



# **Export Compliance Manual**

**November 4, 2019**

**Leah Purdom, Export Compliance Officer  
Fletcher Redwine, Empowered Official**

# Export Compliance Manual

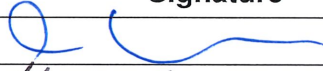




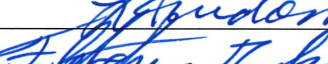


November 4, 2019

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THIS DOCUMENT SHALL BE REVIEWED IN DETAIL AT LEAST EVERY YEAR DURING THE MONTH OF MAY AFTER ITAR CHANGES FROM THE PAST YEAR ARE PUBLISHED IN CONSOLIDATED FORM IN THE MONTH OF APRIL. EAR CHANGES THROUGH THAT MAY WILL ALSO BE INCLUDED. THIS MANUAL WILL ALSO BE UPDATED AS NECESSARY WHEN SIGNIFICANT CHANGES ISSUE DURING THE YEAR.



REVISIONS			
APPR.	DATE	DESCRIPTION	REV.
Hugh Schmittle	9/1/2019	1 <sup>st</sup> draft	1
Leah Purdom	10/29/2019	Review prior to internal staffing	2
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## EXPORT COMPLIANCE POLICY

It is the policy of Rotorcraft Services Group (“RSG”) to fully comply with all U.S. export control laws and regulations. Specifically, all officers, directors, employees, and agents of RSG are required to comply with the terms and provisions of:

- The Arms Export Control Act, and the International Traffic in Arms Regulations (“ITAR”) implemented and enforced by the U.S. Department of State.
- The Export Administration Act, the International Emergency Economic Powers Act, and the Export Administration Regulations (“EAR”) implemented and enforced by the U.S. Department of Commerce.
- The regulations of the U.S. Treasury Office of Foreign Assets Control (“OFAC”).
- The regulations of the U.S. Customs and Border Protection (“CBP”).
- The Foreign Corrupt Practices Act (“FCPA”).

The U.S. export-control laws and regulations are intended to protect the national security, economic, and foreign policy interests of the U.S. civil and criminal corporate and individual fines and penalties may be imposed for violation of these laws and regulations. In addition to fines and penalties, administrative actions may be taken against RSG and/or individual officers, directors, employees, and agents that include the revocation or suspension of export privileges.

RSG’s Export Compliance Policy will be implemented through the processes and procedures described in RSG’s Export Compliance Manual. This Policy Statement as well as the Export Compliance Manual advises all RSG employees of their compliance responsibilities relating to exports from the U.S. It is the policy of management of RSG that, under no circumstances will RSG transact, export, re-export from abroad, or import in contravention of U.S. laws or regulations. RSG will view the failure of an officer or employee to comply with this Policy as a serious violation of company policy and the person will be subject to disciplinary action for such failure. Disciplinary action may include warning, reprimand, probation, suspension, reduction in salary, demotion, or dismissal.

The U.S. government takes export violations very seriously and so does the management of RSG. Any questions concerning the legitimacy of a transaction or potential violations should be referred to the Export Compliance Officer immediately.

Export compliance is a requirement at RSG, and it is a responsibility we all share. Your involvement in the process is vital to helping us ensure our safety and security through full and complete compliance.

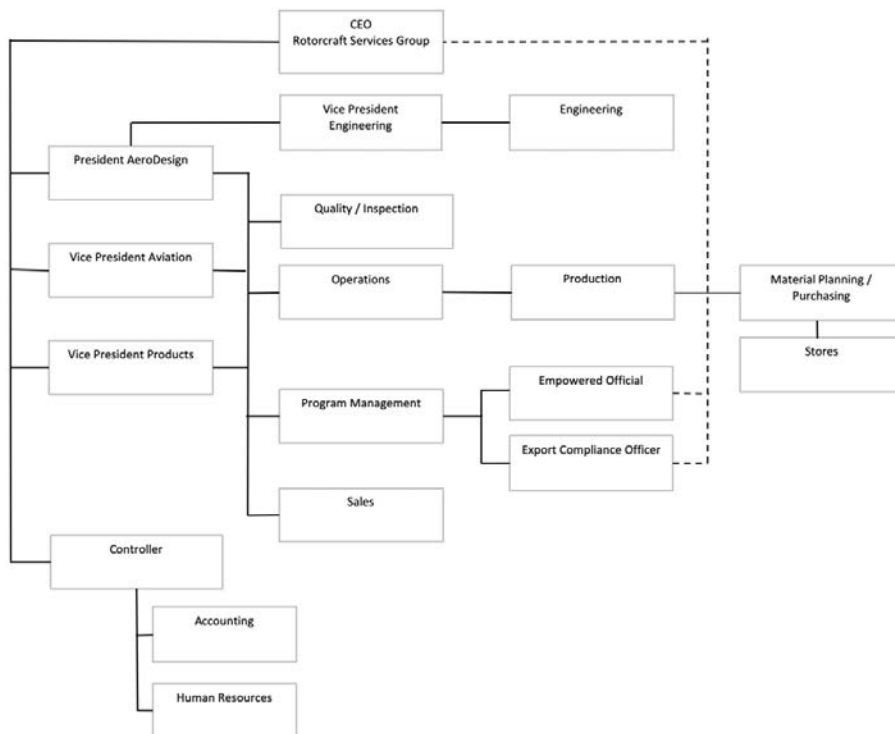
  
\_\_\_\_\_  
Brian Nerney, CEO  
Rotorcraft Services Group

11/1/2019  
\_\_\_\_\_  
Date

## 1 POLICY

It is the policy of Rotorcraft Services Group, Inc. (“RSG”) to be in full compliance with all applicable laws and regulations. Compliance with United States and other applicable export laws and regulations is critical to RSG’s continued growth and success. For that reason, RSG has created and implemented the set of export controls described in this Manual.

RSG is a dynamic integrated helicopter services organization, and a “recognized leader” in the aerospace/aviation industry. RSG is committed to building and enhancing our global capabilities, to better serve our customers’ needs in every part of the world. RSG provides services and products to the helicopter segment of the aerospace industry, including heavy modification and retrofit, completion customization services, air conditioning and video systems manufacturing, engineering services, and manufacture of spare parts as authorized by its Parts Manufacturing Approval (“PMA”) granted by the Federal Aviation Administration (“FAA”) for both commercial and military helicopters through its current subsidiaries: RSG Aviation, RSG Products and RSG AeroDesign.



RSG expects all our employees and contractors, under the direction of senior management and our Export Compliance Officer, to comply with the requirements of the Export Compliance Manual. Although the details of export regulation can be complex, we have designed a straightforward compliance program that requires all employees’ cooperation.

That process is designed around three fundamental principles:

- Our obligation to adhere rigorously to all applicable export-control laws and regulations.



- Our commitment to inform third parties with whom we interact that there are restrictions on export and re-export of our products and associated services, and our obligation to ensure that our third-party service providers undertake steps to comply with all applicable limitations.
- An understanding that no export or import will take place if there is any doubt as to its permissibility under this Compliance Manual or under applicable export-control rules more generally. In the case of any doubt, the concerned employee should consult with our Export Compliance Officer prior to consummation of the transaction. Where necessary, the Export Compliance Officer, in turn, will consult with outside consultants or counsel.

Noncompliance with this Compliance Manual can have serious consequences. RSG could lose current export privileges or be denied future export licenses, where needed. In addition, RSG and its employees could be subject to stiff administrative or criminal penalties. These penalties may include both fines and imprisonment.

RSG's Export Compliance Officer is responsible for assessing any potential violations of the Compliance Manual by RSG employees or contractors and for recommending potential disciplinary sanctions to the employee's or contractor's supervisor or, if he deems appropriate, to senior RSG management. Sanctions may include, but are not limited to, termination of employment or, in the case of a contractor, of the contractor's engagement.

For questions concerning export compliance or concerns regarding potential violations of the procedures described in this Manual, contact the Export Compliance Officer, Leah Purdon at (817) 625-9000, or by email at [lpurdom@rsgaerodesign.com](mailto:lpurdom@rsgaerodesign.com).

## 2 PURPOSE AND SCOPE

### 2.1 PURPOSE

This document provides the policy and procedures that govern all RSG export and import activity, including shipments and transmission of controlled items and information abroad and disclosure of controlled information to non-US persons, wherever they are located.

## 3 EXPORT COMPLIANCE OFFICIALS

The responsibility for overall compliance within RSG is vested in an Export Compliance Officer. Separately, the ITAR requires that each registrant with the DDTC have an Empowered Official. In RSG these roles are filled by two individuals, Leah Purdom and Fletcher Redwine, respectively.

### 3.1 EXPORT COMPLIANCE OFFICER

In order to ensure RSG's compliance with its export-control obligations, RSG has appointed an Export Compliance Officer. RSG's Export Compliance Officer has oversight and implementation responsibilities for RSG's Export Management System. The Export Compliance Officer shall have the following primary responsibilities:

- Maintain Export Classification List in a Central Database. The Export Compliance Officer maintains a compilation of USML and EAR classifications for all items that RSG exports. The source of each such classification **shall be noted in writing**,

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whether a determination by the source/manufacturer or OEM, a self-classification by RSG, or by CJ (from State) or by CCATS (from Commerce). Each product jurisdiction should be supported by a jurisdictional justification or rationale, which should be retained in the central database.

- Maintain Proper Recordkeeping Procedures. The Export Compliance Officer is responsible for all recordkeeping and reporting required under the ITAR and the EAR. This specifically includes a tracking system on controlled items, technical data and related decisions from the initial pursuit of an opportunity to the shipping of controlled items or the provision of related services.
- Maintain Explicit Safeguard Procedures. The Export Compliance Officer shall create and promulgate procedures to ensure that export-controlled technology or information is not posted or shared except in directories established for that purpose with access controls for authorized personnel.
- Employee Training and Compliance. The Export Compliance Officer shall ensure that a copy of this Manual is provided to all appropriate personnel and that all other employees receive notice of RSG's export compliance program as part of their employee orientation.
- Develop/Maintain Foreign-Person Employee Guidance. The Export Compliance Officer shall develop case studies or other forms of guidance that specifically address interactions with foreign-person managers who might inadvertently give directions at variance with ITAR compliance policy. These may be incorporated into updates of this Export Compliance Manual.
- Compliance with Technology Control Plan. The Export Compliance Officer shall ensure that RSG abides by the Technology Control Plan ("TCP") contained in Enclosure (1), below, and any Attachments thereto. The TCP is essentially a "miniature" version of this Export Compliance Manual, containing many of its core elements. When RSG is asked to receive and transfer ITAR-controlled technical data, the Export Compliance Officer shall consult with the Empowered Official to ensure any required licenses are obtained.
- U.S. and Foreign Person Screening. The Export Compliance Officer shall ensure that timely screening of all employees, non-employees (e.g. janitorial staff, external IT service) and professional visitors/customers, are implemented in accordance with this Export Compliance Manual, and that this is properly documented.
- Trouble-Shooting and Export Compliance Review. The Export Compliance Officer is obligated to ensure the company's compliance with applicable ITAR and EAR controls. In the event of "red flags" in connection with a proposed or past transaction the Export Compliance Officer shall review the issue with the Empowered Official and, where appropriate, consult with outside export consultant and/or legal counsel to determine an appropriate response.
- Export-compliance and Product Development.

***RSG'S EXPORT COMPLIANCE OFFICER IS Ms. LEAH PURDOM, PROGRAM MANAGER***

To ensure that RSG's Export Compliance Officer is fully aware of RSG's obligations under the ITAR, RSG requires its Export Compliance Officer to receive export

compliance training at least once a year and obligates the Export Compliance Officer to remain informed of amendments to the ITAR and to changes in DDTC application guidelines and policies.

### **3.2 EMPOWERED OFFICIAL (PER ITAR PART 120.25) MEANS A U.S. PERSON WHO:**

- (1) Is directly employed by the applicant or a subsidiary in a position having authority for policy or management within the applicant organization; and
- (2) Is legally empowered in writing by the applicant to sign license applications or other requests for approval on behalf of the applicant; and
- (3) Understands the provisions and requirements of the various export-control statutes and regulations, and the criminal liability, civil liability and administrative penalties for violating the Arms Export Control Act and the International Traffic in Arms Regulations; and
- (4) Has the independent authority to:
  - (i) Enquire into any aspect of a proposed export or temporary import by the applicant, and
  - (ii) Verify the legality of the transaction and the accuracy of the information to be submitted; and
  - (iii) Refuse to sign any license application or other request for approval without prejudice or other adverse recourse.

#### ***RSG's EMPOWERED OFFICIAL IS FLETCHER REDWINE, PROGRAM MANAGER.***

To ensure that RSG's Empowered Official satisfies the ITAR requirements, RSG requires that its Empowered Official receive export compliance training at least once a year, and obligates the Empowered Official to remain informed of amendments to the ITAR and to changes in DDTC application guidelines and policies.

The Empowered Official shall also work with the Export Compliance Officer to ensure RSG employee compliance with this manual, and to develop corrective measures, when necessary to ensure RSG's compliance with its obligations under the export-control laws and regulations.

## **4 INTRODUCTION TO EXPORT CONTROLS**

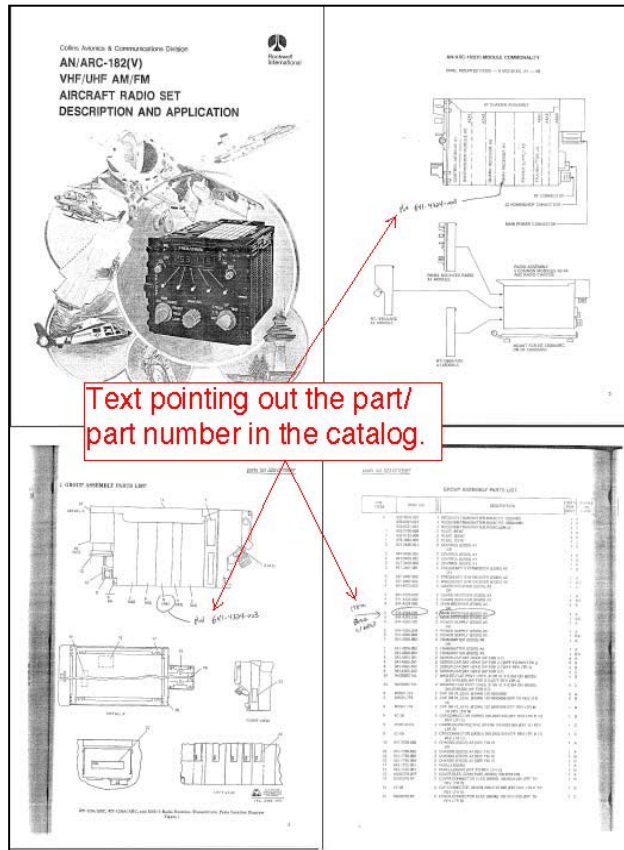
RSG maintains an up-to-date Export Compliance Manual in an effort to ensure full compliance with the export laws and regulations of the United States and other countries.

The remainder of this Export Compliance Manual will help explain U.S. export controls, the systems of classification that control the items RSG most regularly deals in, and your role in the company's export compliance program. However, this manual is not meant to be definitive or exhaustive. Export regulations change, and there are many areas of U.S. export law that are not covered by this manual. Please consult the Export Compliance Officer (see § 3.1, above) with any questions.

**4.1 EVERY ITAR OR EAR EXPORT LICENSE (OR EXEMPTION) REQUIRES THESE FIVE THINGS <sup>1</sup>**

RSG’s first rule of exporting is that each and every export requires that we have and retain documentation on these points:

- **Evidence of sale** – usually a Purchase Order (“PO”), a contract, or more rarely an LOI (typically for a “blanket” or “bulk” license). This sales document must contain a description of the item being sold – e.g. “P/N 641-4324-003, Main Receiver, \$18,450”.
- **Description of the end-use** – e.g. “The goods are spare/maintenance parts for the AN/ARC-182 VHF/UHF Aircraft Radio Set, in the Qatari Sea King Commando Mk3 helicopter.” This must be on documentation supplied by our purchaser. It can be on a separate document, like an end-use statement, or it can be a statement within the PO. For the sale of defense articles (which need State Dept or ITAR licenses) that are SME items<sup>2</sup> the ITAR export license must include a DSP-83 form, a formal end-use/end-user statement. The DSP-83 is not required, however, in the case of a repaired defense article being returned under the exemption procedures in ITAR § 123.4(a)(1).<sup>3</sup>
- **Identification of the end-user** – e.g. “We certify that the goods are for the ultimate end-use of the Qatar Emiri Air Force, for Commander in Chief, Armed Forces, Doha, Qatar.” This must be on documentation supplied by our purchaser. It can be on a separate document, like an end-user statement, or it can be a statement within the purchase order itself.
- **Identification of any parties involved in the transaction** – e.g. other companies in the chain of the transaction and foreign freight forwarders. These parties can be identified on the purchase order or end use statement or in separate correspondence. It is good practice to have the foreign customer provide a statement to RSG if no



For items too low-level to have their own brochure, one can frequently satisfy the licensing documentation requirement with hand-annotated copies of parts lists or catalog sheets to accompany license app. A representative drawing from a build-to-print package also works.

<sup>1</sup> Note that in most cases Commerce/SNAP-R licenses do not require evidence of sale.  
<sup>2</sup> Identified by an asterisk where the item appears in the U.S. Munitions List in the ITAR.  
<sup>3</sup> Repair of commercial items – even ones that normally require a Commerce license – is likewise handled under an exception called RPL. See Section 12 of this Export Compliance Manual for a detailed discussion of RSG’s procedures for temporary imports for repair or warranty replacement.



other parties are involved (i.e. “no other intermediate companies are involved in this transaction”).

- **Product description documentation.** On very low-level items, like bolts, this can usually be overlooked. For high-level items where product brochures are available we should include a copy. In most cases, at a minimum, catalog items have catalog entries that can be included, or appear in parts lists that can be abstracted and hand-annotated. Alternatively, these can be product brochures or briefing slides – whatever will give the DDTC licensing officer the sense that he knows exactly what he is being asked to approve for export and/or license production.

These items should appear in the transaction file for each case of an export by RSG. This applies whether the item is under the jurisdiction of the State Department or the Commerce Department, and whether it is shipped under an export license or under an exemption or exception from licensing.

One last point on this basic documentation. It is RSG’s policy that the parties to a transaction be properly identified. In all cases, we need a physical mailing address – P.O. Boxes are not acceptable. The reason is that both State and Commerce Departments make clear in their export license instructions, that applications using a P.O. Box address for any party to the license will be cause for an RWA.<sup>4</sup>

In many cases of export transactions, RSG will not have to submit all the documentation described above. Commerce licenses under their electronic SNAP-R system frequently specify that the applicant does not have to include one or another of the documents with the license; however, they specify that in most cases one must have the documents on file. And in the case of exemptions or exceptions,<sup>5</sup> oftentimes there is no requirement for documentation being submitted (except for making an ACE/EEI filing).

But in all cases of an export, the exporter is required to know it is not exporting to or for the benefit of certain excluded or debarred parties, or shipping to an end-user in certain prohibited countries (like those designated as terrorist-supporting), or for use in certain prohibited activities (like weapons of mass destruction). And without the above documentation, we cannot know we are obeying the law, and we *certainly* could not demonstrate to visiting export compliance officials that we are doing so.

## 4.2 SCOPE OF U.S. EXPORT CONTROLS

There are three sets of export regulations that control RSG’s exports of U.S.-origin products and services. These are the International Traffic in Arms Regulations (“ITAR”), 22 C.F.R. Parts 120-130, administered by the Department of State; the Export Administration Regulations (“EAR”), 15 C.F.R. Parts 730-774, administered by the U.S. Department of Commerce, Bureau of Industry and Security (“BIS”); and United States sanctions regulations, 31 C.F.R. Part 500, et seq. which are administered by the Office of Foreign Asset Controls (“OFAC”) in the Department of Treasury.

Importantly, these rules and lists are updated constantly with changes, additions, and deletions, and, in a given situation, any – or none – may apply.

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<sup>4</sup> “RWA” stands for Return Without Action, a rejection of the application. We can reapply after an RWA, but the application goes to the back of the line.

<sup>5</sup> The ITAR generally uses the term “exemptions”, while the EAR (Commerce) prefers “exceptions.”

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U.S. Export Controls can apply to commodities (products and equipment, including some manufacturing equipment), technology (including technical data and know how) (collectively, "Items"), and the furnishing of "defense services."

#### 4.3 COMMODITIES

The level of control applicable to an Item depends on its capabilities and intended use, and on the destination and nationality of the person or entity to whom it is being exported. Given the nature of the type of helicopter system RSG specializes on, some of the items that RSG exports and imports are defense articles listed on the United States Munitions List ("USML"), and associated technical data. Other company exports are items and technology controlled by the Export Administration Regulations ("EAR") and its Commerce Control List ("CCL").

#### 4.4 "TECHNOLOGY" AND "TECHNICAL DATA"

Technology is defined broadly under the relevant regulations and includes the specific information necessary for the design, development, production, manufacture, assembly, operation, repair, testing, maintenance or modification of controlled goods under the USML or CCL.

- Technical assistance includes, among other things, instruction, skills, training, use or communication of working knowledge, and consulting services.
- Technical data includes, among other things, blueprints, plans, diagrams, models, formulae, tables, engineering designs and specifications, manuals and instructions written or recorded on other media or devices such as disk, tape or read-only memories.

#### 4.5 "DEFENSE SERVICES"

Defense services are defined as the furnishing of assistance, including training, to foreign persons, whether in the U.S. or abroad in the design, development, engineering, manufacture, production, assembly, testing, repair, maintenance, modification, operation, demilitarization, destruction, processing or use of defense articles. The furnishing of technical data to foreign persons is also a defense service.

#### 4.6 HOW TO CHECK THE PROHIBITED LISTS

Certain persons and entities require a specific license to receive U.S.-origin Items. The Denied Persons List and the Specially Designated Nationals and Blocked Persons List each identify the persons and entities that require special consideration. Depending on the circumstances, other lists of prohibited persons and entities also may apply.

*Note: As with nearly everything in export-compliance, if you don't have it in writing, it didn't happen. Therefore, do this in writing, using the Export-Control Checklist at § 16.7, below.*

RSG does not do business with any person identified on one of these lists absent express authorization of the Export Compliance Officer. All potential employees, contractors, suppliers, customers and other third parties with which RSG intends to do business must be checked against the Prohibited Lists prior to the contemplated activity. Please contact the Export Compliance Officer to clear against these lists before proceeding with any new transaction. **The first listing, the "Consolidated Screening**

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**List", is generally sufficient**, since it actually includes most of the other lists' contents. The other lists may be checked for additional due-diligence if it seems warranted.

