UNITED STATES DEPARTMENT OF STATE
BUREAU OF POLITICO-MILITARY AFFAIRS
WASHINGTON, D.C. 20520

In the Matter of:	)
DELFT INSTRUMENTS, N.V. Delft, Netherlands	)
Respondent	)

CONSENT AGREEMENT

This Agreement is made by and between Delft Instruments, N.V. (Delft) and the United States Department of State (Department), pursuant to § 128.11(b) of the International Traffic In Arms Regulations (22 C.F.R. Parts 120-130) (the Regulations).

Whereas, The Office of Defense Trade Controls, Bureau of Politico-Military Affairs, United States Department of State, has notified Delft of its intention to initiate an administrative proceeding against Delft pursuant to § 38(e) of the Arms Export Control Act (the Act) (22 U.S.C. § 2778) and § 127.6 of the Regulations, based on allegations that Delft, by and through certain of its subsidiaries, violated § 38(c) of the Act (22 U.S.C. § 2778(c)) and the Regulations, in that Delft, by and through certain of its subsidiaries, conspired to transfer to the Governments of Iraq and Jordan, in 1989-1990, defense articles

covered by the U.S. Munitions List (22 C.F.R. § 121.1), without the prior written approval of the Department, as set forth in the proposed Charging Letter;

Delft has reviewed the proposed Charging Letter and is aware of the allegations and the administrative sanctions which could be imposed against it if the allegations are found to be true, it fully understands the terms of this Consent Agreement and the appropriate Order (Order), it enters into this Consent Agreement voluntarily and with the full knowledge of its rights, and it states that no promises or representations have been made to it by the Department other than the agreements and considerations herein expressed;

Whereas, Delft has been the subject of a criminal investigation by the U.S. Attorney for the District of Columbia, Criminal Docket Number 91-0724, charging Delft and other defendants with one count of conspiracy (18 U.S.C. § 371) to violate § 38 of the Act and two substantive counts of violating the Act and the Regulations, and Delft intends to enter a plea of guilty to certain charges in an indictment or information;

Whereas, Delft wishes to settle and dispose of all matters identified in the proposed Charging Letter by entering into this Consent Agreement; and

Whereas, Delft agrees to be bound by the Order, when entered;

Now, Therefore, Delft and the Department agree as follows:

1. The Department has jurisdiction over Delft under the Act and the Regulations in connection with the matters identified in the proposed Charging Letter;

2. Delft agrees that, within 10 days of its conviction in the United States District Court, District of Columbia, in the Criminal Proceeding, it shall pay to the Department a civil penalty of $800,000.00 (eight hundred thousand dollars) in complete settlement of all alleged violations of the Act and the Regulations set forth in the proposed Charging Letter;

3. The Department agrees that upon the effective date of the Order by the Assistant Secretary of State for Politico-Military Affairs, it will rescind the Department's notice of March 1, 1991 which suspended, effective January 25, 1991, all existing licenses and other approvals, granted pursuant to § 38 of the Act, that authorize the export or transfer by, for, or to, Delft and any other subsidiary or associated companies, of defense articles or defense services;

4. For reference purposes, the defense related entities within Delft's business structure will hereinafter be referred to as "Delft-Defense," even though no such separately identifiable entity exists within Delft. "Delft-Defense" includes current defense related entities and any future defense related entity within Delft. Delft represents that its current organizational structure is reflected in Exhibit 1. Delft represents that the defense related entities within Delft's business structure are currently comprised of the following:

Delft Instruments Defense, BV, Netherlands;

Delft Instruments Electro-Optics, BV, (DIEO), Netherlands;

Oldelft Electronic Instruments, Srl, Italy;

Instrubel, NV, Belgium;

Franke Systemtechnik, GmbH, Germany;

OIP, NV, Belgium; and

Defense Section of BV Delft Electronische Producten, (DEP), Netherlands.[1]

1/ DEP may receive United States-origin defense articles covered by Category XII(e) and (f) of the U.S. Munitions List, 22 C.F.R. § 121.1, for civil applications.

