

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

In the Matter of:

MULTIGEN-PARADIGM INC.

a California corporation,

Respondent

CONSENT AGREEMENT

WHEREAS, the Directorate of Defense Trade Controls, Bureau of Political Military Affairs, U.S. Department of State ("Department") has notified Multigen-Paradigm Inc, (the "Respondent") of its intent to institute an administrative proceeding pursuant to the Arms Export Control Act ("Act") (22 U.S.C. § 2778(e)) and its implementing regulations, the International Traffic in Arms Regulations ("Regulations") (22 C.F.R. § 120-130), based on allegations that the Respondent violated Section 38 of the Act and § 127.1 of the Regulations as set forth in a Draft Charging Letter attached hereto and incorporated by reference herein, by exporting defense articles and defense services without munitions licenses or other authorizations to the People's Republic of China ("PRC") and other countries enumerated in the Draft Charging Letter;

WHEREAS, the violations alleged in the Draft Charging Letter were the unauthorized export of ITAR controlled software products, associated technical manuals, license keys required to operate the software and the provision of annual support services to customers and distributors, and other matters as set forth in the Draft Charging Letter;

WHEREAS, the Respondent has reviewed the Draft Charging Letter and this Consent Agreement, fully understands these documents and enters into this Agreement voluntarily and with full knowledge of its rights;

WHEREAS, the Respondent wishes to settle and dispose of all civil charges, penalties and sanctions associated with alleged violations of Section 38 of the Act or the Regulations and arising from facts which the Respondent has disclosed in writing to the Department and set forth in the Draft Charging Letter by entering into this Consent Agreement;

WHEREAS, the Department and the Respondent agree to be bound by this Consent Agreement and a related administrative order ("Order") (attached) to be entered by the Assistant Secretary of State for Political Military Affairs.

Now, WHEREFORE, the Department and the Respondent agree as follows:

Parties

(1) The Parties to this Agreement are the Department and Multigen Paradigm Inc., ("Respondent"), which is engaged in the development, production and manufacture and/or export of defense articles and defense services related to software products and other articles controlled on the U.S. Munitions List.

Jurisdiction

(2) The Department has jurisdiction over the Respondent under the Act and the Regulations in connection with the matters identified in the Draft Charging Letter.

Defense Services and Foreign Defense Articles

(3) Although not at issue in this matter, the Respondent acknowledges and accepts that the definition of "defense services" in the Regulations is well established and clearly understood by them as setting out responsibilities and requirements which are binding as a matter of law and regulation on them; the furnishing of defense services to foreign persons -- regardless of whether the underlying defense article(s) is of U.S. or foreign origin -- is appropriately subjected to control under the Regulations by the Department even when no technical data is involved (e.g., all the information relied upon in furnishing defense services to a foreign government or foreign person is in the public domain); and, the law and regulations governing "defense services" and proposals to foreign persons are sufficiently clear and specific as to be enforceable by the U.S. Government on criminal and civil grounds and the Respondent is responsible and obligated as a matter of law and regulation to comply with the requirements of such laws and regulations as they pertain to "defense services" and related matters.

Penalty

(4) The Respondent agrees that it shall pay a civil penalty of \$2,000,000 (two million dollars), comprised of the amounts stipulated in subparagraphs (a) and (b), and other remedial compliance measures as more fully set forth in the Annex, in complete settlement of alleged civil violations pursuant to Section 38 of the Act as set forth in the Department's Draft Charging Letter. Payment shall be made as follows:

(a) The Respondent shall pay the Department \$125,000 within 10 days of signing of the Order and \$125,000 shall be paid on the first anniversary of the signing of the Order. The Respondent agrees that the effect of any statutory limitation to the collection of the civil penalty imposed by this Agreement shall be tolled until the last payment is made.

