



## 15<sup>th</sup> Expeditionary Warfare Conference

The legal effects of doing business within the DoD

**Kongsberg: Brad Weiss-Director of Sales & Marketing**



KONGSBERG

WORLD CLASS – through people, technology and dedication

# Kongsberg history since 1814



KONGSBERG



# First International Success - 1892



KONGSBERG

## Krag-Jørgensen

The **Krag-Jørgensen** is a repeating bolt action rifle designed by the Norwegians Ole Herman Johannes Krag and Erik Jørgensen in the late 19th century. It was adopted as a standard arm by Denmark, the United States and Norway.

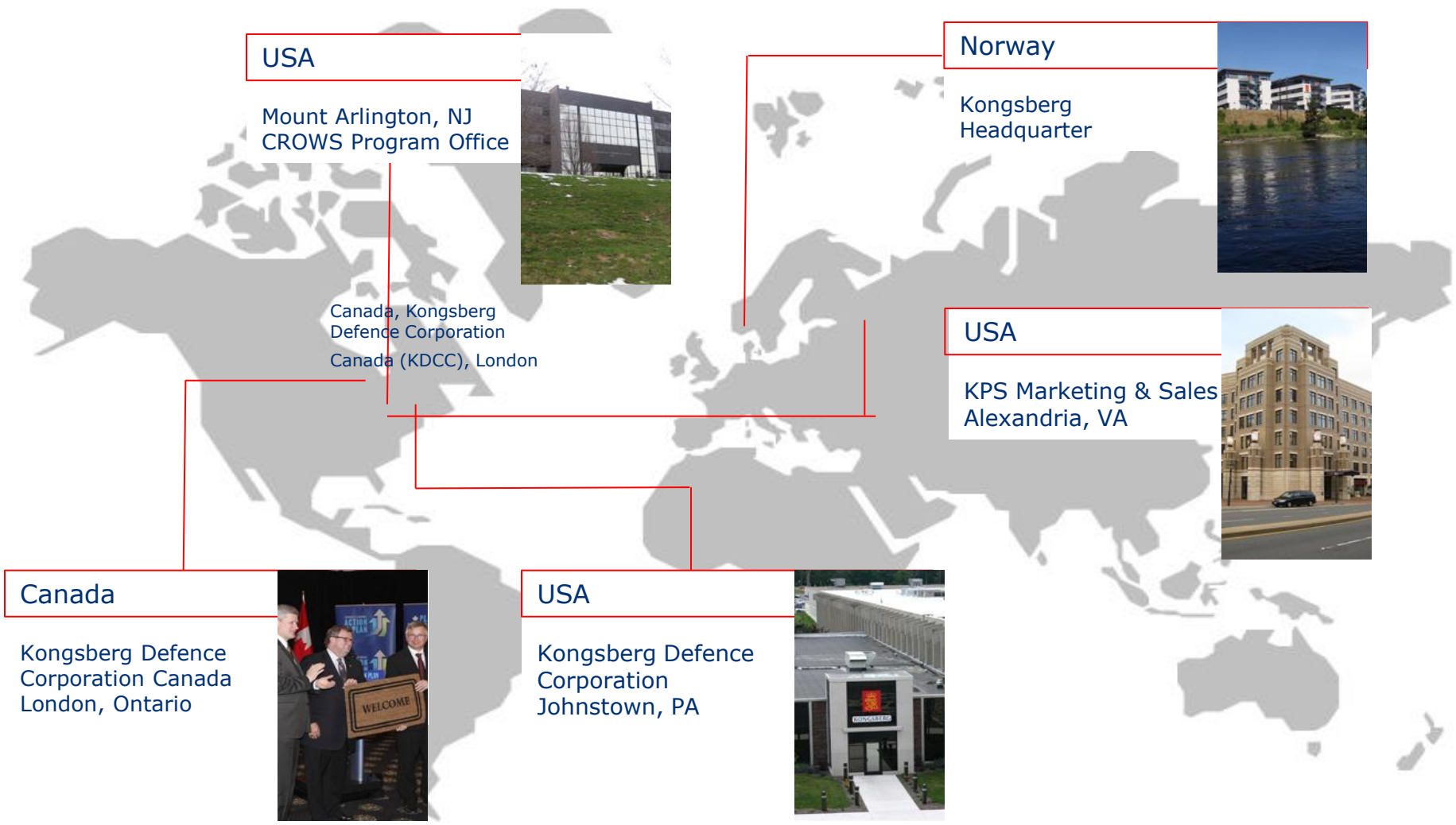
The Krag-Jørgensen Rifle in Rimmed .30 Army round found use in the Boxer Rebellion, the Spanish-American War and the Philippine-American War.





