2026 Summer Back to Basics
Disclosures and Enforcement

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Conference Agenda

We are here in the transaction process!

Trade Compliance Programs → Submission Tools → ITAR Registration (as required) → Jurisdiction and Classification →

ITAR Exemptions/ EAR Exceptions → ITAR/EAR Licensing → ITAR Agreements → Customs Clearance → Disclosures and Enforcement

REPORTING VIOLATIONS

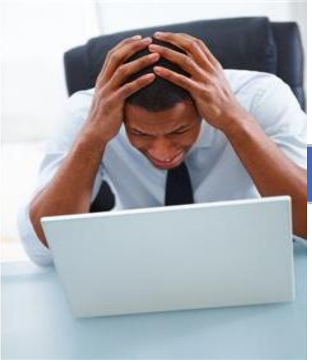
DISCLOSURES

Reporting and Addressing Violations

- System to identify and report suspected violations (senior management support)
  - Include anonymous reporting mechanism
  - Automated tools help identify violations and decrease human error
- Well-defined process for investigating and disclosing violations to the government
  - Identify jurisdiction so you report to the correct agency
  - Detailed procedures result in consistent and comprehensive investigations and disclosures; improve process integrity
- Process to implement and track corrective actions helps prevent future violations

INTERNAL AND EXTERNAL REPORTING

Employee Discovery



Cease Concerned Activities

Company Investigation

Corrective Actions

Seek Outside Counsel (if needed)

Submit Disclosure

Identifying Violations

Violations are often discovered when:

- Updating Registration
- Initiating export/import activity
- During training
- Preparing or amending a license submission
- Auditing
- Merging with or acquiring another company
- Working with other businesses/parties

Identifying Violations

U.S. Party	Foreign Party
• Unauthorized export of defense articles and technical data • Activities based on incorrect export control jurisdiction • Proviso violation • Misuse of ITAR exemptions • Administrative Violations • Failure to: - Properly implement and manage licenses and agreements - Register - Submit 5-day or 60-day notice	• Unauthorized electronic access to technical data: e-mails, firewalls, server locations • Unauthorized access to defense articles: foreign ports, freight handling facilities, warehouses • Inadequate physical security • Activities based on incorrect or unknown export control jurisdiction • Retransfers and re-exports without authorization • U.S. person employee of foreign company providing defense services without authorization

Identifying Violations

Voluntary Disclosure (VD)	Directed Disclosure (DD)
A DTCC investigation into possible ITAR violations initiated by the company at issue notifying DTCC of potential or actual violations. The ITAR strongly encourages the voluntary disclosure to DTCC of circumstances which may have violated the ITAR. If the violations involve certain prohibited countries, immediate disclosure is mandatory.	A DTCC investigation into possible ITAR violations initiated by DTCC. In the form of a letter, DTCC requests information regarding a potential or actual violation, based on information received or discovered by DTCC. Information sources: calls, emails, inter-agency, intra-agency, other disclosures
ITAR §127.12	Based on ITAR §122.5(b)
631 voluntary disclosures in FY 2025	72 directed disclosures in FY 2025
Failure to report is considered when assessing penalties	

Disclosing ITAR Violations

- Provide initial notification immediately after a violation is discovered, then submit a full disclosure after thorough review
  - 60 days from initial notification to submit full disclosure
  - If you need an extension, ask for one (better than missing a deadline) —but explain why it is needed
  - Extensions may also be requested to respond to DTCC follow-up letters—but again, provide explanation for why it is needed
  - Most importantly, be thorough in your investigation
  - 126.1(e)(2) duty to notify 126.1 violations immediately

Full VD Requirements

ITAR §127.12(c) identifies information to include in disclosure

- Who, what, when, where, how, why – provide specifics
    - Consider including executive summary of the basic facts and cause(s)
- Identify any past related disclosures
- Conduct "root cause" analysis
- Review related transactions and expand scope appropriately
- Provide a matrix and/or timeline for multiple or complex violations
- Describe corrective actions taken; explain how corrective actions resolve the violation and prevent future violations

DDTC Submission

- DDTC now accepts disclosures and related information electronically.
- Persons submitting a disclosure and/or related information (e.g., exhibits, extension request, or response to a DDTC inquiry) are encouraged to send such information to: DTCC-CaseStatus@state.gov

