

UNITED STATES DEPARTMENT OF COMMERCE  
BUREAU OF INDUSTRY AND SECURITY  
WASHINGTON, D.C. 20230

\_\_\_\_\_  
In the Matter of: )  
 )  
LogicaCMG, Inc. )  
10375 Richmond Avenue )  
Suite 1000 )  
Houston, TX 77042 )  
 )  
Respondent. )  
\_\_\_\_\_ )

ORDER RELATING TO LOGICACMG, INC.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) having notified LogicaCMG, Inc. (“LogicaCMG”) of its intention to initiate an administrative proceeding against LogicaCMG pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (“Regulations”),<sup>1</sup> and Section 13©) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),<sup>2</sup> by issuing a proposed charging letter to LogicaCMG that alleged that LogicaCMG is liable for nine violations of the Regulations committed by predecessor and

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<sup>1</sup> The charged violations occurred from 2001 through 2002. The Regulations governing the violations at issue are found in the 2001- 2002 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001-2002)). The 2005 Regulations establish the procedures that apply to this matter.

<sup>2</sup> Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 3, 2006 (71 Fed. Reg. 44,551 (August 7, 2006)) has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)).

affiliated entities CMG Telecommunications, Inc. ("CMG")<sup>3</sup> and CMG Wireless Data Solutions (CMG Brazil").<sup>4</sup> Specifically, the charges are:

**Charge 1: 15 C.F.R. §764.2(d): Conspiracy to export telecommunications equipment to Cuba without the required license**

From in or about July 2001 through in or about October 2001, CMG conspired and/or acted in concert with others, known and unknown, to bring about an act that constitutes a violation of the Regulations. Specifically, CMG acted in concert with others to export a single node short message service center (SMSC) from the United States through Panama for ultimate delivery to an end-user in Cuba. The SMSC is an item subject to the Regulations. Pursuant to Section 746.2 of the Regulations, a Department of Commerce license was required for the export of the SMSC from the United States through Panama to Cuba. In furtherance of the conspiracy, CMG obtained the required hardware, configured it and installed an operating system for the SMSC in the United States and then exported the SMSC through Panama with knowledge that the ultimate delivery would be to an end-user in Cuba without the required license. In so doing, CMG committed one violation of Section 764.2(d) of the Regulations.

**Charge 2: 15 C.F.R. § 764.2(a) – Unlicensed export of telecommunications equipment to Cuba**

On or about August 31, 2001, CMG engaged in conduct prohibited by the Regulations by exporting the SMSC from the United States through Panama for ultimate delivery to an end-user in Cuba without the required license from Department of Commerce. Pursuant to Section 746.2 of the Regulations, a Department of Commerce license was required for the export of the SMSC through Panama to Cuba and no license was obtained for the transaction. The SMSC was classified under Export Control Classification Number 5A002 and controlled for national security, anti terrorism and encryption item reasons. As stated in Section 734.2(b)(6), the export of items subject to the Regulations that will transit through a country or be transshipped in a country to a new country or are intended for reexport to the new country are deemed to be exports to the new country. In exporting the SMSC through Panama knowing that it would be ultimately delivered to an end-user in Cuba without the required license, CMG committed one violation of Section 764.2(a) of the Regulations.

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<sup>3</sup> Effective January 1, 2003, as a result of a merger and related corporate transactions, LogicaCMG, Inc. succeeded to the business, assets and liabilities of CMG Telecommunications, Inc. ("CMG") and has also assumed liability for the charges made herein with respect to CMG Wireless Data Solutions ("CMG Brazil"), which was an affiliate of CMG.

<sup>4</sup> *Id.*

**Charge 3: 15 C.F.R. § 764.2(e): Transferring telecommunications equipment for export to Cuba with knowledge that a violation of the Regulations would occur**

From in or about July 2001 through in or about August 2001, CMG took actions in connection with an item subject to the Regulations that was exported from the United States through Panama for ultimate delivery to an end-user in Cuba with knowledge that a violation of the Regulations was about to occur or had occurred in connection with that item. Specifically, CMG transferred and/or forwarded the SMSC from the United States through Panama to Cuba with knowledge that the required Department of Commerce license had not been obtained for the export. CMG knew or had reason to know that U.S. Government authorization was required for the export through Panama for ultimate delivery to an end-user in Cuba since, *inter alia*, at least three CMG employees told the then manager of CMG that they were concerned that the export of the SMSC through Panama to Cuba was in violation of U.S. law. Based upon the foregoing, CMG committed one violation of Section 764.2(e) of the Regulations.

