

June 3, 1997

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

In the Matter of:)
)
SECURITY ASSISTANCE INTERNATIONAL)
FALLS CHURCH, VA 22046)
)
Respondent)
)
)

ORDER

WHEREAS, the Office of Defense Trade Controls, Bureau of Political Military Affairs, United States Department of State (the "Department"), has notified Security Assistance International, Inc. ("SAI") of its intention to initiate an administrative proceeding against it pursuant to the Arms Export Control Act (the "Act") (22 U.S.C. § 2778 (e)) and its implementing regulations, the International Traffic in Arms Regulations (22 C.F.R. Parts 120-130) (the "Regulations"), based on allegations set forth in a proposed Charging Letter that SAI violated §38 of the Act (22 U.S.C. 2778) and the Regulations, in that during the period February 1996 to April 1999, SAI has misrepresented the facts of an export application by falsifying the signature of the empowered officials of various companies; has failed to maintain records as required by the Regulations; has aided, abetted, and permitted others to avoid the registration requirement of the Regulations; has failed to register as a broker in compliance with the Act and the Regulations; and

WHEREAS, the Department and SAI have entered into a Consent Agreement pursuant to Section 128.11 of the Regulations whereby the Department and SAI have agreed to conditions set forth therein;

IT IS THEREFORE ORDERED,

FIRST, SAI agrees that it shall pay the Department a civil penalty of \$10,000 (ten thousand dollars) in complete settlement of alleged civil violations of the Regulations set forth in the Department's proposed Charging Letter. SAI shall pay \$4,000 (four thousand dollars) on the day of the signing of the Order and \$6,000 (six thousand dollars) in annual installments of \$3,000 (three thousand dollars) over a two year period, due each year on the day of the anniversary of the signing of the Order.

SECOND, SAI shall to pay an additional \$5,000 (five thousand dollars) if SAI fails to make any payments on dates scheduled above.

THIRD, SAI and its president, Mr. Henry Lavery III, are prohibited from participating directly or indirectly in the export of any defense article or defense service for which a license or approval is required by the Regulations for a period of three months. During that period of time, SAI will reconstruct all records for any and all export licenses and approvals by the Department that SAI or its president were involved in obtaining. If the restoration and reconstruction of records has not been completed six months after the date of the Order, the period of ineligibility shall be extended on a monthly basis in one month increments until such time as the files are complete and have been reviewed. Failure to complete the activities in a twelve month period will result in establishing a new time period during which reinstatement may not take place.

FOURTH, SAI shall to submit for review (by the Department), prior to reinstatement of its export privileges, a compliance manual outlining operating procedures and internal controls for adherence to the Regulations and including its activities as a consultant.

FIFTH, SAI acknowledges the legal and regulatory requirements to register as a broker and will comply with § 129.3 (a) of the Regulations.

SIXTH, Mr. Henry Lavery III, within five days of the signing of this Order will resign from any position he currently holds in the Defense Trade Advisory Group and cease any participation with or in any committee for that Group. Mr. Hank Lavery III will not, at any time during his ineligibility, seek to or serve on any organization or committee that provides export guidance on the Regulations.

SEVENTH, that the proposed Charging Letter, the Consent Agreement and this Order shall be made available to the public.

This order becomes effective on the day that it is signed.


Eric D. Newsom
Assistant Secretary for Political
Military Affairs

Entered this 3 day of June 1999.