**Consolidated Screening List (includes terror organizations and others)**

[https://2016.export.gov/ecr/eg\\_main\\_023148.asp](https://2016.export.gov/ecr/eg_main_023148.asp)

**State Debar (Statutory)**

[https://www.pmddtc.state.gov/ddtc\\_public?id=ddtc\\_kb\\_article\\_page&sys\\_id=7188dac6db3cd30044f9ff621f961914](https://www.pmddtc.state.gov/ddtc_public?id=ddtc_kb_article_page&sys_id=7188dac6db3cd30044f9ff621f961914)

**State Debar (Administrative)**

[https://www.pmddtc.state.gov/ddtc\\_public?id=ddtc\\_kb\\_article\\_page&sys\\_id=8a89528adb3cd30044f9ff621f961931](https://www.pmddtc.state.gov/ddtc_public?id=ddtc_kb_article_page&sys_id=8a89528adb3cd30044f9ff621f961931)

**State Embargoed or Strongly Sanctioned Country List**

[https://www.pmddtc.state.gov/ddtc\\_public?id=ddtc\\_public\\_portal\\_country\\_landing&pa=1&table=x\\_usd10\\_ddtc\\_public\\_ddtc\\_public\\_country\\_policies&filter=&p=1&o=country&d=asc](https://www.pmddtc.state.gov/ddtc_public?id=ddtc_public_portal_country_landing&pa=1&table=x_usd10_ddtc_public_ddtc_public_country_policies&filter=&p=1&o=country&d=asc)

**BIS Consolidated Screening List**

<https://www.export.gov/article?id=Consolidated-Screening-List>

**Excluded Parties List System**

<https://www.visualofac.com/regulations/excluded-parties-list-system/>

**Red Flag Indicators**

<https://www.bis.doc.gov/index.php/enforcement/oe/compliance/23-compliance-a-training/51-red-flag-indicators>

**Office of Foreign Asset Controls ("OFAC") - Specially Designated Nationals**

<https://www.treasury.gov/resource-center/sanctions/sdn-list/pages/default.aspx>

#### **4.7 DEFENSE ARTICLE EXPORT LICENSES AND TWO IMPORTANT EXEMPTIONS**

Whether a license is required to export an Item will depend on the Item's specific classification and its intended destination or end-user. A license is required for the export and import of defense articles, including technical data, and defense services unless otherwise exempted.

(i) Basic Operations, Maintenance, and Training Licensing Exemption

RSG and defense article manufacturers are exempt from the requirement to obtain separate DSP-5 licenses for the export of basic operations, maintenance, and training information relating to defense articles, so long as the defense articles the exports relate to are appropriately licensed for export to the same recipient(s). 22 C.F.R. § 125.4(b)(5). However, intermediate or depot-level repair and maintenance information may be exported only under a license or agreement approved specifically for that purpose. It is RSG's policy that defense article manufacturers are required to obtain any required licenses for intermediate or depot-level repair and maintenance information.

To claim an exemption for the export of technical data under the provisions of this subchapter RSG must certify that the proposed export is covered by 22 C.F.R. § 125.4(b)(5). Certifications consist of clearly marking the package or letter containing the technical data "22 CFR 125.4(b)(5) applicable." This certification must be made in written form and retained in RSG's files for a period of 5 years.

(ii) Technical Data Pursuant to TAA Exemption

RSG will continue to enter into Technical Assistance Agreements (“TAA”) or Manufacturing License Agreements (MLA) with foreign companies, U.S. manufacturers and governments. The technical data listed in these Agreements qualifies for a licensing exemption under 22 C.F.R. § 125.4(b)(2), so long as the technical data does not exceed the scope or limitations contained in these TAAs and MLAs. 22 C.F.R. § 124.3.

The Export Compliance Officer must personally sign off on the use of this exemption.

## 5 GOVERNMENTAL RULES AND REGULATIONS, AND ASSOCIATED PENALTIES

### 5.1 RULES & REGULATIONS

There are three sets of export-related regulations of principal applicability to RSG.

- International Traffic in Arms Regulations (**ITAR**) – US State Department (22 CFR Part 120 et seq.)
- Export Administration Regulations (**EAR**) – Commerce Department (15 CFR Part 730 et seq.)
- United States sanctions regulations – Office of Foreign Assets Control (**OFAC**) (31 C.F.R. Part 500, et seq.)

Additionally, for procedures to deal with Customs-related problems including holds, detainments and seizures of shipments, RSG refers to the following official USCBP handbook:

- Mitigation Guidelines: Fines, Penalties, Forfeitures and Liquidated Damages

### 5.2 PENALTIES FOR NON-COMPLIANCE

The Arms Export Control Act (AECA) provides for criminal penalties of up to \$1 million, per violation, and up to 10 years imprisonment, or both. 22 U.S.C. § 2778(c). The AECA also authorizes the Department of State to issue civil penalties of up to \$500,000 per violation. In addition, RSG could be temporarily debarred from acting as either broker or exporter of U.S.-origin defense items.

The penalties for non-compliance with the EAR and the OFAC regulations are similarly severe. Criminal penalties can be as high as \$1,000,000 per violation, and up to 20 years in prison. Civil penalties for non-compliance can be as high \$250,000 or twice the amount of the transaction at issue, whichever is greater. The Department of Commerce is also authorized to suspend the export privileges of those found in violation of its regulations. 50 U.S.C. § 1705.

## 6 DEFINITIONS & ACRONYMS

### 6.1 DEFINITIONS

**US Person** – For purposes of this policy, a US person is either a US citizen or a permanent resident (a green card holder) or a protected person under 18 USC 1324b(a)(3), including certain persons granted political asylee or refugee status. Any other Immigration or Naturalization Visa categories (regardless of uniqueness) do not qualify an individual as a US Person.



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**EAR** – The Export Administration Regulations, which are the export-control rules administered by the Commerce Department. They cover “dual-use” items, and other commodities. These items are captured by the Commodity Control List, or CCL.

**ITAR** – The International Traffic in Arms Regulations, which are the export-control rules administered by the State Department. These items are “defense articles” delineated on the US Munitions List, or USML.

**Deemed Export** – This is a Commerce Department term, but the concept applies to both the EAR and the ITAR. Technical data (or in some cases hardware) can be deemed to have been exported even without crossing any border, say in the comfort of the company conference room. This is a source of many violations and must be the subject of training to sensitize personnel to the concept.

**ECCN** – This stands for “Export Control Commodity Number.” It has a 5-place alphanumeric structure: a numeral, a letter, and three more numerals, e.g. “3A001”.

**Empowered Official** – the designated RSG employee with authority to make filings with the government seeking export authorizations and to determine the existence and applicability of controls on exports by RSG. See ¶3.1, above, for additional details.

**Export Compliance Officer** – The Export Compliance Officer has overall responsibility and authority to implement and maintain compliance with the company’s export controls. See ¶3.2, above, for additional details.

**Technology** - Technology is defined broadly under the relevant regulations and includes the specific information necessary for the design, development, production, manufacture, assembly, operation, repair, testing, maintenance or modification of a product. Under the EAR, it may include “technical assistance” or “technical data.” Technical assistance includes, among other things, instruction, skills, training, use or communication of working knowledge, and consulting services. Technical data includes, among other things, blueprints, plans, diagrams, models, formulae, tables, engineering designs and specifications, manuals and instructions written or recorded on other media or devices such as disk, tape or read-only memories.

**Brokering** - In addition to exports and re-exports of controlled items, the ITAR also controls brokering activity. Brokering is defined broadly to include the financing, transportation, freight forwarding, or taking of any other action that facilitates the manufacture, export, or import of a defense article or defense service. 22 C.F.R. § 129.2(b). RSG’s policy is to refrain from engaging in brokering, and has not registered as a broker with DDTC. No employee may engage in brokering without prior clearance from the Export Compliance Officer.

**Defense Articles** - any item or technical data on the USML. This term includes technical data recorded or stored in any physical form, models, mockups or other items that reveal technical data directly relating to items designated on the USML. It does not include basic marketing information on function or purpose or general system descriptions.

**Defense Services** - the furnishing of assistance, including training, to foreign persons, whether in the U.S. or abroad, in the design, development, engineering, manufacture, production, assembly, testing, repair, maintenance, modification, operation, demilitarization, destruction, processing or use of defense articles. The furnishing of technical data to foreign persons is also a defense service.

**Export** - the transmission or transfer of an item or information outside of the United States, whether physically, electronically (e.g., via email or website download) or otherwise. Exports can occur in a variety of ways, including through oral or visual disclosures or through email communications. "Release" or disclosure of technology or source-code to foreign nationals is also an export, even if the foreign national is a RSG employee, and even if he or she is located within the United States. "Release" can include oral exchanges of information, visual inspection and the application to situations abroad of knowledge or technical experience acquired in the United States.

**Re-Export** - the transfer or transmission (by whatever means) of an item or information from one foreign country to another foreign country, or to an unlicensed dual-national/third-country national ("DN/TCN") in any country. Re-exports of U.S.-origin items or technology are subject to U.S. control. Thus, if the original export of an ITAR or EAR-controlled item from the United States to a foreign country required a license, the transfer of that item to another country, or to an unlicensed DN/TCN, also may require the approval of DDTC or BIS.

**Re-Transfer** – the transfer or transmission (by whatever means) of an item or information from the original recipient to a third party. Export licenses are not transferable. For example, a license issued to company X to export a defense article or service to company Y, does not authorize the transfer by Y of the article or service to company Z, unless company Z was originally designated on the license. Similarly, if an item was authorized for export for a particular end-use, it cannot be transferred for a new end-use without authorization.

## 6.2 ACRONYMS/GLOSSARY

<b>ECCN</b>	Export Control Classification Number – A database of classification numbers for products.
<b>IT</b>	Information Technology
<b>ITAR</b>	International Traffic in Arms Regulations – State Dept export rules
<b>EAR</b>	Export Administration Regulations – Commerce Dept export rules
<b>USML</b>	US Munitions List – 21 categories of items subject to the ITAR
<b>CCL</b>	Commerce Control List – some 500 ECCNs describing items subject to the EAR
<b>IT</b>	Information Technology
<b>MLI</b>	Munitions List Items
<b>CCLI</b>	Commerce Controlled List Items
<b>VPN</b>	Virtual Private Network
<b>DSP-61</b>	Form required for temporary import of Unclassified Defense Articles
<b>DSP-5</b>	Permanent Export License for Defense Articles
<b>DSP-73</b>	Temporary Export License for Defense Articles
<b>TAA</b>	Technical Assistance Agreement
<b>MLA</b>	Manufacturing License Agreement
<b>BIS</b>	Bureau of Industry and Security – US Dept. of Commerce
<b>DN/TCN</b>	Dual-National/Third-Country National
<b>ECR</b>	Export Control Reform – a major Presidential initiative that will, among other things, transfer export licensing of many ITAR parts and components to the EAR

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## 7 ORGANIZATIONAL REQUIREMENTS

### 7.1 HUMAN RESOURCES ("HR")

Hiring and assigning new personnel should be through utilization of the definition of a US person as per the ITAR and EAR. Only a designated US person is allowed access to data, technology and material that are controlled under the ITAR, without government authorization. EAR-controlled information may also require a license before disclosure. H.R. should consult with the Export Compliance Officer before hiring any non-US person to determine what restrictions may apply.

#### 7.1.1 HR Responsibilities

HR must identify and vet domestic and foreign persons (e.g. employees, contractors, interns) through appropriate background checks and the use of "E-Verify". HR must work closely with the company's empowered officials and other ITAR/EAR compliance-trained personnel to ensure that the screening process is appropriate for the position, whether filled through a new hire or through internal transfers. HR should also ensure that ITAR/EAR compliance training is given promptly on the assumption of new responsibilities. As part of this, HR must caution new employees not to discuss the substance of their ITAR-controlled knowledge or activities with individuals lacking appropriate clearances or license authorizations, and should ensure employees are appropriately briefed on their obligations and responsibilities with regard to ITAR compliance.

#### 7.1.2 E-Verify and the I-9 Process

Certain combinations of identifications that are sufficient to establish work authorization are insufficient to confirm as a U.S. Person. Moreover, once work authorization is established using the I-9, further inquiry into additional identification or national origin must cease as a matter of law. *Therefore HR must use a separate procedure* to qualify those employees whose duties allow access to ITAR or EAR controlled material. At RSG this due diligence to establish U.S. Personhood applies to all employees.

All employees with trade compliance responsibilities should be evaluated on how well they perform these responsibilities. Export control compliance should be identified in each employee's job description and annual performance evaluation.

Procedures should be developed to identify foreign job applicants and the clearance process for employment. Internal transfers of foreign person employees should also be explicitly addressed.

"Green cards" and visas can expire, so HR must maintain a tickler file with their expiration dates, so that appropriate and timely action can be initiated to prevent inadvertent violative disclosures to foreign-person employees.

#### 7.1.3 Procedure to verify US personhood.

To avoid conflict with employment and privacy laws, this procedure must be kept separate from the I-9, which is dedicated to the eligibility of the prospective employee to legally work for hire in the U.S., and cannot be counted on to determine U.S. Personhood. Because RSG engages in work products and tasks that are export-controlled under the ITAR and/or EAR, it is legally mandated that RSG's HR confirm this status for all prospective and active employees. A core factor in this procedure is to issue a formal notice to each such employee with substantially the following content:

*“We understand your obligation with the company regarding employment eligibility verification has been fulfilled with the documentation you have provided during the completion of the I-9 form and/or E-Verify.*

*“This company has a requirement as a government subcontractor to maintain a registration with the United States Department of State's Directorate of Defense Trade Controls (“DDTC”). The registration is with DDTC pursuant to provisions of the Arms Export Control Act (“AECA”) and the International Traffic in Arms Regulations (“ITAR”). This company also deals with sensitive hardware/technology subject to the export controls of the United States Department of Commerce, as embodied in the Export Administration Regulations (“EAR”).*

*“In order to comply with the requirements of the ITAR and EAR, we are required to request specific documentation in order to verify “US person” status as described by the DDTC. For employment purposes, a “US person” is someone possessing one of these documents: (i) US birth certificate, (ii) US passport, (iii) Certificate of Naturalization, or (iv) current Green Card (form I-551) proving your status as a permanent resident of the US. As a matter of policy, we have decided to also accept a valid, current US voter registration card as proof of US citizenship, and therefore as a US person.*

*“According to our files, there is no evidence of your having provided to us any of the listed documents. Therefore, we are requesting from you a copy of one of the listed documents in order to complete our files and verify compliance. Note that this is completely separate from the I-9 procedure that establishes your right to work for hire in the United States, and serves a completely different purpose, namely to document that you are a US person, legitimately permitted to access technical data and drawings that are export-controlled. If you are a foreign person but need to access controlled tech data to do your job, it may be possible to get a special employee export license for you allowing this.”*

**7.1.4 State/ITAR vs Commerce/EAR re Personnel**

State/ITAR personnel rules are more restrictive than Commerce/EAR rules. Since RSG deals with both jurisdictions, our procedures must default to the more restrictive. Therefore, the list HR maintains of all foreign national employees should include the birth nationality, if different from their current foreign national status. Additionally, if any foreign nationality involves those listed in ITAR § 126.1, HR should (i) read the details in the particular country § 126.1 citation paragraph, and (ii) coordinate any issues with the company's empowered official.

ITAR § 126.1 Country List	
<i>Afghanistan: 126.1(g)</i>	<i>Ivory Coast (Cote d'Ivoire): 126.1(c)(1), (q)</i>
<i>Belarus: 126.1(a)</i>	<i>Lebanon: 126.1(c)(6), (t)</i>
<i>Burma: 126.1(a)</i>	<i>Liberia: 126.1(c)(7), (o)</i>
<i>China: 126.1(a)</i>	<i>Libya: 126.1(c), (k)</i>
<i>Congo, Democratic Republic of: 126.1(c)(2), (i)</i>	<i>North Korea: 126.1(a), (c)(9)</i>
<i>Cote d'Ivoire (see Ivory Coast)</i>	<i>Somalia: 126.1(c)(10), (m)</i>
<i>Cuba: 126.1(a), (d)</i>	<i>Sri Lanka: 126.1(n)</i>
<i>Cyprus: 126.1(r)</i>	<i>Sudan: 126.1(a), (c)(11), (d), (v)</i>
<i>Eritrea: 126.1(a), (c)</i>	<i>Syria: 126.1(a), (d)</i>
<i>Fiji: 126.1(p)</i>	<i>Venezuela: 126.1(a)</i>
<i>Haiti: 126.1(j)</i>	<i>Vietnam: 126.1(l)</i>
<i>Iran: 126.1(a), (c), (d)</i>	<i>Zimbabwe: 126.1(s)</i>
<i>Iraq: 126.1(f), 123.17(h)</i>	



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## 7.2 ENGINEERING

New product development efforts should always include, early in the process, a review by the Export Compliance Officer. One reason is that the intent of the design engineers can make a difference later on in item classification. An export-savvy review early-on can ensure that documentation clearly reflects the intent in a way that does not unintentionally bias a later-classification towards ITAR-jurisdiction.

Any exchange of technical data, including but not limited to drawings and specifications, whether in writing, on a disk, within email or verbal exchanges between US and Non-US Persons may be governed by the ITAR/EAR regulations.

All technical people should avoid discussing any technical aspects of the business conducted at RSG with any non-RSG employee, on the phone, via email or in person, unless that person is clearly identified as a US Person (citizen or Green Card) or prior approval of the Export Compliance Officer is obtained.

**NOTE:** All RSG developed technical documents will display the following statement:

***“THIS IS A RSG EXPORT-SENSITIVE DOCUMENT THAT MUST NOT BE DISCLOSED TO NON-US PERSONS WITHOUT RSG APPROVAL AND ANY REQUIRED LICENSING FROM THE US STATE DEPARTMENT AND/OR COMMERCE DEPARTMENT.”***

## 7.3 SOFTWARE DEVELOPMENT

The exchange of technical data and source code, including but not limited to drawings and specifications, whether in writing, on a disk, in email or verbal exchange between US and Non-US Persons or with overseas locations may be governed by the ITAR/EAR regulations.

All software developers should avoid discussing any technical aspects of the business conducted at RSG with any non-RSG employee, on the phone, via email or in person, unless that person is clearly identified as a US Person (citizen or Green Card), located within the United States, or prior approval of the Export Compliance Officer is obtained.

## 7.4 BUSINESS DEVELOPMENT/MARKETING

All marketing materials including mock-ups or demos must be scrubbed of any data or product information that would violate the ITAR and EAR regulations. In most instances detailing the “What” of the products performance may be acceptable, but not the specific “How” of the systems capabilities.

These rules apply whether a Demo is performed at a RSG facility, at a customer site, an overseas facility (in which case an Export License may be required) or at a trade show (again, if overseas, an export license may be required). At all Demos and Trade shows, the principal risk is the unintentional disclosure of technical data. The equipment / mock-ups / data / software, must be closely monitored and controlled at all times. This would include night time and any other off duty hours.

Any non-functional mock-ups that do not disclose any technical details would not fall under this proviso. The mock-up should not provide any technical detail that might assist in reverse engineering the product.

## 7.5 INFORMATION TECHNOLOGY (IT)

RSG's IT administrators must all be cleared as US Persons to avoid inadvertent foreign person access to ITAR/EAR technology. IT administrators must have sufficient training

in ITAR/EAR compliance to accomplish this responsibility. Regularly scheduled oversight and self-assessment are integral to this program. In relationship to export regulations and control, RSG's IT dept. is tasked with the protection of sensitive technical data from leaking to the outside world. This is both a business competition issue and an export-compliance issue.

For any export that is by electronic means (email and telephone) or by visual or oral disclosure, a record of the export needs to be maintained. The record should identify the date, method of transmission, and a description of the technical data that was exported. We have created a "Tech Data Export Log" form for this purpose. See ¶16.8 *herein*.

IT develops and maintains explicit policies and procedures for the segregation of ITAR-controlled technical data, designs and related documents to prevent unauthorized disclosure to foreign persons.

***NO ACCESS WILL BE ALLOWED TO RSG'S INTERNAL NETWORK. THIS INCLUDES SOFTWARE DEVELOPMENT DATA, TEST DATA AND SUPPORTING DOCUMENTATION. ADDITIONALLY, NON-RSG INDIVIDUALS SHALL NOT HAVE ACCESS TO RSG SYSTEMS USING ANY TYPE OF VPN.***

### **Viewing Access Exception**

If the need arises to grant access to a Non-U.S. Person as a requirement for an on-going project or for a marketing demonstration or any technical discussions, permission shall be granted only by a RSG employee of Director level with the consent of the Export Compliance Officer.

Such permission shall be granted only to US Persons or as otherwise permitted by license or under the EAR, and only after an appropriate briefing/training relative to US export controls.

Any special access to RSG's FTP sites must be granted by the IT department with the approval and consent of the Export Compliance Officer and in accordance with RSG's FTP procedures.

## **7.6 FACILITIES**

As a general rule, all technical data drawings and documents, ITAR/EAR controlled equipment and the like, should be stored in such a manner that visitors to RSG's offices, lab areas and development areas do not have viewing access to the material. Special attention should be devoted to visitors that are Non-US Persons.

All employees will use their designated access badges to enter the facility. If you have forgotten to bring your access card on a particular day, you will obtain a temporary access card at the reception desk. RSG employees who are U.S. persons shall wear a White identification badge with their picture. RSG employees who are non-U.S. persons shall wear a Red identification badge with their picture. The badge should be displayed front-side and waist-to-chest high on the exterior of their clothing.

The reception person should screen all visitors to RSG's facilities. All visitors will record their information on the Visitor Log located at the reception desk and receive a Visitor badge. All visitors should be escorted by the person with whom they have an appointment. Visitors will return the badge upon exit and will record the time leaving RSG in the log sheet. The visitor must be advised to wear the badge at all times while in the facility.

It is the hosting RSG employee's responsibility to enforce the above escort procedure for visitors. It is also the RSG hosting employee's responsibility to make sure that the visitor's temporary badge is returned to the receptionist at the end of the visit.