**Charge 4: 15 C.F.R. §764.2(h): Taking action with the intent to evade the Regulations**

From in or about July 2001 through in or about August 2001, CMG engaged in a transaction and/or took actions with the intent to evade the provisions of the Regulations. Specifically, CMG took actions to conceal the fact that the SMSC's country of ultimate destination was Cuba when, *inter alia*, the then manager of CMG sent an e-mail to CMG Brazil that stated in pertinent part "[f]or this project, all correspondence with the US office must refer only to our direct customer...and its location in Panama." This e-mail was in response to an e-mail from CMG Brazil that stated in pertinent part "I'm going to Cuba on Monday and this is the first thing they are going to ask me." By taking action to conceal the fact that Cuba was the country of ultimate destination for the SMSC, CMG committed one violation of Section 764.2(h) of the Regulations.

**Charge 5: 15 C.F.R. §764.2(a): Exporting technical data to Cuba without the required license**

From on or about October 1, 2001 through on or about October 3, 2001, CMG engaged in conduct prohibited by the Regulations by exporting technical data subject to the Regulations to Cuba without the required Department of Commerce license. CMG transmitted technical data, an item subject to the Regulations, to Cuba by e-mail to assist in the installation of the SMSC in Cuba without the required Department of Commerce license. Pursuant to Section 746.2 of the Regulations, a Department of Commerce license was required for the export of the technical data from the United States to Cuba. In so doing, CMG committed one violation of Section 764.2(a) of the Regulations.

**Charge 6: 15 C.F.R. § 764.2(e): Providing servicing for telecommunications equipment in Cuba with knowledge that a violation of the Regulations would occur**

From on or about October 1, 2001 through on or about October 3, 2001, CMG took actions in connection with an item subject to the Regulations that was exported from the United States through Panama for ultimate delivery to an end-user in Cuba with knowledge that a violation of the Regulations was about to occur, had occurred or would occur in connection with that item. Specifically, CMG serviced the SMSC that had been exported from the United States through Panama to Cuba with knowledge that the required license from the Department of Commerce had not been obtained for the export. CMG serviced the SMSC by sending technical data via e-mail to Cuba to assist in the installation of the SMSC without the required Department of Commerce license. Pursuant to Section 746.2 of the Regulations, a Department of Commerce license was required for the export of the technical data and the SMSC from the United States to Cuba. CMG knew or had reason to know that U.S. Government authorization was required for the export since, *inter alia*, at least three CMG employees told the then manager of CMG in New Hampshire that they were concerned that the export of the SMSC through Panama to Cuba was in violation of U.S. law. Based upon the foregoing, CMG committed one violation of Section 764.2(e) of the Regulations.

**Charge 7: 15 C.F.R. §764.2(d): Conspiracy to export telecommunications equipment to Cuba without the required license**

From in or about July 2001 through in or about October 2001, CMG Brazil conspired and/or acted in concert with others, known and unknown, to bring about an act that constitutes a violation of the Regulations. Specifically, CMG Brazil acted in concert with others to export a single node short message service center (SMSC) from the United States through Panama for ultimate delivery to an end-user in Cuba. The SMSC is an item subject to the Regulations. Pursuant to Section 746.2 of the Regulations, a Department of Commerce license was required for the export of the SMSC from the United States through Panama to Cuba and no license was obtained for the export of the SMSC to Cuba. In furtherance of the conspiracy, CMG Brazil sold the SMSC knowing that it would be transshipped through Panama for ultimate delivery to an end-user in Cuba and sought the assistance of CMG in the United States to assemble and/or produce the SMSC and exporting it. In so doing, CMG Brazil committed one violation of Section 764.2(d) of the Regulations.

**Charge 8: 15 C.F.R. §764.2(b): Causing, aiding and/or abetting a violation of the Regulations**

From in or about July 2001 through in or about October 2001, CMG Brazil caused, aided, abetted and/or induced the doing of an act prohibited by the Regulations. Specifically, CMG Brazil caused, aided, abetted and/or induced the export of a SMSC from the United States through Panama for ultimate delivery to an end-user in Cuba without the Department of Commerce license required by Section 746.2 of the Regulations. CMG Brazil took actions

including but not limited to seeking the assistance of CMG to assemble and/or produce the SMSC and having CMG export the SMSC to Cuba. The SMSC was classified under Export Control Classification Number 5A002 and controlled for national security, anti terrorism and encryption item reasons. As stated in Section 734.2(b)(6), the export of items subject to the Regulations that will transit through a country or be transshipped in a country to a new country or are intended for reexport to the new country are deemed to be exports to the new country. In causing, aiding, abetting and/or inducing the export of the SMSC through Panama for ultimate delivery to an end-user in Cuba without the required license, CMG Brazil committed one violation of Section 764.2(b) of the Regulations.

