



Billing Code 4710-25

DEPARTMENT OF STATE

[Public Notice 11119]

Bureau of Political-Military Affairs; Rescission of Policy of Denial Concerning BAE Systems Saudi Arabia Limited (BAES SAL) a Subsidiary of BAE Systems plc under the International Traffic in Arms Regulations

ACTION: Notice.

SUMMARY: Notice is hereby given that the Department of State has rescinded the policy of denial concerning BAES SAL, a subsidiary of BAE Systems plc, included in *Federal Register* notice of May 23, 2011 (76 FR 29814).

DATES: This notice is effective on **[INSERT DATE OF PUBLICATION IN THE FEDERAL REGISTER]**.

FOR FURTHER INFORMATION CONTACT: Jae Shin, Director, Office of Defense Trade Controls Compliance, Bureau of Political-Military Affairs, Department of State (202) 632-2107.

SUPPLEMENTARY INFORMATION: On March 2, 2010, a judgment was filed against BAE Systems plc (BAES) for conspiring to commit offenses against the United States in violation of 18 U.S.C. 371, including conspiring to violate the Arms Export Control Act (AECA) and the International Traffic in Arms Regulations (ITAR). Subsequent to this conviction, the Department and BAES agreed to enter into a Consent Agreement in order to settle and dispose of all potential civil charges and penalties.

Upon signature of the agreement in 2011, BAES was statutorily debarred, and a rescission of debarment was concurrently issued. However, the Department chose to

impose a policy of denial on the business units responsible for the majority of the violations: BAE Systems CS&S International, Red Diamond Trading Ltd., and Poseidon Trading Investments Ltd., including their divisions and business units, and successor entities. The Department announced the policy of denial by *Federal Register* notice in May 2011 (76 FR 29814, May 23, 2011).

According to BAES, sometime after the announcement of the policy of denial, BAE Systems CS&S International, Red Diamond Trading Ltd., and Poseidon Trading Investments Ltd. have ceased to exist. However, BAE SAL is a successor entity to BAE Systems CS&S International and remains subject to the policy of denial.

In response to a request from BAES for rescission of this policy of denial, the Department has conducted a thorough review of the circumstances surrounding the conviction and the imposition of the policy of denial. The Department has determined that it is in the national security and foreign policy interests of the United States to rescind the policy of denial concerning BAE SAL, including its divisions and business units, and successor entities.

R. Clarke Cooper,

Assistant Secretary,

Bureau of Political-Military Affairs,

Department of State.

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