations across multiple subsidiaries and business units under Respondent's control.

### 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 the Directorate of Defense Trade Controls (DDTC) as a manufacturer, exporter, and broker, in accordance with section 38 of the AECA and 22 C.F.R. 122.1.

The described violations relate to defense articles, including technical data, controlled under Categories IV, VIII, IX, XI, XII, XIII, and XIX of the United States Munitions List (USML), 22 C.F.R. 121.1, at the time the violations occurred. Some of the relevant defense articles are further defined as SME, which require DSP-83 nontransfer and use certificates.

### BACKGROUND

Boeing is a global aerospace company that manages its operations through three business units: Boeing Commercial Airplanes; Boeing Defense, Space & Security; and Boeing Global Services. The company designs, manufactures, and exports a variety of ITAR-controlled defense articles, including airplanes,

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<sup>1</sup> As defined in 22 C.F.R. 120.36, SME means articles for which special export controls are warranted because of their capacity for substantial military utility or capability. Pursuant to 22 C.F.R. 121.10(c), technical data directly related to the manufacture or production of a defense article designated as SME is also designated as SME.

satellites, and missiles to overseas corporate and government customers in the aerospace and defense markets.

## VIOLATIONS

The ITAR violations included in this proposed charging letter are derived from 24 voluntary disclosures that Respondent submitted to DDTC in accordance with 22 C.F.R. 127.12 between December 2017 and September 2022. Due in part to the large number of violations over an extended period of time, the Department provides a summary of the violations, which fall into three broad categories: 1) unauthorized exports and retransfers of technical data to foreign-person employees and contractors; 2) unauthorized exports of defense articles, including technical data; and 3) violations of license terms, conditions, and provisos of DDTC authorizations. The Department estimated the number of certain types of violations due in part to the summary nature of several voluntary disclosures by Respondent.

### I. Unauthorized Exports to Foreign-Person Employees and Contractors

Respondent disclosed in two separate voluntary disclosures that from 2013-2018 foreign-person employees (FPEs) at multiple Respondent and partner facilities overseas downloaded without authorization on more than 100 occasions files containing ITAR-controlled technical data from the Boeing Library System (BLS), the company's digital technical document repository.

#### *Unauthorized Exports to FPEs in a Proscribed Country*

From 2013-2017 three FPEs from the People's Republic of China (PRC), which is a proscribed destination under 22 C.F.R. 126.1(d)(1), working at Respondent facilities in the PRC downloaded ITAR-controlled technical data from the BLS on 25 occasions. The files were controlled under multiple USML categories, including IV(i), VIII(i), IX(e)(1), XI(d), XII(f), XIII(l), XIX(g), and involved multiple U.S. Department of Defense (DoD) platforms, including the F-18, F-15, F-22, E-3 Airborne Warning and Control System, AH-64 Apache, AGM-84E Standoff Land Attack Missile, and AGM-131 Short Range Attack Missile II.

#### *Unauthorized Exports to FPEs and Contractors in 18 Other Countries*

In a subsequent voluntary disclosure, Respondent disclosed that from 2013-2018 an indeterminate number of FPEs and contractors working at Respondent and

partner facilities in 18 countries, including Australia, Canada, France, Germany, Hong Kong, India, Italy, Japan, Kenya, Morocco, Russia, Singapore, South Korea, Spain, Thailand, Taiwan, Ukraine, and the United Kingdom (UK) downloaded ITAR-controlled technical data on 80 occasions. At the time of these unauthorized exports, Russia was subject to restrictive measures on defense exports per the Department of State public announcement on April 28, 2014. The documents were controlled under multiple USML categories, including IV(i), VIII(i), IX(e)(1), XI(d), XII(f), and XIX(g). One document, downloaded from a location that Boeing could not determine for technical reasons, was controlled under USML category XIII(i)(10). The U.S. Government reviewed copies of the files referenced in this voluntary disclosure and determined that certain unauthorized exports to the PRC caused harm to U.S. national security. The U.S. Government also concluded that a certain unauthorized export to Russia created the potential for harm to U.S. national security.

*Unauthorized Exports and Retransfers to FPEs and Contractors in Australia and India*

In addition to FPEs downloading technical data from the BLS without authorization, Respondent reported similar violations in several other voluntary disclosures between October 2017 and March 2020 involving its subsidiaries in Australia and India retransferring technical data to FPEs and foreign non-regular employees, i.e., contract employees.

