

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

In the Matter of:

Alpine Aerospace Corporation

A New Jersey Corporation

and

TS Trade Tech Incorporated

A New Jersey Corporation

Respondents

CONSENT AGREEMENT

WHEREAS, the Directorate of Defense Trade Controls, Bureau of Political Military Affairs, U.S. Department of State ("Department") has notified TS Trade Tech Incorporated ("Respondent TS Trade"), through a Proposed Charging Letter, of its intent to institute and administrative proceeding pursuant to section 38 of the Arms Export Control Act, as amended ("AECA") (22 U.S.C. § 2778), and its implementing regulations, the International Traffic in Arms Regulations ("ITAR") (22 C.F.R. parts 120-130);

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

WHEREAS, Respondent TS Trade wishes to settle and dispose of all potential civil charges, penalties and sanctions arising from the Proposed Charging Letter and the facts that Respondent TS Trade has disclosed in writing to the Department in its Voluntary Disclosure dated September 13, 2011, by entering into this Consent Agreement;

WHEREAS, Respondent TS Trade agrees that this Consent Agreement will remain in effect for a period of thirty (30) months, subject to the terms and conditions set forth below;

WHEREAS, Respondent TS Trade agrees that if the Department finds that this Consent Agreement was negotiated based on Respondent TS Trade knowingly providing materially false or misleading information to the Department, the Department may revoke this Consent Agreement and the related administrative order ("Order") and bring additional charges against Respondent TS Trade. Additionally, Respondent TS Trade understands that a violation of this Consent Agreement is considered a violation of the Order; and

WHEREAS, the Department and Respondent TS Trade agree to be bound by this Consent Agreement and the Order to be entered by the Assistant Secretary of State for Political-Military Affairs.

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

Parties

(1) The Parties to this Consent Agreement are the Department and Respondent TS Trade, including Respondent TS Trade's operating divisions and business units and their assignees and successors, and in the event of reorganization, the terms of this agreement will follow and apply to all affected entities or units.

Jurisdiction

(2) The Department has jurisdiction over Respondent TS Trade under the AECA and the ITAR in connection with the matters identified in the Proposed Charging Letter.

Remedial Measures

(3) Respondent TS Trade, reflecting its commitment to conduct business in full compliance with the AECA and the ITAR, and in order to ensure, in particular, that there are no unauthorized exports of ITAR-controlled defense articles or technical data, agrees to implement the remedial measures outlined herein and such additional measures as may be mutually agreed upon by Respondent TS Trade and the Director, DTCC, subject to the terms and conditions below, as part of this Consent Agreement entered into with the Department. Respondent TS Trade agrees that these measures will be incorporated into any of their future business acquisitions that are involved in the design, manufacture, sale or export of ITAR-controlled defense articles, technical data, and defense services immediately after the acquisition. Further, if Respondent TS Trade is sold or if Respondent TS Trade sells one of its business units or divisions, Respondent TS Trade agrees to notify DTCC sixty (60) days prior to such sale, and further to notify the purchaser in writing, and to require the purchaser to acknowledge in writing, prior to the sale that the purchaser will be bound by the terms and conditions of this Consent Agreement. Respondent TS Trade acknowledges and accepts its obligation to maintain effective export control oversight, infrastructure, policies, and procedures for their AECA/ITAR-regulated activities.

(4) Under this Consent Agreement, Respondent TS Trade shall ensure that adequate resources are dedicated to ITAR compliance, and Respondent TS Trade will establish policies and procedures for all Respondent TS Trade's employees with responsibility for AECA and ITAR compliance to address lines of authority, staffing increases, performance evaluations, career paths, promotions and compensation.

(5) Within twelve (12) months of the date of the Order, Respondent TS Trade will have instituted strengthened corporate export compliance procedures focused principally on Respondent TS Trade's business operations such that: (a) all Respondent TS Trade's employees engaged in ITAR-regulated activities are familiar with the AECA and the ITAR, and their own and Respondent TS Trade's responsibilities thereunder; (b) all persons responsible for supervising those employees are knowledgeable about the underlying policies and principles of the AECA and the ITAR; and (c) there are records indicating the names of employees, trainers, and level and area of training received (e.g., licensing processes, records retention, end-user policies and procedures, applicability of ITAR to foreign origin defense articles, providing technical data, etc.).