BIS Voluntary Self-Disclosures (VSDs) – Section 764.5

- **Submitted by**: A company when there is knowledge of a possible export violation of the EAR, license, license condition, or order.
- **Manner of Submission:** BIS_VSD_INTAKE@bis.doc.gov
- **Abbreviated Narrative Account:** Disclosures with no aggravating factors; no five-year look back required.
- **Bundling:** Multiple VSDs of minor, technical violations can be batched and submitted quarterly.
- **Intent:** Allow OEE's finite resources to focus on significant violations and malign actors.
- **See also:** Enforcement | Bureau of Industry and Security

VSDs Opened 2024	VSDs Closed 2024	Closed with Warning Letter	Closed with Admin Sanctions	Closed with No Action or No Violation	Closed for Other Reasons
512	589	377	3	192	13

DISCLOSURES AND EAR 764.5(G)

15 CFR 764.2(e) Acting with knowledge of a violation

No person may order, buy, remove, conceal, store, use, sell, loan, dispose of, transfer, transport, finance, forward, or otherwise service, in whole or in part, or conduct negotiations to facilitate such activities with respect to, any item that has been, is being, or is about to be exported, reexported, or transferred (in-country), or that is otherwise subject to the EAR, with knowledge that a violation of ECRA, the EAR, or any order, license or authorization issued thereunder, has occurred, is about to occur, or is intended to occur in connection with the item.

Disclosures and EAR 764.5(g) Requests to BIS

15 CFR 764.5(g)(1) Treatment of unlawfully exported items after voluntary self-disclosure

Any person who has made a voluntary self-disclosure knows that a violation may have occurred. Therefore, at the time that a voluntary self-disclosure is made, the person making the disclosure **may request permission from BIS to engage in the activities described in §764.2(e)** of this part that would otherwise be prohibited. If the request is granted by the Office of Exporter Services in consultation with OEE, future activities with respect to those items that would otherwise violate §764.2(e) of this part will not constitute violations. However, even if permission is granted, the person making the voluntary self-disclosure is not absolved from liability for any violations disclosed nor relieved of the obligation to obtain any required reexport authorizations.

Section 764.5(g) requests must be formally submitted to the Office of Exporter Services (OExS) on letterhead and signed pursuant to the procedure identified in Section 764.5(g) of the EAR. Email Section 764.5(g) requests to EMCD@bis.doc.gov with a copy to bis_vsd_intake@bis.doc.gov.

Disclosure Best Practices: Root Cause Analysis & Corrective Actions

- Immediately halt any ongoing violations
- Develop investigation plan
- Investigate
- Determine Root Cause
- Identify and assign appropriate corrective actions
- Disclose
  - Mandatory or Voluntary
  - Initial or Final

See SIA's Voluntary Disclosure Handbook for assistance

DDTC Review & Assessment

After a disclosure is received, DTCC issues a case number

- Provided in response to initial notification (60-day letter)
- Wait for the case number before submitting related licenses
- DO NOT cite anything other than a correct case number on a license application

Possible outcomes:

- Closed
- Closed with action
- Audit request
- Penalty

DTCC factors considered include:

- Harm to U.S. foreign policy or national security
  - Destination (126.1 countries) and parties involved
  - Type of defense articles exported without authorization
  - Whether transaction would have been authorized
- Adherence to law, regulations, and DDTC's licensing and compliance policies
  - Severity of violations
  - Repeated violations or an isolated incident
  - Number of locations, programs, and business units affected
- Review periods vary greatly, depending on complexity of the case, company history, interagency staffing, and workload

BIS Review & Assessment

After a disclosure is received, OEE issues an acknowledgment letter and case number

- The matter is referred out to an OEE Field Office and an OEE Special Agent will contact the disclosing party
- The full narrative account of disclosure must be received by OEE within 180 days
- The Director of OEE may grant an extension

BIS factors considered include:

- Aggravating Factors
  - Willful or Reckless Violation of Law
  - Awareness of Conduct at Issue
  - Harm to Regulatory Program Objectives
  - Failure to Disclose a Significant Apparent Violation
- General Factors
  - Individual Characteristics
  - Compliance Program
- Mitigating Factors
  - Remedial Response
  - Exceptional Cooperation with OEE
  - License was likely to be approved
  - Related Violations, Multiple Unrelated Violations, or Other Enforcement Action
  - Future Compliance/Deterrence Effect
  - Other Factors that OEE deems relevant.