5. The Department agrees that it will impose statutory debarment against "Delft-Defense," its operating divisions, its subsidiaries, its successors, its assignees, its officers, its partners, its representatives, its agents and its employees for a period of three years from the date of the conviction, with the last two years suspended. The Department further agrees that if at any time during the period of suspension there is reason to believe that Delft, its operating divisions, its subsidiaries, its successors, its assignees, its officers, its partners, its representatives, its agents or its employees has violated any provisions of the Act or the Regulations, or any of the statutes enumerated in § 38(g)(1) of the Act, except as set forth in the proposed Charging Letter and the indictment/information in the Criminal Proceeding, the Department may promptly reimpose statutory debarment;

6. Delft agrees to further cooperate with the Department to address the law enforcement concerns raised by the circumstances identified in the proposed Charging Letter;

7. During the period of statutory debarment, the Department agrees to review Delft's Internal Compliance Program, propose additional remedial measures (if any) it

believes necessary, and conduct whatever investigation it deems necessary, including on-site audits, to address law enforcement concerns, as required by § 38(g)(4) of the Act; the Department will undertake such actions during the initial one year period of statutory debarment;

8. Delft agrees to on-site audits by the Department at Delft headquarters and Delft-Defense facilities wherever situated, during the period of statutory debarment, including the period of suspension of such debarment, for compliance with the provisions of the Act and Regulations;

9. The Department agrees that during the period of statutory debarment it will give due consideration, in accordance with the provisions of §§ 38(g)(3) and (4) of the Act, to applications for licenses or other requests for written approvals submitted to the Department which pertain to the export of defense articles or defense services to Delft where the foreign end-user is identified as, and is determined to be, the Ministry of Defense of the Government of the Netherlands, the Ministry of Defense of the Government of Belgium, programs of the North Atlantic Treaty Organization (NATO), Ministries of Defense of the foreign governments that are members of NATO, and previously approved transactions that expired during the suspension period, January 25, 1991, to the date the Order becomes effective;

10. The Department agrees that during the initial one year period of statutory debarment, the Department is prepared to process applications for licenses and requests for other written approvals in accordance with the Department's practices and procedures, after the Department has determined that Delft is in compliance with the Act and the Regulations as required by §§ 38(g)(3) and (4) of the Act;

11. Delft agrees that, subject to the approval of the Consent Agreement pursuant to paragraph 15 herein, it hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Consent Agreement or the Order, when entered), including without limitation: (a) any right to an administrative hearing regarding the allegations in the proposed Charging Letter; (b) any right to request a refund of the civil penalty imposed pursuant to this Consent Agreement and the Order, when entered; and (c) any right to seek judicial review or otherwise to contest the validity of this Consent Agreement or the Order, when entered;

12. The Department agrees, upon entry of the Order, that it will not initiate any administrative proceedings under Part 128 of the Regulations against Delft with respect to any violations of the Act or the Regulations arising out of the transactions identified in the proposed Charging Letter and the indictment/information in the Criminal Proceeding;

13. Delft agrees that, except as stated herein, it and its operating divisions, subsidiaries, successors, assignees, officers, partners, representatives, agents, and employees are subject to the provisions of §§ 38(g)(3) and (4) of the Act;

14. Delft understands that the Department will make the proposed Charging Letter, this Consent Agreement, and the Order, when entered, available to the public;

15. The Department and Delft agree that the settlement reflected herein is part of a global settlement between Delft and the United States Government in order to settle and dispose of all matters identified in the indictment and proposed Charging Letter. Accordingly, if the United States District Court, District of Columbia, does not accept the plea to which Delft and the Department of Justice have agreed to in the related criminal proceeding, this Consent Agreement shall not be binding on the parties;

16. The Department and Delft agree that this Consent Agreement is for settlement purposes only. Delft neither admits nor denies the allegations in the proposed Charging Letter. Therefore, if this Consent Agreement is not approved by the Assistant Secretary for Politico-Military Affairs and the Order is not entered by the Assistant Secretary for Politico-Military Affairs, the Department and Delft agree that they may not use this Consent Agreement in any administrative or judicial proceeding and that neither party shall be bound by the settlement terms contained in this Consent Agreement in any subsequent administrative or judicial proceeding;

17. No agreement, understanding, representation or interpretation not contained in this Consent Agreement may be used to vary or otherwise affect the terms of this Consent Agreement or the Order, when entered, nor shall this Consent 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;

18. This Consent Agreement shall become binding on the Department only when the Assistant Secretary for Politico-Military Affairs approves it by entering the Order which will have the same force and effect as a decision and Order after a full administrative hearing on the record.

U.S. DEPARTMENT OF STATE

Richard A. Clarke
Assistant Secretary
Bureau of
Politico-Military Affairs
Department of State

Date 07.02.92

DELFT INSTRUMENTS, N.V.

by: David B. Dempsey
authorized representative for
Delft Instruments, N.V.

Date July 2, 1992