Non US Persons (non-US Citizens or non-permanent residents) will receive a specially designated **RED** color coded badge stating in bold letters: "**Non US Person – Escort Required**". Visitors who can show through appropriate documentation that they are US Persons, will be issued a BLUE visitor badge.

RSG has a secure, segregated and clearly labeled ITAR area. Entry to the ITAR area is strictly controlled by cardkey access. All RSG employees are required to be appropriately badged. However, cardkey access is only provided to employees who are US Persons. Non US Persons are not allowed in this area unless they are approved and escorted by a RSG employee with access to the area.

RSG's Export Compliance Officer is empowered to grant foreign-person employees certain cardkey access, on a case-by-case basis, and taking into account any export licenses or license exemptions/exceptions that permit such facilities access. Any such access approval for a foreign-person employee must be kept in writing, with the justification(s) explained.

Under no circumstances, will Non-US Persons be allowed in direct view of ITAR/EAR controlled material, technical data of any type, drawings etc., without express approval of the Export Compliance Officer. Normally, the mere viewing of export-controlled hardware does not disclose controlled data, but the final decision of that belongs to the ECO.

All Non US Person visitors will produce their foreign passport for ID upon entry. A photocopy of the passport's front page (with personal details and picture) will be kept on file. Note: visitors without sufficient documentation to demonstrate their US personhood will be presumed to be foreign persons, and red-badged accordingly during the visit.

Signs will be posted at the entrance to all technical areas that indicate that that the area is an "Export Controlled Area and that Non-US Persons Must be Escorted". (See sample documents at §§ 16.15 and 16.16, below.)

Plant visits by Non US Persons must be reviewed and approved in writing by the Export Compliance Officer in advance of granting entry. Protocols for preventing accidental exposure of controlled material, such as covering drawings posted at workstations with butcher paper, or turning off computer screens during such visits, must be approved by the ECO.

All RSG employees are directed to secure all technical information such as: manuals, drawings, software etc. at the end of each workday. Such documentation should be placed in a drawer, a cabinet or locked in a controlled-access room. Employees are directed to seek assistance from their respective supervisor to implement this requirement.

## 8 WHAT TO DO WHEN TRAVELING

### 8.1 COMPANY AND PERSONAL LAPTOP COMPUTERS & SMART PHONES

All RSG employees are cautioned that ITAR- or EAR-controlled data are very likely present on any engineer's computer. Even if you have assiduously cleansed your hard

drive of tech data and drawings from recent “hot topic” proposals, the simple accumulation of tech data from various projects over the years virtually assures that your laptop contains controlled data not covered by current export licenses. Emails and their attachments are another source of commonly overlooked transgressions. There is a limited exemption that is generous, but complex, and applies only to our US-person employees. Therefore, it is RSG’s policy that if you need a computer while overseas on RSG business, do not take your personal computer/laptop:

- You must check out a “clean” laptop for that purpose, unless you are given a variance in writing by RSG’s ECO.
- Carry only the data files you need.
- Coordinate and clear the contents of your travel laptop with RSG’s Export Compliance Officer
- Smartphones and thumb drives are also dangerous. Either check out a clean one from IT, or (after backing up your smart phone or PDA on a stay-at-the-office computer) purge your portable devices of emails and other technical data files.
- If you forget some files that are covered by a current export license, or if you need to have data files that are **not** covered by **any** export license, do not worry. In most cases we can email the forgotten files, or even FedEx you a CD or thumb drive containing them. There is an ITAR exemption that allows this. However, because this exemption itself has exemptions, each such transmission of files to you overseas must be cleared by our Export Compliance Officer.
- All tech data must be carefully protected while overseas, whether covered by an export license or not. Use the same sense of prudence that you would with a wallet full of cash. Don’t leave your computer or that stack of scale drawings on the hotel bed; put it in the room or hotel safe, or carry it with you. Avoid any situation where the documents or files might be easily compromised by foreign persons.
- Remember that exporting is not just crossing a border. Disclosing tech data to a foreign person in a conference room or bar is just as bad a violation.
- *RSG has decided to install a device-level encryption capability as mandatory for those traveling for the company, and is evaluating solutions with its IT personnel. Meanwhile, employees will follow the above procedures at a minimum.*

## 8.2 **HARDWARE AND GENERAL RULES**

Export-control regulations do not require that you be invulnerable, nor omniscient. If you are accosted on the street and your laptop or papers are stolen, that is not necessarily a violation. If your hotel room is burglarized while you sleep and the brazen thief steals your briefcase from your room, that is also likely not a violation, assuming you took diligent measures to protect it in the first place. What the regulations require is that you exercise the due-diligence that a “prudent man” would follow. This is why we tell you in training to treat your briefcase or computer as if it were filled with cash, and act accordingly. Two final notes:

- If you do suffer some mishap regarding loss or compromise of ITAR/EAR-controlled hardware, software or tech data, you must contact our Export Compliance Officer at once.

- Hardware defense articles cannot be exported without a license or a specific exemption. Unlike most tech data, hardware not covered by a license or a specific exemption cannot be FedExed to you under the exemption.

## 9 SHIPPING AND RECORDKEEPING

### 9.1 DOMESTIC SHIPPING:

As a general rule, domestic shipping will not trigger a requirement for an export license or other authorization, unless the shipment is intended for a non-US person and/or the US destination is a freight-forwarder. However, all domestic shipments should include the below-specified destination control/diversion statement on the packing list and invoice.

*Unless otherwise noted, this quote or invoice may include items from the U.S. Munitions List (USML) or the Commerce Controlled List (CCL). USML/CCL commodities are controlled by the U.S. Government and in many cases cannot be transferred (exported, sold or given) to a foreign country, a non-U.S. Citizen/National, or a non-Permanent U.S. Resident without a valid State/Commerce Department export authorization. **It is the responsibility of the purchaser to determine what the applicable requirements may be and to obtain all necessary authorizations, licenses or approvals.** The use, disposition, export and re-export of the property covered or included in this quote or invoice, is subject to the provisions of law included in, inter alia, the Arms Export Control Act (22 USC 2751 et seq.); Export Administration Act of 1979 (50 USC App. 2401 et seq.) as contained under Executive Order 1294; International Traffic in Arms Regulation (22 CFR 120 et seq.); Export Administration Regulations (15 CFR 730 et seq.); Foreign Assets Control Regulations (31 CFR 500 et seq.) and the Espionage Act (18 USC 793 et seq.).*

### 9.2 INTERNATIONAL SHIPPING

#### **Determining whether a license is necessary.**

This is the responsibility of the Export Compliance Officer. As the Volume of export activity increases, it will be assessed whether additional training will be afforded to specific employees for the purpose of classifying items for export.

#### **Required Documentation:**

Air Waybill, Commercial Invoice, Disclosure Statement, ACE/EEI filing.

#### **Shipping with a license:**

A license from State or Commerce must be secured prior to any overseas shipping requiring one. License control and tracking (decrementing quantities and /or dollar values per license limits) must be maintained at all times. DSP-5s and DSP-6s must be lodged with Customs prior to shipping and prior to making the ACE/EEI filing. DSP-61s/-62s and DSP-73s/-74s are presented to Customs at time of exit/entry. Commerce licenses do not need to be lodged with Customs. Freight forwarders have various procedures for handling controlled shipments. Consult with the freight forwarder to determine that their particular procedures are being properly followed to ensure that the shipment is handled correctly.



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**Diversion Clauses are required for all international shipments:**

RSG's Bill of Lading and Commercial Invoice on all international shipments must display the following statement, depending on whether the items are governed by the ITAR (State) or by the EAR (Commerce).

*per ITAR 123.9(b) and EAR § 758.6*

*“These items are controlled by the U.S. Government and authorized for export only to the country of ultimate destination for use by the ultimate consignee or end-user(s) herein identified. They may not be resold, transferred, or otherwise disposed of, to any other country or to any person other than the authorized ultimate consignee or end-user(s), either in their original form or after being incorporated into other items, without first obtaining approval from the U.S. government or as otherwise authorized by U.S. law and regulations.”*

Moreover, under RSG policy, the classification of the goods (either USML category or ECCN) must appear on a document such as our Bill of Lading that accompanies the shipment all the way to the end-user. This also accommodates the lesser requirement as stated in the EAR that, in addition to the DCS, the specific ECCN must appear there for any 9x515 or “600-series” ECCNs for items being shipped or exported in tangible form. (Note: these DCS rules do not apply to electronic disclosures.)

**9.3 IN ALL SHIPPING MATTERS**

Sometimes, exports are drop-shipped for RSG by other U.S. manufacturers.<sup>6</sup> Of course, RSG also makes export shipments directly. When RSG exports directly, the following rules apply, with supporting forms in the back of this manual.

- For each customer and/or project, an End-Use / End-User statement must be filled out and signed prior to shipping, if that information is not already included in the Purchase Order. The corresponding Purchase Order must be cited on separate End-Use/End-User statements. (See sample document, below, at § 16.1)
- A Customer / Project Shipping Authorization (See sample document at § 16.4) must be properly detailed and signed by all parties for approval. Any required licenses (Commerce or State Dept.) must accompany these authorizations and must be attached in hard copy form to this authorization.
- All shipments must have a packing list detailing all components. Such Packing List must have the proper diversion warning language as detailed above. If the item is classified as a 600-series ECCN, the ECCN must be printed on all shipping documents. See sample Packaging Slip, below, at § 16.5. A copy of the Package Slip is set up to serve as a checklist to confirm in a written record that only the authorized items were shipped. See this modified sample form at § 16.6, below.
- The above is mainly for hardware. Analogous documentation and procedures for exporting technical data by any method is described in § 9.5, below. Note that even

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<sup>6</sup> RSG is still responsible for export violations made by other manufacturers or freight-forwarders on behalf of RSG. Therefore, RSG's empowered official is responsible for ensuring that all such exports are conducted in compliance with all U.S. export laws and regulations.

in exempted exports of tech data, all such exports must be logged and records kept, and the first tech data export under any authorized license or exemption must also be notified in writing to State/DDTC. The forms at § 16.8 and § 16.9 apply.

#### 9.4 ACE/EEI FILING REQUIREMENTS

The Automated Commercial Environment (ACE) is the system used by U.S. exporters to electronically declare their international exports to the Customs and Border Protection. Formerly, this declaration was only made by the paper form called Shipper's Export Declaration (SED). The electronic equivalent to the paper SED form is the EEI (electronic export information), which is filed via the ACE system. Nowadays, an exporter can file the export declaration electronically via ACE, or pay a freight-forwarder to do it. Currently RSG generally relies on its freight-forwarders to make needed ACE/EEI filings; however, all RSG personnel need to have a basic understanding of when ACE/EEI filings are required. Since the transition to ACE from an earlier electronic filing system known as AES (automated export system) was fairly recent, one still finds many regulatory references to the AES system, even in the ITAR and EAR. Just know that ACE is the new and current EEI filing system – and that SED, AES and AESdirect reflect obsolete terminology that one still hears in the exporting world.

- When is the ACE/EEI information required? On *all* licensable shipments (EAR or ITAR), shipments made using an ITAR exemption, plus some others.
- ACE/EEI entries are ***not*** required when exporting technical data – only for hardware.
- An ACE/EEI record must be filed for exports of physical goods valued at more than \$2,500 per commodity classification code (OR ANY VALUE WHEN BIS LICENSE, DDTC LICENSE or DDTC LICENSE EXEMPTION IS REQUIRED), when shipped as follows:
  - From U.S. to foreign countries,
  - Between the U.S. and Puerto Rico,
  - From Puerto Rico to foreign countries,
  - From Puerto Rico to U.S. Virgin Islands,
  - From the U.S. to the U.S. Virgin Islands, and
  - Licensable commodities (regardless of value).
- The ACE/EEI filing must be made ***only after*** any related ITAR export license is lodged with Customs. And the following lead times are required, depending on method of shipment and whether the items are under ITAR/USML or EAR jurisdiction:
  - USML shipments ACE/EEI lead times, per ITAR ¶ 123.22(b)(1):
    - Air or Truck – 8 hours prior to departure
    - Vessel or Rail – 24 hours prior to departure
  - Non-USML shipments ACE/EEI lead times, per ACE/EEI Best Practice Manual:
    - Vessel – 24 hours prior to departure from U.S. port where cargo is laden

- Air & Courier – 2 hours prior to departure from U.S.
- Rail – 2 hours prior to arrival at the border
- Truck – 1 hour prior to crossing the border
- Mail/Other – 2 hours prior to exportation

## 9.5 EXPORTING TECHNICAL DATA USING EXEMPTIONS

There are numerous exemptions in the ITAR and EAR for exporting technical data. At RSG, for example, we make extensive use of certain tech data exemptions every time we get an approved TAA. Our policy is to document each use of tech data exemptions following the “certification” requirements in § 125.6 of the ITAR, which reads as follows:

*§ 125.6 Certification requirements for exemptions.*

*(a) To claim an exemption for the export of technical data under the provisions of this subchapter (e.g., §§125.4 and 125.5), the exporter must certify that the proposed export is covered by a relevant section of this subchapter, to include the paragraph and applicable subparagraph. Certifications consist of clearly marking the package or letter containing the technical data “22 CFR [insert ITAR exemption] applicable.” This certification must be made in written form and retained in the exporter's files for a period of 5 years (see § 123.22 of this subchapter).*

*(b) For exports that are oral, visual, or electronic the exporter must also complete a written certification as indicated in paragraph (a) of this section and retain it for a period of 5 years.*

## 9.6 RECORDKEEPING

### 9.6.1 Export Records:

RSG has adopted a policy of retaining export records for a period of 15 years. There are regulatory minima for various types of export records, but having a default of 15 years simplifies procedures. The regulatory minimum in the case of both the ITAR and EAR is 5 years from the date of export or the date of expiration of the license that authorized shipment. Each export shipment should include: an Air Waybill, a Commercial Invoice and a Packing List. In addition, any materials used to self-classify a product, any emails from vendors indicating an ECCN, or any screening process, need to be documented and maintained with the above-mentioned shipping documents.

### 9.6.2 Import Records:

All records relating to incoming shipments to RSG must be maintained for a period of at least five (5) years. It may be necessary at some point in the future to ship items back for repair or exchange at which time the proof of entry into the U.S. may be required.

**NOTE:** You must inspect the packaging, inside and out, for shipping documentation.

If the export or import was done under the auspices of an ITAR or EAR license, the retention period is five (5) years from the date of expiration of the related license.

### 9.6.3 Record Retention Specifics:

In order to comply with RSG's record retention obligation, the following records must be maintained for fifteen (15) years after the last date of export or report:

1. Records concerning the political contributions, fees, or commissions furnished or obtained by RSG employees.
2. Records concerning CCL and USML item classifications and classification requests;
3. Commercial invoices, bills of lading, air waybills and contracts that evidence or document export transactions; and
4. Copies of ACE or EEI filings.
5. Records need to be easily available for inspection and copying by the appropriate government agency with jurisdiction.
6. Records stored in electronic form must be capable of being printed on paper and must be stored in a manner that none of it may be altered once it is initially recorded without recording all changes, who made them and when they were made.
7. In addition, whenever one is required to make any of the various reports under ITAR part 130, those records must be kept for a period of five years following the date of the report.
8. The original, signed versions of all required documents should be kept with the master set. In the event of a State or Commerce compliance audit, they will need to see the originals.
9. Records retention rule-of-thumb at RSG is 15 years, based on the typical term of DDTC licenses used by RSG. However, 5 years from date of expiration of any license or last export activity under the license is the regulatory minimum. Certain licenses used to have to be returned to the DDTC after they expire, but with the advent of the electronic licensing system, those rules no longer obtain.
10. When an exemption is claimed for the export of unclassified technical data, the exporter must comply with the procedures in ITAR section 124.3 or 125(b). At a minimum, records must be maintained for each such export to include a description of the unclassified technical data, the name of the recipient, end-use, the date and time of the export, and the method of transmission.
11. As described above, shipping records are required, to include ACE/EEI files, invoices, waybills, etc. To summarize, the minimum records in the document-retention system should be:
  - Export License or Other Approval
  - Documents Supporting the Approval Request
  - Invoice
  - Packing Slip
  - Bill of Lading
  - Airway Bill
  - Purchase Order
  - DSP-83
  - Delivery Verification
  - Foreign Import Certificate
  - Technical Data Exemption
  - Other Exemptions and Exceptions
  - Visits and Tours by Non-US Persons

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#### 9.6.4 Tickler System

- A tickler system must be established regarding certain license provisos, renewal dates of DTC registration & digital certificates, and so on. Other required notifications that are event-based, such as material changes to the data in the DS-2032 or various prior notifications, are also needed in the system.
- The tickler system must also track certain export licenses that must be returned by RSG to the DDTC after they expire, either by date or when the total value or quantity authorized is expended. This applies to DSP-61 and DSP-73 form licenses. DSP-5 licenses that are required to be lodged with Customs are not the responsibility of RSG to return to DDTC. RSG is responsible, however, for returning DSP-5 licenses that are not required to be lodged with Customs, such as certain tech data/marketing licenses.

#### 9.6.5 Recordkeeping Responsibilities:

The Export Compliance Officer is ultimately responsible for maintaining all of these documents, in written or electronic form consistent with the EAR and the ITAR. The Export Compliance Officer has established procedures with relevant personnel for the appropriate generation, forwarding and retention of these documents. For more information about RSG's record retention procedures please contact the Export Compliance Officer.

### 10 ITEM CLASSIFICATION – IS IT UNDER COMMERCE OR STATE RULES?

The level of control, requirements, restrictions, and potential license exceptions or exemptions that are applicable to a proposed export Item are determined by the item's classification. RSG's exports and imports are classified on *either* the ITAR's United States Munitions List (USML), 22 C.F.R. § 121.1, *or* on the EAR's Commerce Control List ("CCL").

**USML classifications** are typically identified by a roman numeral and sub-heading, e.g., Category XI(c). Items on the USML are controlled because they are specially designed for military end use.

**CCL classifications** are referred to as Export Control Classification Numbers, or ECCNs and consist of a number, the letters A through E, and three additional numbers, e.g., 9A991. Items that are not classified on the USML list will be classified on the CCL, or have the designation EAR 99. Items on the CCL are controlled as "dual use" items, items that are predominantly for commercial use, but which are known to have military applications. Additionally, the Export Control Reform (initial implementation started October 15, 2013) moved some items from the USML to the CCL. These items are military items controlled by the EAR. They are classified as "600-series" items and have some special rules and procedures.

**Order of Review** – when classifying commodities, the following order of review should be followed:

- 1.** Always begin with the ITAR – review the USML for enumerated commodities and if necessary do the specially designed analysis.
- 2.** If not on the USML or caught by the specially designed definition, move to the EAR.



- a. First review the 600-series for enumerated commodities and if necessary do the specially designed analysis. In 600-series ECCNs, it is best to start by reviewing the “.y” paragraph, which lists specific parts/components that have very few restrictions when exporting.
- b. If not in the 600-series ECCN or caught by the specially designed definition move the remaining portions of the CCL
- c. If not in the CCL, but is subject to the EAR, the item is EAR99.

It is RSG’s policy to obtain in writing from the manufacturer the USML and/or CCL classification of the items it is asked to broker, export or import. In the event a manufacturer provides you with a classification that does not seem correct, please contact the Export Compliance Officer or Empowered Official to determine the correct classification.

### 10.1 USML CLASSIFICATION

As a general rule of thumb, if an item is specially designed as a defense article, or to be component of a defense article, it is controlled as a defense article. The comprehensive listing of these is found in Part 121 of the ITAR, and is known as the U.S. Munitions List (“USML”).

In order to determine the USML classification of an item, you must read through each of the USML Category and sub-category descriptions contained in 22 C.F.R. § 121 of the ITAR. Items will be classified under one of Categories I through XXI on the USML. But you must also balance your careful review of the § 121 USML category descriptions against the new definition of the term "specially designed" at ITAR § 120.41, which is both convoluted, totaling nearly 2 full pages in the ITAR, and more a logic flow than a simple definition.<sup>7</sup>

USML Categories (from the ITAR)	
(United States Munitions List)	
Code	Description
I	<b>Firearms, Close Assault Weapons &amp; Combat Shotguns</b> <small>Id(I) Combat Shotguns Ij(j) Breach etc. Ih(h) Parts Ii(i) Tech Data</small>
II	<b>Guns and Armament</b> <small>Ii(i) Over 50 cal. Ij(j) Tech Data Ik(k) Tech Data</small>
III	<b>Ammunition/Ordnance</b> <small>III(d) Parts III(e) Tech Data</small>
IV	<b>Launch Vehicles, Guided Missiles, Ballistic Missiles, Rockets, Torpedoes, Bombs and Mines</b> <small>- Various - IV(h) Parts IV(i) Tech Data</small>
V	<b>Explosives and Energetic Materials, Propellants, Incendiary Agents and Their Constituents</b> <small>V(f) Parts V(g) Tech Data</small>
VI	<b>Surface Vessels of War and Special Naval Equipment</b> <small>VI(f) Parts VI(g) Tech Data</small>
VII	<b>Ground Vehicles</b> <small>VII(g) Parts VII(h) Tech Data</small>
VIII	<b>Aircraft &amp; Associated Equip.</b> <small>VIII(b) Parts VIII(h) Tech Data</small>
IX	<b>Military Training Equipment</b> <small>IX(h) Parts IX(i) Tech Data</small>
X	<b>Protective Personnel Equip.</b> <small>X(d) Parts X(e) Tech Data</small>
XI	<b>Military Electronics</b> <small>XI(c) Parts XI(d) Tech Data</small>
XII	<b>Fire Control, Range Finder, Optical and Guidance and Control Equipment</b> <small>XII(a) FCS etc. XII(c) SVG etc. XII(e) Parts XII(f) Tech Data</small>
XIII	<b>Materials &amp; Misc. Articles</b>
XIV	<b>Toxicological Agents, Including Chemical Agents, Biological Agents, Associated Equip.</b> <small>- Various - XIV(m) Tech Data</small>
XV	<b>Spacecraft Systems and Associated Equipment</b> <small>- Various - XV(i) Parts XV(j) Tech Data</small>
XVI	<b>Nuclear Weapons, Design and Testing Related Items</b>
XVII	<b>Classified Articles, Data &amp; Services Not Otherwise Enumerated</b>
XVIII	<b>Directed Energy Weapons</b> <small>XVIII(e) Parts XVIII(f) Tech Data</small>
XIX	<b>Gas Turbines &amp; Assoc.</b> <small>XIX(d) Parts XIX(g) Tech Data</small>
XX	<b>Submersible Vessels &amp; Related Articles</b> <small>XX(e) Parts XX(f) Tech Data</small>
XXI	<b>Articles, Data &amp; Services Not Otherwise Enumerated</b>

<sup>7</sup> There is a nearly-identical definition of "specially designed" in the EAR at Part 772. But because the ITAR "trumps" the EAR, the order of review requires that the ITAR be ruled in or out first, before considering the ECCN classifications in the EAR's Commerce Control List.