Penalty

(6) Respondent TS Trade agrees that they shall pay in fines and in remedial compliance measures an aggregate civil penalty of twenty thousand dollars (\$20,000) in complete settlement of alleged civil violations pursuant to section 38 of the AECA and the ITAR, as set forth in the Proposed Charging Letter. Respondent TS Trade agrees to waive its rights to raise the defense of Statute of Limitations with regard to the collection of the civil penalty imposed by this Consent Agreement, and that the Statute of Limitations shall be tolled until the last payment is made. Respondent TS Trade also agrees that such civil penalty shall be a nondischargeable debt in accordance with Section 523(a)(7) of the Federal Bankruptcy Code. The civil penalty shall be payable as follows:

- a) A penalty of twenty thousand dollars (\$20,000) is hereby assessed, but this amount will be suspended on the condition that Respondent TS Trade applies this amount to Consent Agreement-authorized remedial compliance costs or for self-initiated, pre-Consent Agreement remedial compliance measures undertaken in the seven (7) month period prior to the date of the Order, as determined by DTCC as set forth in paragraph (6)(b) below. Respondent TS Trade will apply this twenty thousand dollar penalty (\$20,000) over a two year period from the date of the Order for the purpose of defraying a portion of the costs associated with the remedial compliance measures specified in this Consent Agreement.
- b) Respondent TS Trade shall at twelve (12) and twenty-four (24) months from the date of the Order provide to DTCC for verification and approval an itemized accounting of all Consent Agreement-authorized remedial compliance expenditures. The itemized accounting provided at twelve (12) months from the date of the Order may include expenditures of up to two thousand dollars (\$2,000) for self-initiated, pre-Consent Agreement remedial compliance measures and related expenses incurred by Respondent TS Trade in the seven (7) month period immediately preceding the date of the Order. After review of the accounting, any such expenses, or portion thereof, as approved by DTCC may be credited against the aggregate penalty to be applied during the term of the Consent Agreement. Respondent TS Trade shall have twenty-four (24) months from the date of the Order to claim and use the twenty thousand dollar (\$20,000) suspended penalty referenced in paragraph (6)(a) on Consent Agreement-authorized remedial compliance costs and self-initiated, pre-Consent Agreement remedial compliance measures undertaken in the seven (7) month period prior to the date of the Order.

Any remaining portion at the end of the twenty-four (24) month period shall be paid as a cash penalty.

(7) Respondent TS Trade is precluded from applying any portion of the penalty set forth in paragraph (6) as costs in any contract with any agency of the U.S. Government or any other contract where the result would be the application of any portion of the penalty as costs in any contract with any agency of the U.S. Government. Respondent TS Trade agrees that the twenty thousand (\$20,000) penalty: (a) will be treated as expressly unallowable costs under the Federal Acquisition Regulations; (b) will not be recovered or sought to be recovered as allowable costs, either directly or indirectly under any federal prime contract, grant or subcontract; and (c) will not be taken as a federal tax deduction. In the event Respondent TS Trade violates these prohibitions, the Department will deem it a "failure to apply funds appropriately for the required purpose."

(8) Any failure to apply funds appropriately for the required purpose, or to provide a satisfactory accounting shall result in a lifting of the suspension, in which case Respondent TS Trade shall be required to pay immediately to the Department the amount of the suspended portion of the penalty, less any amounts the Department deems to have been properly applied and accounted for expenditures in compliance with this Consent Agreement.

Defense Services and Defense Articles

(9) Respondent TS Trade acknowledges and accepts the authority of the Department to designate what is a defense article and a defense service, and that the ITAR requires written authorization before such articles or services are exported, regardless of whether the underlying defense article is used in a commercial system or product.

Debarment

(10) Respondent TS Trade has acknowledged the seriousness of the violations cited in the Proposed Charging Letter. Respondent TS Trade has cooperated with the Department, expressed regret for these activities, and taken steps to improve its compliance program. Respondent TS Trade has also undertaken to make amends by agreeing to a civil penalty, and implementing the additional remedial compliance actions specified in this Consent Agreement. For these reasons, the Department has determined not to impose an administrative debarment of

Respondent TS Trade based on the civil charges in the Proposed Charging Letter at this time. The Department reserves all rights to impose additional sanctions, including debarment under the ITAR, against Respondent TS Trade if it does not fulfill the provisions of the Consent Agreement or is responsible for other compliance or law enforcement issues under the AECA, or under other statutes enumerated in § 120.27 of the ITAR.

On-site Reviews by the Department

(11) For the purpose of assessing compliance with the provisions of the AECA, the ITAR and future munitions licenses and other authorizations, Respondent TS Trade agrees to arrange and facilitate, with minimum advance notice, on-site reviews by the Department while this Consent Agreement remains in effect.

Audits

(12) Respondent TS Trade shall have an audit conducted twelve (12) months from the date of the Order by an outside consultant with expertise in AECA/ITAR matters, approved in advance by the Director, DTCC. The audit shall provide a thorough assessment of the effectiveness of Respondent TS Trade's implementation of all measures set forth in this Consent Agreement with focus on those actions undertaken to address the compliance problems identified in the Proposed Charging Letter, the policies, procedures and training established by Respondent TS Trade, and such other areas as may be identified by Respondent TS Trade and/or Director, DTCC. Additionally, the audit will assess the overall effectiveness of Respondent TS Trade's ITAR compliance program. Respondent TS Trade shall have another audit conducted twenty-four (24) months from the date of the Order by an outside consultant with expertise in AECA/ITAR matters, approved in advance by the Director, DTCC. This second audit shall provide a thorough assessment of whether Respondent TS Trade addressed the compliance recommendations from the initial audit report.