Possible outcomes:

- No Action Letter
- Warning Letter
- Administrative Sanctions
- Criminal Prosecution

ENFORCEMENT

Consent Agreements

Consent Agreement

- Negotiated settlement with company for alleged violations
- Monetary penalty and/or enforceable conditions, such as:
  - Audit
  - Reporting
  - Compliance program improvements
  - Outside monitor
- Typically run 3-4 years
- Typically include external monitoring by DTCC and a Special Compliance Officer

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U.S. Department of State Concludes $36 Million Settlement Resolving Export Violations by General Electric Company

MEDIA NOTE

OFFICE OF THE SPOKESPERSON

APRIL 17, 2026

The U.S. Department of State has concluded an administrative settlement with General Electric Company (GE Aerospace) to resolve 116 violations of the Arms Export Control Act (AECA), 22 U.S.C. § 2751 et seq., and the International Traffic in Arms Regulations (ITAR), 22 C.F.R. parts 120-130. The Department of State and GE Aerospace reached this settlement following an extensive compliance review by the Office of Defense Trade Controls Compliance in the Department's Bureau of Political-Military Affairs.

The administrative settlement between the Department of State and GE Aerospace, concluded pursuant to ITAR § 128.11, addresses multiple categories of ITAR violations, including GE Aerospace's unauthorized exports of technical data to the People's Republic of China; violations of terms, conditions, and provisos of several Directorate of Defense Trade Controls authorizations involving various countries; unauthorized exports of defense articles to two countries; and failure to report material changes to its ITAR registration.

GE Aerospace voluntarily disclosed all the alleged violations, a substantial portion of which predate 2023. GE Aerospace also fully cooperated with the Department's review of this matter and has implemented numerous improvements to its ITAR compliance program since the conduct at issue.

Recent ITAR Consent Agreements

Company	Year	Penalty (USD)	# of Proposed Charges
General Electric Company	2026	$36,000,000+	116
Precision Castparts Corp.	2024	$3,000,000+	24
RTX Corporation	2024	$200,000,000+	750
The Boeing Company	2024	$51,000,000+	199
Island Pyrochemical Industries Corp.	2023	$850,000+	3
3D Systems Corp.	2023	$20,000,000+	132
Torrey Pines Logic, Inc. and Dr. Leonid Volfson	2022	$840,000+	5
Keysight Technologies, Inc.	2021	$6,600,000+	24
Honeywell International, Inc.	2021	$13,000,000+	34
Airbus SE	2020	$10,000,000+	75