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**Significant Military Equipment ("SME")** is identified by an asterisk preceding the USML category. Technical data directly related to the manufacture or production of any defense articles enumerated in any category designated as SME is also designated as SME. SME items require a DSP-83 to be executed.

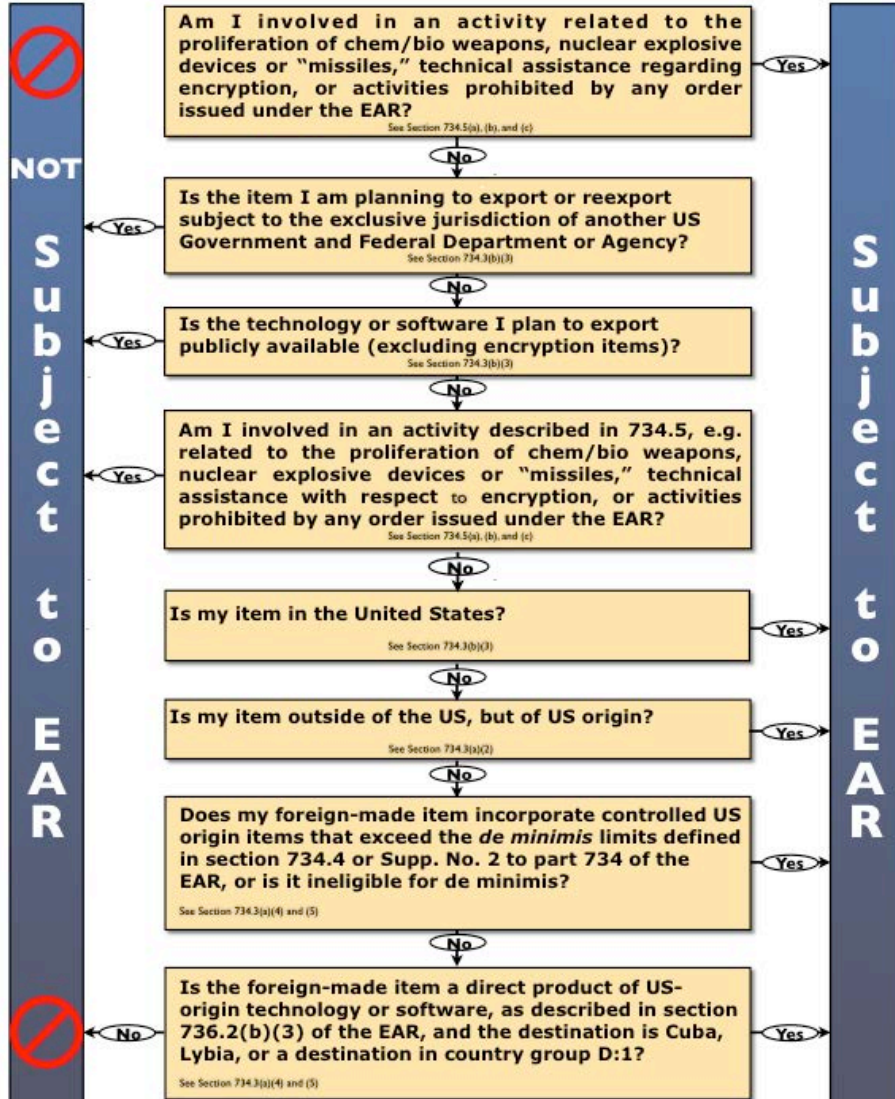
**Missile Technology Control Regime ("MTCR") Annex** is identified with the parenthetical "(MT)" at the end of a U.S. Munitions List paragraph. MTCR is a treaty-like policy instrument among the United States, the United Kingdom, the Federal Republic of Germany, France, Italy, Canada, and Japan, announced on April 16, 1987, to restrict sensitive missile-relevant transfers based on the MTCR Annex, and any amendments thereto. 34 countries are Partners in the MTCR, per <https://mtcr.info>.

**Specially Designed definition** will catch some commodities not enumerated on the USML. See the ITAR § 120.41 for the details of the specially designed definition. DDTC's website also offers a decision tool on their website at [https://www.pmdtdc.state.gov/ddtc\\_public?id=ddtc\\_public\\_portal\\_dt\\_specially\\_designed](https://www.pmdtdc.state.gov/ddtc_public?id=ddtc_public_portal_dt_specially_designed).

## 10.2 CCL / ECCN CLASSIFICATION

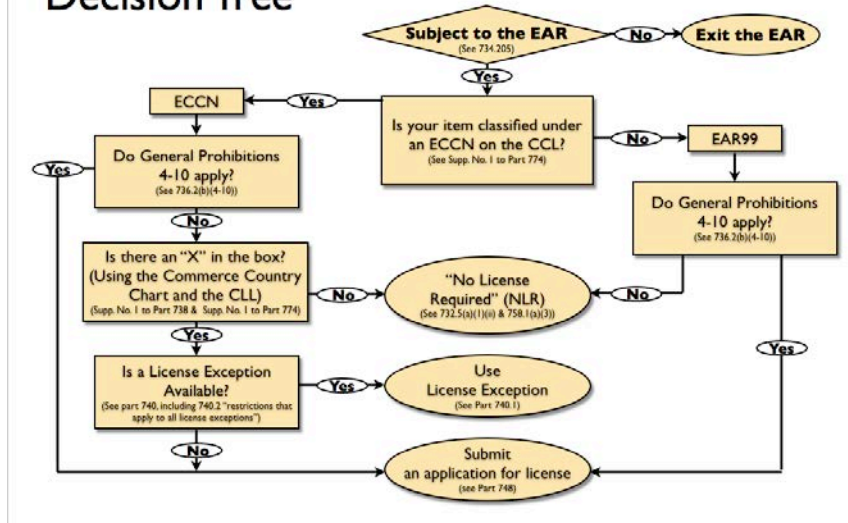
If you have already determined that the item is not under the USML, then it is necessary to determine whether the item is subject to the Commerce Department jurisdiction under the EAR. The following logic flow chart can be useful here.

## Subject to the EAR?

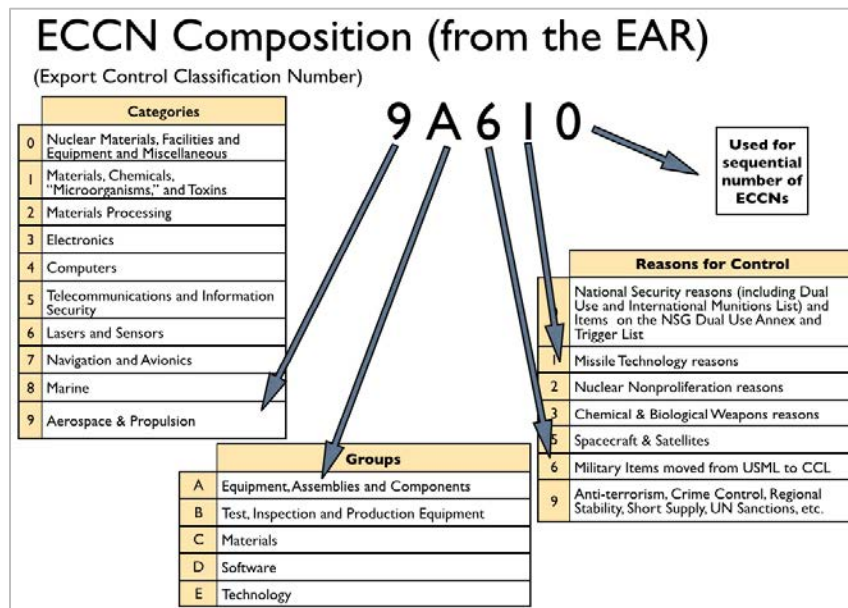


A key in determining whether an export license is needed from the Department of Commerce is knowing whether the item you are intending to export has a specific Export Control Classification Number (ECCN). The ECCN is an alpha-numeric code, e.g., 9A610, that describes a particular item or type of item, and shows the controls placed on that item. All ECCNs are listed in the Commerce Control List (CCL) (Supplement No. 1 to Part 774 of the EAR) which is available on the BIS Website. Items that are not identified on CCL are referred to with the ECCN "EAR 99."

## Commerce Dept. Export Control Decision Tree



Once determined to be subject to the EAR, per the previous page graphic, one can follow the above decision tree (together with the "country charts" in the EAR) to decide Commerce Department licensing issues. A common ECCN for our purposes is 9A610, for military aircraft that transitioned from the ITAR to the EAR under Export Control Reform ("ECR").



The CCL is divided into ten broad categories, and each category is further subdivided into five product groups.

Unlike most defense articles (i.e. State Department or "ITAR" items), whether a CCL-classified item requires an export license depends upon the policy under which it is controlled, (e.g., Anti-Terrorism or AT), and the destination. The Commerce Department regulations require companies to consult the Commerce Country Chart, 15 C.F.R. § 738

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Supplement No. 1, to determine whether a particular ECCN is controlled for export to a particular country. This process is counterintuitive, prone to subtleties, and the regulatory rules are constantly under revision. So in RSG, all item classifications will be performed by the Export Compliance Officer.

### **License Exemptions / Exceptions**

If a license is required for your transaction, a license exemption or exception may be available. License Exceptions (Commerce), and the conditions on their use, are set forth in 15 C.F.R. Part 740 of the EAR. License Exemptions are noted in a number of places in the ITAR. Your Export Compliance Officer must approve in writing the use of any license exemption or exception (State Department and Commerce Department terms, respectively).

### **10.3 NOTIFICATION OF FREIGHT FORWARDERS**

ITAR and Commercial items can both be included the same shipment or even crate, with a single invoice, waybill, etc., provided that each line item is appropriately designated with the classification. Similarly, the ACE/EEI entry to go with this shipment is created on a line-item basis that should match the listing on the shipping documents.

- RSG should inform the freight forwarder of the USML classification and the license number or license exemption that applies to its shipments.

and/or

- RSG should inform the freight forwarder of the ECCN of the items that are being exported as well as if the export of the item is eligible for a license exception, as the designation for a license exception is required on the export documentation filed with the U.S. Government.

RSG should maintain copies of all shipping documentation filed by its freight forwarders. (See details of records retention § 9.6, above.)

### **11 EXPORT CONTROL REFORM GENERAL INFORMATION AND PROCEDURES**

The Export Control Reform revises some categories on the USML and moves some items to the 600-series in the EAR and is incrementally being implemented. As of the date of this manual revision, the following table is current. Note: "Y" is a placeholder in the ECCNs, standing in for "A" (hardware), "B" (test/production equipment), "C"



(materials), "D" (software), or "E" (technology). See "ECCN Composition" chart on page 25, above.

Revised Export Categories per the ECR				
USML	CCL		Description	Effective Date
I	0Y601		Firearms	TBD
II	0Y602		Artillery	TBD
III	0Y603		Ammunition	TBD
IV	9Y604	0Y604	Launch Vehicles/Missiles	Jul 1, 2014
V	1C608 - 1E608		Explosives/Propellants	Jul 1, 2014
VI	8Y609	8Y620	Vessels of War	Jan 6, 2014
VII	0Y606		Tanks/Military Vehicles	Jan 6, 2014
VIII	9Y610 7Y610 (Avionics)		Aircraft and Associated Equipment	Oct 15, 2013
IX	0Y614		Training Equipment	Jul 1, 2014
X	1Y613		Personal Protective Equipment	Jul 1, 2014
XI	3Y611	3Y620	Electronics ("Interim Final Rule")	Dec 30, 2014
XII	TBD		Fire Control/NV	TBD
XIII	0Y617 -	6Y617 - 8Y617	Miscellaneous	Jan 6, 2014
XIV	1C607		Toxicological Agents	TBD
XV	9Y515	3Y611 - 9Y604	Spacecraft/Satellites	Jul 1, 2014 (Radiation-hardened)   11/10/2014 (All others)
XVI	0B618 - 0A607		Nuclear Weapons	Jul 1, 2014
XVII			Classified Articles, Data, Services	Oct 15, 2013
XVIII	N/A		Directed Energy Weapons	TBD
XIX	9Y619		Gas Turbine Engines	Oct 15, 2013
XX	8Y620		Submersible Vessels	Jan 6, 2014
XXI			Items Not Otherwise Enumerated	Oct 15, 2013
ITAR §120.41	EAR Part 772.1		"Specially Designed" Definition	Oct 15, 2013

Effective in current ITAR/EAR

Final Rule effective date

Published as a Draft Rule

Once a final rule is published in the Federal Register for a particular category, the implementation will become effective 6 months later. The effective dates are shown in the chart above, and the changes already in effect are also color-coded green.

## 11.1 NOTES ON ITAR LICENSING IN TRANSITION

### 11.1.1 Grandfathering Old Licenses

	Contains Only Items Transitioning to the CCL	Contains Both Transitioning and Non-Transitioning Items
DSP-5	May use for up to 2 years after effective date of transition unless license expires or returned. May amend after effective date on case-by-case basis.	Valid for all items until expiration. May amend after effective date on case-by-case basis,
DSP-61 DSP-73	Valid until expiration. May amend after effective date on case-by-case basis.	
TAA MLA WDA	May use for up to 2 years after effective date of transition unless agreement expires. May amend after effective date on case-by-case basis.	May use for up to 2 years after effective date off transition unless agreement expires. Agreement may be kept valid beyond the 2-year period by submitting amendment to authorize transitioning items under § 120.5(b)

### 11.1.2 For items that transition but were previously authorized for export

- Any limitation, proviso, or other requirement imposed on the DDTC authorization will remain in effect if the DDTC authorization is relied upon for the export.
- Inactive/Expended Authorizations: Reexport/retransfer authorizations will be under Commerce authorizations.
- Active Legacy Authorizations: If the exporter chooses to no longer use the legacy authorization to export EAR controlled items, the exporter must upload a statement into the additional documentation for the DDTC license in D-Trade. The statement should indicate that the DDTC authorization will no longer be used (identify items on the license by their new ECCN) and identify the relevant BIS license number or license exception which replaces the DDTC license.
- If using a legacy license, the ACE/EEI entry should correspond to the information on that license.
- Minor amendments (DSP-6, -62 and -74) are permitted to legacy licenses but any other change requires a replacement license under the new licensing procedures.

### 11.2 USML PARAGRAPH .X

To address the concern of “dual licensing,” a .x sub-category has been created for each revised USML category.

*You will see .x in the ITAR as follows: (x) Commodities, software, and technical data subject to the EAR (see 120.42 of this subchapter) used in or with defense articles controlled in this category. Note to paragraph (x): Use of this paragraph is limited to license applications for defense articles controlled in this category where the purchase documentation includes commodities, software or technical data subject to the EAR (see 123.1(b) of this subchapter.*

To use:

- The purchase documentation must include both USML defense articles and CCL items.
- The items subject to the EAR must be used in or with the USML defense articles
- If used, the exporter must provide the end user and all consignees the appropriate ECCN.

### 11.3 CJ DETERMINATIONS

CJs that determined a commodity is subject to the EAR remain valid. However, CJs that determined a commodity is USML may be superseded by the revisions. A re-classification may be needed per the new rules.

### 11.4 NOTES ON 600-SERIES ECCNS

- If exporting 600-series items, the ECCN of those items must be printed on all shipping documents.
- Restrictions on use of License Exceptions for 600-series items – Refer to § 740.2 **BEFORE** using a license exception for any 600-series item. Most 600-series items may use the following license exceptions if all applicable requirements are met:
  - LVS
  - TMP
  - RPL
  - TSU
  - GOV
  - STA

## 12 TEMPORARY IMPORTS FOR MAINTENANCE, REPLACEMENT AND REPAIR

RSG is sometimes required to make arrangements on behalf of its overseas customers, or U.S. manufacturers, for the maintenance and repair of defense articles. The temporary import of these items into the United States is exempt from licensing under 22 C.F.R. § 123.4. However, incorrect use of the exemption can result in violations of the ITAR or Export Administration Regulations (EAR). Following are the correct procedures.

### 12.1 TEMPORARY IMPORTS OF NON-ITAR-CONTROLLED DUAL-USE ITEMS (COMMERCE CCL)

These are governed by the Export Administration Regulations (EAR), in terms of licensing (or exceptions to licensing). Compared to ITAR shipments, this is little more than, figuratively, putting a stamp on the crate and shipping, as in most cases they are conducted under an exception called RPL. But there are a few points of importance to reduce your customs/duty exposure, as outlined below. Key highlights of the process are set out below, but consult your Export Compliance Officer for more detailed instruction and information

#### 12.1.1 Inbound (i.e. receiving something for repair):

1. Our customer should be sure to ship as “American goods returned.” The HTS number (the first 6 digits of the Schedule B number) for inbound commercial items that are coming for repair or replacement, whether under warranty or not, is 980110.
2. The customer’s shipping documents should say specifically something like “American goods returned” or “U.S.-origin goods being returned for repair or replacement.” **The HTS code 9801.00.1012 is specifically for this**

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**characterization, so it will help US Customs do the right thing if that HTS is also specified.** Note: the 6-digit HTS code is internationally agreed upon, but each participating country is allowed to tailor an additional 4 digits.

3. If this is not clear to Customs in the customer's documentation, you may be assessed duties on the whole shipment.

### 12.1.2 Outbound (i.e. returning the repaired item to your customer):

1. Our shipping documents, waybill, invoice or whatever should have a phrase like "U.S. goods repaired under warranty."
2. The value of the shipment for Customs purposes will be just the value of the repair or replacement.
3. This procedure applies only to 2nd exports, i.e. if the part exited the U.S. before and duties were paid once.
4. **The Schedule B number for all these items is 9801.10.0000.**
5. The Schedule B number for the item is not required if the value of the line item is under \$2500. ACE/EEI filing is likewise not required. Commerce-licensed goods are an exception, and ACE/EEI is mandatory. (Note: outbound defense articles always require an ACE/EEI filing, whether shipped under license or exemption.)
6. An ACE/EEI filing is required for:
  - (i) All export shipments valued at or over \$2500 per Schedule B entry from the U.S. to foreign countries (except Canada);
  - (ii) All licensed shipments regardless of value, including those to Canada;
  - (iii) All exports valued at or over \$2500 from the U.S. through Canada destined to a country other than Canada; and
  - (iv) All export shipments over \$2500 to/from Puerto Rico and to the U.S. Virgin Islands.
7. Classification. Make sure you use the correct ECCN. For your paperwork on these commercial shipments, and especially any ACE/EEI filings you may make, the ECCN for commercial imports and exports could be EAR99, or for aircraft parts 9A991, and so on. Also, in the ACE/EEI filing, enter the Commerce Department export license number for the shipment, or if no license is required then NLR (no license required). Note that ACE/EEI filings are required for commercial shipments valued at \$2,500 or more.
8. For higher ECCN classification number items that would normally require a license to export back to the customer, you can probably use license exception known as "RPL," saving yourself the time and expense of securing a Commerce Department license. Always coordinate with the Export Compliance Officer on this question.

## 12.2 TEMPORARY IMPORTS OF DEFENSE ARTICLES (STATE USML)

The International Traffic in Arms Regulation (ITAR) govern these imports. See [https://www.pmdtc.state.gov/ddtc\\_public?id=ddtc\\_kb\\_article\\_page&sys\\_id=24d528fddbfc930044f9ff621f961987](https://www.pmdtc.state.gov/ddtc_public?id=ddtc_kb_article_page&sys_id=24d528fddbfc930044f9ff621f961987).

1. First, the export and the temporary import of all defense articles require either a State Department license or an exemption therefrom. For temporary imports, there

is an exemption that applies to unclassified U.S.-origin goods. It's from § 123.4 of the ITAR.

2. RSG cannot enhance performance while the goods are temporarily here – no upgrades.
3. The items must go back to the same entity listed on the import documents.
4. HTS and Schedule B numbers are the same as for commercial: 980110 and 9801.10.0000, respectively.
5. This is critically important: on the way inbound, our customer must have properly cited “22 CFR 123.4(a)(1)” as the authority to import, using the appropriate Customs form (see below). **When clearing the goods through Customs, our Customs broker or freight-forwarder must ensure that he cites this in the entry document.** Otherwise this exemption may not be used. Here is a quote from the ITAR:

*(1) At the time of temporary import—*

*(i) File and annotate the applicable U.S. Customs and Border Protection document (e.g., Form CF 3461, 7512, 7501, 7523 or 3311) to read: “This shipment is being imported in accordance with and under the authority of 22 CFR 123.4(a) (identify subsection),” and*

*(ii) Include, on the invoice or other appropriate documentation, a complete list and description of the defense article(s) being imported, including quantity and U.S. dollar value.*

6. Put another way, if a defense article arrives for repair without proper import credentials, you cannot ship it back to the customer without applying for and securing a permanent export license (DSP-5) from the State Department.
7. Possible ITAR Violation. The event described in the previous paragraph may in fact count technically as a violation of the ITAR, depending on details. While permanent imports of defense articles do not require an ITAR license at all, temporary imports (which repairs by definition are) cannot be made without a license (DSP-61) or a perfected § 123.4(a)(1) exemption, except from Canada, which uses the exemption in § 126.5(a). Contact the Compliance Officer immediately if this happens.

### **12.3 TEMPORARY IMPORTS OF DEFENSE ARTICLES FROM CANADA (“CANADIAN EXEMPTION”)**

Repairs of defense articles inbound from Canada are covered by a different part of the ITAR, § 126.5(a). The shipping documents should state this on the inbound. And outbound you must do so, too – not just in your invoice or waybill etc., but also in your ACE/EEI filing. (Permanent *exports* to Canada under license exemption are a bit more complicated and are not detailed here. See your Export Compliance Officer.)