(13) Specifically, within ten (10) months of the date of the Order, a draft audit plan and name(s) of potential consultant(s) will be submitted to the Director, DTCC for review and comment. Within twelve-months (12) of the date of the Order, the first audit will be completed and a written report containing recommendations for improvements with respect to Consent Agreement measures, or compliance with the AECA or the ITAR more generally will be submitted by Respondent TS Trade to the Director, DTCC along with Respondent TS Trade's plan on how it will

address those recommendations. Subsequently, within twenty-four (24) months of the date of the Order, Respondent TS Trade shall have the second audit conducted by the same or another outside consultant, approved in advance by the Director, DTCC, to confirm whether Respondent TS Trade addressed the compliance recommendations from the initial report.

Understandings:

(14) 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 in the Proposed Charging Letter. Also, Respondent TS Trade acknowledges and accepts that there is no understanding expressed or implied through this Consent Agreement with respect to a final decision by the Department of State concerning export licenses or other U.S. Government authorizations.

(15) Respondent TS Trade acknowledges the nature and seriousness of the offenses charged in the Proposed Charging Letter, including the potential risk of harm to the security and foreign policy interests of the United States. If this Consent Agreement is not approved pursuant to an Order entered by the Assistant Secretary for Political-Military Affairs, the Department and Respondent TS Trade agree that they may not use this Consent Agreement in any administrative or judicial proceeding, and that the parties shall not be bound by the terms contained in this Consent Agreement.

(16) The Department agrees that, upon signing of the Order, this Consent Agreement resolves with respect to Respondent TS Trade the civil penalties or administrative sanctions with respect to violations of § 38 of the AECA or the ITAR arising from facts that have been identified in the Proposed Charging Letter.

Waiver

(17) Respondent TS Trade waives, upon the signing of the Order, all rights to seek any further steps in this matter, including an administrative hearing pursuant to Part 128 of the ITAR. Respondent TS Trade also waives any such rights with respect to any additional monetary penalty assessed by the Director, DTCC in

connection with an alleged material violation of this Consent Agreement (any such additional monetary penalty imposed will be limited to twenty-five thousand dollars (\$25,000)) except as follows: In the event that the Director, DTCC determines that Respondent TS Trade has materially violated this Consent Agreement and imposes such additional monetary penalty, and Respondent TS Trade disputes such determination, Respondent TS Trade may appeal such determination to the Assistant Secretary for Political-Military Affairs of the Department, and the decision of the Assistant Secretary for Political-Military Affairs shall be the final determination in the matter, which may not be appealed. Respondent TS Trade also agrees that any such additional civil penalty shall be nondischargeable under Section 523(a)(7) of the Federal Bankruptcy Code and subject to the terms of paragraph seven (7) of this Agreement. Respondent TS Trade also waives the right to contest the validity of this Consent Agreement or the Order, including in any action that may be brought for the enforcement of any civil fine, penalty or forfeiture in connection with this Consent Agreement or Order.

Certification

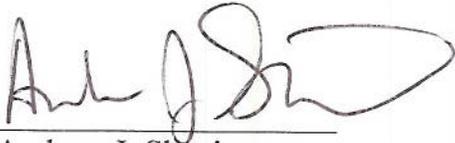
(18) Three months prior to the thirty (30) month anniversary of the date of the Order, Respondent TS Trade shall submit to the Director, DTCC a written certification as to whether all aspects of this Consent Agreement have been implemented, Respondent TS Trade's export compliance program has been assessed, and Respondent TS Trade's export compliance program is adequate to identify, prevent, detect, correct and report violations of the AECA and the ITAR. The Consent Agreement shall remain in force beyond the thirty (30) month term until such certification is submitted and the Director, DTCC determines based on this certification and other factors that all compliance measures set forth in this Consent Agreement have been implemented, and that the Respondent TS Trade's ITAR compliance program appears to be adequate to identify, prevent, detect, correct and report violations of the AECA and the ITAR.

Documents to be made public

(19) Respondent TS Trade understands that the Department will make this Consent Agreement, the Proposed Charging Letter and the Order, when entered, available to the public.

When Order Becomes Effective

(20) 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 issued after a full administrative hearing on the record.



Andrew J. Shapiro
Assistant Secretary
Bureau of Political-Military Affairs
U.S. Department of State

3/28/2012
Date



Mr. Tae Hoon Kim
TS Trade Tech Incorporated, CEO

3/09/2012
Date