+ Suspended in whole or in part as provided in the Consent Agreement

More information available on DDTC's website. See ITAR Compliance Tab

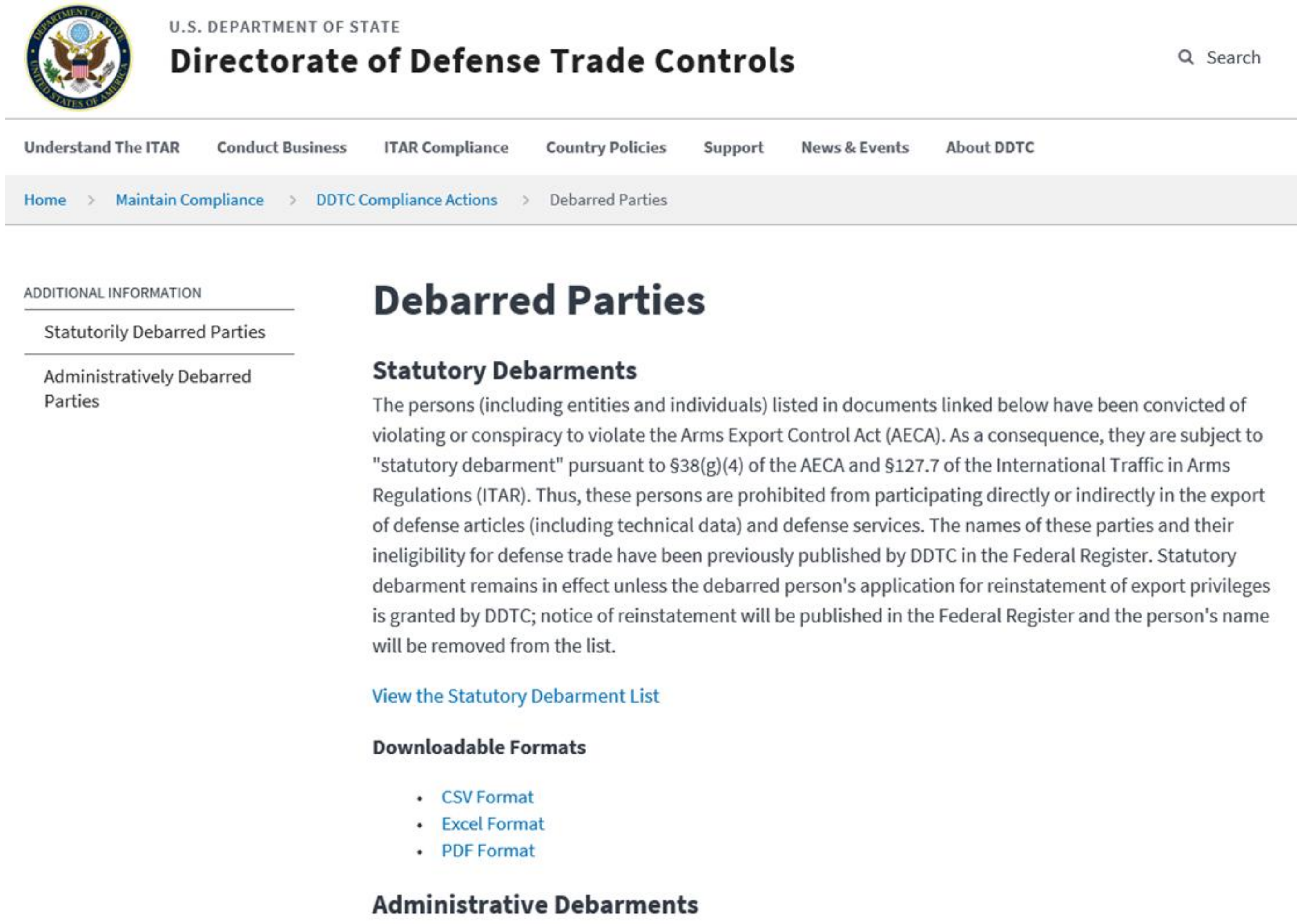
Debarment

Two Types

- Statutory Debarment
- Administrative Debarment

Debarred Parties

- Prohibited from directly or indirectly participating in ITAR-related activities
- List of debarred parties available on DDTC's website



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Home > Maintain Compliance > DDTC Compliance Actions > Debarred Parties

ADDITIONAL INFORMATION
- Statutorily Debarred Parties
- Administratively Debarred Parties

Debarred Parties

Statutory Debarments

The persons (including entities and individuals) listed in documents linked below have been convicted of violating or conspiracy to violate the Arms Export Control Act (AECA). As a consequence, they are subject to "statutory debarment" pursuant to §38(g)(4) of the AECA and §127.7 of the International Traffic in Arms Regulations (ITAR). Thus, these persons are prohibited from participating directly or indirectly in the export of defense articles (including technical data) and defense services. The names of these parties and their ineligibility for defense trade have been previously published by DDTC in the Federal Register. Statutory debarment remains in effect unless the debarred person's application for reinstatement of export privileges is granted by DDTC; notice of reinstatement will be published in the Federal Register and the person's name will be removed from the list.