The ITAR rule governing Canadian temporary import from Canada is this:

*“... the temporary import and return to Canada without a license of any unclassified defense articles (see § 120.6 of this subchapter) that originate in Canada for temporary use in the United States and return to Canada ... .”*

There is really no more to it than that. There is not even a requirement to use certain forms (e.g., Form CF 3461, 7512, 7501, 7523 or 3311), such as is required for § 123.4 temporary imports from countries other than Canada. So the only real procedural



requirements come from outside § 126.5 altogether, i.e. the shipping label verbiage required by ITAR 123.9 (b). *Still, every cross-border transaction of controlled goods, import or export, under license exemption or license exception, must be recorded and documented, with files created and maintained on a transaction basis. This is because even no-license-required ("NLR") imports/exports can be "trumped" by prohibited parties, end-uses, end-users or ultimate destinations. And without proper records, one cannot know (or prove to regulators) that a given shipment did not contravene such prohibitions.*

**Shipment Label Disclaimer.** There is a minimum phrase that must be placed on the paperwork for all outbound (export) shipments. We recommend you put it on the invoice, bill of lading, air waybill, etc. for all exports of defense articles, including the return leg of a § 126.5(a) temporary import from Canada.

*"These commodities are authorized by the U.S. Government for export only to [insert country of ultimate destination] for use by [insert end-user]. They may not be transferred, transshipped on a non-continuous voyage, or otherwise be disposed of in any other country, either in their original form or after being incorporated into other end-items, without the prior written approval of the U.S. Department of State."*

**EXCEPTIONS TO THE RULE.**

Defense articles inbound temporarily from Canada, repaired, then outbound to third country: Get a DSP-61 temporary import license from DTC (see ITAR § 123.3).

Defense articles inbound temporarily from Canada, improved or upgraded, then outbound to third country: (i) import using § 123.4(b) to make the improvement and (ii) export using a new DSP-5. Note: § 123.4(b) is not for the permanent import of goods. Also, read the "requirements" in § 123.4(c).

#### **12.4 PERMANENT IMPORTS OF DEFENSE ARTICLES**

PERMANENT IMPORTS NORMALLY DO NOT REQUIRE ANY state department LICENSE since state has no jurisdiction over them (cf. ITAR § 120.5). It is BATF that has jurisdiction over permanent imports of defense articles. But their "import certificate", called "form 6", is only required for a subset of categories of goods found on the U.S. munitions import list, which in turn is a subset of the USML. Under the Export Control

Reform initiative, eventually the USML will gain an autonomous status, as opposed to being defined only in terms of the USML. But for now this graphic shows the USML.

## US Munitions Import List is a subset of the ITAR’s USML

Code	Description	Code	Description
<b>I</b>	<b>Firearms, Close Assault Weapons &amp; Combat Shotguns</b> <small>+ Parts I(i)-Tech-Data</small>	<del><b>XII</b></del>	<del><b>Fire Control, Range Finder, Optical and Guidance and Control Equipment</b></del>
<b>II</b>	<b>Guns and Armament</b> <small>Includes howitzers, mortars, cannons, recoilless rifles, etc. + Parts II(b)-Tech-Data</small>	<del><b>XIII</b></del>	<del><b>Auxiliary Military Equip</b></del>
<b>III</b>	<b>Ammunition/Ordnance</b> <small>+ Parts III(e)-Tech-Data</small>	<b>XIV</b>	<b>Toxicological Agents, Including Chemical Agents, Biological Agents, Associated Equip</b> <small>- Various - XIV(m)-Tech-Data</small>
<b>IV</b>	<b>Launch Vehicles, Guided Missiles, Ballistic Missiles, Rockets, Torpedoes, Bombs and Mines</b> <small>- Various - + Parts IV(i)-Tech-Data</small>	<del><b>XV</b></del>	<del><b>Spacecraft Systems and Associated Equipment</b></del>
<del><b>V</b></del>	<del><b>Explosives and Energetic Materials, Propellants, Incendiary Agents and Their Constituents</b></del>	<b>XVI</b>	<b>Nuclear Weapons, Design and Testing Related Items</b>
<b>VI</b>	<b>Vessels of War and Special Naval Equipment</b> <small>+ Parts VI(a)-Tech-Data</small>	<del><b>XVII</b></del>	<del><b>Classified Articles, Technical Data and Defense Services Not Otherwise Enumerated</b></del>
<b>VII</b>	<b>Tanks and Military Vehicles</b> <small>+ Parts VII(h)-Tech-Data</small>	<del><b>XVIII</b></del>	<del><b>Directed Energy Weapons</b></del>
<del><b>VIII</b></del>	<del><b>Aircraft &amp; Associated Equip</b></del> <small>VIII(b)-Parts VIII(i)-Tech-Data</small>	<b>XX</b>	<b>Submersible Vessels, Oceanographic and Assoc. Equipment</b> <small>+ Parts XX(d)-Tech-Data</small>
<del><b>IX</b></del>	<del><b>Military Training Equipment</b></del>	<b>XXI</b>	<b>Miscellaneous Articles</b>
<del><b>X</b></del>	<del><b>Protective Personnel Equip</b></del>		
<del><b>XI</b></del>	<del><b>Military Electronics</b></del>		

### 12.5 SHIPPING DISCLAIMERS

Note: All export shipments must carry certain warning labels or “disclaimers.” See § 16.17, below.

### 12.6 PURCHASING

- When procuring for the purpose of exporting material overseas, always make sure to ask for the ITAR or ECCN classifications from the manufacturer. Additionally, ask for the Schedule “B” Harmonized code. If any issues arise concerning this requirement, refer the matter to the Empowered Official. See 9.6.1 below for more details.
- Always allow ample time in the case of license needs to assure approval from the appropriate Federal agency.
- If certain controlled hardware is brought into the U.S. on a temporary basis (for a demonstration, development or testing), a Temporary Import license may be required (DSP-61) for the purpose of returning same equipment to its overseas origin.

#### 12.6.1 Always Seek Written Classifications Of Goods

When we export, we must know whether our goods are under the jurisdiction of the ITAR or the EAR, and the detailed USML or CCL classification. If we export something we buy in the U.S., or if we incorporate those U.S. goods in a larger system that we then export, the manufacturer or vendor of those items is the best source of product classification information. Certainly manufacturers are the best source of USML/CCL identification. If we are buying from distributors or vendors rather than the OEM, it is

less likely, but still possible, that these intermediaries will know the classification of the good. That is why our policy, when buying anything that we may later export, or incorporate into a system that we may export, is always to ask the source of the item for its classification.

- If the product's source knows the classification, *get it in writing from that source*. An email is as good as a formal product brochure for this purpose, provided the source or OEM is identified. Likewise, if the source of the item advertises, say, "USML Cat. VIII(h)" or maybe "EAR99" in its catalog or on its Website, that is fine – but print and keep a copy. Your notes from a telephone call are not credible, since an export problem later on would turn those phone notes into a he-said/she-said validity. As with most export-compliance issues, "if you don't have it in writing, it didn't happen".

### 12.6.2 How to Deal With Overly-Curious OEMs or Vendors When Purchasing Items

When any entity in the U.S. exports licensable goods, it is mandatory to know the USML or CCL classification, so that proper licensing and security for the export can be arranged. And for all exports – even of low-sensitivity EAR99 items – we must always document the end-use and end-user of the goods as well as the item classifications. This is why we routinely and formally ask our overseas customers about the end-use and end-user for every export transaction, and of course we get it in writing. But if we sell ITAR goods to a "U.S. Person" here in the U.S., this is not an export, and therefore that information is not required.<sup>8</sup>

- Along this line, occasionally, a manufacturer or vendor in the U.S. from whom we purchase goods may ask detailed questions about the end-use of the items we are buying. Usually, this is just the OEM trying to exercise his due-diligence, just as we do. For ITAR or sensitive EAR items he is entitled to satisfy himself that selling to RSG will not count as an export. Even if we are reselling the OEM's item to our overseas customers, this is still not an export transaction from the OEM's perspective, provided the OEM is delivering to RSG in the U.S.
- Sometimes that OEM may ask unwarranted and intrusive details about our use of the item, whether we will in turn export it, and if so to whom and for what purpose. Normally this circumstance is just due to overzealousness or ignorance of US export control rules on the part of the OEM. Other times, however, an OEM or vendor may be misusing reference to export rules to conduct business intelligence. Either way, intentional or misguided, once we provide the correct assurances in writing to the OEM to demonstrate that for them this transaction is not an export, they are not entitled under the ITAR or EAR to further details about our business plans. Please report any such unwarranted or suspicious inquiries to RSG's Export Compliance Officer.

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<sup>8</sup> There are certain exceptions, such as selling or shipping licensable goods to a foreign embassy, a freight-forwarder or customs broker, all of which are presumptive exports, or to a foreign person in the U.S., which counts as an export. When in doubt, consult RSG's Export Compliance Officer.

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## 13 TRAINING

- Periodic yearly training for Export Compliance will be done by division heads or the Export Compliance Officer for all individuals with supervisory or shipping responsibilities.
- All newly hired employees will be provided a special training session which will be conducted no later than one week from the actual start date. Training classes will be offered on a weekly basis.
- Focused training will be made available as it becomes necessary. Employees and Department heads are encouraged to request special training on the specific issues that they may be facing.
- The company maintains an export training website that is used for periodic update training and testing of all employees in ITAR and EAR procedures.
- A log sheet with all attendees' names and signatures will be forwarded and retained in the ECO's file following each training session.

## 14 VIOLATIONS

### 14.1 AUDITING

The company ECO will organize periodic audits to ensure compliance with the export rules that affect RSG. An audit of one scope or another may also be appropriate if the ECO has determined there have been possible violations.

The audit process involves a review of ITAR/EAR-related procedures and includes examination of organizational structure, reporting relationships, and individuals assigned to export/import controls process.

Internal export-compliance audits will emphasize verification and validation of full ITAR/EAR compliance, including adherence to license provisos and other requirements.

Audits will also include random reviews of recordkeeping and related document transfer, maintenance and retention practices.

Internal audits will use a "process" auditing approach that traces export compliance processes to their functional roots. This approach documents existing deficiencies, and permits the focused remediation of policies, processes and practices to prevent violations from occurring.

Continuous export control self-assessment by business unit or function is a best practice that complements and ensures a successful ITAR/EAR compliance program.

### 14.2 PROCEDURES REGARDING SUSPECTED VIOLATIONS

All violations or suspected violations of the above referenced policy and procedures must be reported at once to your direct supervisor and the company Export Compliance Officer, Fletcher Redwine at (817) 624-6600, or email at [fredwine@rsgaerodesign.com](mailto:fredwine@rsgaerodesign.com).

Reports may be submitted via email or hard copy with the following details:

- Your full name and department where you work
- Your work telephone number and extension

- A brief description of the potential violation, the date of occurrence and the people involved
- Any additional relevant information relating to this potential violation

**In the event of emergency, reports can be submitted telephonically by contacting our Export Compliance Officer. In addition, any report may be submitted anonymously, although please be advised that email or telephonic submissions may reflect the email address or telephone number from which they are originated.**

**In addition to reporting a problem, you must:**

- **Hold the Transaction.** Stop processing the transaction if it has not already been completed and suspend all communications with foreign nationals in connection with the transaction.
- **Notify Compliance Personnel.** Contact the Export Compliance Officer or Empowered Official.
- **Preserve Documentation.** Pull together the relevant records or files, then forward them to the Export Compliance Officer. *Do not destroy any related electronic or physical communications.*
- **Maintain Confidentiality.** Do not discuss the matter with third parties or other employees. Communications between RSG and its outside legal counsel are generally protected from discovery (access to the information by outsiders) under the attorney-client privilege. We can waive (or lose) this privilege, however, if the communications are revealed to non-RSG personnel or even to RSG personnel who do not have a need to know the information. Therefore, it is critical that you keep strictly confidential your communications with Export Compliance Officer regarding possible violations of U.S. law. **Under no circumstances may you share privileged communications with other RSG employees or with non-RSG personnel. Do not email anyone about these situations except the Export Compliance Officer or RSG's legal counsel.**

In the event you receive a visit from a government investigator or law enforcement agent, or receive a subpoena, contact the Export Compliance Officer immediately and await further instructions.

**Upon receipt of a report of a suspected violation, the Export Compliance Officer will initiate several steps:**

- The ECO will immediately advise the COO and CEO of such reports.
- The ECO will perform an initial investigation and will take 'ad-hoc' measures to correct the problem or violation.
- The ECO will convene an Incident Review Board (IRB) to further review the violation. The IRB will comprise of COO, CEO and all department heads.
- The IRB will further investigate the violation and will recommend a remedial course of action.
- The ECO will incorporate the corrective action into the Export Compliance Manual when appropriate, as an Addendum.



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### 14.3 VOLUNTARY DISCLOSURES ("VD") AND VOLUNTARY SELF-DISCLOSURES ("VSD")

When it comes to export-related activities, even with the best of intentions, companies sometimes make mistakes. When exporters discover such errors, the regulators encourage companies to report this to the appropriate authorities on their own initiative, and to take needed corrective actions, instituting new procedures as necessary to prevent such mistakes from recurring.

The ECO, in concert with RSG management and, as needed, company legal counsel, will make a determination whether a deviation from our internal export compliance procedures rises to a level that warrants either a Voluntary Disclosure ("VD") under § 127.12 of the ITAR to State/DDTC, or a Voluntary Self-Disclosure ("VSD") under § 764.5 of the EAR to Commerce/BIS, or both.

### 15 RED FLAGS

Red Flags are pieces of information coming from various sources that indicate that a problem may exist. If something irregular gets your attention, assess the situation, gather details and inform the proper authority.

You must look at the information presented by each customer, their address, shipping instructions, country of destination, and the potential for diversion of the product. In all instances be alert, discriminating and vigilant.

#### **Examples:**

1. The customer or purchasing agent is reluctant to offer information about the end-use of a product.
2. The product's capabilities do not fit the buyer's line of business; for example, a small bakery places an order for several sophisticated lasers.
3. The product ordered is incompatible with the technical level of the country to which the product is being shipped. For example, semiconductor manufacturing equipment would be of little use in a country without an electronics industry.
4. The customer has little or no business background.
5. The customer is willing to pay cash for a very expensive item when the terms of the sale call for financing.
6. The customer is unfamiliar with the product's performance characteristics but still wants the product.
7. Routine installation, training or maintenance services are declined by the customer.
8. Delivery dates are vague, or deliveries are planned for out-of-the-way destinations.
9. A freight-forwarding firm is listed as the product's final destination.
10. The shipping route is abnormal for the product and destination.
11. Packaging is inconsistent with the stated method of shipment or destination.
12. When questioned, the buyer is evasive or unclear about whether the purchased product is for domestic use, export or reexport.
13. You receive an order for "parts" or "components" for an end item in the "600-series." The requested "parts" or "components" may be eligible for License Exception STA,

another authorization, or may not require a destination-based license requirement for the country in question. However, the requested “parts” or “components” would be sufficient to service one hundred of the “600-series” end-items, but you “know” the country does not have those types of end items or only has two of those end items.

14. The customer indicates or the facts pertaining to the proposed export suggest that a “600-series” item may be reexported to a destination listed in Country Group D:5 (see Supplement No. 1 to part 740 of the EAR).

## 16 DOCUMENTS AND FORMS

### 16.1 END-USER / END-USE STATEMENT

**THIS FORM MUST BE COMPLETED  
 IN ORDER TO PROCESS YOUR SHIPMENT/PURCHASE ORDER**

Date: \_\_\_\_\_  
 Company: \_\_\_\_\_  
 Address: \_\_\_\_\_  
 \_\_\_\_\_

[No Post Office Box allowed in address, please]

Reference your Purchase Order or Contract # \_\_\_\_\_

It is our policy to verify the end-use and end-user in all product sales/shipments to ensure compliance with applicable U.S export control laws and regulations. Because the products you are purchasing/receiving may be exported and used outside the United States, please confirm the following:

1. Country of ultimate end-use [if not for export, enter N/A]: \_\_\_\_\_
2. End-User Name/Address: \_\_\_\_\_
3. Your Customer Name: \_\_\_\_\_  
 [If different from End-User]
4. Intermediate Consignee: \_\_\_\_\_  
 \_\_\_\_\_  
 \_\_\_\_\_  
 [Name / Address / Telephone of any entities between your customer and the End-User]
5. Intended end-use: \_\_\_\_\_

[Include the all-up system (e.g. specific aircraft name), plus the immediate subsystem into which our item(s) installs]

Also please certify to the following:

1. I (We) understand and agree that these commodities, software and technology (collectively, "Items") are authorized by the U.S. Government for export only to the stated country of ultimate destination for use by the stated end-user. They may not be resold, diverted, transferred, or otherwise be disposed of, to any other country or to any person other than the authorized end-user or consignee(s), either in their original form or after being incorporated into other end-items, without first obtaining approval from the U.S. Department of State or the U.S. Department of Commerce, as appropriate, or by the use of an applicable exemption.
2. I (We) will not sell, transfer, export or re-export any item for use in activities, which involve the development, production use or stockpiling of nuclear, chemical or biological weapons or missiles, nor use products in any facilities which engage in activities relating to such weapons.
3. I (We) acknowledge that U.S law prohibits the sale, transfer, export or re-export or other participation in certain transactions involving products with individuals or companies listed in the U.S Commerce Department's table of Denial Orders, the U.S Department of State's list of individuals debarred from receiving Munitions List items, the OFAC Specially Designated Nationals and other Blocked Persons list or other similar lists published by agencies of the U.S Government.
4. I (We) will abide by all applicable U.S export control laws and regulations for any products purchased from Rotorcraft Services Group, Inc., and will obtain any licenses or prior approvals required by the U.S Government before exporting, re-exporting or transferring title or control. I (We) will safeguard such Items in a reasonable manner that will exhibit full control.
5. I (We) agree that all the export control requirements in No. 1-4 above shall survive the completion, early termination, cancellation or expiration of the applicable purchase order, agreement or contract.

\_\_\_\_\_  
 Signature

\_\_\_\_\_  
 Print Name and Title

\_\_\_\_\_  
 Date

**16.2 EXPORT-RELATED DISCLAIMER/ASSURANCE – FOR OVERLY CURIOUS US VENDORS**

**Export-Related Disclaimer/Assurance**

Related Purchase Order or Invoice number: \_\_\_\_\_

Thank you for your inquiry about such details as the end-use, end-user, destination, aircraft or weapon system, or similar, regarding the disposition of the item(s) we ordered from you.

All such information is proprietary to Rotorcraft Services Group, Inc. (“RSG”). We appreciate that your inquiry is made in the spirit of your insuring compliance with the export-control provisions of the International Traffic in Arms Regulations (“ITAR”) and of the Export Administration Regulations (“EAR”). Accordingly, we hereby assure you that:

- RSG is a U.S. Person engaged in the lawful buying and selling of defense articles and commercial items.
- RSG is not a foreign embassy.
- With regard to this transaction, RSG is purchasing the item(s) for resale, and is not acting as a freight-forwarder/customs-broker for any other entity.
- RSG maintains a current registration with the State Department’s Directorate of Defense Trade Controls, as well as current DDTC/D-Trade and BIS/SNAP-R licensing accounts.
- RSG creates and retains its records in accordance with provisions of the United States’ export-control regulations, including but not limited to § 122.5, § 123.26, and § 125.6 of the ITAR, and by Part 762 of the EAR.
- **RSG understands its obligations under the ITAR and EAR, and hereby assures you that, if RSG intends to sell or transfer these item(s) in a way that creates an export, RSG will secure any needed export license, or ensure a perfected license exemption/exception. In any such case, RSG would be the exporter-of-record and USPPI, which, coupled with the above-listed disclaimers and assurances, would relieve you, the seller, of any residual export-related liability.**

If you have any further questions along this line, please feel free to contact me directly. Please fill in the box below my signature block.

Thank you,

\_\_\_\_\_  
 Fletcher Redwine, RSG Empowered Official

\_\_\_\_\_  
 Date

**As your inquiry suggests that the item(s) is export-sensitive, please list the USML category or ECCN for the item(s) in the following space, and return to us at your earliest convenience:** \_\_\_\_\_.

