

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

In the Matter of:)
)
TELEDYNE INDUSTRIES, INC., d/b/a)
TELEDYNE WAH CHANG ALBANY)
Albany, Oregon)
)
Respondent)

CONSENT AGREEMENT

This Agreement is made by and between Teledyne Industries, Inc. d/b/a Teledyne Wah Chang Albany ("TWCA") and the United States Department of State ("Department"), pursuant to section 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 Political-Military Affairs, United States Department of State, has notified TWCA of its intention to initiate an administrative proceeding against TWCA pursuant to section 38(e) of the Arms Export Control Act (the "Act") (22 U.S.C. § 2778) and section 128 of the Regulations, based on allegations that TWCA violated section 38 of the Act (22 U.S.C. § 2778) and the Regulations, as set forth in the criminal case in the U.S. District Court, Southern District of Florida, in that at certain times from in or about January 1983, through in or about June 1988, TWCA conspired to transfer and to cause to be transferred ordnance-grade zirconium compacts from the United States to Chile without first obtaining the requisite approval from the Department; and in a second criminal case in the U.S. District Court for the District of

Columbia, in that in or about January 1987, through in or about June 1988, TWCA conspired to transfer and to cause to be transferred, and transferred and caused to be transferred zirconium compacts to Greece without first obtaining the requisite approval from the Department, as set forth in the proposed Charging Letter;

TWCA 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, TWCA is the subject of an indictment in the U.S. District Court, Southern District of Florida, Criminal Case No. 93-0241 which charges TWCA and other defendants with one count of conspiracy (18 U.S.C. § 371) to violate section 38 of the Act and TWCA is also the subject of an indictment in the U.S. District Court of the District of Columbia, Criminal Case No. 94-286, charging TWCA and other defendants with one count of conspiracy (18 U.S.C. § 371) to violate section 38 of the Act and one substantive count of violating the Act and the Regulations (the "Criminal Proceedings"), and TWCA intends to enter a plea of guilty to certain charges related to the Criminal Proceedings;

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

Whereas, TWCA agrees to be bound by the Order, when entered.

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

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

2. TWCA agrees that, within 10 days of its convictions in the United States District Court, Southern District of Florida and the United States District Court in the District of Columbia, in the Criminal Proceedings, it shall pay to the Department a civil penalty of \$1,500,000.00 (one million five 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 Political-Military Affairs, it will rescind the Department's suspension notice on September 23, 1993, which suspended effective July 26, 1993, and the second suspension, which suspended effective July 13, 1994, all existing licenses and other approvals, granted pursuant to section 38 of the Act, that authorize the export or transfer by, for, or to, TWCA of defense articles or defense services;

4. The Department agrees that it will impose statutory debarment against TWCA, 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 TWCA, 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 section 38(g)(1) of the Act, except as set forth in the proposed Charging Letter and the indictments in the Criminal Proceedings, the Department may promptly reimpose statutory debarment. The Department agrees that the terms of such statutory debarment as set forth in this Consent Agreement do not apply to any other division, subsidiary or affiliate of Teledyne Industries, Inc.;

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

6. During the period of ineligibility pursuant to section 38(g)(4) of the Act, the Department agrees to review TWCA'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 section 38(g)(4) of the Act; the Department will undertake such actions during the initial one year period of ineligibility pursuant to section 39(g)(4) of the Act;

7. TWCA agrees to on-site audits by the Department at the 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;

8. The Department agrees that during the period of ineligibility pursuant to sections 38(g)(3) and (4) of the Act, it will give due consideration to transaction exception requests, in accordance with the provisions of sections 38(g)(3) and (4) of the Act, and paragraph 9 herein, to applications for licenses or other requests for written approvals submitted to the Department;

9. Transaction exception requests may be considered where warranted after a full review of all circumstances, including, but not limited to, the following factors:

- (a) whether an exception is warranted by overriding U.S. foreign policy;
- (b) whether an exception is warranted by overriding U.S. security interest;
- (c) whether an exception would further law enforcement concerns which are not inconsistent with the foreign policy or security interests of the United States;
or
- (d) whether other compelling circumstances exist which are not inconsistent with the foreign policy or security interests of the United States, and which do not conflict with law enforcement concerns;

10. The reinstatement process pursuant to §§ 38(g)(3) and (4) of the Act and section 127.11 of the Regulations involves TWCA taking appropriate steps to mitigate any law enforcement and other legitimate concerns, and to deal with the causes that resulted in

the conviction, the Department making a finding, after a thorough review of the circumstances surrounding the conviction, and consultation with other relevant agencies that appropriate steps have been taken to mitigate any law enforcement and other legitimate concerns;

11. TWCA 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 the 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 TWCA (or against Teledyne Industries, Inc. or any other of its divisions, subsidiaries or affiliates) with respect to any violations of the Act or the Regulations arising out of the transactions identified in the proposed Charging Letter and the indictments in the Criminal Proceedings;

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

14. TWCA 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 TWCA agree that the settlement reflected herein is part of a global settlement between TWCA and the United States Government in order to settle and dispose of all matters identified in the indictments and proposed Charging Letter. Accordingly, if the United States District Court, in the Southern District of Florida or in the District of Columbia, does not accept the pleas to which TWCA and the Department of Justice have agreed in the related criminal proceeding by February 6, 1995, this Consent Agreement shall not be binding on the parties;

16. The Department and TWCA agree that this Consent Agreement is for settlement purposes only. TWCA neither admits nor denies the allegations in the proposed Charging Letter. Therefore, if this Consent Agreement is not approved by the Assistant Secretary for Political-Military Affairs and the Order is not entered by the Assistant Secretary for Political-Military Affairs, the Department and TWCA 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; and

18. 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

TELEDYNE INDUSTRIES, INC.
d/b/a TELEDYNE WAH CHANG ALBANY



Thomas E. McNamara
Assistant Secretary
Bureau of Political-Military
Affairs
Department of State

Albert E. Riesen
President, Teledyne Wah Chang,
Authorized Representative for TWCA

Date: 1/25/95

Date: 1/24/95