**Charge 9: 15 C.F.R. § 764.2(e): Selling telecommunications equipment for export to Cuba with knowledge that a violation of the Regulations would occur**

From in or about July 2001 through in or about August 2001, CMG Brazil took actions in connection with an item subject to the Regulations that was exported from the United States through Panama for ultimate delivery to an end-user in Cuba with knowledge that a violation of the Regulations was about to occur or had occurred in connection with that item. Specifically, CMG Brazil sold and/or serviced the SMSC with knowledge that the required Department of Commerce license had not been obtained for the export. CMG Brazil knew or had reason to know that U.S. Government authorization was required for the transshipment through Panama for ultimate delivery to an end-user in Cuba export since, *inter alia*, at least three CMG employees told the then manager of CMG Brazil that they were concerned that the export of the SMSC through Panama to Cuba was in violation of U.S. law. Based upon the foregoing, CMG Brazil committed one violation of Section 764.2(e) of the Regulations.

WHEREAS, BIS and LogicaCMG have entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein, and

WHEREAS, I have approved of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$99,000 is assessed against LogicaCMG which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

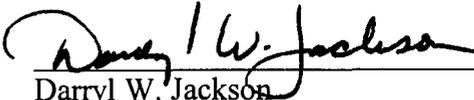
SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due date specified herein,

LogicaCMG will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, that the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to LogicaCMG. Accordingly, if LogicaCMG should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of LogicaCMG's export privileges for a period of one year from the date of entry of this Order.

FOURTH, that the proposed charging letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.

  
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Darryl W. Jackson  
Assistant Secretary of Commerce  
for Export Enforcement

Entered this 4<sup>th</sup> day of May 2007.

UNITED STATES DEPARTMENT OF COMMERCE  
BUREAU OF INDUSTRY AND SECURITY  
WASHINGTON, D.C. 20230

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In the Matter of: )  
)  
LogicaCMG, Inc. )  
10375 Richmond Avenue )  
Suite 1000 )  
Houston, TX 77042 )  
)  
Respondent. )  
)

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SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Respondent, LogicaCMG, Inc. (“LogicaCMG”) and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively referred to as “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (“Regulations”),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”).<sup>2</sup>

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<sup>1</sup> The charged violations occurred in 2001. The Regulations governing the violations at issue are found in the 2001 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001)). The 2006 Regulations set forth the procedures that apply to this matter.

<sup>2</sup> Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 3, 2006 (71 Fed. Reg. 44,551 (August 7, 2006)) has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)).

WHEREAS, BIS has notified LogicaCMG of its intention to initiate an administrative proceeding against LogicaCMG, pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a proposed charging letter to LogicaCMG that alleged that LogicaCMG is liable for nine violations of the Regulations committed by predecessor and affiliated entities, CMG Telecommunications, Inc. ("CMG")<sup>3</sup> and CMG Wireless Data Solutions (CMG Brazil"),<sup>4</sup> as follows:

**Charge 1: 15 C.F.R. §764.2(d): Conspiracy to export telecommunications equipment to Cuba without the required license**

From in or about July 2001 through in or about October 2001, CMG conspired and/or acted in concert with others, known and unknown, to bring about an act that constitutes a violation of the Regulations. Specifically, CMG acted in concert with others to export a single node short message service center (SMSC) from the United States through Panama for ultimate delivery to an end-user in Cuba. The SMSC is an item subject to the Regulations. Pursuant to Section 746.2 of the Regulations, a Department of Commerce license was required for the export of the SMSC from the United States through Panama to Cuba. In furtherance of the conspiracy, CMG obtained the required hardware, configured it and installed an operating system for the SMSC in the United States and then exported the SMSC through Panama with knowledge that the ultimate delivery would be to an end-user in Cuba without the required license. In so doing, CMG committed one violation of Section 764.2(d) of the Regulations.