**Note: If you list the item(s) as on the USML, and you are its manufacturer, then 22 CFR 122.1 requires that you maintain a current DTC registration. Please provide confirmation that you are so-registered by returning a copy of this form to RSG, signed and dated here by an Empowered Official:**

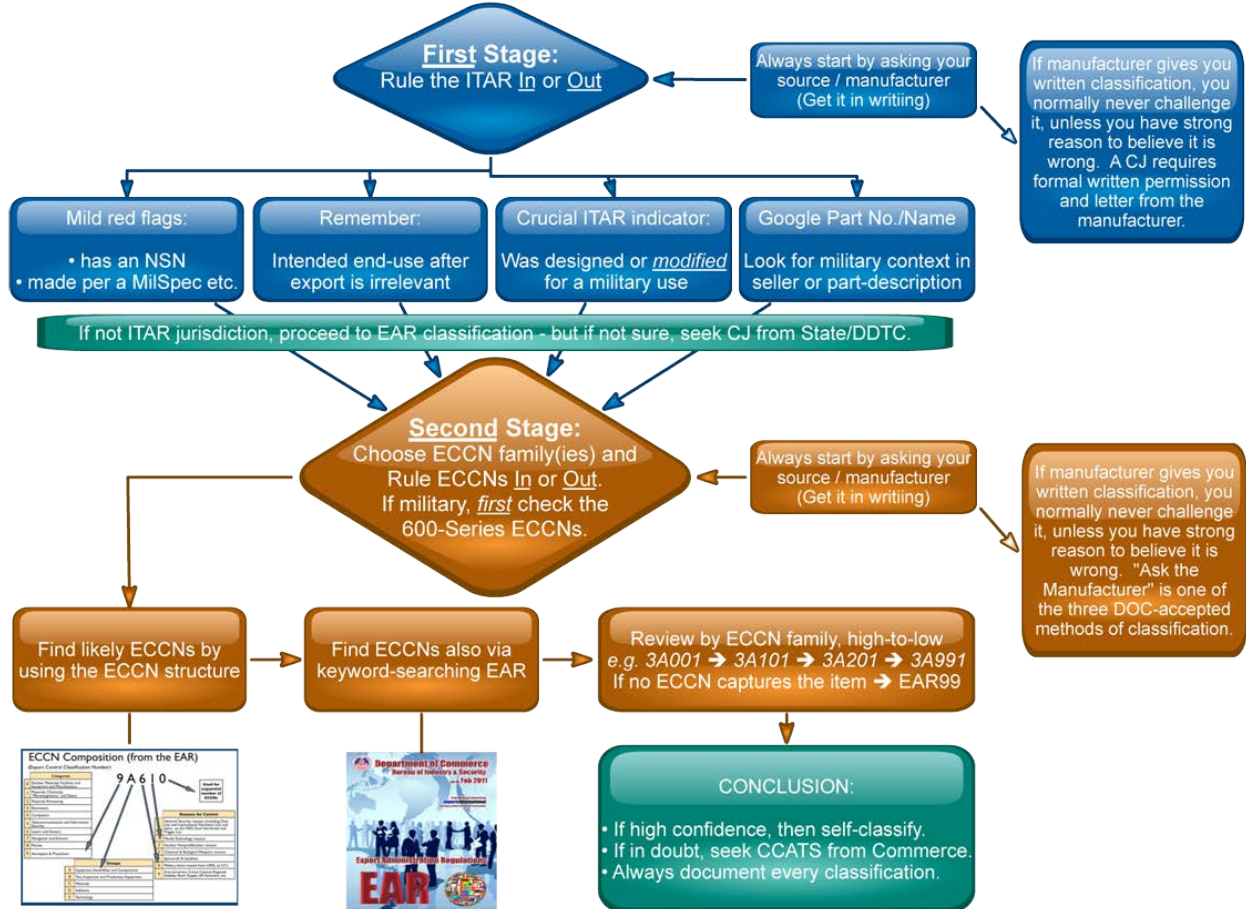
\_\_\_\_\_  
 Printed name/title

\_\_\_\_\_  
 Signature

\_\_\_\_\_  
 Date

**16.3 PRODUCT CLASSIFICATION PROCEDURES**

**Classification Flow Chart**  
 (Procedure to be followed by Empowered Official)



**16.4**



**16.5 CUSTOMER / PROJECT SHIPPING AUTHORIZATION**

**CUSTOMER/PROJECT SHIPPING AUTHORIZATION**

Date: \_\_\_\_\_ / \_\_\_\_\_ /2019

<b>Project / Customer Name:</b>	
<b>Ship-To Address:</b>	

Please describe the hardware, RSG software and 3<sup>rd</sup> party software as detailed on the Packaging Slip:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

Please describe any special circumstances about this shipment:

\_\_\_\_\_

\_\_\_\_\_

\_\_\_\_\_

**COMPLETED PACKING LIST MUST ACCOMPANY THIS AUTHORIZATION**

YES NO

<input type="checkbox"/>	<input type="checkbox"/>	TO BE DROP-SHIPED FROM VENDOR TO PROJECT/CUSTOMER LOCATION
<input type="checkbox"/>	<input type="checkbox"/>	ITAR / COMMERCE LICENSE REQUIRED (If Yes, It must be attached to form)
<input type="checkbox"/>	<input type="checkbox"/>	_____
<input type="checkbox"/>	<input type="checkbox"/>	_____

**AUTHORIZATIONS:**

NAME	TITLE	DATE	SIGNATURE
[As appropriate]	Program Manager		
Leah Purdom	Export Compliance Officer		
Fletcher Redwine	Empowered Official		



**16.6 PACKAGING SLIP (COPY TO ACCOMPANY SHIPMENT)**



**PACKAGING SLIP**

**Rotorcraft Services Group, Inc.**  
 3901 NORTH MAIN STREET, FORT WORTH, TX 76106  
 PHONE: (817) 624-6600, FAX: (817) 529-2271  
 WWW.ROTORCRAFTSERVICES.COM.

DATE: NOVEMBER 1, 2019

SHIP [Name]  
 TO [Company Name]  
 [Street Address]  
 [City, ST ZIP Code]  
 [Phone]  
 Customer ID [ABC12345]

BILL [Name]  
 TO [Company Name]  
 [Street Address]  
 [City, ST ZIP Code]  
 [Phone]  
 Customer ID [ABC12345]

ORDER DATE	ORDER NUMBER	EXPORT LICENSE # or EXEMPTIONS/EXCEPTIONS USED	JOB

ITEM #	DESCRIPTION	USML or ECCN	QUANTITY

Country of Ultimate Destination:	End-User and End-Use:	
<b>Important Notice to Intermediates and End-Users:</b>	<p>_____ <b>International Traffic in Arms Regulations §123.9(b)</b></p> <p><b>Destination Control Statement (ITAR &amp; EAR):</b> These items are controlled by the U.S. Government and authorized for export only to the country of ultimate destination for use by the ultimate consignee or end-user(s) herein identified. They may not be resold, transferred, or otherwise disposed of, to any other country or to any person other than the authorized ultimate consignee or end-user(s), either in their original form or after being incorporated into other items, without first obtaining approval from the U.S. government or as otherwise authorized by U.S. law and regulations.</p>	<p>_____ <b>Export Administration Regulations §758.6</b></p> <p>In addition to the Destination Control Statement ("DCS"), which applies to both ITAR and EAR export-controlled goods, certain ECCNs are especially sensitive, namely 9x515 or 600-series ECCNs. For shipments involving these, there is an additional requirement:</p> <p>The ECCN for each 9x515 or "600-Series" item being exported must be printed on the invoice and on the bill of lading, air waybill, or other export control document that accompanies the shipment from its point of origin in the United States to the ultimate consignee or end-user abroad.</p>



**16.7 PACKAGING SLIP (COPY TO VERIFY CONTENTS; MUST BE RETAINED IN FILE)**



**PACKAGING SLIP**

**(Copy for inventory check. Must be signed by ECO and retained.)**

**Rotorcraft Services Group, Inc.**  
 3901 NORTH MAIN STREET, FORT WORTH, TX 76106  
 PHONE: (817) 624-6600, FAX: (817) 529-2271,  
 WWW.ROTORCRAFTSERVICES.COM.

DATE: NOVEMBER 1, 2019

SHIP [Name]  
 TO [Company Name]  
 [Street Address]  
 [City, ST ZIP Code]  
 [Phone]  
 Customer ID [ABC12345]

BILL [Name]  
 TO [Company Name]  
 [Street Address]  
 [City, ST ZIP Code]  
 [Phone]  
 Customer ID [ABC12345]

ORDER DATE	ORDER NUMBER	EXPORT LICENSE # or EXEMPTIONS/EXCEPTIONS USED	JOB

ITEM #	ITEM DESCRIPTION – 2 RSG employees must witness contents, checkmark & sign	USML or ECCN	QTY	

Country of Ultimate Destination:	End-User and End-Use:	
<b>Important Notice to Intermediates and End-Users:</b>	<b>International Traffic in Arms Regulations §123.9(b)</b> <b>Destination Control Statement (ITAR &amp; EAR):</b> These items are controlled by the U.S. Government and authorized for export only to the country of ultimate destination for use by the ultimate consignee or end-user(s) herein identified. They may not be resold, transferred, or otherwise disposed of, to any other country or to any person other than the authorized ultimate consignee or end-user(s), either in their original form or after being incorporated into other items, without first obtaining approval from the U.S. government or as otherwise authorized by U.S. law and regulations.	<b>Export Administration Regulations §758.6</b> In addition to the Destination Control Statement ("DCS"), which applies to both ITAR and EAR export-controlled goods, certain ECCNs are especially sensitive, namely 9x515 or 600-series ECCNs. For shipments involving these, there is an additional requirement:  The ECCN for each 9x515 or "600-Series" item being exported must be printed on the invoice and on the bill of lading, air waybill, or other export control document that accompanies the shipment from its point of origin in the United States to the ultimate consignee or end-user abroad.
	<b>Export License #:</b>	<b>Name/Sig/Date – ECO or Empowered Official:</b>

**Note: Witnesses must check off each line item in yellow column and sign to verify accuracy.**

**16.8 EXPORT-CONTROL CHECKLIST**

**Export-Control Checklist**

**PG-1 of 3**

(Required before any item is exported. Keep in the transaction file.)

**STEP# 1**

USML, ECCN  
 or EAR99

--

If EAR99  
 CONTINUE TO STEP# 2

CHECK

--

If ECCN, list  
 Reason(s) for control :

--	--	--

If ECCN, consult Country Chart-->  
 If No, USE  
 "NLR"

License Required: YES NO

If YES, Exceptions/Exemptions? ----->

YES	NO
-----	----

- <sup>a</sup> If one is available use it
- If there is none available, submit an application for a license

**STEP# 2**

END - USER \_\_\_\_\_

END -USE \_\_\_\_\_

**STEP# 3**

CHECK THE CONSOLIDATED SCREENING LIST at <https://www.export.gov/article?id=Consolidated-Screening-List>

Or else you can check the 7 databases below (See ¶ 4.6, above, for more details on these checks)

- 1- STATE DEBAR (STATUTORY)
- 2- STATE DEBAR (ADMINISTRATIVE)
- 3- STATE EMBARGOED OR STRONGLY SANCTIONED COUNTRY LIST
- 4- BIS DENIED PERSONS
- 5- BIS ENTITY LIST
- 6- BIS UNVERIFIED
- 7- **SYSTEM FOR AWARD MANAGEMENT (formerly "Excluded Parties List")**

CHECK


---

**STEP# 4**

**PG-2 of 3**

**General Prohibitions** (per EAR Part 736.2(b), but also as best-practice to ITAR items)

1. You may not, without a license or License Exception export or reexport controlled items to listed countries.
2. You may not, without a license or license exception, export or reexport from abroad, foreign-made items containing more than a *de minimis* amount of controlled U.S. content to listed countries.
3. You may not, without a license or license exception, export or reexport from abroad, foreign-produced items that are a direct product of U.S. technology and software.
4. You may not take any action prohibited by a denial order issued under part EAR Part 766.
5. You may not, without a license or license exception, export or reexport any item subject to the EAR to an end-user or end-use that is prohibited by EAR Part 744.
6. You may not without a license exception export or reexport items subject to U.S. jurisdiction to countries embargoed by the U.S. or otherwise made subject to controls. (Cuba, Iran, Syria, North Korea and Sudan) (other Sanction/ controls Iraq and Rwanda)
7. You may not without a license, knowingly export or reexport to an end-use or end-user prohibited by part 744 (Nuclear proliferation, Missile Technology, Chemical/Biological Weapons).
8. You may not export or reexport an item through or transit through certain countries unless authorized by a license or license exception, or export/reexport is eligible to such country without a license. (Armenia, Azerbaijan, Belarus, Cambodia, Cuba, Georgia, Kazakhstan, Kyrgyzstan, Laos, Mongolia, North Korea, Russia, Tajikistan, Turkmenistan, Ukraine, Uzbekistan, Vietnam).
9. You may not violate any term or condition of a license or license exception nor violate any order issued under or made part of the EAR [or ITAR].
10. You may not proceed with transactions with knowledge that a violation has occurred or is about to occur.

**NAME:** \_\_\_\_\_

**DATE:** \_\_\_\_\_

**SIGNATURE:** \_\_\_\_\_



---

## STEP# 5

PG-3 of 3

### 14 Red Flags (EAR Part 732, Supplement No. 3)

Possible indicators that an unlawful diversion might be planned by your customer include the following:

1. The customer or purchasing agent is reluctant to offer information about the end-use of a product. The customer or purchasing agent is reluctant to offer information about the end-use of the item.
2. The product's capabilities do not fit the buyer's line of business; for example, a small bakery places an order for several sophisticated lasers.
3. The product ordered is incompatible with the technical level of the country to which the product is being shipped. For example, semiconductor manufacturing equipment would be of little use in a country without an electronics industry.
4. The customer has little or no business background.
5. The customer is willing to pay cash for a very expensive item when the terms of the sale call for financing.
6. The customer is unfamiliar with the product's performance characteristics but still wants the product.
7. Routine installation, training or maintenance services are declined by the customer.
8. Delivery dates are vague, or deliveries are planned for out-of-the-way destinations.
9. A freight forwarding firm is listed as the product's final destination.
10. The shipping route is abnormal for the product and destination.
11. Packaging is inconsistent with the stated method of shipment or destination.
12. When questioned, the buyer is evasive or unclear about whether the purchased product is for domestic use, export or reexport.
13. You receive an order for "parts" or "components" for an end item in the "600-series." The requested "parts" or "components" may be eligible for License Exception STA, another authorization, or may not require a destination-based license requirement for the country in question. However, the requested "parts" or "components" would be sufficient to service one hundred of the "600-series" end-items, but you "know" the country does not have those types of end items or only has two of those end items.
14. The customer indicates or the facts pertaining to the proposed export suggest that a "600-series" item may be reexported to a destination listed in Country Group D:5 (see Supplement No. 1 to part 740 of the EAR).

NAME: \_\_\_\_\_

DATE: \_\_\_\_\_

SIGNATURE: \_\_\_\_\_

## 16.9 TECH DATA EXPORT LOG

EXPORT or DISCLOSURE DATE		QTY	COMMODITY (Include USML or ECCN)	SHIPMENT VALUE (\$US)	CUMULATIVE VALUE (\$US)	EXPORTED OR DISCLOSED TO WHAT PARTY	SIGNATURE	PORT OF EXIT or TRANSMISSION METHOD (e.g. electronic, FedEx, hand-carry, briefing given in U.S., etc.)

### NOTES OF INTEREST

Updated 11/01/2018

**THIS FORM IS NORMALLY FOR ONE TECH DATA LICENSE, OR FOR ONE AGREEMENT WITH ASSOCIATED "IN FURTHERANCE OF" DSP-LICENSES, OR FOR MANY LICENSE EXCEPTIONS OR EXEMPTIONS**

- Line item shipment values must be aggregated in the "Cumulative Value" column, so as not to exceed authorized value of the license/agreement

**KEEP THE ORIGINAL OF THIS FORM FOR AT LEAST FIVE YEARS AFTER EXPIRATION OR TERMINATION OF THE LICENSE OR AGREEMENT:**

- If this form is used in a notification to an agency, send a copy only, and maintain the original in the related export transaction file.

#### COMMON ITAR EXEMPTIONS and EAR EXCEPTIONS USED IN EXPORTING TECH DATA:

- ITAR § 123.22(b)(3) – Tech data under a technical data license (DSP-5), or in furtherance of a TAA or MLA, or exports under a specific exemption. **NOTE: THE 1<sup>ST</sup> SUCH TECH DATA EXPORT MUST ALSO BE NOTIFIED IN WRITING TO DDTC, IN ADDITION TO MAINTAINING THIS ENDORSEMENT FORM. PENDING AVAILABILITY OF FORM DS-4071 IN THE D-TRADE SYSTEM, THIS FORM MAY BE USED FOR THAT NOTIFICATION OF INITIAL EXPORT, TOGETHER WITH A TRANSMITTAL LETTER.**
- ITAR § 125.4 and § 123.22(b)(3)(iii) – Exports of technical data in furtherance of an agreement exported using a U.S. port. *Note: A copy of the electronic notification to DDTC must accompany the technical data shipment and be made available to the U.S. Customs and Border Protection upon request.*
- ITAR § 125.4(b)(4) – Copies of tech data previously authorized for export to the same recipient, provided revisions (if any) are solely editorial and do not go beyond what was originally authorized for export.
- ITAR § 125.4(b)(5) – Basic O&M – basic operations, maintenance and training & related manuals regarding previously authorized defense articles.
- ITAR § 125.4(b)(9) – Tech data sent by a U.S. corporation (including via email) to a U.S. person employed by that corporation overseas (certain restrictions apply to all these exemptions, so the full ITAR section must be reviewed).
- EAR § 740.9(a) – "TMP" – Temporary exports, reexports and transfers, including software and tech data as employee "tools of the trade"
- EAR § 740.13 – "TSU" – This license exception is similar to the Basic O&M exemption, allowing training and manuals for normal maintenance and operations.

#### ALL TECH DATA EXPORTS MUST BE CERTIFIED IN WRITING, INCLUDING SPECIFYING THE LICENSE OR EXEMPTION (cf. § 125.6):

- For tech data physically sent, such as with drawings or on CD-ROM, the exporter must put in an envelope, then mark the envelope "*License No. \_\_\_\_ or ITAR exemption No. \_\_\_\_ applicable. This export has also been notified directly to DDTC per ITAR § 123.22(b).*" Include a copy of this form. This envelope then goes into a normal mailing envelope such as FedEx, USPS, or UPS. For now, notify DDTC via paper, eventually DS-4071 via D-Trade.
- For tech data exports that are oral, visual or electronic, the exporter must memorialize this in writing. This form is suitable for that. (Again, the 1<sup>st</sup> such tech data export must also be notified in writing to DDTC, in addition to maintaining this endorsement form. This form may be used for that notification, together with a transmittal letter.)
- This form, or a similar written record for these exports, must be maintained for a period of at least 5 years.

#### WHEN A TAA OR MLA REQUIRES SUBMITTING SIGNED DSP-83s:

- When a requirement is placed upon the applicant to execute DSP-83s for the transfer of classified technical data or technical data for the manufacture of SME abroad, the applicant must submit the original signed DSP-83s to DDTC along with the executed copy of the agreement or amendment.
- If the agreement involves the transfer of SME or classified defense articles, a DSP-83 must be submitted along with the DSP-5 or DSP-85 license request for shipment of hardware in furtherance of the agreement.
  - A copy of each DSP-83 must be maintained by the applicant. *Note: when a license request is submitted electronically via D-Trade, it is not possible to include the original DSP-83, so a scan PDF is included and the original DSP-83 maintained by the applicant.*

Updated 11/01/2018

### 16.10 NOTIFICATION OF INITIAL EXPORTS OF TECH DATA UNDER A TAA OR MLA

In addition to maintaining a comprehensive log of tech data exports under any approval or ITAR/EAR exemption, the first tech data export under an ITAR Agreement must also now be notified in writing to DDTC. RSG will use the form below as a transmittal letter, and attach a copy of the Tech Data Export Log in 15.5, above. This is an interim measure. DDTC plans eventually to make available a Form DS-4071 in D-Trade to be used for such notifications. On the other hand, plans for the DS-4071, including a draft form and guidelines, have been published since 2005, so we do not know how long a temporary solution this is.

**PUT ON RSG LETTERHEAD**

Ms. Catherine Hamilton, Director  
Office of Defense Trade Controls Licensing  
Directorate of Defense Trade Controls  
Bureau of Political Military Affairs  
U.S. Department of State  
2401 E Street, NW  
Washington, DC 20037

**November \_\_, 20\_\_**

REGISTRANT CODE: M26241

SUBJ: Notification of Initial Exports of Technical Data and/or Defense Services per 22 CFR 123.22(b)(3)

ENCL: SELF-ENDORSEMENT OF EXPORT OF ITAR-COVERED TECH DATA BY LICENSE OR EXEMPTION

VIA FEDEX

Dear Ms. Hamilton:

Pending the availability of Form DS-4071 in D-Trade, we hereby notify DDTC of the initial export of technical data under Agreement number TA \_\_\_\_-19. Details are in the enclosed form. **[Attach the Tech Data Export Log from previous section]**

Under penalty according to federal law (22 CFR 127.2; 22 USC 2278; 18 USC 1001) I, \_\_\_\_\_, as authorized by Rotorcraft Services Group, Inc., warrant the truth of the statements made herein.

Sincerely,

[name]  
[title]  
and Empowered Official

## 16.11 TRACKING AND REPORTING THE VALUE OF EXPORT LICENSES

<b>Today's Date: 05/20/14</b>		<b>Lead Time: 90</b>	
<b>TAA NO.: TA 1234-12</b>		<b>EXP. DATE: 2/21/13</b>	
<b>TAA AUTHORIZED VALUES:</b>		<b>\$350,000</b>	
TECH DATA:		\$50,000	
DEFENSE SVS:		\$75,000	
HARDWARE DSP-5:		\$75,000	
HARDWARE DSP-61:		\$75,000	
HARDWARE DSP-73:		\$75,000	
<b>TECH DATA</b>	<b>DATE SHIPPED</b>	<b>AMOUNT</b>	<b>BALANCE</b>
	04/28/13	\$5,000.00	70,000.00
	06/01/13	\$2,502.00	67,498.00
<b>DEFENSE SVS</b>	<b>DATE SHIPPED</b>	<b>AMOUNT</b>	<b>BALANCE</b>
	04/28/13	\$5,000.00	70,000.00
	06/01/13	\$2,502.00	67,498.00
<b>DSP-5 NUMBER</b>	<b>DATE SHIPPED</b>	<b>AMOUNT</b>	<b>BALANCE</b>
05001111	04/28/13	\$5,000.00	70,000.00
05012222	06/01/13	\$2,502.00	67,498.00
<b>DSP-61 NUMBER</b>	<b>DATE SHIPPED</b>	<b>AMOUNT</b>	<b>BALANCE</b>
05001111	04/28/13	\$2,200.00	72,800.00
05012222	06/01/13	\$890.00	71,910.00
<b>DSP-73 NUMBER</b>	<b>DATE SHIPPED</b>	<b>AMOUNT</b>	<b>BALANCE</b>
05001111	04/28/13	\$8,000.00	67,000.00
05012222	06/01/13	\$17,500.00	49,500.00

### Decrementing cumulative authorized values of tech data licenses.

We have a system to track ongoing residual value of export licenses, including TAAs and licenses in furtherance of Agreements. This is often called decrementing.

On the left is an example of a format appropriate for a TAA. Below are sample formats for licenses such as a Commerce license and a State DSP-5 for permanent export. Our empowered official maintains these forms for all ongoing approvals.

Commerce has certain notification & tracking requirements. In certain other cases, notifications of initial tech data exports must also be filed with the State Department per § 123.22(b)(3) of the ITAR.

In addition to that *initial* notification to DDTC, all exports of tech data also requires a separate tech data exports log, and reporting requirements. We have transaction log forms for all that, as well.