(b) An additional civil penalty of \$1,750,000 is hereby assessed, but its' payment shall be suspended on the condition that the Respondent will apply \$250,000 of this amount over a three (3) year period for the purpose of defraying a portion of the costs associated with the remedial compliance specified herein and in an agreed "schedule of compliance measures" attached hereto. Respondent has already invested \$1,500,000 in strengthened compliance measures and related costs that have been identified separately by the Respondent to the Department and this amount shall be counted towards the \$1,750,000. For a period of three years from the date of the signing of this Consent Agreement and entry of the Order, the Respondent will provide annually to the Department, on the anniversary of the date of the Order, a written accounting(s) of the expenditures associated with this subsection (b). Any failure to use these funds appropriately for this purpose or to provide a satisfactory accounting shall result in a lifting of the suspension, in which case the Respondent shall be required to pay the full amount to the Department immediately.

Debarment

(5) The offenses alleged in the Draft Charging Letter relate to the Respondent's regulated activities with respect to the PRC, and other countries specified in the Draft Charging Letter, and raised significant concerns about the Respondent's past reliability in these areas. However, the Department has determined that a prospective debarment of the Respondent is not appropriate in view of the Respondent's remorse for participating in the various violations outlined in the Draft Charging Letter and for the consequences of those actions, their comprehensive investigation and voluntary disclosure of these matters, their acknowledgement of the seriousness of the alleged offenses, their desire to make amends, and their agreement to take significant remedial actions, including efforts to improve the Respondent's corporate compliance programs as specified herein. The Department reserves the right to consider imposing additional sanctions, including debarment under the Regulations, in the event that the Respondent for any reason does not fulfill the provisions of this Consent Agreement or is responsible for other compliance or law enforcement concerns under the Act or other statutes specified in 22 C.F.R. Part 120.27.

On-site Audits

(6) For the purpose of assessing compliance with the provisions of the Act, the Regulations and future munitions licenses and other authorizations, the Respondent agrees to arrange and facilitate, with minimum advance notice, on-site audits of Respondent, by the Department during the period covered by this Consent Agreement, commencing on the signing of the Order.

Understandings

(7) The Department acknowledges that the Respondent described these matters in a voluntary disclosure submitted to the Department.

(8) 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. Specifically, the Respondent acknowledges and accepts that there is no understanding expressed or implied through this agreement with respect to a final decision by the Department of State concerning their interest in the approval of export licenses or other U.S Government authorizations necessary to export past, pending or future munitions license applications. The Department agrees, assuming the Respondent's faithful adherence to the terms of this Consent Agreement, and the Act and the Regulations more broadly, that decisions concerning future export license applications for the Respondent will be made on the basis of the security and foreign policy interests of the United States.

(9) The Department and the Respondent agree that this Consent Agreement is for settlement purposes only. For purposes of this Consent Agreement, the Respondent neither admits nor denies the allegations in the Draft Charging Letter (including without limitation those set forth in the "Relevant Facts" and "Charges" section of that letter). That said, the Respondent acknowledges the nature and seriousness of the offenses alleged by the Department in the Draft Charging Letter, including the potential risk of harm to the security and foreign policy interests of the United States, and wishes to make amends through the payment of restitution, as set forth in this Consent Agreement, and also through the administration of an effective corporate compliance program that will prevent any future actions such as those addressed in the Draft Charging Letter. If this Consent Agreement is not approved pursuant to an Order entered into by the Assistant Secretary for Political Military Affairs, the Department and the Respondent agree that they may not use this Agreement in any administrative or judicial proceeding and that none of the parties shall be bound by the settlement terms contained in this Agreement in any subsequent administrative or judicial proceeding.

(10) The Department agrees that, upon signing of the Order and entry into force of this Consent Agreement, this Consent Agreement resolves with respect to the Respondent any civil penalties or sanctions imposed with respect to violations of Section 38 of the Act or the Regulations alleged in the Draft Charging Letter or arising from facts that the Respondent has disclosed in writing to the Department or that have been identified in the Draft Charging Letter.

Waiver

(11) The Respondent agrees that, upon signing of the Order and entry into force of this Consent Agreement, it waives all rights to seek administrative or judicial consideration or review of, or to otherwise contest, the validity of this Consent Agreement, the Order or the specific subject matters covered by this Agreement, including in any action that may be brought for the enforcement of any civil fine, penalty or forfeiture in connection with this Consent Agreement.