# KPS Locations

Number of employees in total May 2010: 625, 72% in Norway and 28% in USA.



USA

Mount Arlington, NJ  
CROWS Program Office



Norway

Kongsberg  
Headquarter



Canada, Kongsberg  
Defence Corporation  
Canada (KDCC), London

USA

KPS Marketing & Sales  
Alexandria, VA



Canada

Kongsberg Defence  
Corporation Canada  
London, Ontario



USA

Kongsberg Defence  
Corporation  
Johnstown, PA



# PROTECTOR history



KONGSBERG

MC RWS



CROWS II



CROWS II v2



SeaPROTECTOR



Lite



Lite I



Lite II



SuperLite



M151 Stryker



M151 Javelin



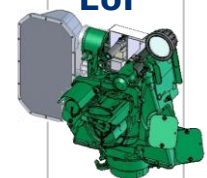
M151 E1



M151 E2



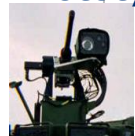
EoF



NM221



Prototype



Kosovo



1997 1998

1999

2000

2001

2002

2003

2004

2005

2006

2007

2008

2009

2010

# Kongsberg Defense Corp. Supplier Base



KONGSBERG

- 85% of CROWS Material Content – US Origin
  
- 105 US Suppliers in 23 States
  - Significant Multi- Sourcing
  - Main LRUs: 3 Sources
  
- Local Partnerships.
  
  
- Over 2000 direct manufacturing U.S. jobs have been created.



Doing business within the DoD as an foreign owned entity.

- Kongsberg plays within the rules as established within the ITAR.
- Kongsberg employs over 100 Technical Assistance Agreements (TAA) and Manufacturing License Agreements (MLA).
- Kongsberg uses Co-operative Research & Development Agreements (CRADA's) to exchange technical data.

- **“International Traffic in Arms Regulations** (ITAR) is a set of United States government regulations that control the export and import of defense-related articles and services on the United States Munitions List (USML).

[1] These regulations implement the provisions of the Arms Export Control Act (AECA), and are described in Title 22 (Foreign Relations), Chapter I (Department of State), Subchapter M of the Code of Federal Regulations. The Department of State interprets and enforces ITAR. Its goal is to safeguard US national security and further US foreign policy objectives”

[http://en.wikipedia.org/wiki/International\\_Traffic\\_in\\_Arms\\_Regulations](http://en.wikipedia.org/wiki/International_Traffic_in_Arms_Regulations)



## BUSINESS

# ITT pays the penalty for ITAR violation

GUY ANDERSON *Jane's Defence Industry Editor*  
London

**U**S defence group ITT Corporation has agreed to pay penalties of USD100 million – described by the US Department of Justice (DoJ) as “one of the largest penalties ever paid in a criminal case” after admitting sending “classified materials overseas”.

The penalties, which relate to ITT Night Vision's compliance with US International Traffic in Arms Regulations (ITAR) and an investigation that began in 2001, include a USD50 million fine and a commitment to invest USD50 million in the research and development (R&D) of night-vision products over the next five years.