**Charge 2: 15 C.F.R. § 764.2(a) – Unlicensed export of telecommunications equipment to Cuba**

On or about August 31, 2001, CMG engaged in conduct prohibited by the Regulations by exporting the SMSC from the United States through Panama for ultimate delivery to an end-user in Cuba without the required license from Department of Commerce. Pursuant to Section 746.2

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<sup>3</sup> Effective January 1, 2003, as a result of a merger and related corporate transactions, LogicaCMG, Inc. succeeded to the business, assets and liabilities of CMG Telecommunications, Inc. ("CMG") and has also assumed liability for the charges made herein with respect to CMG Wireless Data Solutions ("CMG Brazil"), which was an affiliate of CMG.

<sup>4</sup> *Id.*

of the Regulations, a Department of Commerce license was required for the export of the SMSC through Panama to Cuba and no license was obtained for the transaction. The SMSC was classified under Export Control Classification Number 5A002 and controlled for national security, anti terrorism and encryption item reasons. As stated in Section 734.2(b)(6), the export of items subject to the Regulations that will transit through a country or be transshipped in a country to a new country or are intended for reexport to the new country are deemed to be exports to the new country. In exporting the SMSC through Panama knowing that it would be ultimately delivered to an end-user in Cuba without the required license, CMG committed one violation of Section 764.2(a) of the Regulations.

**Charge 3: 15 C.F.R. § 764.2(e): Transferring telecommunications equipment for export to Cuba with knowledge that a violation of the Regulations would occur**

From in or about July 2001 through in or about August 2001, CMG took actions in connection with an item subject to the Regulations that was exported from the United States through Panama for ultimate delivery to an end-user in Cuba with knowledge that a violation of the Regulations was about to occur or had occurred in connection with that item. Specifically, CMG transferred and/or forwarded the SMSC from the United States through Panama to Cuba with knowledge that the required Department of Commerce license had not been obtained for the export. CMG knew or had reason to know that U.S. Government authorization was required for the export through Panama for ultimate delivery to an end-user in Cuba since, *inter alia*, at least three CMG employees told the then manager of CMG that they were concerned that the export of the SMSC through Panama to Cuba was in violation of U.S. law. Based upon the foregoing, CMG committed one violation of Section 764.2(e) of the Regulations.

**Charge 4: 15 C.F.R. §764.2(h): Taking action with the intent to evade the Regulations**

From in or about July 2001 through in or about August 2001, CMG engaged in a transaction and/or took actions with the intent to evade the provisions of the Regulations. Specifically, CMG took actions to conceal the fact that the SMSC's country of ultimate destination was Cuba when, *inter alia*, the then manager of CMG sent an e-mail to CMG Brazil that stated in pertinent part "[f]or this project, all correspondence with the US office must refer only to our direct customer...and its location in Panama." This e-mail was in response to an e-mail from CMG Brazil that stated in pertinent part "I'm going to Cuba on Monday and this is the first thing they are going to ask me." By taking action to conceal the fact that Cuba was the country of ultimate destination for the SMSC, CMG committed one violation of Section 764.2(h) of the Regulations.

**Charge 5: 15 C.F.R. §764.2(a): Exporting technical data to Cuba without the required license**

From on or about October 1, 2001 through on or about October 3, 2001, CMG engaged in conduct prohibited by the Regulations by exporting technical data subject to the Regulations to Cuba without the required Department of Commerce license. CMG transmitted technical data, an item subject to the Regulations, to Cuba by e-mail to assist in the installation of the SMSC in Cuba without the required Department of Commerce license. Pursuant to Section 746.2 of the Regulations, a Department of Commerce license was required for the export of the technical data from the United States to Cuba. In so doing, CMG committed one violation of Section 764.2(a) of the Regulations.

**Charge 6: 15 C.F.R. § 764.2(e): Providing servicing for telecommunications equipment in Cuba with knowledge that a violation of the Regulations would occur**

From on or about October 1, 2001 through on or about October 3, 2001, CMG took actions in connection with an item subject to the Regulations that was exported from the United States through Panama for ultimate delivery to an end-user in Cuba with knowledge that a violation of the Regulations was about to occur, had occurred or would occur in connection with that item. Specifically, CMG serviced the SMSC that had been exported from the United States through Panama to Cuba with knowledge that the required license from the Department of Commerce had not been obtained for the export. CMG serviced the SMSC by sending technical data via e-mail to Cuba to assist in the installation of the SMSC without the required Department of Commerce license. Pursuant to Section 746.2 of the Regulations, a Department of Commerce license was required for the export of the technical data and the SMSC from the United States to Cuba. CMG knew or had reason to know that U.S. Government authorization was required for the export since, *inter alia*, at least three CMG employees told the then manager of CMG in New Hampshire that they were concerned that the export of the SMSC through Panama to Cuba was in violation of U.S. law. Based upon the foregoing, CMG committed one violation of Section 764.2(e) of the Regulations.