Respondent's foreign subsidiary, Boeing Defense Australia, hired Australian contractors from multiple employee providers to support contract deliverables for the Australian government but repeatedly failed to add the employee providers to the relevant Technical Assistance Agreements (TAAs). This failure resulted in unauthorized retransfers of USML Category VIII(i) and XI(d) technical data to Australian contractors on eight occasions between October 2019 and February 2020.

Additionally, three subcontractors of Boeing Intelligence and Analytics in Australia retransferred without authorization USML Category XI(d) classified technical data between October 2017 and September 2019 to one Australian contract employee who had changed employers and was no longer working for an approved party on the relevant authorization. As a corrective action, Respondent stated it would submit a new DSP-85 application to add the Australian contract employee's employer as a foreign consignee. However, Respondent waited more

than seven months to submit a new DSP-85 application and still failed to include the Australian contract employee's employer on the license application.

Respondent reported similar violations with its wholly-owned subsidiaries in India. In October 2019, Respondent exported without authorization USML Category VIII(i) technical data related to the VC-25B Air Force One program to five Indian FPEs working at the Boeing India Engineering and Technology Center (BIETC) as part of a larger delivery of technology controlled under the Export Administration Regulations (15 C.F.R. parts 730-774). As a corrective action, Respondent stated that Respondent would administer training and revise its procedures to ensure violations of this type did not reoccur. Respondent subsequently disclosed that in August 2020 Respondent again exported USML Category XI(d) technical data related to the VC-25B Air Force One when an employee forwarded an email containing the controlled documents to two FPEs working at BIETC.

Between August and December 2019, Boeing India Private Ltd. and Boeing India Defense Private Ltd. retransferred without authorization technical data of wiring diagrams for the C-17 Transport Aircraft, CH-47 Chinook Helicopter, and E-7 Airborne Early Warning and Control (AEW&C) 737 aircraft controlled under USML Categories VIII(i), XI(d), and XIX(g) to foreign-person contract employees of two Indian subcontractors on at least six occasions.

## II. Unauthorized Exports, Reexports, Retransfers, and Temporary Imports of Defense Articles, including Technical Data

In addition to violations involving FPEs, Respondent submitted multiple voluntary disclosures involving unauthorized exports, reexports, retransfers, and temporary imports of defense articles, including technical data.

### *Unauthorized Exports Resulting from Fabricated Permanent Export Licenses*

A trade compliance specialist working at Respondent's U.S. subsidiary, Aviall Services, Inc., fabricated five permanent export licenses, which resulted in Respondent exporting USML Category XIX(f)(1)-(3) nozzle segments and seal strips to Portugal and Turkey without DDTC authorization on seven occasions between July and November 2018. When the company became aware of the employee's actions, it promptly took corrective measures and voluntarily disclosed the matter.

*Unauthorized Exports and Retransfers of Technical Data Resulting from Jurisdiction and Classification Issues*

Respondent submitted multiple disclosures involving unauthorized exports stemming from jurisdiction and classification issues. For example, Respondent disclosed that due to misclassification, it temporarily imported and subsequently exported while improperly relying on Department of Commerce authorizations USML Category VIII(h)(18) parts for the AH-64 Apache Helicopter flight control system to multiple countries on five occasions between August 2018 and August 2022.

Respondent also disclosed that due to misclassification it exported while improperly relying on Department of Commerce authorizations USML Category XII(j)(2) exhaust system items related to the AH-64 Apache Helicopter to Japan, Singapore, and the UK on 14 occasions between July 2018 and July 2019. Similarly, Respondent disclosed that due to misclassification it exported without authorization to India USML Category XI(b) and XI(a)(5)(iv) flat panel displays used to monitor and shield electromagnetic radiation in the P-8 aircraft, both of which are designated as SME, on seven occasions between July 2018 and December 2019. Additionally, Respondent disclosed that Boeing Flight Operations pilots temporarily exported without authorization USML Category VIII(h)(15) Apache Aviator Integrated Helmets via hand carry to Qatar in March 2019 and again in April 2019 because they used the incorrect part number when identifying the classification of those helmets. Moreover, in November 2019 Respondent temporarily imported without authorization a USML Category XII(c)(3) Canadian-origin Wescam Turret designated as SME under the 22 C.F.R. 123.4(a)(1) exemption. This temporary import did not qualify for the exemption because it was a foreign-origin defense article.