Documents to be Made Public

(12) The Respondent understands that the Department will make this Agreement, including the Schedule of Compliance Measures, the Draft Charging Letter, and the Order, when entered, available to the public in accordance with the Department's standard practices and procedures (such as by placing same in the Department's Reading Room.)

(13) This Consent Agreement shall become binding on the Department only when the Assistant Secretary for Political 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.

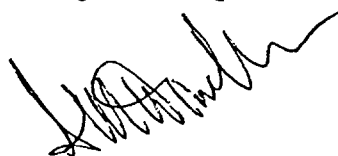
U.S. Department of State



Lincoln P. Bloomfield, Jr.
Assistant Secretary for
Political Military Affairs

(Date)

Multigen Paradigm Inc.



Sandeep M. Divekar
General Manager
Multigen Paradigm Inc.

(Date)

Annex

Multigen Paradigm Inc.:

Schedule of Compliance Measures

Multigen Paradigm Inc. ("MPI"), reflecting its commitment to ITAR related exports in full compliance with the Arms Export Control Act (the "Act") and the International Traffic in Arms Regulations (the "Regulations"), and in order to ensure, in particular, that there is no unauthorized export of ITAR controlled software products, associated technical manuals, license keys required to operate the software and the provision of annual support services to customers and distributors or technical assistance whatsoever, or any other defense article or defense service, to any foreign person, agrees to implement the following remedial measures and such additional measures as may be mutually agreed upon by MPI and the Director, Office of Defense Trade Controls Compliance (DTCC), and agrees further that these measures will be honored for a three year period, unless otherwise noted, as part of the Consent Agreement entered into with the Department of State. MPI further agrees that these measures will be expressly incorporated into any future business acquisitions that MPI may pursue or in the event MPI is acquired or merges, in any manner, with any other firm.

Strengthened Compliance Training:

Within 120 days of the signing of the Order, MPI will institute strengthened corporate export compliance procedures focused principally on MPI's business operations such that: (a) all MPI employees are familiar with the Act, the Regulations, and their own and MPI's responsibilities thereunder; (b) all officers are knowledgeable about the underlying policies and principles of the Act and the Regulations; and (c) there are complete records indicating the names of employees, trainers, and level and area of training received (e.g., use of public domain information in performing defense services, applicability of ITAR to foreign-origin defense articles).

Legal Department Oversight:

Within 120 days of the signing of the Order, MPI will provide a report to DTCC on actions implemented or to be implemented to ensure legal oversight of proposed sales and exports of MPI's ITAR controlled software products or other defense articles or services and the process to initiate an export license request. In addition, this report will detail what actions and support Computer Associates International, Inc. ("CAI"), who acknowledges that, as the parent corporation of MPI, it retains ultimate responsibility for the regulatory activities of MPI, will take to ensure that MPI's personnel responsible for compliance with the Act and Regulations will be provided appropriate legal support; and further, that appropriate legal oversight is

performed with respect to such matters, to include retention of outside counsel as CAI and/or MPI deems required.

Maintenance of Records

Within 120 days of the signing of the Order, MPI will provide a report to DTCC that will outline MPI's electronic tracking system, which system will be designed to enable the U.S. Government to review documents relating to technical data and technical assistance in any form related to its ITAR controlled software products proposed to be disclosed to any foreign person.

Audit:

No later than eighteen (18) months after the signing of the Order, MPI will retain an outside firm to conduct a thorough assessment of MPI's implementation of all measures as set above, and such other areas as may be identified by DTCC. MPI will provide a draft audit plan to the Department (DTCC) for review and comments prior to the start of the audit. A written report containing recommendations for improvements with respect to the aforesaid measures or compliance with the Act or the Regulations more generally, will be submitted to the Director, DTCC no later than the second anniversary of the signing of the Order. At the conclusion of the term of this Consent Agreement, the General Manager or Chief Executive Officer or his successor at MPI, will submit a written certification that all aspects of this Consent Agreement have been implemented and that he and MPI management have assessed its current compliance program and attest that it is adequate to identify and prevent violations of law and regulations.