**Charge 7: 15 C.F.R. §764.2(d): Conspiracy to export telecommunications equipment to Cuba without the required license**

From in or about July 2001 through in or about October 2001, CMG Brazil conspired and/or acted in concert with others, known and unknown, to bring about an act that constitutes a violation of the Regulations. Specifically, CMG Brazil acted in concert with others to export a single node short message service center (SMSC) from the United States through Panama for ultimate delivery to an end-user in Cuba. The SMSC is an item subject to the Regulations. Pursuant to Section 746.2 of the Regulations, a Department of Commerce license was required

for the export of the SMSC from the United States through Panama to Cuba and no license was obtained for the export of the SMSC to Cuba. In furtherance of the conspiracy, CMG Brazil sold the SMSC knowing that it would be transshipped through Panama for ultimate delivery to an end-user in Cuba and sought the assistance of CMG in the United States to assemble and/or produce the SMSC and exporting it. In so doing, CMG Brazil committed one violation of Section 764.2(d) of the Regulations.

**Charge 8: 15 C.F.R. §764.2(b): Causing, aiding and/or abetting a violation of the Regulations**

From in or about July 2001 through in or about October 2001, CMG Brazil caused, aided, abetted and/or induced the doing of an act prohibited by the Regulations. Specifically, CMG Brazil caused, aided, abetted and/or induced the export of a SMSC from the United States through Panama for ultimate delivery to an end-user in Cuba without the Department of Commerce license required by Section 746.2 of the Regulations. CMG Brazil took actions including but not limited to seeking the assistance of CMG to assemble and/or produce the SMSC and having CMG export the SMSC to Cuba. The SMSC was classified under Export Control Classification Number 5A002 and controlled for national security, anti terrorism and encryption item reasons. As stated in Section 734.2(b)(6), the export of items subject to the Regulations that will transit through a country or be transshipped in a country to a new country or are intended for reexport to the new country are deemed to be exports to the new country. In causing, aiding, abetting and/or inducing the export of the SMSC through Panama for ultimate delivery to an end-user in Cuba without the required license, CMG Brazil committed one violation of Section 764.2(b) of the Regulations.

**Charge 9: 15 C.F.R. § 764.2(e): Selling telecommunications equipment for export to Cuba with knowledge that a violation of the Regulations would occur**

From in or about July 2001 through in or about August 2001, CMG Brazil took actions in connection with an item subject to the Regulations that was exported from the United States through Panama for ultimate delivery to an end-user in Cuba with knowledge that a violation of the Regulations was about to occur or had occurred in connection with that item. Specifically, CMG Brazil sold and/or serviced the SMSC with knowledge that the required Department of Commerce license had not been obtained for the export. CMG Brazil knew or had reason to know that U.S. Government authorization was required for the transshipment through Panama for ultimate delivery to an end-user in Cuba export since, *inter alia*, at least three CMG employees told the then manager of CMG Brazil that they were concerned that the export of the SMSC through Panama to Cuba was in violation of U.S. law. Based upon the foregoing, CMG Brazil committed one violation of Section 764.2(e) of the Regulations.

WHEREAS, LogicaCMG has reviewed the proposed charging letter and is aware of the

allegations made against it and the administrative sanctions which could be imposed against it if the allegations are found to be true;

WHEREAS, LogicaCMG fully understands the terms of this Agreement and the Order (“Order”) that the Assistant Secretary of Commerce for Export Enforcement will issue if he approves this Agreement as the final resolution of this matter;

WHEREAS, LogicaCMG enters into this Agreement voluntarily and with full knowledge of its rights;

WHEREAS, the parties enter into this agreement having taken into consideration the plea agreement that LogicaCMG has agreed to enter into with the U.S. District Court for New Hampshire in the related criminal case, Crim. No. 07-884-01-PB (“plea agreement”);

WHEREAS, LogicaCMG states that no promises or representations have been made to it other than the agreements and considerations herein expressed except those that were made in connection with the plea agreement;

WHEREAS, LogicaCMG neither admits nor denies the allegations contained in the proposed charging letter;

WHEREAS, LogicaCMG wishes to settle and dispose of all matters alleged in the proposed charging letter by entering into this Agreement; and

WHEREAS, LogicaCMG agrees to be bound by the Order, if entered;

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over LogicaCMG, under the Regulations, in connection with the matters alleged in the proposed charging letter.

