

# Independent Compliance Oversight and Monitoring for Companies under Consent Agreements



C2 Integration LLC



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## INTRODUCTION OF TEAM

**Commonwealth Trading Partners, Inc. (CTP)** is a small, privately held business based in Alexandria, Virginia. Incorporated in 1994, CTP has worked with public and private sector clients to develop compliance solutions in the U.S. and in 90+ countries around the world. CTP's government deliverables focus on export control training and customized software tools for foreign organizations. Domestically, for U.S. exporters and law firms, CTP provides export compliance services (covering ITAR, EAR and FMS) in the form of commodity classifications, export license assistance, customized policies and procedures, compliance audits, HTS & Schedule B coding, I-129 visa assistance, and customized corporate training. CTP is an ISO 9001:2015 certified company and a Virginia Leaders in Export Trade (VALET) partner.

**C2 Integration LLC** is a Virginia based Service-Disabled Veteran-Owned Small Business (SDVOSB). C2 Integration has extensive knowledge and experience with export controls compliance investigations and enforcement. Former Department of Commerce Export Enforcement Special Agents, Defense Investigators, and Intelligence experts provide specialized input, training, products, and processes for compliance monitoring/oversight, establishing and operating export compliance programs, export/import program threat evaluation/analysis, proliferation/illicit/threat network collection/analysis/production, policy/process analysis and advice, and insider threat assessment and detection. Former Acting Assistant Secretary and Deputy Assistant Secretaries of Commerce for Export Enforcement, Kevin Delli-Colli and Don Salo serve as C2 Integration's Special Advisors.

## THE ISSUE

Violations of the International Traffic in Arms Regulations (ITAR) or the Export Administration Regulations (EAR) may result in civil and/or criminal penalties. The Department of State Directorate of Defense Trade Controls (DDTC) is responsible for civil enforcement of the ITAR and the Department of Commerce Office of Export Enforcement (OEE) is responsible for civil enforcement of the EAR. For criminal violations, the Department of Justice works closely with law enforcement and compliance agencies of DoC, DoS, DHS, and DoD.

Civil violations of the ITAR and/or EAR often result in the company entering into a Consent Agreement that outlines the remedial measures required to enhance the company's Export Compliance Program (ECP) to assure that the risk of subsequent export violations is mitigated. Each Consent Agreement is specific to the facts and circumstances of the particular case (e.g., the export violations that occurred, the level of cooperation from the company, the nature of compliance measures already in place). Consent Agreements typically run for several years and include a monitoring component, remedial steps, and a monetary penalty.

With respect to monitoring and remediation, the company is usually required to appoint a Special Compliance Officer (SCO) to audit the company's ECP, make remedial recommendations, oversee implementation of the improvements, and report to DDTC or OEE on the status and progress of the company's compliance requirements. The SCO generally has the authority to hire—at the expense of the violating company—professional staff as reasonably necessary for the SCO to carry out his or her duties and responsibilities. The CTP/C2 Integration Team can add significant value in these remediation efforts.

## OUR TEAM'S PROPOSED SOLUTION

The CTP/C2 Integration Team can collectively provide the following capability to ensure the appropriate action is taken to move the Consent Agreement from concept to program implementation. We will:

### 1. Assess

The CTP/C2 Integration Team will assess the company's ECP with specific attention to the relevant areas associated with the alleged offenses. This will typically include policies and procedures for preventing, detecting, and reporting potential export violations; identification and classification of strategic dual use or defense articles and technical data; obtaining, managing, and complying with the scope of EAR and ITAR authorizations; and maintaining appropriate records.

### 2. Monitor

The CTP/C2 Integration Team will oversee and monitor the company's implementation of remedial measures required to improve its ECP according to the compliance measures required by the Consent Agreement and identified during the assessment phase. This will typically include updating, modifying, or creating policies and procedures to address deficiencies in the ECP; ensuring commodity classifications are accurate and current; and delivering export control training (i.e., annual/refresher training for all staff for general awareness of concepts, terminology, and requirements; and targeted training for personnel with specific export compliance responsibilities).

### 3. Report

The CTP/C2 Integration Team will support the SCO by fulfilling all requisite reporting requirements according to the Consent Agreement. This will typically include periodic status reports concerning the company's compliance with the Consent Agreement, ECP enhancements, and overall export control compliance.

### Assumptions

The CTP/C2 Integration Team will work hand in hand with your firm to ensure a customized, effective response is created. Our typical starting budget for a program like this is \$500K with scalable training, auditing, classification, and monitoring.

## CONCLUSION

The CTP/C2 Integration Team will work closely with your experts to ensure that the client company is consistently meeting its stipulated requirements. Furthermore, this smooth and successful implementation will position you well to garner additional SCO appointments. Our team has the necessary mix of technical and regulatory expertise, as well as keen familiarity with compliance policies & procedures, to meet this specialty need. We welcome the chance to discuss this offering and any unique requirements that may arise.

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