

What happens if I violate export controls in the US? (01 May 2013)

Raytheon Company fined US\$8m in Arms Export Control Enforcement Case

(Source: <http://www.state.gov/r/pa/prs/ps/2013/04/208655.htm>)

April 30, 2013. The State Department has reached administrative agreement with Raytheon Company (Raytheon) following an extensive enforcement review to address hundreds of civil violations of the Arms Export Control Act (AECA) and the International Traffic in Arms Regulations (ITAR). Raytheon will pay \$8 million in civil penalties and remedial expenditures to resolve these alleged violations. This settlement highlights the role of the Department in protecting sensitive American technologies from unauthorized use by ensuring compliance with substantive and administrative arms export restrictions.

The Department's Office of Defense Trade Controls Compliance in the Bureau of Political-Military Affairs determined that Raytheon's numerous violations demonstrated a recurring, corporate-wide weakness in maintaining effective ITAR controls. Over the course of many years, Raytheon business units have disclosed to the Department hundreds of ITAR violations, largely consisting of failures to properly manage Department-authorized agreements and temporary import and export authorizations. The violations included inaccurate tracking, valuation and documentation of temporary exports and imports of controlled hardware, manufacture of such hardware by Raytheon's foreign partners in excess of the approved amounts, and failures to timely obtain and submit required documents. Raytheon repeatedly discovered and disclosed such violations to the Department, in some cases finding that previously reported remedial measures failed to prevent or detect additional similar violations subsequently disclosed.

Under the terms of a four year Consent Agreement with the Department, Raytheon will pay a civil penalty of \$8 million. The State Department agreed to suspend \$4 million of this amount on the condition that the funds have or will be used for Department-approved pre- and post-Consent Agreement remedial compliance measures. In addition, an external Special Compliance Official will be engaged by Raytheon to oversee the Consent Agreement, which will also require the company to conduct two external audits of its compliance program during the Agreement term as well as implement additional compliance measures.

Raytheon disclosed nearly all of the ITAR violations resolved in this settlement voluntarily to the Department, acknowledged their serious nature, cooperated with Department reviews, and implemented or has planned extensive remedial measures. For these reasons, the Department has determined that an administrative debarment of Raytheon is not appropriate at this time.

The Consent Agreement and related documents will be available to the public on the Directorate of Defense Trade Controls website at

http://www.pmdt.c.state.gov/compliance/consent_agreements.html.

For additional information, please contact the Bureau of Political-Military Affairs' Office of Congressional and Public Affairs at PM-CPA@state.gov.

* Respondent: Raytheon Company, 870 Winter Street, Waltham, MA

* Charges: 125 Violations of Arms Export Control Act (22 U.S.C. §§ 2778-2780)

* Fine or Civil Settlement: \$8 million (\$4 million suspended)

* Debarred or Suspended from Export Transactions: No

* Result of Voluntary Disclosure: Yes

* Date of Order: 30 April 2012

Proposed Charging Letter:

(http://www.pmdt.c.state.gov/compliance/consent_agreements/pdf/Raytheon_PCL_13.pdf)

Consent Agreement:

(http://www.pmdt.c.state.gov/compliance/consent_agreements/pdf/Raytheon_ConsentAgreement_13.pdf)

Order:

(http://www.pmdt.c.state.gov/compliance/consent_agreements/pdf/Raytheon_Order_13.pdf)