2. The following sanction shall be imposed against LogicaCMG in complete settlement of the violations of the Regulations set forth in the proposed charging letter:

- a. LogicaCMG shall be assessed a civil penalty in the amount of \$99,000 which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order.
- b. The timely payment of the civil penalty agreed to in paragraph 2.a. is hereby made a condition to the granting, restoration, or continuing validity of any export license, permission, or privilege granted, or to be granted, to LogicaCMG. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of LogicaCMG's export privileges under the Regulations for a period of one year from the date of imposition of the penalty.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, LogicaCMG hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, if entered), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if entered; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if entered.

4. Upon entry of the Order and timely payment of the \$99,000 civil penalty, BIS will not initiate any further administrative proceeding against LogicaCMG and/or its corporate affiliates, predecessors, and assignees in connection with any violation of the Act or the Regulations arising out of the transactions identified in the proposed charging letter.

5. BIS will make the proposed charging letter, this Agreement, and the Order, if entered,

available to the public.

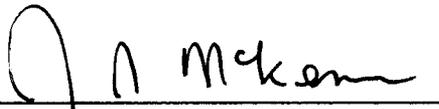
6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on BIS only if the Assistant Secretary of Commerce for Export Enforcement approves it by entering the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

9. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

BUREAU OF INDUSTRY AND SECURITY  
U.S. DEPARTMENT OF COMMERCE



John McKenna  
Acting Director, Office of Export Enforcement

Date: 5/1/07

LOGICACMG, INC.



Amanda Mesler  
Chief Executive Officer

Date: 4/24/07

Proposed Charging Letter

By Certified Mail - Return Receipt Requested

LogicaCMG, Inc.  
10375 Richmond Avenue  
Suite 1000  
Houston, TX 77042

Attn: *Amanda Mesler*  
*Chief Executive Officer*

Dear Ms. Mesler:

The U.S. Department of Commerce, Bureau of Industry and Security has reason to believe that LogicaCMG, Inc. of Lexington, MA is responsible for nine violations of the Export Administration Regulations (the "Regulations"),<sup>1</sup> which are issued under the authority of the Export Administration Act of 1979, as amended (the "Act")<sup>2</sup> that were committed by its predecessor and affiliated entities CMG Telecommunications, Inc. of Nashua New Hampshire ("CMG")<sup>3</sup> and CMG Wireless Data Solutions of Sao Paulo, Brazil (CMG Brazil").<sup>4</sup> Specifically, BIS charges that LogicaCMG is responsible for the following violations:

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<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2006). The charged violations occurred in 2001. The Regulations governing the violations at issue are found in the 2001 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001)). The 2006 Regulations set forth the procedures that apply to this matter.

<sup>2</sup> Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 3, 2006 (71 Fed. Reg. 44,551 (August 7, 2006)) has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)).

<sup>3</sup> Effective January 1, 2003, as a result of a merger and related corporate transactions, LogicaCMG, Inc. succeeded to the business, assets and liabilities of CMG Telecommunications, Inc. ("CMG") and has also assumed liability for the charges made herein with respect to CMG Wireless Data Solutions ("CMG Brazil"), which was an affiliate of CMG.

<sup>4</sup> *Id.*

**Charge 1: 15 C.F.R. §764.2(d): Conspiracy to export telecommunications equipment to Cuba without the required license**

From in or about July 2001 through in or about October 2001, CMG conspired and/or acted in concert with others, known and unknown, to bring about an act that constitutes a violation of the Regulations. Specifically, CMG acted in concert with others to export a single node short message service center (SMSC) from the United States through Panama for ultimate delivery to an end-user in Cuba. The SMSC is an item subject to the Regulations. Pursuant to Section 746.2 of the Regulations, a Department of Commerce license was required for the export of the SMSC from the United States through Panama to Cuba. In furtherance of the conspiracy, CMG obtained the required hardware, configured it and installed an operating system for the SMSC in the United States and then exported the SMSC through Panama with knowledge that the ultimate delivery would be to an end-user in Cuba without the required license. In so doing, CMG committed one violation of Section 764.2(d) of the Regulations.