The penalty comprises a USD2 million criminal fine, a USD50 million deferred prosecution penalty and the forfeiture of USD28 million to

- ITT Corporation has agreed to pay penalties of USD100 million – “one of the largest penalties ever paid in a criminal case”
- ITT admitted an ITAR violation following an investigation dating back to 2001

the US as “the proceeds of its illegal actions”, the DoJ said.

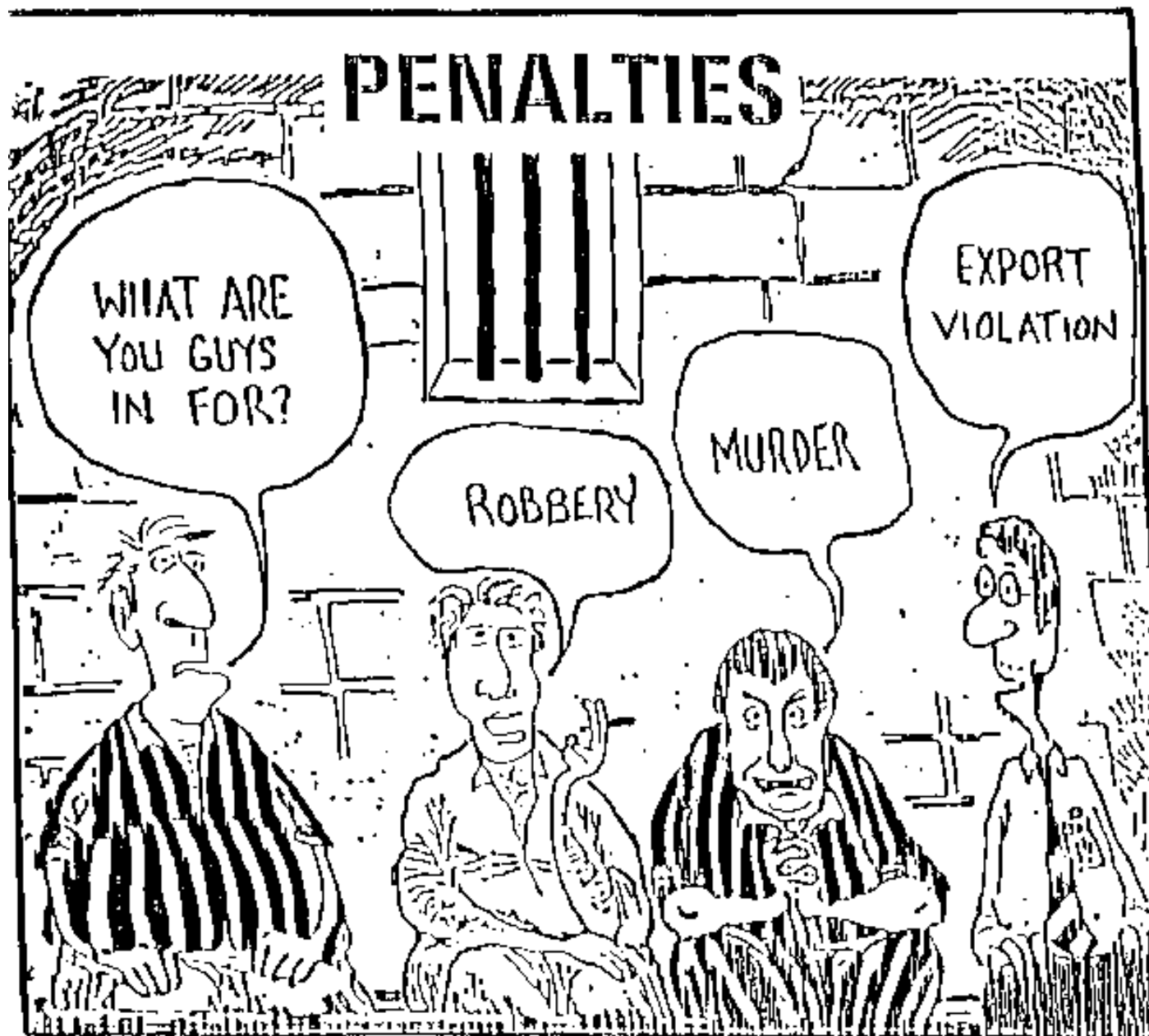
The US government accused ITT of “exporting or [causing] to be exported” defence-related technical data to China, Singapore and the UK “without having first obtained a licence or written authorisation from the US Department of State”. The technical data included information about a countermeasure known as a ‘light interference filter’ for military night-vision systems.