Respondent exported without authorization USML Category XIII(l) technical data related to USML Category XIII(j)(2) coatings and their application to certain aileron portions called arrowheads to one foreign-person contractor in Canada and one foreign-person contractor in Switzerland in 2015. In 2019, the technical data enabled a Canadian contractor to install ITAR-controlled coated arrowheads in multiple ailerons and a Swiss contractor to install ITAR-controlled coated arrowheads in multiple ailerons without authorization. Additionally, on one occasion in September 2019, Respondent temporarily exported without authorization one ITAR-controlled aileron with coated arrowheads to Switzerland for repair improperly relying on a Department of Commerce license.

*Unauthorized Exports, Retransfers, and Temporary Imports of Defense Articles*

Respondent exported USML Category XI(d) technical data to Canada without authorization on two occasions in March 2017. The exports occurred when an employee at Respondent's U.S. subsidiary Argon exported without authorization requests for quotation to a potential supplier in Canada that contained a total of nine drawings with USML XI(d) technical data related to the ceramic acoustic structure of towed torpedo decoys used on U.S. and allied warships. The U.S. Government reviewed copies of the files and determined that it would not have authorized the exports had a license application been submitted.

Respondent disclosed that due to misclassification in August 2021, it retransferred without authorization on one occasion four USML Category XI(c)(1) GAS-1 antenna electronic units to an unauthorized party within the UK. In October 2022, Respondent exported without authorization a USML Category XI(a)(4)(i) remote finger printing system, designated as SME, to India. Shortly thereafter, Respondent exported without authorization another shipment containing a USML Category XI(a)(4)(i) electronic warfare self-protection control, designated as SME, and a USML Category XI(a)(5)(i) Radio Tuning Panel, designated as SME, that were incorporated into a USML Category IX(b)(1) flight team training device (FTTD). Furthermore, Respondent disclosed that in response to an internal inquiry the relevant program staff incorrectly replied that the FTTD did not contain SME components.

In 2019, Respondent caused the export without authorization of USML Categories VIII(h)(1), VIII(h)(29)(iii), and VIII(x) bonded assemblies for trailing edge flaps for the F-18 in Switzerland when it exceeded the then-total approved hardware-manufactured-abroad authorized under the relevant Manufacturing License Agreement (MLA). In September 2021, Respondent caused the temporary import without authorization of XI(c)(18) radio equipment from Germany and USML Cat XI(a)(5)(v) radio equipment from Singapore into the United States when it exceeded the approved value and quantity on two temporary import licenses.

Respondent also disclosed it caused the export without authorization of USML Category VIII(h)(15) Heads Up Display Day/Night Oculars (HUD) between April 2021 to August 2021 to Singapore when it exceeded the approved quantity. Additionally, Respondent caused the export without authorization of USML Category VIII(h)(6) pylon and pylon adapter hardware relating to the F-15

between May and June 2022 to Saudi Arabia when it exceeded the approved quantity.

### III. Violation of Terms, Conditions, and Provisos of DDTC Authorizations

Respondent submitted multiple voluntary disclosures that demonstrated issues with managing export authorizations, including failures to comply with the terms, conditions, and provisos of DDTC authorizations.

#### *Proviso Violations*

On multiple occasions between October 2018 and August 2019, Respondent violated a proviso on a permanent export license by exporting technical data controlled under USML Categories VIII(i), VIII(x), and XI(d) related to enhancements of and upgrades to the Apache AH-64A and AH-64d helicopters to the Government of Israel and two Israeli independent contractors. The proviso stated that “exports of technical data related to enhancements of, or upgrades to, any integrated system ARE NOT authorized.” Respondent repeatedly exported without authorization technical data that enabled the Government of Israel to install aftermarket hardware add-ons on its AH-64A and AH-64d fleets.

Similarly, Respondent violated two TAA provisos when it released USML Category VIII(i) technical data regarding a digital data link transmission signal capability to five pilots in the Lebanese Armed Forces (LAF) who took training courses regarding the ScanEagle unmanned aerial system at its subsidiary Insitu’s training facility in Washington state between October 2019 and January 2021. One violated proviso stated that “USG data link capabilities . . . MUST NOT be discussed, offered, or released.” Another violated proviso stated that the scope of the agreement is for training as described in the authorization and that any expansion in scope must be the subject of a separate license or authorization. Insitu’s program manager for the training emailed the program registrar about the limitations of the training under the TAA, but the latter “failed to notice” the email and the LAF pilots received training regarding the digital data link in violation of the TAA’s provisos.

