On August 18, 2010, Xe Services LLC entered into a civil settlement with the Department of State for alleged violations of the Arms Export Control Act (AECA) and the International Traffic in Arms Regulations (ITAR) (22 C.F.R. Parts 120-130). Per the Proposed Charging Letter, Xe allegedly committed 288 violations of the ITAR involving the unauthorized export of defense articles and provision of defense services to foreign end-users in multiple countries between 2003 and 2009. These violations did not involve sensitive technologies or cause a known harm to national security. The Department notes that many of the alleged ITAR violations occurred while Xe was providing services in support of U.S. Government programs and military operations abroad between 2003 and 2009.

Under the four-year term Consent Agreement, Xe will pay in fines and in remedial compliance measures an aggregate civil penalty of $42 million to complete settlement of civil violations. $12 million of this amount will be suspended for pre-and post-Consent Agreement remedial compliance measures.

The Department has determined that an administrative debarment is not appropriate. It is also rescinding the general policy of denial on license applications with respect to Xe because the Department is satisfied that the company has taken the necessary steps to address the causes of its ITAR violations, identify compliance problems, and resolve these violations. Xe replaced senior management; established, in October 2008, an independent Export Compliance Committee to oversee its remedial compliance efforts; improved ITAR compliance procedures; conducted various ITAR training; and conducted a targeted ITAR audit to confirm the effectiveness of its compliance measures. Also, Xe has entered into a civil settlement with the Department to resolve outstanding allegations, institute external compliance oversight, and continue and improve compliance measures. Based on these and other conditions imposed under the Consent Agreement, the Department has determined that the policy of denial is no longer necessary.

The Consent Agreement and related documents will be available to the public at the State Department Reading Room (515 22nd Street NW) or on the Directorate of Defense Trade Controls website at http://www.pmddtc.state.gov/compliance/consent_agreements.html.