

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

In the Matter of:)
)
SELEX Sistemi Integrati, Inc.)
11300 West 89th Street)
Overland Park, Kansas 66214)
)
Respondent)

CORRECTED ORDER RELATING TO SELEX SISTEMI INTEGRATI, INC.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has notified Alenia Marconi Systems¹, (“AMS”), hereinafter SELEX Sistemi Integrati, Inc., (“SELEX”), of its intention to initiate an administrative proceeding against SELEX pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2007)) (the “Regulations”),² and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”),³ through the issuance of a proposed charging letter to SELEX that alleged that AMS committed 2 violations of the Regulations. Specifically, the charges are:

¹ SELEX Sistemi Integrati, Inc., acquired Alenia Marconi Systems.

² The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2007). The violations alleged occurred in 2002. The Regulations governing the allegations at issue are found in the 2002 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002)). The 2007 Regulations govern the procedural aspects of the case.

³ 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 15, 2007 (72 Fed. Reg. 46137 (Aug. 16, 2007)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”).

Charge 1: 15 C.F.R. § 764.2(a): Export of Items Without the Required Department of Commerce License

On or about November 2, 2002, AMS engaged in conduct prohibited by the Regulations by exporting an instrument landing system, an item subject to the Regulations and classified under Export Control Classification Number (ECCN) 7A994⁴, from the United States through Italy to Iran, without the required license from the Department of Commerce as required by Section 746.7 of the Regulations. Pursuant to Section 734.2(b)(6) of the Regulations, items that are exported to a country that will be transshipped to a third country are deemed to be exports from the United States to the third country. In this case, AMS exported an instrument landing system from the United States to Italy that was transshipped from Italy to Iran. In so doing, AMS committed one violation of Section 764.2(a) of the Regulations.

Charge 2: 15 C.F.R. § 764.2(g): False Statement Regarding Country of Ultimate Destination on a Shipper's Export Declaration:

On or about November 2, 2002, AMS made a false or misleading statement to the United States Government in connection with the submission of a Shipper's Export Declaration, an export control document, made through the Automated Export System. Specifically, the Shipper's Export Declaration stated that the country of ultimate destination for the shipment was Italy, when the country of ultimate destination was Iran. In so doing, AMS committed one violation of Section 764.2(g) of the Regulations.

WHEREAS, BIS and SELEX 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, SELEX shall be assessed a civil penalty in the amount of \$13,200 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

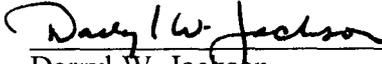
⁴ The term "ECCN" refers to an Export Control Classification Number. See 15 C.F.R. § 772.1 (2007).

described in the attached Notice, and, if payment is not made by the due date specified herein, SELEX 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 SELEX. Accordingly, if SELEX should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of SELEX's export privileges under the Regulations 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.



Darryl W. Jackson
Assistant Secretary of Commerce
for Export Enforcement

Entered this 11th day of February, 2008.

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
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Overland Park, Kansas 66214)
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Respondent)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between SELEX Sistemi Integrati, Inc. (“SELEX”) as successor to Alenia Marconi Systems, (“AMS”), and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively, the “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2007)) (the “Regulations”),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”).²

¹ The violations alleged to have been committed occurred in 2002. The Regulations governing the violations at issue are found in the 2002 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002)). The 2007 Regulations establish the procedures that apply to this matter.

² 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. p. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 15, 2007 (72 Fed. Reg. 46137 (Aug. 16, 2007)), continues the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§1701-1706 (2000)).

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

WHEREAS, BIS has issued a proposed charging letter to SELEX that alleged that SELEX is liable for two violations of the Regulations committed by AMS, specifically:

Charge 1: 15 C.F.R. § 764.2(a): Export of Items Without the Required Department of Commerce License

On or about November 2, 2002, AMS engaged in conduct prohibited by the Regulations by exporting an instrument landing system, an item subject to the Regulations and classified under Export Control Classification Number (ECCN) 7A994³, from the United States through Italy to Iran, without the required license from the Department of Commerce as required by Section 746.7 of the Regulations. Pursuant to Section 734.2(b)(6) of the Regulations, items that are exported to a country that will be transshipped to a third country are deemed to be exports from the United States to the third country. In this case, AMS exported an instrument landing system from the United States to Italy that was transshipped from Italy to Iran. In so doing, AMS committed one violation of Section 764.2(a) of the Regulations.

Charge 2: 15 C.F.R. § 764.2(g): False Statement Regarding Country of Ultimate Destination on a Shipper's Export Declaration:

On or about November 2, 2002, AMS made a false or misleading statement to the United States Government in connection with the submission of a Shipper's Export Declaration, an export control document, made through the Automated Export System. Specifically, the Shipper's Export Declaration stated that the country of ultimate destination for the shipment was Italy, when the country of ultimate destination was Iran. In so doing, AMS committed one violation of Section 764.2(g) of the Regulations.

