

ITT pleads guilty to exporting secret military data; to pay \$100 Million penalty

by Bend_Weekly_News_Sources

WASHINGTON—ITT Corporation, the leading manufacturer of military night vision equipment for the U.S. Armed Forces, has admitted sending classified materials overseas and will pay a \$100 million penalty, Assistant Attorney General for the National Security Division Kenneth L. Wainstein and U.S. Attorney for the Western District of Virginia John L. Brownlee announced today, along with the Defense Criminal Investigative Service (DCIS) and U.S. Immigration and Customs Enforcement (ICE).

The corporation will pay a total monetary penalty of \$100 million, one of the largest penalties ever paid in a criminal case. ITT Corporation will also be the first major defense contractor convicted of a criminal violation of the Arms Export Control Act.

According to the written plea agreement to be filed in U.S. District Court in Roanoke, Va., ITT Corporation will plead guilty to one count each of export of defense articles without a license and omission of statements of material facts in arms exports reports.

Assistant Attorney General Wainstein said, "The sensitive night vision systems produced by ITT Corporation are critical to U.S. war-fighting capability and are sought by our enemies and allies alike. ITT's exportation of this sensitive technology to China and other nations jeopardized our national security and the safety of our military men and women on the battlefield. We commend the prosecution team and ITT Corporation for developing a plea agreement that addresses the violations of the past, ensures compliance in the future, and serves as a strong warning to others who might be tempted by the profits of such illegal exports."

"The superior quality of our night vision technology gives the United States Armed Forces an enormous advantage on the battlefield. Sending sensitive information on these advancements overseas without the necessary licenses puts that advantage in jeopardy," said U.S. Attorney John Brownlee. "We hope the agreement reached with ITT will send a clear message that any corporation who unlawfully sends classified or export-controlled material overseas will be prosecuted and punished. In addition, the remedial action plan that is part of this agreement is designed to bring ITT Corporation back into full compliance, which will benefit both the corporation and the United States."

Daniel F. Willkens, Acting Director of the Defense Criminal Investigative Service (DCIS), said, "The illegal export of U.S. military technology and equipment threatens our national security in the most direct way. This settlement demonstrates the commitment of the Defense Criminal Investigative Service and the U.S. Immigration and Customs Enforcement to ensuring that critical technologies do not fall into the wrong hands and that America's warfighters maintain their tactical and strategic advantage around the world. American security and its critical military technology are simply not up for sale."

“Placing profits ahead of the security of our nation is simply not acceptable for any corporation,” said Julie Myers, Department of Homeland Security Assistant Secretary for U.S. Immigration and Customs Enforcement (ICE). “Export violations that compromise our technology pose a potentially deadly threat to our military and our nation. As such, these violations are among the most serious of crimes. Today’s case illustrates that corporations engaging in these illegal and reprehensible business practices will pay a heavy price.”

Sensitive Military Data to China, Singapore and United Kingdom:

According to count one of the information to be filed in U.S. District Court in Roanoke, between March 2001 and August 2001, ITT Corporation exported or caused to be exported defense-related technical data to the People’s Republic of China, Singapore, and the United Kingdom without having first obtained a license or written authorization from the U.S. Department of State. The technical data included information about a laser counter measure known as a “light interference filter” for military night vision goggle systems. These night vision goggles are designated as defense articles on the U.S. Munitions List, and companies are required to have a State Department license or written authorization before exporting them.

Count two of the information charges that between April 2000 and October 2004, ITT Corporation left out material facts from Arms Exports Required Reports. The omission of these material facts made the reports misleading. ITT Corporation was aware that it was violating its export licenses for night vision goggles but failed to take significant corrective action to stop the ongoing violations until shortly before it informed the Department of State about the violations.

ITT Corporation has entered into a plea agreement with the United States whereby the corporation will plead guilty to counts one and two of the information as described above. As part of the plea agreement, ITT Corporation will enter into a deferred prosecution agreement with the United States whereby the United States will defer prosecution of counts three and four for five years. In return, ITT Corporation will accept full responsibility for its illegal actions and will successfully implement an extensive Remedial Action Plan.

As part of the \$100 million penalty, ITT Corporation will pay a \$2 million criminal fine, a \$50 million deferred prosecution penalty, and will forfeit \$28 million to the United States as the proceeds of its illegal actions. ITT Corporation will also pay a \$20 million monetary penalty to the Department of State.

\$50 Million Towards Development of More Advanced Night Vision Systems:

Payment of the \$50 million deferred prosecution penalty will be suspended for five years, subject to certain conditions. ITT Corporation can reduce this penalty on a dollar-for-dollar basis by investing \$50 million toward the acceleration, development and fielding of the most advanced night vision technology so that the members of the U.S. Armed Forces can maintain their battlefield advantage of having the most capable night

vision equipment in the world.

The case was investigated by Special Agents John Schoeneweis and Malachi Blake of the Defense Criminal Investigative Service, the investigative arm of the Office of the Inspector General, Department of Defense, as well as Special Agents David Guarrant and Peg Roberts of the U. S. Department of Homeland Security, U.S. Immigration and Customs Enforcement.

Assistant United States Attorney Stephen Pfleger is prosecuting the case.

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