Between February 2020 and August 2022, Respondent exported USML Category XI(d) Airborne Warning and Control System technical data to the Japan Air Self Defense Force (JASDF) in violation of a proviso on an export license that stated: “Specific information regarding what U.S.-only functionality is removed from the U.S. Block 40/45 hardware and software configuration MUST NOT be



discussed, offered, or released.” Respondent sent USML Category XI(d) technical data regarding operations and maintenance instructions for U.S.-only functionality to the JASDF relating to one authorization.

### RELEVANT ITAR REQUIREMENTS

The relevant period for the charged conduct is September 2013 through September 2022. 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 import temporarily 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.

Part 125 describes that the export of technical data, including to a foreign person located in the United States, 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) describes that without first obtaining the required license or other written approval from the Directorate of Defense Trade Controls, 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.<sup>2</sup>

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.<sup>3</sup>

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<sup>2</sup> Amendments to 22 C.F.R. 127.1(a) from June 17, 2010, through April 26, 2017: 77 FR 16592, dated March 21, 2012, implemented by 77 FR 33089, dated June 5, 2012, effective date April 13, 2012; and 78 FR 52680, 52688 explained it is unlawful to possess or attempt to possess any defense article with intent to export or transfer such defense article in violation of any regulation, license, approval or order issued thereunder.

<sup>3</sup> Amendment to 22 C.F.R. 127.1(b) from June 17, 2010, through April 26, 2017: 77 FR 16592, dated March 21, 2012, implemented by 77 FR 33089, dated June 5, 2012, effective date April 13, 2012.

Section 127.2 of the ITAR 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.<sup>4</sup>

## CHARGES

### Charges 1-127: Unauthorized Exports and Retransfers to Foreign-Person Employees and Contractors

Respondent violated 22 C.F.R. 127.1(a)(1) 25 times when it exported without authorization documents containing technical data controlled under USML Categories IV(i), VIII(i), IX(e)(1), XI(d), XII(f), XIII(l), XIX(g) to FPEs from the PRC from 2013-2017.

Respondent violated 22 C.F.R. 127.1(a)(1) 80 times when it exported without authorization documents containing technical data controlled under USML Categories IV(i), VIII(i), IX(e)(1), XI(d), XII(f), XIII(i)(10), and XIX(g) to multiple Boeing FPEs and contractors at Respondent and partner facilities in foreign locations including Australia, Canada, France, Germany, Hong Kong, India, Italy, Japan, Kenya, Morocco, Russia, Singapore, South Korea, Spain, Taiwan, Thailand, and the UK from 2013-2018.

Respondent violated 22 C.F.R. 127.1(a)(1) eight times when it exported without authorization USML Categories VIII(i) and XI(d) technical data to Australian contractors between October 2019 and February 2020.

Respondent violated 22 C.F.R. 127.1(a)(2) one time when three of Respondent's U.S. subcontractors retransferred without authorization classified technical data controlled under USML subcategory XI(d) to one Australian contract employee between October 2017 and September 2019.

Respondent violated 22 C.F.R. 127.1(a)(1) five times when it exported without authorization two documents containing technical data controlled under

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<sup>4</sup> Amendment to 22 C.F.R. 127.2 from June 17, 2010, through April 26, 2017: 77 FR 16592, dated March 21, 2012, implemented by 77 FR 33089, dated June 5, 2012, effective date April 13, 2012; and 78 FR 52680, dated August 26, 2013, effective October 25, 2013.

USML Category VIII(i) to five Indian FPEs working at one of its subsidiaries in India in October 2019.

Respondent violated 22 C.F.R. 127(a)(1) two times when it exported without authorization technical data controlled under USML Category XI(d) to two Indian FPEs working at one of its subsidiaries in India in August 2020.

Respondent violated 22 C.F.R. 127.1(a)(2) six times when it retransferred without authorization documents containing technical data controlled under USML Categories VIII(i), XI(d), and XII(g) to Indian contract employees at three different Indian companies between August and December 2019.

Charges 128-180: Unauthorized Exports, Reexports, and Retransfers, and Temporary Imports of Defense Articles, including Technical Data

Respondent violated 22 C.F.R. 127.2(a) five times when an employee of Respondent's U.S. subsidiaries made misrepresentations of five DSP-5 licenses. Additionally, Respondent violated 22 C.F.R. 127.1(a)(1) seven times when it used the DSP-5 licenses containing misrepresentations to export without authorization defense articles controlled under USML Categories XIX(f)(1), XIX(f)(2), and XIX(f)(3) to Portugal and Turkey between July and November 2018.