“The sensitive night-vision systems produced by ITT Corporation are critical to US warfighting capability and are sought by our enemies and allies alike,” said Kenneth L Wainstein, assistant attorney general for the

national security division of the US DoJ. Julie Myers, assistant secretary for US Immigration and Customs Enforcement, US Department of Homeland Security, added: “Placing profits ahead of the security of our nation is simply not acceptable for any corporation. 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.”

ITT told investors on 27 March that, according to a written plea agreement to be filed in US District Court in Roanoke, Virginia, it will plead guilty to one ITAR violation relating to the improper handling of sensitive documents and one ITAR violation of making misleading statements. It added: “The government had agreed to defer action regarding a third count of ITAR violations pending ITT's implementation of remedial action.” The second count relates to the allegation that, between April 2000 and October 2004, ITT “left out material facts from Arms Exports Required Reports”.

Steven Loranger, chairman, president, and chief executive of ITT, said: “We regret very much that these serious violations occurred. I want to reinforce, however, that the heart of our night-vision goggles – the tube – is secure. No technical information regarding the tube was ever compromised.” ■





# EXPORT & RE-EXPORT (1)

## Export (§ 120.17):

- Sending or taking a **defense article** out of the United States.
- Disclosing or transferring **technical data** to a foreign person, whether in the United States or abroad.
- Performing a **defense service** on behalf of or for the benefit of a foreign person whether in the United States or abroad.

## Reexport or retransfer (§ 120.19):

- Transfer of defense articles or defense services to an end-use, end-user or destination **not previously authorized**.



## EXPORT / RE-EXPORT (2) – Controlled by ITAR? (1)

### ❖ Defense article (§ 120.6):

- ...means **any item** or **technical data** designated in [US Munitions list].
- ...includes technical data recorded or stored in any physical form, models, mock-ups or other items that reveal technical data directly relating to items...
- It **does not** include basic marketing information on function or purpose or general system descriptions.

### ❖ Technical Data (§ 120.10):

- **Information required for** the design, development, production, manufacture, assembly, operation, repair, testing, maintenance or modification of defense articles.
- This includes information in the form of blueprints, drawings, photographs, plans, instructions and documentation.

### ❖ Defense service (§ 120.9):

- **...furnishing of assistance** (including training) to foreign persons...in the design, development, engineering, manufacture, production, assembly, testing, repair, maintenance, modification, operation, demilitarization, destruction, processing or use of defense articles.



## EXPORT & RE-EXPORT (3) – Controlled by ITAR? (2)

### ***Defense article (§ 120.6):***

- *...means any item or technical data designated in [US Munitions list].*

### **Category XXI – Miscellaneous Articles (§ 121.1):**

- Any article not specifically enumerated...which has substantial military applicability and which has been specifically **designed and modified** for military purposes.



# KONGSBERG EMPLOYEES(2)

## What Kongsberg does to comply with ITAR.

- ✓ **Technical Assistance Agreement (§ 120.22):**
  - An agreement for the **performance of defense service** or the **disclosure of technical data**...
  - Assembly of defense articles is included...
  
- ✓ **Distribution Agreement (§ 120.23):**
  - An agreement to establish **a warehouse or distribution point** abroad for defense articles exported from the United States **for subsequent distribution** to entities **in an approved sales territory**.
  