WHEREAS, SELEX 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;

³ The term "ECCN" refers to an Export Control Classification Number. See 15 C.F.R. § 772.1 (2007).

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

WHEREAS, SELEX states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over SELEX, under the Regulations, in connection with the matters alleged in the proposed charging letter.
 2. The following sanction shall be imposed against SELEX in complete settlement of the alleged violations of the Regulations relating to the transactions detailed in the proposed charging letter:
 - a. SELEX shall be assessed a civil penalty in the amount of \$13,200 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.
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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 SELEX. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of SELEX's export privileges 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, SELEX 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 \$13,200 civil penalty, BIS will not initiate any further administrative proceeding against SELEX 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.

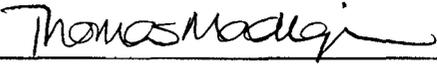
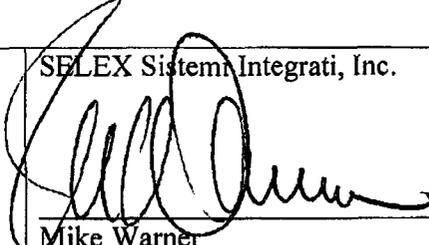
6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial 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 U.S. Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on the Parties 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.

<p>BUREAU OF INDUSTRY AND SECURITY U.S. DEPARTMENT OF COMMERCE</p> <p></p> <p>Thomas Madigan Acting Director Office of Export Enforcement</p> <p>Date: February 4, 2008</p>	<p>SELEX Sistemi Integrati, Inc.</p> <p></p> <p>Mike Warner Chief Executive Officer</p> <p>Date: 2-1-08</p>
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CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Alenia Marconi Systems Inc.
11300 W. 89th Street
Overland Park, Kansas 66214

Attn: *James Freney*
Chief Executive Officer

Dear Mr. Freney:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Alenia Marconi Systems Inc., of Overland Park, Kansas (“AMS”), has committed two violations of the Export Administration Regulations (the “Regulations”),¹ which are issued under the authority of the Export Administration Act of 1979, as amended (the “Act”).² Specifically, BIS charges that AMS committed the following violations:

Charge 1: 15 C.F.R. § 764.2(a): Export of Items Without the Required Department of Commerce License

On or about November 2, 2002, AMS engaged in conduct prohibited by the Regulations by exporting an instrument landing system, an item subject to the Regulations and classified under Export Control Classification Number (ECCN) 7A994³, from the United States through Italy to Iran, without the required license from the Department of Commerce as required by Section 746.7 of the Regulations. Pursuant to Section 734.2(b)(6) of the Regulations, items that are exported to a country that will be transhipped to a third country are deemed to be exports from

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² 50 U.S.C. app. §§ 2401- 2420 (2000). 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., p. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 15, 2007 (72 Fed. Reg. 46137 (Aug. 16, 2007)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2006)) (“IEEPA”).

³ The term “ECCN” refers to an Export Control Classification Number. See 15 C.F.R. § 772.1 (2007).

the United States to the third country. In this case, AMS exported an instrument landing system from the United States to Italy that was transshipped from Italy to Iran. In so doing, AMS committed one violation of Section 764.2(a) of the Regulations.

Charge 2: 15 C.F.R. § 764.2(g): False Statement Regarding Country of Ultimate Destination on a Shipper's Export Declaration:

On or about November 2, 2002, AMS made a false or misleading statement to the United States Government in connection with the submission of a Shipper's Export Declaration, an export control document, made through the Automated Export System. Specifically, the Shipper's Export Declaration stated that the country of ultimate destination for the shipment was Italy, when the country of ultimate destination was Iran. In so doing, AMS committed one violation of Section 764.2(g) of the Regulations.

* * * *

Accordingly, AMS 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 up to \$250,000 per violation, or twice the value of the transaction that is the basis of the violation;⁴

Denial of export privileges; and/or

Exclusion from practice before BIS.

If AMS 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 AMS defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to AMS. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charges in this letter.

AMS 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. AMS 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 AMS have a proposal to settle this case, AMS or its representative should transmit it to the attorney representing BIS named below.

⁴ *See* International Emergency Economic Powers Enhancement Act, Pub. L. No. 110-96 (2007).

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, AMS'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 AMS's answer must be served on BIS at the following address:

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

Elias Wolfberg is the attorney representing BIS in this case; any communications that AMS may wish to have concerning this matter should occur through him. He may be contacted by telephone at (202) 482-3849.

Sincerely,

Thomas Madigan
Acting Director
Office of Export Enforcement