Respondent violated 22 C.F.R. 127.1(a)(3) five times when it temporarily imported without authorization and subsequently exported without authorization defense articles controlled under USML Category VIII(h)(18) to Afghanistan, Germany, India, Indonesia, Iraq, Japan, Kuwait, Qatar, Saudi Arabia, South Korea, Taiwan, United Arab Emirates, and the UK between August 2018 and August 2022.

Respondent violated 22 C.F.R. 127.1(a)(1) 14 times when it exported without authorization defense articles controlled under USML Category XIII(j)(2) to Japan, Singapore, and the UK on between July 2018 and July 2019.

Respondent violated 22 C.F.R. 127.1(a)(1) seven times when it exported without authorization defense articles controlled under USML Categories XI(b) and XI(a)(5)(iv) to India between July 2018 and December 2019.

Respondent violated 22 C.F.R. 127.1(a)(1) two times when it temporarily exported without authorization USML Category VIII(h)(15) defense articles to Qatar in March 2019 and April 2019.

Respondent violated 22 C.F.R. 127.1(a)(3) one time when it temporarily imported without authorization one USML Category XII(c)(3) defense article in January 2020.

Respondent violated 22 C.F.R. 127.1(a)(1) three times when it exported without authorization USML Category XIII(l) technical data to Canada and to Switzerland to produce USML Category XIII(j)(2) defense articles in 2019. In addition, Respondent temporarily exported without authorization a USML Category XIII(j)(2) defense article to Switzerland in September 2019.

Respondent violated 22 C.F.R. 127.1(a)(1) two times when it exported without authorization to Canada technical data controlled under USML Category XI(d) in September 2017.

Respondent violated 22 C.F.R. 127.1(a)(2) one time when it retransferred without authorization USML Category XI(c)(1) defense articles to an unauthorized party in the UK in August 2021.

Respondent violated 22 C.F.R. 127.1(a)(1) two times when it exported without authorization USML Categories XI(a)(4)(i) and XI(a)(5)(i) defense articles to India in October 2021.

Respondent violated 22 C.F.R. 127.1(a)(1) one time when it caused the export without authorization of USML Category VIII(h)(1), VIII(h)(29)(iii), and VIII(x) defense articles when it exceeded the value of the hardware-manufactured abroad authorized in Switzerland in 2019.

Respondent violated 22 C.F.R. 127.1(a)(3) one time when it caused the temporary import without authorization of a USML Category XI(c)(18) defense article from Germany and a USML Category XI(a)(5)(v) defense article from Singapore when it exceeded the approved quantity in September 2021.

Respondent violated 22 C.F.R. 127.1(a)(1) one time when it caused the export without authorization of USML Category VIII(h)(15) defense articles to Singapore when it exceeded the approved quantity to Singapore in August 2021.

Respondent violated 22 C.F.R. 127.1(a)(1) one time when it caused the export without authorization of USML Category VIII(h)(6) defense articles to Saudi Arabia when it exceeded the approved quantity in June 2022.

Charges 181-199: Violating Terms, Conditions, and Provisos of Authorizations

Respondent violated 22 C.F.R. 127.1(b)(1) nine times when it violated the terms or conditions of authorizations when it exported technical data controlled under USML Categories VIII(i), VIII(x), XI(d) to Israel between October 2018 and August 2019. Additionally, Respondent violated 22 C.F.R. 127.1(a)(2) two times when it retransferred without authorization technical data within Israel.

Respondent violated 22 C.F.R. 127.1(b)(1) seven times when it violated the terms or conditions of an authorization by releasing technical data controlled under USML Category VIII(i) to five Lebanese persons participating in training activities in the United States between October 2019 and January 2020.

Respondent violated 22 C.F.R. 127.1(b)(1) one time when it violated the terms or conditions of an authorization when it exported USML Category XI(d) technical data to Japan between February 2020 and August 2022.

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 years, but in any event will continue until an application for reinstatement is submitted and approved. Civil penalties, not to exceed \$1,200,000, 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, the company 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 days after service of the answer. You may, if so desired, be represented by counsel of your choosing.

Additionally, in the event that the company is served with a charging letter, its 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,  
2100 Second Street, SW  
Room 6302  
Washington, DC 20593.

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, Room L132  
2401 E Street, NW  
Washington, DC 20522-0112.

If a respondent does not demand an oral hearing, it must transmit within seven days after the service of its 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 of State'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  
Defense Trade Controls Compliance  
Bureau of Political-Military Affairs