- ✓ **Manufacturing License Agreement (§ 120.21):**
  - An agreement whereby a US person grants a foreign person an authorization to **manufacture defense articles abroad** and which involves or contemplates:
    1. The **export of** technical data, or defense articles, or the performance of a defense service; or
    2. The **use by the foreign person** of technical data, or defense articles, or defense services previously exported by the US person.



# KONGSBERG EMPLOYEES(1)

- Handling of ITAR-controlled article, technical data & services

## What is an Agreement (2.1 Guidelines for Preparing Agreements):

- **An agreement** approved by Defense Trade Controls Licensing (DTCL) **is required** for a US person **to provide a defense service or manufacturing know-how to a foreign person, or establish a distribution point abroad** for defense articles of US origin for subsequent distribution to foreign persons.
- The export or temporary import of defense articles (technical data or hardware) may be covered in the scope of the agreement as well, but **the provision of a defense service, transfer of manufacturing know-how, or establishment of a distribution point abroad is what distinguishes an "Agreement" from other forms of authorization issued by DTCL.**



# KONGSBERG EMPLOYEES(3)

## - Handling of ITAR-controlled article, technical data & services

### Reexport or retransfer (§ 120.19):

- Transfer of defense articles or defense services to an end-use, end-user or destination **not previously authorized**.

### Country of ultimate destination and approval of reexports or retransfers (§ 123.9):

- The written approval of Directorate of Defense Trade Controls (DDTC) **must be obtained before** reselling, transferring, transshipping, or disposing of a defense article to any end user, end use or destination **other than as stated on the export license**.

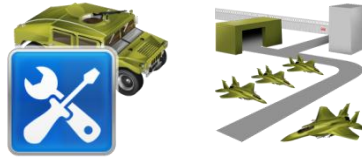
### Clauses required in both Manufacturing License Agreements and Technical Assistance Agreements (§ 124.8):

- (5) The technical data or defense services exported from the United States in furtherance of this agreement and **any defense articles which may be produced or manufactured from such** technical data or defense service **may not be transferred to a person in a third country or to a national of a third country** except as specifically authorized in this agreement unless the prior written approval of the Department of State has been obtained.





EU



Technical data/services controlled by ITAR  
MLA & TAA



NATO



KONGSBERG

- Austria
- Belgium
- Bulgaria
- Cyprus
- Czech Republic
- Denmark
- Estonia
- Finland
- France
- Germany
- Greece
- Hungary
- Ireland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Malta
- Netherlands
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Sweden
- United Kingdom

**ITAR § 124.16**  
**Give an opening for employees from this list of countries**  
**to access technical controlled ITAR data**  
**without signing an ITAR NDA**



- Albania
- Belgium
- Bulgaria
- Canada
- Croatia
- Czech Rep
- Denmark
- Estonia
- France
- Germany
- Greece
- Hungary
- Iceland
- Italy
- Latvia
- Lithuania
- Luxembourg
- Netherlands
- Norway
- Poland
- Portugal
- Romania
- Slovakia
- Slovenia
- Spain
- Turkey
- United Kingdom
- United States



Switzerland



Australia



New Zealand



Japan

**ITAR § 124.16**  
**Must be included in the MLA or TAA**



KONGSBERG

# Kongsberg CROWS II



One of our products.



