WHEREAS, the Directorate of Defense Trade Controls, Bureau of Political Military Affairs, United States Department of State (the "Department"), has notified General Motors Corporation and General Dynamics Corporation (the "Respondents") of its intention to initiate an administrative proceeding against it pursuant to the Arms Export Control Act (the "Act") (22 C.F.R. § 2778 (e)) and its implementing regulations, the International Traffic in Arms Regulations (22 C.F.R. § 120-130) (the "Regulations").

WHEREAS, the draft charges are based on allegations that the Respondent General Motors violated Section 38 of the Act (22 U.S.C. § 2778) and § 127 of the Regulations and are more particularly set forth in a Draft Charging Letter issued to the Respondents on May 22, 2004, attached hereto and incorporated by reference herein, in connection with the unauthorized export of technical data, defense services and defense articles to foreign person employees to include those of proscribed countries and
other matters. General Dynamics Corporation is cited herein as a legally liable successor to certain GM businesses, for purposes of its ongoing responsibility to implement export compliance measures with respect to its acquired entities.

WHEREAS, the Department, Immigration and Customs Enforcement (ICE) and the Respondents have entered into a Consent Agreement pursuant to Section 128.11 of the Regulations whereby the Department and the Respondents have agreed to settle this matter in accordance with the terms and conditions set forth therein;

IT IS THEREFORE ORDERED,

FIRST, that the Respondents shall pay in fines and in remedial compliance measures an immediate civil penalty of $20,000,000 (twenty million dollars), comprised of the amounts stipulated herein and in paragraph (a) and (b), below, in complete settlement of the alleged civil violations pursuant to Section 38 of the Act arising from facts which the Respondent has disclosed in writing to the Department or that have been identified in the Department's Draft Charging letter. In addition, ICE has requested that the State Department represent its interest in any consent agreement reached with the companies, and also agrees that a part of the total cash penalty, as specified below, assessed against the companies will be deemed as satisfaction for any of its' civil forfeiture claims against the companies in this matter. The civil penalty shall be payable as follows:

a. GM shall pay a fine of $10,000,000 (ten million dollars) divided as follows: $2,000,000 (two million dollars) shall be paid by GM to the Department of State and $2,000,000 (two million dollars) shall be paid by GM to ICE within 10 days of the signing of this Order; $1,500,000 (one and one-half million dollars) per year shall be paid by GM in installments payable on the first, second, third and fourth anniversary of the signing of this Order to the Department of State. The Respondents agree that the effect of any statutory limitation to the collection of the civil penalty imposed by the Consent Agreement and this Order shall be tolled until the last payment is made and all terms of the Consent Agreement are satisfied satisfied.
b. The rest of the civil penalty consisting of $10,000,000 (ten million dollars) is hereby assessed for remedial compliance measures. Respondent GM will apply $5,000,000 (five million dollars) of this amount over a five (5) year period for the purpose of defraying a portion of the costs associated with the remedial compliance measures specified in the GM Annex of Compliance Measures. Respondent GD will apply $5,000,000 (five-million dollars) of this amount over a five (5) year period for the purpose of defraying a portion of the costs associated with the remedial compliance specified herein in the GD Annex of Compliance Measures attached hereto. The Respondents will individually provide annually to the Department on the anniversary of the date of this Order written accounting (s) of the expenditures associated with this penalty assessed for remedial compliance measures, as specified in each Annex of Compliance Measures.

SECOND, any failure by either Respondent to apply funds appropriately for the required purposes cited in paragraph (b) above for remedial compliance enhancements or to provide a satisfactory accounting shall result in that Respondent being required to pay immediately to the Department the balance of their assessed civil penalty for remedial compliance measures. Respondents are precluded from applying the amounts expended for remedial compliance programs as costs in any contract with any agency of the U.S. Government, either as a prime contractor or indirectly as a sub-contractor. In the event a Respondent violates this prohibition, the Department will deem it a “failure to apply funds appropriately for the required purposes” as specified above. The Respondents will individually provide to the Department on the anniversary date of this Order an annual written accounting of the expenditures associated with this additional penalty for compliance enhancements. As enumerated in paragraph (b) above, the accounting shall be accompanied by individual statements from each Respondent that the expenditures meet the requirements of paragraph (b) and also certify that these expenditures have not been billed or treated as allowable costs to any U.S. government contract for reimbursement.

THIRD, the Respondents shall institute the compliance measures in the Consent Agreement, and shall do so within the deadlines established therein.
FOURTH, that the Draft Charging Letter, the Consent Agreement, the Annexes of Compliance Measures and this Order shall be made available to the public.

This Order becomes effective on the day it is signed.

Lincoln P. Bloomfield, Jr.
Assistant Secretary for Political-Military Affairs
Department of State

Entered this 1st day of November 2004