<b>E/L NO.: D123456</b>		<b>EXP. DATE: 3/9/13</b>	
<b>E/L AMOUNT:</b>		<b>\$4,310,000.00</b>	
PARTS AND COMPONENTS FOR commercial aircraft			
<b>P.O. NO.</b>	<b>DATE SHIPPED</b>	<b>AMOUNT</b>	<b>BALANCE</b>
INT012-499	12/13/11	\$184,229.84	4,125,770.16
INT101-507	12/22/11	\$230,287.30	3,895,482.86
INT102-519	01/14/12	\$187,440.00	3,708,042.86
INT103-539	02/06/12	\$65,587.88	3,642,454.98
INT106-574	02/18/12	\$12,524.71	3,629,930.27
INT108-598	03/29/12	\$394,656.19	3,235,274.08
INT109-610	04/25/12	\$761.40	3,234,512.68
INT111-625	06/18/12	\$148,674.46	3,085,838.22
INT111-628	08/26/12	\$7,078.16	3,078,760.06
INT112-641	09/04/12	\$11,067.68	3,067,692.38
INT112-652	09/27/12	\$2,309.48	3,065,382.90
INT202-672	10/03/12	\$34,226.58	3,031,156.32
INT202-673	10/05/12	\$1,860.49	3,029,295.83
INT204-694	10/09/12	\$3,148.00	3,026,147.83
INT211-796	10/21/12	\$710.46	3,025,437.37
INT301-822	10/28/12	\$8,214.09	3,017,223.28
INT303-851	10/31/12	\$5,969.63	3,011,253.65
INT310-956	11/08/12	\$15,665.73	2,995,587.92
INT310-957	11/17/12	\$327,409.32	2,668,178.60
INT311-970	11/18/12	\$28,970.50	2,639,208.10
INT312-999	11/28/12	\$2,395.57	2,636,812.53
INN401-018	12/02/12	\$268,013.84	2,368,798.69
INN401-019	01/24/13	\$151,812.04	2,216,986.65
INT401-021	01/27/13	\$115,882.00	2,101,104.65
INT406-072	02/02/13	\$28,867.30	2,072,237.35
INN408-114	02/05/13	\$62,587.52	2,009,649.83
INT408-124	02/11/13	\$776.07	2,008,873.76
INN409-134	03/01/13	\$16,634.75	1,992,239.01
			EXPIRED

<b>E/L NO.: 050455555</b>		<b>EXP. DATE: 9/21/14</b>	
<b>E/L AMOUNT:</b>		<b>\$80,000.00</b>	
PARTS & COMPONENTS FOR F35 JSF			
Closed			
<b>P.O. NO.</b>	<b>DATE SHIPPED</b>	<b>AMOUNT</b>	<b>BALANCE</b>
INT011-483	03/22/13	\$3,397.95	76,602.05
INT011-487	04/02/13	\$67.41	76,534.64
INT203-680	04/08/13	\$17,350.00	59,184.64
INT203-681	04/09/13	\$39,536.00	19,648.64
INT204-688	04/14/13	\$14.14	19,634.50
INT204-691	04/18/13	\$44.32	19,590.18
INT205-697	04/27/13	\$14.14	19,576.04
INT206-712	05/01/13	\$2,898.51	16,677.53
INT208-729	05/03/13	\$7.44	16,670.09
INT208-741	05/06/13	\$2,727.59	13,942.50
INN208-745	05/09/13	\$6,924.45	7,018.05
INT209-753	05/18/13	\$2,357.85	4,660.20
INT209-763	05/21/13	\$78.94	4,581.26
INT210-769	05/23/13	\$479.97	4,101.29
INT210-778	05/25/13	\$95.84	4,005.45
INT210-779	05/29/13	\$4,000.00	5.45
			CLOSED

updated 04/29/14

**16.12 FOREIGN-PERSON EMPLOYEE AUTHORIZATION MONTHLY REVIEW FORM**

*All RSG employees who are non-U.S. persons (i.e. foreign nationals without permanent residency status), must be “red-badged” and covered by an appropriate export authorization, unless they are sequestered (including after-hours) from access to ITAR/EAR items or technical data associated therewith, including drawings, software, and other technical data, either electronic or hard copy. For all those employees covered by such authorizations, the following form must be filled out and signed monthly by their supervisor. The forms must be turned in to the RSG Export Compliance Officer by the fifth business day of each month, who will maintain them for a period of at least 5 years following the expiration or termination of the associated DSP-5 or DOC employee license, or documented license exemption/exception.*



**FOREIGN-PERSON EMPLOYEE AUTHORIZATION - MONTHLY REVIEW FORM**

I hereby certify that as the Manager of the below-referenced RSG employees, I have reviewed their ITAR or EAR "employee licenses", or other export authorizations, and found their work to be compliant with the Provisos as mandated by the US Department of State and/or any Riders & Conditions as mandated by the US Department of Commerce.

Employee Name	ITAR/EAR license or Authorization number	Manager Name	Manager Signature	Date	Comments
John Doe	050423456 & D123456	B. Clinton			
Mary Roe	050212345	B. Clinton			
John Smith	D111111	B. Clinton			

Rotorcraft Services Group, Inc.


\_\_\_\_\_ / \_\_\_\_ / \_\_\_\_\_  
 Bill Clinton Date  
 [Title]



**16.13 EXPORT ACTION CHECKLIST (CHECKED ACTIONS MUST BE DONE IN PRECISE ORDER)**

 <p><b>Export Action Checklist</b></p> <p><b>1. ACE/EEI entries</b>  <b>2. Clearing Customs</b></p> <p><b>Note:</b> Only for exports directly from RSG to freight-forwarder; not needed if items are drop-shipped from other USA source to freight-forwarder for export.</p>	Name of Employee: _____ Signature: _____ Date: _____
	<p><b>If available:</b></p> Freight Forwarder: _____ Signature: _____ Date: _____
<p>(i) Must be prepared by the Rotorcraft Services Group, Inc. ("RSG") Export Compliance Officer or designee, signed/dated above.          (ii) Employee preparing form must check all applicable line entries.          (iii) A copy of completed form must be kept in the associated RSG transaction file</p>	
<p><u>Note:</u> shipment can contain goods under the jurisdiction of both the ITAR and the EAR. Likewise, a single ACE/EEI filing can have separate line items for ITAR and/or EAR goods. But the focus of this form is for ITAR goods.]</p>	
<input type="checkbox"/> State Department DSP-5 license number _____, or ITAR exemption citation _____ And/Or Commerce Department SNAP-R export license number _____, or EAR exemption citation _____, or	If export license(s) apply to this shipment, <b>attach a copy.</b>
N/A Licenses no longer must be lodged with Customs <small>[For now we leave this step noted, simply because references to lodging still abound, even if out of date. DDTC electronically sends to CBP the registration and licensing data on a daily basis]</small>	
<input type="checkbox"/> Shipment departure logistics [check appropriate line, below, and fill in "Date/Via"] ___ Truck [Date/time of scheduled departure/embarkation] _____ ___ Rail [Date/time of scheduled departure/embarkation] _____ ___ Aircraft [Date/time of scheduled departure/embarkation] _____ ___ Vessel [Date/time of scheduled departure/embarkation] _____	This entry by: _____ <small>[name of RSG employee or Freight-Forwarder]</small>
<input type="checkbox"/> ACE/EEI required, to be filed by ___ RSG or ___ Freight Forwarder <small>Note: If EEI filing is to be made <b>must occur</b> :</small> (i) at least 8 hours before scheduled departure of truck or aircraft (ii) at least 24 hours before scheduled embarkation of a vessel or by rail <b>Defense Articles:</b> EEI is required for <u>all</u> exports of defense articles hardware, whether under license or exemption. <b>Commercial Articles:</b> EEI is required if value is >2500 per line-item commodity code, if sent: - From U.S. to foreign countries - Between the U.S. and Puerto Rico - From Puerto Rico to foreign countries - From Puerto Rico to U.S. Virgin Islands - From the U.S. to the U.S. Virgin Islands - Licensable commodities (regardless of value)	ACE/EEI filed by: _____ <small>[name of RSG employee or Freight-Forwarder]</small>  ITN number: _____
<input type="checkbox"/> Shipment/commodities presented to Customs on _____ [date/time as accurately as possible] at _____ [location] <small>[Note: shipment can be presented to Customs ONLY AFTER all the above-checked items are satisfied]</small>	Cleared by: _____ <small>[name of RSG employee or Freight-Forwarder]</small>

**16.14 ACTION CHECKLIST – DSP-61 TEMPORARY EXPORT LICENSE**

 <b>DSP-61        Temporary Export License        Action Checklist</b>	Name of Employee: _____ Signature: _____ Date: _____
	Empowered Official: _____ Signature: _____ Date: _____
	DSP-61 license number _____ <small>[DSP-61s are no longer physically presented to Customs to be decremented, either inbound or outbound. Customs now accomplishes this via access to the ACE/EEI system.]</small>

- (i) Must be prepared by the RSG employee responsible for the export shipment, signed/dated above.
- (ii) Employee preparing form must check all applicable line entries.
- (iii) Empowered Official or his/her designee must approve and sign this form before any shipment is authorized.
- (iv) A copy of completed form must be kept in the associated RSG transaction file.


**ENTRY CHECKLIST (Initials \_\_\_\_\_)**

List U.S. Freight-Forwarder / Customs Broker _____		
<input type="checkbox"/>	<b>Inbound-to-US <u>shipping</u> instructions</b> provided to foreign party. <small>[Important: Attach a copy of these instructions to this form, and retain in the transaction file for at least 9 years.]</small>	Date: _____
<input type="checkbox"/>	<b>Pre-coordinate as needed with US customs broker (FedEx, UPS, etc.)?</b> <small>[check appropriate line, below, and fill in "Date"]</small> ___ Send copy of DSP-61 to Freight-Forwarder / Customs Broker for handling. ___ Ensure that the US customs broker submits timely DDTC PGA Message set.	Date: _____
<input type="checkbox"/>	<b>Present this completed DSP-61 inbound checklist for review and approval signature by the RSG empowered official or his/her designee.</b>	Date: _____

**EXIT CHECKLIST (Initials \_\_\_\_\_)**

List U.S. Freight-Forwarder / Customs Broker _____		
<input type="checkbox"/>	<b>Will receiving country require an International Import Certificate?</b> <small>[If so, <b>submit</b> a Form DSP-53 to DDTC for counter-signature. Include an explanatory TL and a preaddressed FedEx envelope waybill for quick round-trip back to you, for forwarding to your foreign consignee.]</small> <small>[Note: The DSP-53 has been nearly eliminated by DDTC, and after 2011, ITAR § 120.28(b)(1) dropped the "DSP-53" from the form name, "FORM BIS-645P/ATF-4522/DSP-53." Nonetheless, some foreign government are still requiring it for certain items.]</small>	<b>Dates to/from DDTC:</b> _____
<input type="checkbox"/>	<b>Contents of outbound package inspected and confirmed to match DSP-61 commodities – before presenting this form to management.</b> <small>[Note: As a double-check, the employee who verifies the contents are correct <i>must</i> be a separate individual from the employee who originally packs.]</small>	Date: _____ _____ <small>[name of RSG employee]</small>
<input type="checkbox"/>	<b>Outbound-from-US <u>receipt</u> instructions</b> provided to foreign party. <small>[Important: Attach a copy of these instructions to this form, and retain in the transaction file for at least 5 years.]</small>	Date: _____
<input type="checkbox"/>	<b>Pre-coordinate with US customs broker (FedEx, UPS, etc.)?</b> <small>[check the completed action, below, and fill in "Date"]</small> ___ Send copy of DSP-61 to Freight-Forwarder / Customs Broker for handling.	Date: _____ _____ <small>[name of RSG employee]</small>
<input type="checkbox"/>	<b>ACE/EEI filed by ___ RSG or ___ Freight-Forwarder</b> <small>[Note: ACE/EEI filing <b>must occur</b> :          (i) at least <b>8 hours before</b> scheduled departure of truck or aircraft          (ii) at least <b>24 hours before</b> scheduled embarkation of a vessel or by rail</small>	<b>ACE/EEI filed by:</b> _____ <small>[name of RSG employee or Freight-Forwarder]</small>
<input type="checkbox"/>	<b>Insert ITN number (begins with "X"):</b> _____	
<input type="checkbox"/>	<b>Present this completed DSP-61 outbound checklist for review and signature approval by the RSG empowered official or his/her designee. Include any shipping papers, e.g. the EEI, the Commercial Invoice, and any other relevant files.</b>	Date: _____

**16.15 ACTION CHECKLIST – DSP-73 TEMPORARY EXPORT LICENSE**

 <b>DSP-73 Temporary Export License Action Checklist</b>	Name of Employee: _____ Signature: _____ Date: _____
	Empowered Official: _____ Signature: _____ Date: _____
	DSP-73 license number _____, [DSP-73s are no longer presented to Customs to be decremented. Customs accomplishes this via access to the ACE/EEI system.]

(i) Must be prepared by the RSG employee responsible for the export shipment, signed/dated above.  
(ii) Employee preparing form must check all applicable line entries.  
(iii) Empowered Official must approve and sign before any shipment is made.  
(iv) A copy of completed form must be kept in the associated RSG transaction file.

**EXIT CHECKLIST (Initials \_\_\_\_\_)**

List U.S. Freight-Forwarder / Customs Broker _____	
<input type="checkbox"/>	Will receiving country require an International Import Certificate? [If so, <b>submit</b> a Form DSP-53 to DDTC for counter-signature. Include an explanatory TL and a preaddressed FedEx envelope waybill for quick round-trip back to you, for forwarding to your foreign consignee.] <b>Note:</b> The DSP-53 has been nearly eliminated by DDTC, and after 2011, ITAR § 120.28(b)(1) dropped the "DSP-53" from the form name, "FORM BIS-645P/ATF-4522/ <del>DSP-53</del> ." Nonetheless, some foreign government are still requiring it for certain items.
<input type="checkbox"/>	Contents of outbound package inspected and confirmed to match DSP-73 commodities – <i>before</i> presenting this form to management. <b>Note:</b> As a double-check, the employee who verifies the contents are correct <i>must</i> be a separate individual from the employee who originally packs.]
<input type="checkbox"/>	Outbound-from-US <b>receipt instructions</b> provided to foreign party. <b>Important:</b> Attach a copy of those instructions to this form, and retain in the transaction file for at least 5 years.]
<input type="checkbox"/>	Pre-coordinate with US customs broker (FedEx, UPS, etc.)? [Check the completed action, below, and fill in "Date"] __ Send copy of DSP-73 to Freight-Forwarder / Customs Broker for handling.
<input type="checkbox"/>	ACE/EEI filed by __ RSG or __ Freight-Forwarder [Note: ACE/EEI filing <b>must occur</b> : (i) at least <b>8 hours before</b> scheduled departure of truck or aircraft (ii) at least <b>24 hours before</b> scheduled embarkation of a vessel or by rail rail Insert ITN number (begins with "X") from EEI: _____ [Example ITN number: X20170802677849]
<input type="checkbox"/>	Present this completed DSP-73 outbound checklist for review and approval signature by the SGT empowered official or his/her designee. Include any shipping papers, e.g. the EEI, the Commercial Invoice, and other relevant files.

**ENTRY CHECKLIST (Initials \_\_\_\_\_)**

List U.S. Freight-Forwarder / Customs Broker _____	
<input type="checkbox"/>	Inbound-to-US <b>shipping instructions</b> provided to foreign party. <b>Important:</b> Attach a copy of these instructions to this form, and retain all in the transaction file for at least 9 years.]
<input type="checkbox"/>	Pre-coordinate as needed with US customs broker (FedEx, UPS, etc.)? [check appropriate line, below, and fill in "Date"] __ Send copy of DSP-73 to Freight-Forwarder / Customs Broker for handling. __ Ensure that the US customs broker submits timely DDTC PGA Message set.
<input type="checkbox"/>	Present this completed DSP-73 inbound checklist for review and signature approval by the SGT empowered official or his/her designee.

**16.16 SIGN – EXPORT CONTROLLED AREA...**

**EXPORT CONTROLLED  
AREA  
NON-U.S. PERSONS MUST  
BE ESCORTED**

16.17 SIGN – VISITOR NOTICE

**ATTENTION:**

**ALL VISITORS WHILE ON THE  
PREMISES MUST:**

- SIGN IN AND SIGN OUT**
- PROVIDE PROOF OF U.S.  
CITIZENSHIP or GREEN  
CARD**

**AND/OR**

- BE ESCORTED AT ALL  
TIMES**

**NO EXCEPTIONS!**

**Thank you, in advance, for your cooperation,  
The Export Compliance Team**



## 16.18 ADDITIONAL DISCLAIMERS TO BE USED AS APPROPRIATE

These are short disclaimers or notices that are useful – and sometimes required by law – to be inserted into various transaction documents.

The following two disclaimers are the minimum export-control notice required by the ITAR and the EAR, respectively. Quoted below are the regulatory citations whence the requirement derives, followed by the disclaimer language in italics.

**ITAR 123.9 (b)** The exporter, U.S. or foreign, must inform the end-user and all consignees that the defense articles being exported are subject to U.S. export laws and regulations as follows:

(1) The exporter, U.S. or foreign, must incorporate the following statement as an integral part of the bill of lading, air waybill, or other shipping document, and the purchase documentation or invoice whenever defense articles are to be exported, retransferred, or reexported pursuant to a license or other approval under this subchapter:

*“These items are controlled by the U.S. Government and authorized for export only to the country of ultimate destination for use by the ultimate consignee or end-user(s) herein identified. They may not be resold, transferred, or otherwise disposed of, to any other country or to any person other than the authorized ultimate consignee or end-user(s), either in their original form or after being incorporated into other items, without first obtaining approval from the U.S. government or as otherwise authorized by U.S. law and regulations.”*

**EAR § 758.6 DESTINATION CONTROL STATEMENT AND OTHER INFORMATION FURNISHED TO CONSIGNEES**

(a) General Requirement

The exporter must incorporate the following information as an integral part of the commercial invoice whenever items on the Commerce Control List are shipped (i.e., exported in tangible form), unless the shipment (i.e., the tangible export) may be made under License Exception BAG or GFT (see part 740 of the EAR) or the item is designated as EAR99:

*“These items are controlled by the U.S. Government and authorized for export only to the country of ultimate destination for use by the ultimate consignee or end-user(s) herein identified. They may not be resold, transferred, or otherwise disposed of, to any other country or to any person other than the authorized ultimate consignee or end-user(s), either in their original form or after being incorporated into other items, without first obtaining approval from the U.S. government or as otherwise authorized by U.S. law and regulations.”*

(b) Additional requirement for 9x515 and "600-series" items

In addition to the DCS as required in paragraph (a) of this section, the ECCN for each “600-series” item being exported must be printed on the invoice and on the bill of lading, air waybill, or other export-control document that accompanies the shipment from its point of origin in the United States to the ultimate consignee or end-user abroad.

Use this disclaimer for all domestic U.S. shipments -- put on the quote, invoice, or waybill:

*Unless otherwise noted, this quote, invoice or shipment may include U.S. Munitions List (USML) items or Commerce Control List (CCL) items. USML/CCL commodities are controlled under U.S. law and in many cases cannot be exported or otherwise transferred without a valid State/Commerce Department export authorization. It is the responsibility of the purchaser to determine what the applicable requirements may be and to obtain all necessary authorizations, licenses or approvals.*

Use this as part of all quotes for international sales:

*Unless otherwise noted, this quote may include U.S. Munitions List (USML) items or Commerce Control List (CCL) items. USML/CCL commodities are controlled under U.S. law and in many cases cannot be exported or otherwise transferred without a valid State/Commerce Department export or reexport authorization. If you issue a PO against this quote, please include the following information on the PO:*

*END USER NAME & ADDRESS: \_\_\_\_\_*

*(Street address, please. Post box numbers will result in export license rejection)*

*END USE APPLICATION: \_\_\_\_\_*

Also, if you are not shipping directly to the End User but are shipping to any other entity which will then forward the material to the End User, then we require the name and address of said entity. In addition, if there will be more than 1 entity in the chain between you and the End User then we would likewise need the name and address of all said entities. In other words, and simply stated, we need the name and address of any and all entities in the chain of possession between you and the End User.

## 17 HELPFUL CONTACT INFORMATION

Name	Contact	Information
U.S. Department of State Directorate of Defense Trade Controls	<a href="http://www.pmddtc.state.gov">www.pmddtc.state.gov</a> <i>Response Team: (202) 663-1282;</i> <i>ddtcreponseteam.state.gov</i>  <i>D-Trade Help Desk: (202) 663-2838;</i> <i>dtradehelpdesk@state.gov</i>	The Response Team fields policy questions and status updates on registration renewals and Commodity Jurisdictions.  The D-Trade help desk handles technical questions if you are having issues with D-Trade.

Bureau of Industry and Security Department of Commerce	<a href="https://www.bis.doc.gov/">https://www.bis.doc.gov/</a> (202) 482-4811 – Outreach of Educational Services Division	Website has helpful information regarding exports including virtual training modules and seminar schedules.  An export counselor can be reached at the phone number. They are very helpful.
International Trade Administration	<a href="https://www.trade.gov">https://www.trade.gov</a>	Helpful information for exporters
United States Census Bureau	<a href="https://www.census.gov/foreign-trade/schedules/b/">https://www.census.gov/foreign-trade/schedules/b/</a>  <a href="https://www.cbp.gov/trade/automated">https://www.cbp.gov/trade/automated</a>	Schedule B look up  ACE/EEI Filing Information
Identrust	<a href="https://www.identrust.com/">https://www.identrust.com/</a> (888) 248-4447	Information for purchasing and maintaining digital certificate
Schedule B codes  &  HTSUS codes	<b>HTSA (HTSUS) –</b> <a href="https://www.usitc.gov/tata/hts/index.htm">https://www.usitc.gov/tata/hts/index.htm</a>  <b>Schedule B –</b> <a href="https://www.census.gov/foreign-trade/schedules/b/">https://www.census.gov/foreign-trade/schedules/b/</a>  <b>Schedule B help line –</b> 800-549-0595, then option 2	Our company policy is to use Schedule B codes on all outbound hardware exports.  HTSUS codes are to be used for inbound hardware imports.  If your Schedule B lookup is not clear, call this Census help line. This is the only federal agency that gives classifications over the phone

## Enclosure (1): Technology Control Plan

Employee Name: [Type name]Citizen of: [country]

### I. SCOPE

The procedures contained in this plan apply to all elements of Rotorcraft Services Group, Inc. ("RSG"), 3901 North Main Street, Fort Worth, TX 76106.

Disclosure of classified or unclassified technical data to foreign persons, as defined by ITAR § 120.10, in the course of employment or on extended visitor status is considered an export under ITAR and is subject to a Department of State (DOS) license or agreement. (Note: there is no classified information at RSG at the present time.)

### II. PURPOSE

The purpose of this Technology Control Plan is to delineate and inform employees and visitors of RSG the controls necessary to ensure that no transfer of technical information or data or a defense service (as defined in ITAR paragraphs § 120.10 & § 120.9) occurs unless authorized by the Directorate Defense Trade Controls (DDTC).