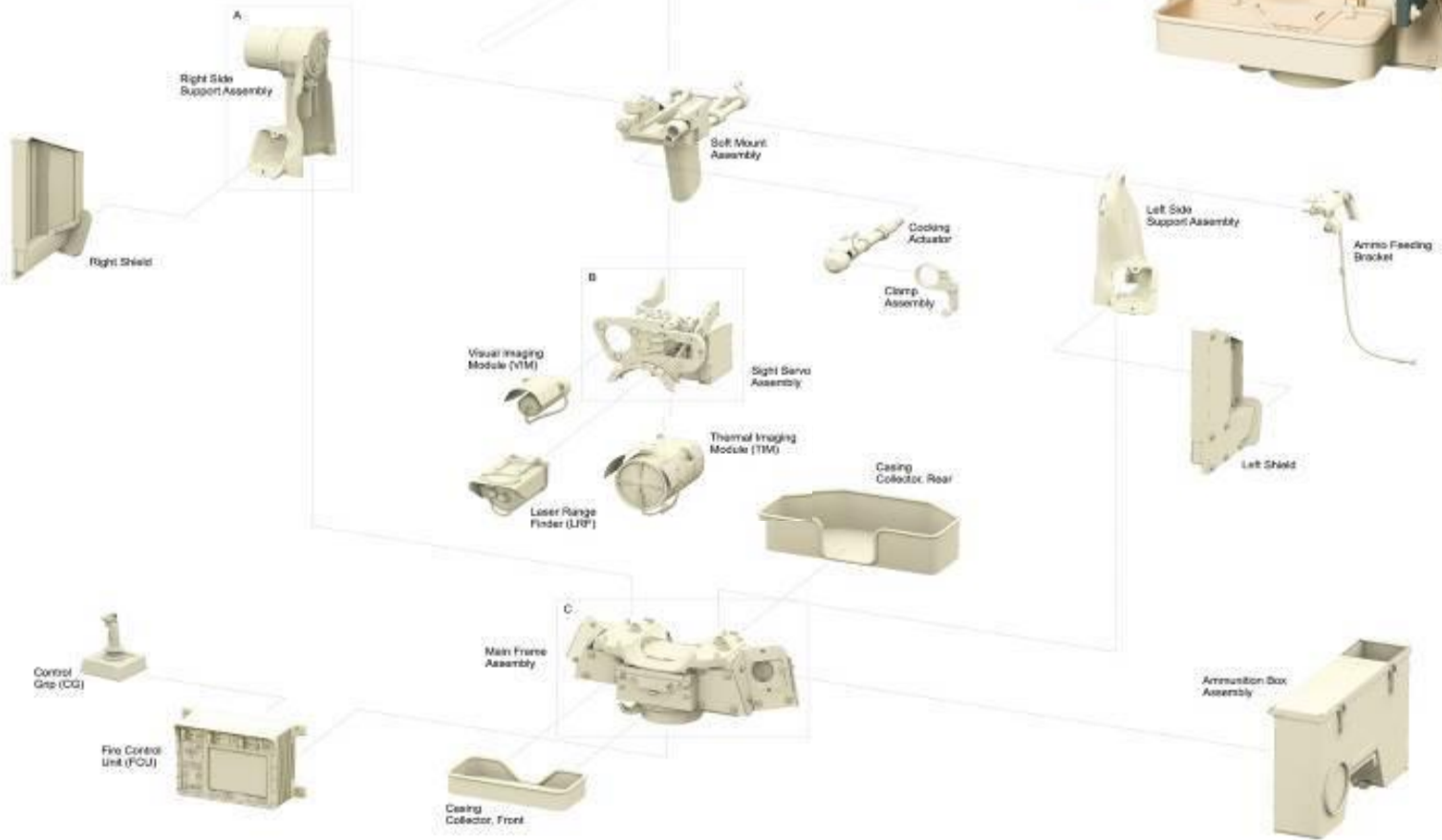
Servo - Right Side Support Assembly



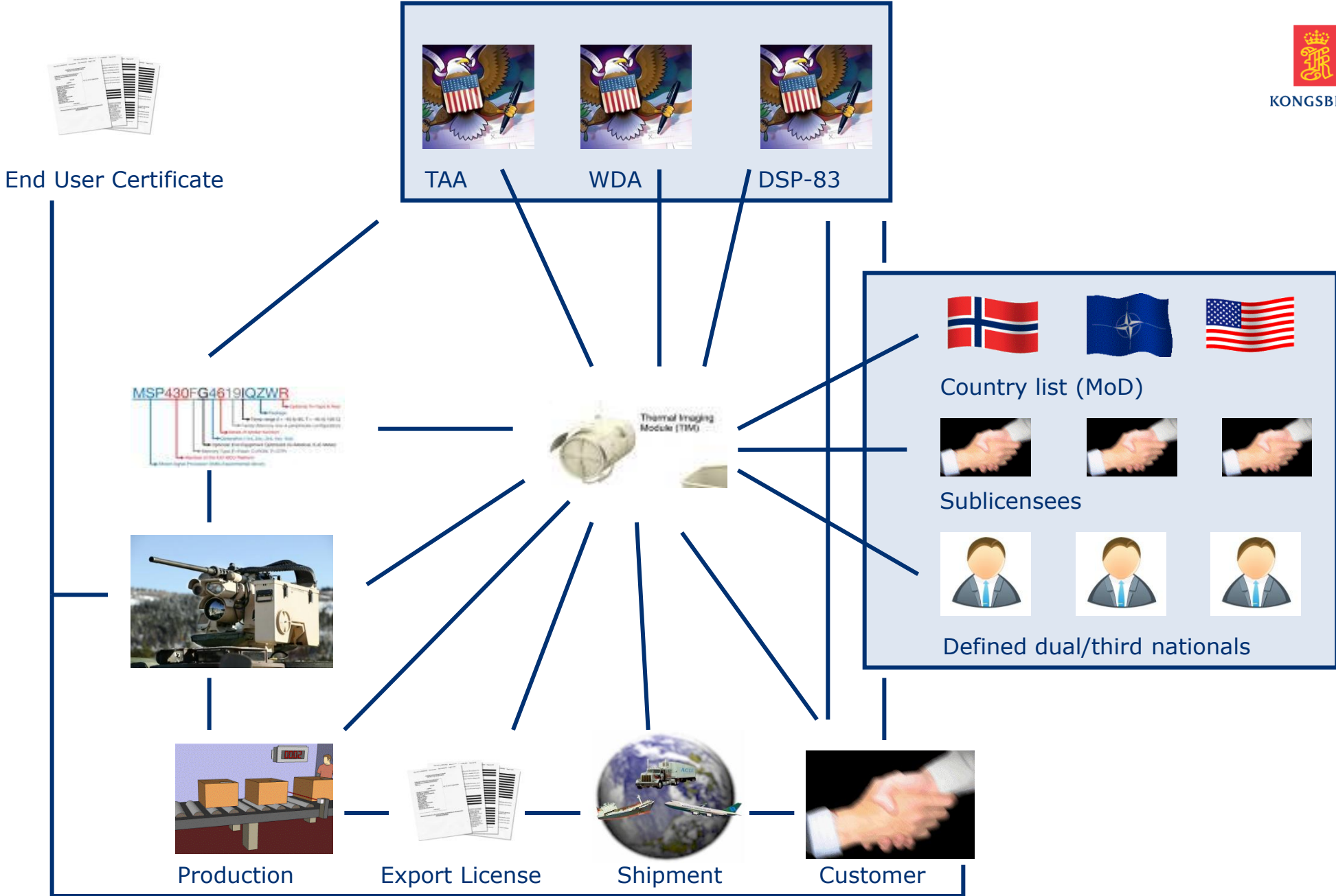
Servos - Sight Servo Assembly



Servo - Main Frame Assembly



Premier supplier of high-technology defence systems





# The Best technology worldwide for the US Warfighter

- Rapid deployment: 24hr deployment
- Sustain: 48 hrs- "over the horizon"
- Remote Weapon Station Technology:
  - 1.) Economy of force
  - 2.) Under armor protection
  - 3.) 360 SA
  - 4.) Accuracy- one shot, one kill, minimal collateral damage
  - 5.) Commonality- reduces logistical footprint
  - 6.) Reliability- ORR 99%
  - 7.) Simple integrations- new systems, new weapons