**Charge 2: 15 C.F.R. § 764.2(a) – Unlicensed export of telecommunications equipment to Cuba**

On or about August 31, 2001, CMG engaged in conduct prohibited by the Regulations by exporting the SMSC from the United States through Panama for ultimate delivery to an end-user in Cuba without the required license from Department of Commerce. Pursuant to Section 746.2 of the Regulations, a Department of Commerce license was required for the export of the SMSC through Panama to Cuba and no license was obtained for the transaction. The SMSC was classified under Export Control Classification Number 5A002 and controlled for national security, anti terrorism and encryption item reasons. As stated in Section 734.2(b)(6), the export of items subject to the Regulations that will transit through a country or be transshipped in a country to a new country or are intended for reexport to the new country are deemed to be exports to the new country. In exporting the SMSC through Panama knowing that it would be ultimately delivered to an end-user in Cuba without the required license, CMG committed one violation of Section 764.2(a) of the Regulations.

**Charge 3: 15 C.F.R. § 764.2(e): Transferring telecommunications equipment for export to Cuba with knowledge that a violation of the Regulations would occur**

From in or about July 2001 through in or about August 2001, CMG took actions in connection with an item subject to the Regulations that was exported from the United States through Panama for ultimate delivery to an end-user in Cuba with knowledge that a violation of the Regulations was about to occur or had occurred in connection with that item. Specifically, CMG transferred and/or forwarded the SMSC from the United States through Panama to Cuba with knowledge that the required Department of Commerce license had not been obtained for the

export. CMG knew or had reason to know that U.S. Government authorization was required for the export through Panama for ultimate delivery to an end-user in Cuba since, *inter alia*, at least three CMG employees told the then manager of CMG that they were concerned that the export of the SMSC through Panama to Cuba was in violation of U.S. law. Based upon the foregoing, CMG committed one violation of Section 764.2(e) of the Regulations.

**Charge 4: 15 C.F.R. §764.2(h): Taking action with the intent to evade the Regulations**

From in or about July 2001 through in or about August 2001, CMG engaged in a transaction and/or took actions with the intent to evade the provisions of the Regulations. Specifically, CMG took actions to conceal the fact that the SMSC's country of ultimate destination was Cuba when, *inter alia*, the then manager of CMG sent an e-mail to CMG Brazil that stated in pertinent part "[f]or this project, all correspondence with the US office must refer only to our direct customer...and its location in Panama." This e-mail was in response to an e-mail from CMG Brazil that stated in pertinent part "I'm going to Cuba on Monday and this is the first thing they are going to ask me." By taking action to conceal the fact that Cuba was the country of ultimate destination for the SMSC, CMG committed one violation of Section 764.2(h) of the Regulations.

**Charge 5: 15 C.F.R. §764.2(a): Exporting technical data to Cuba without the required license**

From on or about October 1, 2001 through on or about October 3, 2001, CMG engaged in conduct prohibited by the Regulations by exporting technical data subject to the Regulations to Cuba without the required Department of Commerce license. CMG transmitted technical data, an item subject to the Regulations, to Cuba by e-mail to assist in the installation of the SMSC in Cuba without the required Department of Commerce license. Pursuant to Section 746.2 of the Regulations, a Department of Commerce license was required for the export of the technical data from the United States to Cuba. In so doing, CMG committed one violation of Section 764.2(a) of the Regulations.

**Charge 6: 15 C.F.R. § 764.2(e): Providing servicing for telecommunications equipment in Cuba with knowledge that a violation of the Regulations would occur**

From on or about October 1, 2001 through on or about October 3, 2001, CMG took actions in connection with an item subject to the Regulations that was exported from the United States through Panama for ultimate delivery to an end-user in Cuba with knowledge that a violation of the Regulations was about to occur, had occurred or would occur in connection with that item. Specifically, CMG serviced the SMSC that had been exported from the United States through Panama to Cuba with knowledge that the required license from the Department of

Commerce had not been obtained for the export. CMG serviced the SMSC by sending technical data via e-mail to Cuba to assist in the installation of the SMSC without the required Department of Commerce license. Pursuant to Section 746.2 of the Regulations, a Department of Commerce license was required for the export of the technical data and the SMSC from the United States to Cuba. CMG knew or had reason to know that U.S. Government authorization was required for the export since, *inter alia*, at least three CMG employees told the then manager of CMG in New Hampshire that they were concerned that the export of the SMSC through Panama to Cuba was in violation of U.S. law. Based upon the foregoing, CMG committed one violation of Section 764.2(e) of the Regulations.