### III. BACKGROUND

As a comprehensive helicopter modification and completions center, provider of engineering, certification solutions and certified parts manufacturer; Rotorcraft Services Group, is an industry leader with over 40 years of dedicated service to the aviation industry. Our experience, thru collaboration with Original Equipment Manufacturers ("OEM's") has earned RSG the reputation for delivering complete solutions and leading-edge technologies to serve the needs of individuals/fleet owners/operators, domestic and foreign military governments with VIP, Law Enforcement, EMS and Special Missions equipment.

Rotorcraft Services Group, which is comprised of RSG Aviation, RSG AeroDesign and RSG Products, supports local, domestic and international projects that utilizes all three divisions' expertise and capabilities. Projects range from, but are not limited to; design, engineering, manufacturing, kitting, certification, installation (onsite and offsite), testing and product warranty and support. Program Managers at each division are capable of driving multiple projects from cradle to grave, regardless of their location.

### IV. FOREIGN PERSONS

No Foreign Person will be given access to unclassified and/or classified material on any project or program that involves the disclosure of technical data as defined in ITAR paragraph 120.10 until that individual's license authority has been approved by the Department of State or Commerce, as appropriate.

RSG employees who have the supervisory responsibility for foreign persons must receive an export control/licensing briefing that addresses relevant ITAR requirements as they pertain to classified and controlled unclassified information.

Foreign persons employed by, assigned to (extended visit) or visiting RSG, shall receive a briefing that addresses the following items:

- Prior to the release of classified material or controlled unclassified information to a foreign person an export authorization issued by DTCL needs to be obtained by RSG.
- Ensure foreign persons adhere to the RSG's security rules, policies and procedures and in-plant personnel regulations.
- Outline the specific information that has been authorized for release to them.
- Address RSG's in-plant regulations for the use of facsimile, automated information systems and reproduction machines.
- Any classified information they are authorized to have access and need to forward overseas will be submitted to RSG's security department for transmission through government-to-government channels.
- Information received at RSG for the foreign national and information that the foreign national needs to forward from RSG shall be prepared in English.
- Violations of security procedures and in-plant regulations committed by foreign nationals are subject to RSG sanctions.

## V. ACCESS CONTROLS FOR FOREIGN NATIONALS

RSG has devised a set of controls to ensure that foreign nationals do not obtain unauthorized access to any classified or controlled unclassified information. The principal features are:

- Badges: All visitors are required to wear a badge during their visit. Foreign-person badges shall be uniquely marked in Red. Foreign persons shall not be permitted access to restricted areas without security examination of this badge and visual verification that the badge belongs to the holder. Employees must be informed of the limitations and restrictions imposed for each different badge type.
- Escorts: It shall be the responsibility of the RSG host employee to escort, or arrange for an escort of a foreign person visiting RSG facilities at all times. The RSG escorting employee shall confirm with the Company Empowered Official the facility locations that the foreign person can visit and make sure that there shall be no exposure to controlled unclassified information. (NOTE: RSG supervisors of foreign persons shall ensure that foreign nationals are escorted in accordance with U.S. Government and RSG regulations.)
- Segregated work area(s): The segregated area at RSG is limited to a specially-prepared conference room near the main entrance, which offers secure guest WiFi access. At all locations, visitors shall sign the Visitor Log and display proof of US citizenship or permanent residency. There shall be no exceptions to this rule. All visitors shall be escorted at all times.

## VI. EXPORT-CONTROLLED INFORMATION

The specific elements of unclassified information (there is no classified information at RSG at the present time) will involve technical information about any item that has been



defined as an ITAR or controlled-for-export EAR item, and similar systems being developed, including such items as Interface Control Documents, source code for defense article sensor drivers etc.

**VII. NON-DISCLOSURE STATEMENT**

All foreign persons shall sign a non-disclosure statement (specified by DTCL) that acknowledges that classified and controlled unclassified information will not be further disclosed, exported or transmitted by the individual to any foreign national or foreign country unless DDTTC authorizes such a disclosure and the receiving party is appropriately cleared in accordance with its government’s personnel security system.

**VIII. SUPERVISORY RESPONSIBILITIES**

Supervisors of cleared personnel and foreign national employees and foreign national visitors shall ensure that the employees and visitors are informed of and cognizant of the following:

- Technical data or defense services that require an export authorization is not transmitted, shipped, mailed, hand-carried (or any other means of transmission) unless an export authorization has already been obtained by RSG and the transmission procedures follow U. S. Government regulations.
- Individuals are cognizant of all regulations concerning the handling and safeguarding of classified information and controlled unclassified information.
- Individuals execute a technology control plan (TCP) briefing form acknowledging that they have received a copy of the TCP and were briefed on the contents of the plan.
- U.S. citizen employees are knowledgeable of the information that can be disclosed or accessed by foreign nationals.

Point of contact for this TCP:

Signature: \_\_\_\_\_

Name & Date: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

Senior Management Official:

Signature: \_\_\_\_\_

Name & Date: \_\_\_\_\_ / \_\_\_\_\_ / \_\_\_\_\_

**IX. EMPLOYEE RESPONSIBILITIES**

All RSG employees who interface with foreign nationals shall receive a copy of the TCP and a briefing that addresses the following:

- Documents under their jurisdiction that contain technical data are not released to or accessed by any employee, visitor, or subcontractor who is a foreign national unless an export authorization has been obtained by RSG in accordance with the ITAR or the Export Administration Regulations (EAR).

- If there is any question as to whether or not an export authorization is required, contact the Facility Security Officer promptly.
- Technical information or defense services cannot be forwarded or provided to a foreign national regardless of the foreign national's location unless an export authorization has been approved by DDTC and issued to RSG.

By signature below I certify that I have read the above Technology Control Plan and have been briefed on its contents, and I agree to abide by the stated terms and conditions to the best of my ability.

Employee:

[\*\* Insert name]: Signature and Date: \_\_\_\_\_ / \_\_\_\_ / \_\_\_\_

**Technology Control Plan Attachments**

- TCP Attachment A: Facility Control Procedures
- TCP Attachment B: Foreign-Person Employee Non-Disclosure Agreement
- TCP Attachment C: Foreign-Person Employee Checklist & Briefing Record
- TCP Attachment D: Employee ITAR/EAR Out-Processing Form (for *all* employees)

## TCP Attachment A: Facility Control Procedures

### Change History

#### 1.1 PURPOSE

This document provides procedures for protecting export-controlled items and data while in-house at Rotorcraft Services Group, Inc. ("RSG"), as well as guidelines for the marketing and sales of export-controlled items.

This Facility Control Procedures document (FCP) delineates and informs employees of the controls necessary to ensure that no export of controlled items occurs unless authorized by the appropriate authorities.

#### 1.2 APPLICATION

The procedures contained in this FCP apply to all RSG work locations.

##### ***Responsibility***

It is the responsibility of the Export Compliance Officer to maintain this document and to ensure it is adhered to.

The Export Compliance Officer (ECO) is responsible for implementation of this FCP and control of all export-related documents and forms. The ECO is also responsible for issuing keys, Access Cards, combinations and passwords to export-controlled areas of the facility.

All employees are responsible for understanding this FCP and for taking the necessary precautions to prevent disclosure of export-controlled items.

#### 1.3 DEFINITIONS

The following definitions are applicable to this FCP.

Defense Article - Any item or technical data designated in the United States Munitions List (USML) (ITAR paragraph 121.1). It includes technical data recorded or stored in any physical form, models, mockups or other items that reveal technical data directly relating to items designated in the USML.

EAR - Export Administration Regulations

Export (according to the ITAR) - (1) sending or taking a defense article out of the U.S. in any manner, except by mere travel outside of the U.S. by a person whose personal knowledge includes technical data; or (2) transferring registration, control, or ownership to a foreign person of any aircraft, vessel, or satellite covered by the USML, whether in the U.S. or abroad; or (3) disclosing (including oral or visual disclosure) or transferring in the United States any defense article to an embassy, any agency or subdivision of a foreign government (e.g., diplomatic missions); or (4) disclosing (including oral or visual disclosure) or transferring technical data to a foreign person, whether in the U.S. or abroad; or (5) performing a defense service on behalf of, or for the benefit of, a foreign person, whether in the U.S. or abroad.

Export (according to the EAR) - actual shipment or transmission of items subject to the EAR out of the U.S., or release of technology or software subject to the EAR to a foreign person in the U.S.

Export-Controlled Item - any items subject to the controls of the ITAR or EAR.

Foreign Person - Any natural person who is not a US Citizen or a lawful permanent resident of the U.S. or who is not a protected individual (political asylee). It also means any foreign corporation, business association, partnership, trust, society or any other entity or group that is not incorporated or organized to do business in the U.S., as well as international organizations, foreign governments and any agency or subdivision of foreign governments (e.g., diplomatic missions).

ITAR - International Traffic in Arms Regulations

Significant Military Equipment - Articles for which special export controls are warranted because of their capacity for substantial military utility or capability (see items in section 121.1 of the ITAR).

Technical Assistance Agreement (TAA) – U.S. State Department approved document that allows the export of technical information, services, and possibly some equipment.

Technical Data - information which is required for the design, development, production, manufacture, assembly, operation, repair, testing, maintenance, or modification of defense articles; classified information related to defense articles; information covered by an invention secrecy order; software directly related to defense articles.

U.S. Person - Any natural person who is US Citizen, a lawful permanent resident of the U.S. (Green Card holder), or who is a protected individual. It also means any corporation, business association, partnership, trust, society or any other entity, organization or group that is incorporated to do business in the U.S. It also includes any governmental (federal, state or local) entity.

**1.4 REFERENCES**

Export Administration Regulations (EAR)

Export Briefing Acknowledgement (in New Employee Orientation Checklist)

International Traffic in Arms Regulations (ITAR) (22 CFR 120-130)

**1.5 PROCESS**

**1.5.1 INTERNAL PROCEDURES**

**1.5.1.1 PERSONNEL IDENTIFICATION**

- 1.5.1.1.1 All RSG employees, on-site contractors and visitors are required to wear badges at all times while on RSG premises. Badges shall be displayed at the waist or above and be visible at all times so that identification is easily determined. A full escort is required while in a RSG ITAR/EAR restricted area. Please check with the Company Empowered Official.
- 1.5.1.1.2 A WHITE badge with facility access indicates that an individual is a RSG employee U.S. person as defined above. This badge allows for full access to ITAR/EAR controlled technical information relating to all projects.
- 1.5.1.1.3 A BLUE badge with NO facility access indicates that an individual is an RSG visitor U.S. person as defined above. This badge allows for full access to ITAR/EAR controlled technical information relating to all projects. Escort is still required while at RSG facilities.
- 1.5.1.1.4 A RED badge with NO facility access indicates that an individual is an RSG foreign-person visitor as defined above. This badge does not allow any access to ITAR/EAR controlled technical information and requires full escort while at RSG facilities.

1.5.1.1.5 A RED badge with facility access indicates that an individual is a RSG foreign-person employee. This badge allows access to ITAR/EAR controlled technical information only as specifically authorized by the Export Compliance Officer. The protocols for implementing such ECO authorizations are the responsibility of the employee's direct manager, who in turn will document this oversight via the form at § 16.11 of this Manual. Please check with the Company Empowered Official.

### **1.5.1.2 VISITORS**

All visitors are required to sign in upon arrival and obtain an appropriate badge from the reception desk. It is the responsibility of a visitor's host to ensure the visitor is a U.S. person prior to disclosing export-controlled information. Although the badge is assigned based on the citizenship indicated on the sign in card, the visit host or receptionist may request proof of citizenship and/or permanent resident status if deemed necessary. Visitors must be escorted at all times.

### **1.5.1.3 EXPORT-CONTROL DETERMINATION**

The Export Compliance Manager, with guidance from Contracts Administration and the Project Manager, shall determine what, if any, export regulations are applicable to a project. This determination will be based on specific contract language and using the ITAR and EAR. Any engineering data or designs created from items determined to be export-controlled shall also be considered export-controlled.

### **1.5.1.4 FOREIGN PERSONS POLICY**

Foreign persons will not be employed on any work that involves the disclosure of export-controlled information until license authority has been granted by the appropriate government agency.

### **1.5.1.5 NON-DISCLOSURE STATEMENT OF ACKNOWLEDGMENT**

Foreign persons to whom technical data will be disclosed under license by DDTC, will be required to sign an appropriate non-disclosure statement. A signed and dated copy of that non-disclosure statement will be kept on file with the company empowered official, noting the referenced license number.

### **1.5.1.6 EMPLOYEE AWARENESS**

Employees shall be briefed during the new employee orientation that some of the company's work is subject to export controls and unless there is an export license in place, this information shall not be disclosed to foreign persons.

All employees shall sign an export-briefing acknowledgement to indicate they understand the company policy on handling export-controlled items.

The Facility Security Officer and the Empowered Official are available as a resource to company employees for answering questions and clarifying this FCP, the ITAR and the EAR regulations.

### **1.5.1.7 WORK AREAS**

Work on export-controlled items shall be performed in an area that excludes unauthorized foreign persons. Signs shall be posted stating that export-controlled work is in progress. If a foreign person needs to enter an export-controlled area, they shall coordinate with the project manager responsible for that area. The project manager shall ensure all export-controlled items are out of sight and all conversation relating to export-controlled items has ceased prior to allowing access to the foreign person.



### **1.5.1.8 TECHNICAL DATA**

#### **1.5.1.8.1 MARKING**

Each page of export-controlled technical data shall be marked with appropriate statements to indicate export-control sensitivity.

#### **1.5.1.8.2 STORAGE AREAS**

Areas used for storing export-controlled items shall be marked as such. These areas shall be protected from unauthorized personnel at all times.

#### **1.5.1.8.3 NETWORK**

Access to areas on RSG's network containing export-controlled information is limited to authorized personnel only. Permissions will be communicated by the company Empowered Official to RSG's IT department on a case-by-case basis.

### **1.5.1.9 RECEIPT OF EXPORT-CONTROLLED ITEMS**

All incoming export-controlled items will be brought to the attention of the appropriate project manager. The project manager is responsible for maintaining/tracking export-controlled items related to his project. At the end of a project, retention/disposal of export-controlled items will be determined at contract closeout.

#### **1.5.1.10 TRANSMITTAL OF EXPORT-CONTROLLED ITEMS**

No employee or other person acting on behalf of RSG shall ship, mail, carry or transmit export-controlled items from the U.S. or within the U.S. with the knowledge or intent that the item/information will be shipped or transmitted from the U.S. to a foreign destination without proper government approvals/licenses. Obtaining appropriate governmental approval for all exports or disclosures shall be coordinated through the ECO.

#### **1.5.1.11 BUSINESS DEVELOPMENT ACTIVITIES**

##### **1.5.1.11.1 PUBLICITY**

Publicity for RSG's technology comes in many forms - web-site postings, product information and presentations to customers, and air show data sheets, handouts, and the display booth. Technical data and pictures should be reviewed by the ECO prior to posting or dissemination.

Note that although RSG may be involved with programs that are not specifically classified or ITAR sensitive they may be competition sensitive or company proprietary. RSG must be cognizant of this and exercise conservatism where appropriate when making announcements, posting pictures on the web site, and preparing presentations.

##### **1.5.1.11.2 PUBLIC SHOWS**

Participation in public shows is an excellent opportunity to introduce RSG and their technology to a significant number of potential customers. In addition, relationships can be built and fostered in an environment not as formal. Competitor information can also be gathered, however, this is equally true for RSG's technology and product development activities.

In support of public shows, RSG may take product models or mock-ups to display and show potential customers. These models and mock-ups may be subject to export restrictions and procedures for carrying or sending these models/mock-ups out of the country must be followed. Any exports should be coordinated through the ECO.

**1.5.1.11.3 SALES AND MARKETING**

If any foreign company approaches RSG, discussions can take place, however it must be made clear that RSG's technology is subject to export restrictions and detailed technical discussions will only take place subsequent to approvals by the U.S. State Department under a DSP-5 or a Technical Assistance Agreement (TAA), as appropriate. Contact the ECO for details on obtaining a TAA.

**1.5.1.12 VIOLATIONS**

Any perceived violations of this FCP or other export-control regulations (ITAR, EAR) shall be immediately reported to the ECO, who will generate a report and provide it to the Export Compliance Officer for final disposition.

**1.5.1.13 DOCUMENTATION**

The ECO shall maintain all forms and documentation related to exporting activities.

**TCP Attachment B: Non-Disclosure Agreement for Foreign-Person Employees****Access to ITAR-Controlled Defense Articles by  
Foreign Person Employees**

I, [name of foreign person], acknowledge and understand that any technical data related to a defense article covered by the U.S. Munitions List to which I have access per authorization by the U.S. Department of State, Directorate of Defense Trade Controls (DDTC) under [state relevant export license/authorization number]\*\* and disclosed to me in my employment by Rotorcraft Services Group, Inc. ("RSG"), is subject to the export controls of the International Traffic in Arms Regulations (ITAR) (Title 22, Code of Federal Regulations, Parts 120-130), particularly the 22 CFR 124.8 clauses.

1. This authorization shall not enter into force, and shall not be amended or extended, without the prior written approval of the Department of State of the U.S. Government.
2. This authorization is subject to all United States laws and regulations relating to exports and to all administrative acts of the U.S. Government pursuant to such laws and regulations.
3. The parties to this authorization agree that the obligations contained in this authorization shall not affect the performance of any obligations created by prior contracts or subcontracts which the parties may have individually or collectively with the U.S. Government.
4. No liability will be incurred by or attributed to the U.S. Government in connection with any possible infringement or privately owned patent or proprietary rights, either domestic or foreign, by reason of the U.S. Government's approval of this authorization.
5. The technical data or defense services exported from the United States in furtherance of this authorization and any defense article 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 authorization unless the prior written approval of the Department of State has been obtained.
6. All provisions in this authorization which refer to the United States Government and the Department of State will remain binding on the parties after the termination of the authorization.

During my employment with Rotorcraft Services Group, Inc. ("RSG"), I am authorized to interact and participate in discussions with other U.S. and foreign person, and disclose technical data as necessary, while performing my job duties covered under DDTC [\*\*case number]. It will be the responsibility of my employer, RSG, to notify other U.S. and foreign persons of my status as a foreign national employee prior to my interaction.

I also acknowledge and understand that should I inadvertently receive technical data or defense articles for which I have not been granted access authorization by DDTC, or if I inadvertently export technical data or defense articles received during my employment to an unauthorized recipient, I will report such unauthorized transfer and acknowledge the transfer to be a violation of U.S. Government regulations.


In furtherance of the above, I hereby certify that all defense articles, including related technical data, to which I have access will not be used for any purpose other than that authorized by DDTC and will not be further exported, transferred, disclosed via any means (e.g., oral disclosure, electronic, visual access, facsimile message, telephone) whether in its original form, modified, or incorporated in any other form, to any other foreign person or any foreign country without the prior written approval of DDTC.

\_\_\_\_\_  
Signature – Foreign Person (Employee)                      Date \_\_\_\_\_

\_\_\_\_\_  
Signature – U.S Person (Employer)                      Date \_\_\_\_\_

**\*\*Please leave sufficient space to enter the DDTC case number once approval is received.\*\***

**TCP Attachment C: Foreign-Person Employee Checklist / Briefing Record**

 <p><b>New Employee Orientation Checklist</b></p>	Name of Employee: _____ Signature: _____ Date: _____ <hr/> Name of Supervisor: _____
A Human Resources representative shall review the items on this checklist with the new employee on his/her first day at work. When all of the items on this checklist have been completed and checked, including QA and Safety, the signed original will be placed in the employee's personnel file.	
<input type="checkbox"/> Provide copy of the Employee Handbook including Drug Free Workplace Program and Equal Employment Policy	
<input type="checkbox"/> Intranet Tutorial ___ Company Management Procedures & Policies (MPPs), System Level Procedures ___ Corporate Information ___ Timesheets ___ Contacts/Schedules: Phone list, Telephone & Voicemail instructions ___ Human Resources: Benefit Summary Plan Descriptions, EAP, 401K, Payroll forms, Training Forms, Performance Review forms ___ Export Compliance: Dedicated Intranet ITAR/EAR training modules, new employee and annual updates	
<input type="checkbox"/> Explain the company procedure regarding the following:	
	Timesheets - completion on a daily basis
	Overtime
	How and to whom to report absences
	Vacation scheduling
	Early departures
	Signature Authority List (see Intranet)
<input type="checkbox"/> Explain Performance Reviews now include a focus on export compliance	
	Senior management with ITAR-related responsibilities: ITAR compliance is a critical element of review.
	All other employees involved in export compliance: ITAR compliance is considered in performance review.
<input type="checkbox"/> Explain hours of work:	
	Normal working hours
	Definition of Company workweek
<input type="checkbox"/> Lunch time:	
	Amount of time
	Time scheduled
<input type="checkbox"/> Introduce employee to mentor; explain mentor program	
<input type="checkbox"/> ITAR/EAR/Security Briefings _____ (signature Export Compliance Officer)	
Note: Special export compliance briefing for foreign-person officers, managers _____ (initials Export Compliance Officer)	
<input type="checkbox"/> Employee has read the Technology Control Plan provided by company, and has discussed the procedures with company, understands procedures and agrees to comply with its requirements.	
<input type="checkbox"/> Quality Assurance Briefing _____ (sig. Quality Systems rep)	
<input type="checkbox"/> Shop Safety Briefing (if applicable) _____ (sig. Director of Manufac.)	
The above was accomplished by _____ (HR Rep) on _____ (Date)	



**TCP Attachment D: Employee ITAR/EAR Out-Processing Form (for all employees)**



Date: \_\_\_\_\_ / \_\_\_\_\_ / 2019

**ITAR / EAR Out-Processing Statement**

**RE: Employee Name:** \_\_\_\_\_

*I certify that I have returned to RSG any and all items belonging to RSG, specifically including technical data, in any form, regarding defense articles. I understand that I am still bound by rules of confidentiality after employment by RSG. Furthermore, I understand that the restrictions against unauthorized disclosure of technical data regarding defense articles are a function of U.S. law, not just of the Non-Disclosure Statement I signed with RSG. I have been advised that the International Traffic in Arms Regulations ("ITAR") and the Export Administration Regulations ("EAR") provide for civil and criminal sanctions for such unauthorized disclosures.*

Signature: \_\_\_\_\_ Date: \_\_\_\_\_/\_\_\_\_\_/2019  
Employee

Signature: \_\_\_\_\_ Date: \_\_\_\_\_/\_\_\_\_\_/2019  
Fletcher Redwine  
Company Empowered Official