# Kongsberg New Product Process

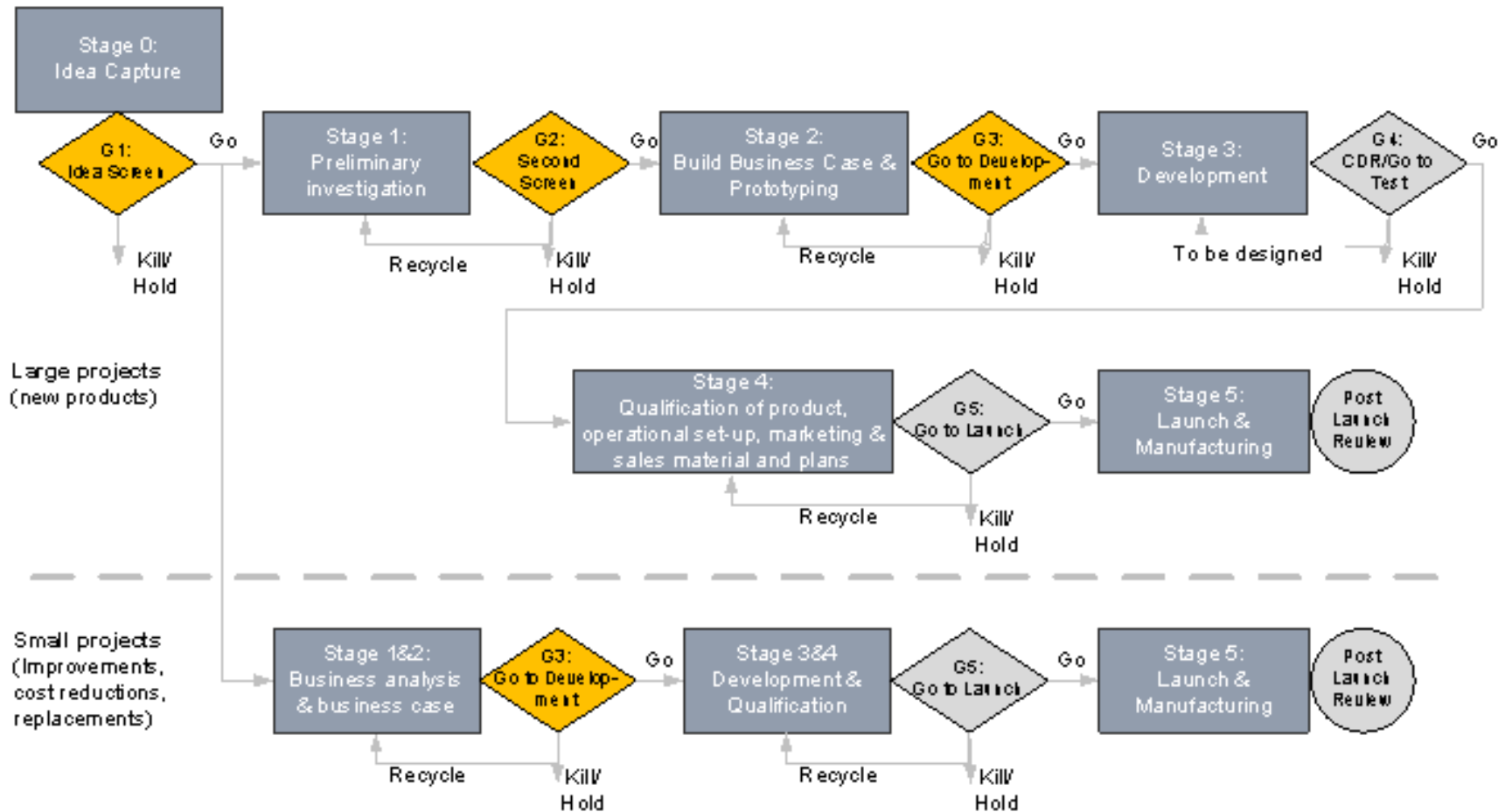


KONGSBERG



KONGSBERG

## New Product Process



# How can Kongsberg support the expeditionary warfighter?



KONGSBERG

