

UNITED STATES DEPARTMENT OF STATE  
BUREAU OF POLITICAL-MILITARY AFFAIRS  
WASHINGTON, DC 20520

\_\_\_\_\_) )  
In the Matter of: ) )  
ITT CORPORATION ) )  
Respondent ) )  
\_\_\_\_\_)

ORDER

WHEREAS, the Directorate of Defense Trade Controls, Bureau of Political-Military Affairs, United States Department of State (“Department”), has notified ITT Corporation (“ITT”) (“Respondent”) of its intention to initiate an administrative proceeding against it pursuant to section 38(e) of the Arms Export Control Act, as amended, (the “Act”) (22 U.S.C. 2778 (e)), and its implementing regulations, the International Traffic in Arms Regulations (22 C F.R. Parts 120-130) (the “Regulations”);

WHEREAS, the draft charges are based on allegations that the Respondent ITT violated section 38 of the Act and section 127 of the Regulations as set forth in Draft Charging Letters, attached hereto and incorporated by reference herein, in connection with the unauthorized export of classified and un-classified defense articles;

WHEREAS, pursuant to section 128.11 of the Regulations, the Department and the Respondent have entered into a Consent Agreement (attached hereto and incorporated by reference herein), whereby the Department and the Respondent have agreed to settle this matter in accordance with the terms and conditions set forth therein,

IT IS THEREFORE ORDERED.

FIRST, that the November 01, 2004 Consent Agreement between the Department and the Respondent is hereby revoked and that the November 01, 2004 Order is hereby superseded

SECOND, that the Respondent shall pay in fines and in remedial compliance measures a civil penalty of \$28,000,000 (twenty eight million dollars) comprised of the amounts and payable, as stipulated below, in complete settlement of the civil violations contained in the Department's Draft Charging Letters and other information identified in the Consent Agreement

Four million dollars of this civil penalty shall be paid to the Department within ten (10) days of signing of the Order, and four million dollars shall be paid in installments to the Department by the Respondent on the first, second, third and fourth anniversary of the signing of the Order. Such payments to be made by cashiers or certified check payable to the Department of State.

Three million dollars of the civil penalty already paid by Respondent under the November 01, 2004, Consent Agreement is credited to Respondent

A penalty of five million dollars in remedial compliance measures also assessed under the November 01, 2004, Consent Agreement shall remain assessed. Respondent shall apply such amounts over the five (5) year period commencing on the date of this Order, to include the period between the superseded Order and this Order, for the purpose of defraying a portion of the costs associated with the remedial compliance measures specified in the Consent Agreement.

The Department recognizes that the Respondent agrees to waive its rights to raise the defense of Statute of Limitations with regard to collection of the civil penalty imposed by the Consent Agreement and this Order, and that the Statute of Limitations shall be tolled until the last payment is made and all terms of the Consent Agreement are satisfied.

THIRD, that any failure by the Respondent to apply suspended penalty funds appropriately for remedial compliance measures or provide satisfactory accounting shall result in the Respondent being required to pay immediately to the Department the amount specified, less credit for amounts

the Department deems to have been properly applied and accounted for as expenditures in compliance with the Consent Agreement.

FOURTH, that the Respondent shall comply with the compliance measures and its obligations under the provisions of the Consent Agreement (including the Annex of Compliance Measures) and shall do so within the deadlines established therein.

FIFTH, that the draft Charging Letters, the Consent Agreement and this Order shall be made available to the public.

This Order becomes effective on the day it is signed.

A handwritten signature in black ink, appearing to read 'S D Mull', is positioned above the typed name.

Ambassador Stephen D. Mull  
Acting Assistant Secretary for  
Political-Military Affairs  
Department of State

Entered this 21 day of DEC 2007