View the Statutory Debarment List

Downloadable Formats

- CSV Format
- Excel Format
- PDF Format

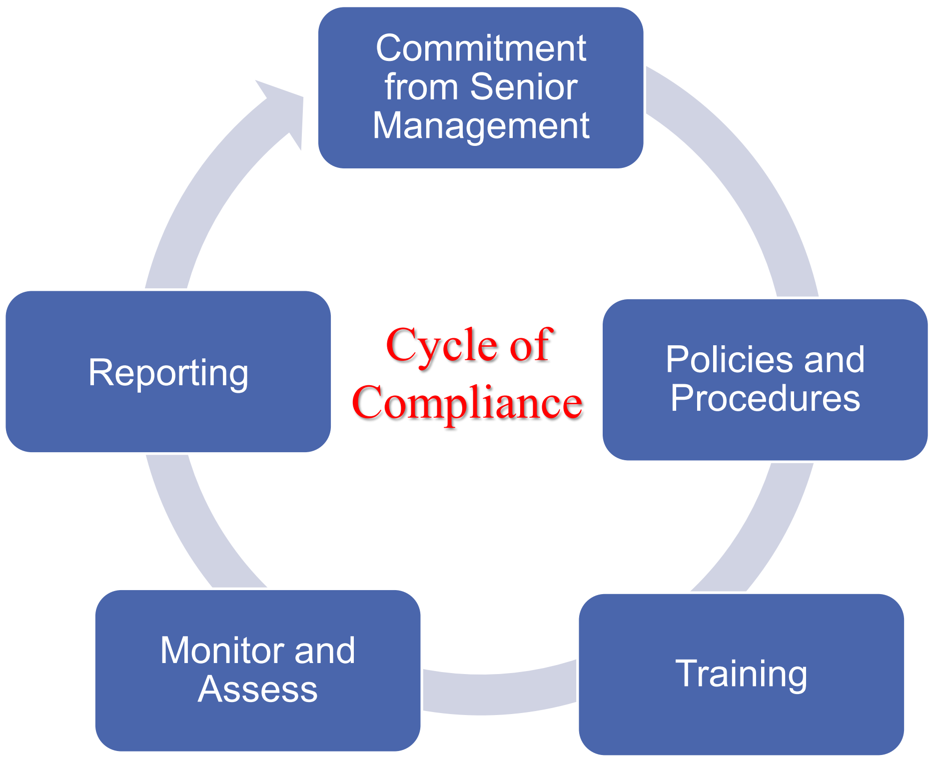
Administrative Debarments

Select BIS Settlements

Company	Year	Penalty (USD)	Reported Cause
Robert Bosch GmbH (Bosch)	June 2026	$36,000,000	Exports of foreign-produced items to Entity List companies (Huawei Technologies Co. (Huawei), or its affiliates) without the required license or other authorization from BIS.
Applied Materials Inc., California (AMAT) Applied Materials Korea, Ltd. (AMK)	Feb 2026	~$252,000,000	Exports of U.S. semiconductor manufacturing equipment to China.
Cadence Design Systems Inc. (Cadence)	Jul 2025	$140,000,000 DoJ/BIS	Exports of Electronic Design Automation (EDA) hardware and software and semiconductor design technology to parties on the Entity List.
Haas Automation (Haas)	Jan 2025	$1,500,000 (BIS) $1,000,000 (OFAC)	Exports of machine parts to Entity-Listed parties in Russia and China (so listed on the Entity List for supporting the defense sectors of China or Russia).
Seagate Technology LLC, California and Seagate Singapore International Headquarters Pte. Ltd (Seagate)	Apr 2023	$300,000,000	Selling hard disk drives (HDDs) to Huawei Technologies Co. Ltd. (Huawei) in violation of the foreign direct product (FDP) rule.
More information available on BIS' website – [Recent Enforcement Actions]			

Final Reminders & Takeaways

- Do not self-blind
- Continue the cycle of compliance
- Use Consent Agreements and Enforcement news to educate and inform your company and your program!
- Monitor your program
- Report/disclose
- Update your program



DDTC Contact Information

- To check on correspondence from our office or to find out which Compliance Specialist is assigned to your disclosure, email: DTCC-CaseStatus@state.gov

- For all other matters, including substantive questions and inquiries regarding registration submittal or status and referrals, contact the **DDTC Response Team**
  - Phone number: (202) 663-1282
  - E-mail: DDTCCustomerService@state.gov

- For general information, please visit DDTC's website
  - http://www.pmddtc.state.gov/

BIS Contact Information

- **Office of Exporter Services**
  - Export Management and Compliance Division
    - EMCD@bis.doc.gov
  - Outreach and Educational Services Division
    - (202) 482-4811
    - ECDOEXS@bis.doc.gov
  - Western Regional Office
    - (949) 660-0144
- **Office of Export Enforcement**

E-mail: EElead@bis.doc.gov or bis_vsd_intake@bis.doc.gov

Q&A