**Charge 7: 15 C.F.R. §764.2(d): Conspiracy to export telecommunications equipment to Cuba without the required license**

From in or about July 2001 through in or about October 2001, CMG Brazil conspired and/or acted in concert with others, known and unknown, to bring about an act that constitutes a violation of the Regulations. Specifically, CMG Brazil acted in concert with others to export a single node short message service center (SMSC) from the United States through Panama for ultimate delivery to an end-user in Cuba. The SMSC is an item subject to the Regulations. Pursuant to Section 746.2 of the Regulations, a Department of Commerce license was required for the export of the SMSC from the United States through Panama to Cuba and no license was obtained for the export of the SMSC to Cuba. In furtherance of the conspiracy, CMG Brazil sold the SMSC knowing that it would be transshipped through Panama for ultimate delivery to an end-user in Cuba and sought the assistance of CMG in the United States to assemble and/or produce the SMSC and exporting it. In so doing, CMG Brazil committed one violation of Section 764.2(d) of the Regulations.

**Charge 8: 15 C.F.R. §764.2(b): Causing, aiding and/or abetting a violation of the Regulations**

From in or about July 2001 through in or about October 2001, CMG Brazil caused, aided, abetted and/or induced the doing of an act prohibited by the Regulations. Specifically, CMG Brazil caused, aided, abetted and/or induced the export of a SMSC from the United States through Panama for ultimate delivery to an end-user in Cuba without the Department of Commerce license required by Section 746.2 of the Regulations. CMG Brazil took actions including but not limited to seeking the assistance of CMG to assemble and/or produce the SMSC and having CMG export the SMSC to Cuba. The SMSC was classified under Export Control Classification Number 5A002 and controlled for national security, anti terrorism and encryption item reasons. As stated in Section 734.2(b)(6), the export of items subject to the Regulations that will transit through a country or be transshipped in a country to a new country or are intended for reexport to the new country are deemed to be exports to the new country. In

causing, aiding, abetting and/or inducing the export of the SMSC through Panama for ultimate delivery to an end-user in Cuba without the required license, CMG Brazil committed one violation of Section 764.2(b) of the Regulations.

**Charge 9: 15 C.F.R. § 764.2(e): Selling telecommunications equipment for export to Cuba with knowledge that a violation of the Regulations would occur**

From in or about July 2001 through in or about August 2001, CMG Brazil took actions in connection with an item subject to the Regulations that was exported from the United States through Panama for ultimate delivery to an end-user in Cuba with knowledge that a violation of the Regulations was about to occur or had occurred in connection with that item. Specifically, CMG Brazil sold and/or serviced the SMSC with knowledge that the required Department of Commerce license had not been obtained for the export. CMG Brazil knew or had reason to know that U.S. Government authorization was required for the transshipment through Panama for ultimate delivery to an end-user in Cuba export since, *inter alia*, at least three CMG employees told the then manager of CMG Brazil that they were concerned that the export of the SMSC through Panama to Cuba was in violation of U.S. law. Based upon the foregoing, CMG Brazil committed one violation of Section 764.2(e) of the Regulations.

\* \* \* \*

Accordingly, LogicaCMG is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13 (c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including any or all of the following:

The maximum civil penalty allowed by law of \$11,000 per violation;<sup>5</sup>

Denial of export privileges; and/or

Exclusion from practice before BIS.

If LogicaCMG fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. See 15 C.F.R. §§ 766.6 and 766.7. If LogicaCMG defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to LogicaCMG. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charges in this letter.

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<sup>5</sup> See 15 C.F.R. § 6.4 (2001).

LogicaCMG is further notified that it is entitled to an agency hearing on the record if it files a written demand for one with its answer. *See* 15 C.F.R. § 766.6. LogicaCMG is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. *See* 15 C.F.R. §§ 766.3(a) and 766.4.

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should LogicaCMG have a proposal to settle this case, its representative should transmit it to the attorney representing BIS named below.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, LogicaCMG's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center  
40 S. Gay Street  
Baltimore, Maryland 21202-4022

In addition, a copy of LogicaCMG's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security  
Attention: Melissa B. Mannino, Esq.  
Room H-3839  
United States Department of Commerce  
14th Street and Constitution Avenue, N.W.  
Washington, D.C. 20230

Melissa B. Mannino is the attorney representing BIS in this case; any communications that LogicaCMG may wish to have concerning this matter should occur through her. Ms. Mannino may be contacted by telephone at (202) 482-5301.

Sincerely,

John McKenna  
Acting Director  
Office of Export Enforcement