

APPENDIX A

1. Lack of Internal Controls

Since at least 1996, InVision has been an “issuer” within the meaning of 15 U.S.C. Section 78m(b)(2). As such, InVision was and is required, among other things, to devise and maintain a system of internal accounting controls sufficient to provide reasonable assurances that transactions are executed in accordance with the authorization of InVision management.

From 2001 through and including at least June 2004, InVision was engaged in, among other business, the Foreign Transactions as described below. There is competent and credible evidence that, during this period, InVision failed to devise and maintain a system of internal controls with respect to foreign sales activities sufficient to assure compliance with the FCPA and, to that extent, provide reasonable assurances that InVision’s transactions, including the Foreign Transactions, were executed in accordance with the authorization of InVision management. In addition, there is competent and credible evidence that InVision had no effective FCPA compliance program and practiced insufficient, and in some countries virtually no, due diligence respecting the retention of agents or entry into subcontractor or distributorship agreements.

2. The Thailand Transaction

In 1996, the government of Thailand began planning for the construction of a new airport in Bangkok. In connection with that effort, the government of Thailand formed a corporation known as Company A for the purpose of, among other things, contracting with other entities to construct the new airport. Company A is owned and controlled by the government of Thailand.

In 2002 or 2003, Company A contracted with General Contractor A to construct, among other things, the airport’s terminal and concourse buildings. General Contractor A, in turn, sought to subcontract the design, manufacture, supply, installation, testing and commissioning of a hold baggage screening system for the terminal and/or concourse buildings (the “HBS Subcontract”). The hold baggage screening system was to include baggage screening machines designed to detect explosives (“Baggage Screening Machines”). Subcontractor A, in contemplation of being awarded, and performing under, the HBS Subcontract, entered into a contract effective in or about May 2003 (amended and restated in or about April 2004) with InVision to serve in a capacity that Subcontractor A and InVision denominated as InVision’s distributor for the sale of Baggage Screening Machines in Thailand.

In or about March 2004, General Contractor A entered into the HBS Subcontract with Subcontractor A for the hold baggage screening system. In or about April 2004, Subcontractor A entered into a contract with InVision for the purchase, delivery, installation, testing and commissioning of twenty-six (26) Baggage Screening Machines and related services for a total price to Subcontractor A of approximately \$35.8 million (the “Thailand Contract”). The principal negotiators of the Thailand Contract for InVision were Executive A and Manager A; Subcontractor A’s principal negotiator was its president and owner, Agent A.

There is competent, credible evidence that, beginning in or about January 2003 through at least January 2004, InVision, through the conduct of Executive A and Manager A, made use of the mails and other means or instrumentalities of interstate commerce (namely, email and/or telephone) corruptly in furtherance of an offer and promise by Agent A, and the authorization thereof, to pay money or a thing of value to officials of the government of Thailand and a political party of Thailand (or officials thereof) (collectively, the “Officials”) for the purpose of (a) influencing an act or decision of the Officials in their official capacity, and (b) inducing the Officials to do or omit to do an act in violation of the lawful duty of the Officials, and (c)

securing an improper advantage, and (d) inducing the Officials to use their influence with the government of Thailand to affect or influence an act or decision of the government of Thailand, in order to assist InVision in obtaining and retaining business.

There is also competent, credible evidence that InVision, through Executive A and Manager A, was aware of a high probability that part of the source of funds for any offer or promise to pay by Agent A to the Officials would have been the difference between the price paid to InVision by Subcontractor A for the Company A Contract and the price received by Subcontractor A for its performance of the HBS Subcontract.

3. The China Transaction

In 1999, the government of China announced its intention to construct a new hub at one of China's airports. In connection with that effort, the government of China formed a corporation known as Company B for the purpose of, among other things, contracting with other entities to construct the new hub. Company B is owned and controlled by the government of China.

Company B contracted with General Contractor B to provide a hold baggage system for the new hub. Company B sourced the responsibility for purchasing Baggage Screening Machines for the hold baggage system to Importer B, which is also owned and controlled by the government of China. Agent B had served as InVision's sales agent for the sale of Baggage Screening Machines in China since at least 1996 and, during the relevant period, was working for InVision under a two-year agency agreement effective March 2002.

In or about November 2002, Agent B, now purporting to act as a distributor or reseller, entered into a contract with InVision for the purchase, delivery, installation, testing and commissioning of two (2) Baggage Screening Machines and related services for a total price to Agent B of approximately \$ 2.8 million (the "China Contract"). Agent B intended to resell, and ultimately did resell, the Baggage Screening Machines to Importer A. The principal negotiators of the China Contract for InVision were Executive A and Manager A.

Under the China Contract, InVision was obligated to deliver the Baggage Screening Machines in or around mid-2003. InVision experienced delay due to an export license problem, and did not deliver the Baggage Screening Machines until October 2003. During the period of delay, Agent B informed Executive A and Manager A, by email and/or telephone, that Company B and Importer B sought to impose a financial penalty upon, and assess damages against, InVision for the delay. In or around September through November 2003, Agent B, by email and/or telephone, made repeated requests to Executive A and Manager A for financial compensation in order to, among other things, avoid the assessment of the penalty and damages by Company B and Importer B upon InVision. To the extent that Agent B communicated these requests to Manager A, Manager A relayed some or all of these requests to Executive A by email and/or telephone transmissions.

In or around December 2003, by email transmission to other officers or employees of InVision, Executive A sought authorization for InVision to pay to Agent B \$ 95,000, with awareness of a high probability that Agent B intended to use part of that payment to influence officials of Company B and Importer B not to impose a penalty upon, or assess damages against, InVision. Executive A conducted no additional inquiry and thereby deliberately avoided learning the true purpose behind Agent B's request for the additional payment or how Agent B might spend those funds. In or around April 2004, InVision paid \$ 95,000 to Agent B.

Accordingly, there is competent, credible evidence that, in or around December 2003 through April 2004, InVision, through the conduct of Executive A and Manager A, made use of

the mails and other means or instrumentalities of interstate commerce (namely, email and/or telephone transmissions) corruptly in furtherance of (a) an offer and promise by Agent B to pay, and (b) a payment by Agent B of, and (c) the authorization thereof to pay, money or a thing of value to officials of the government of China (the “Officials”) for the purpose of (d) influencing an act or decision of the Officials in their official capacity, and (e) inducing the Officials to do or omit to do an act in violation of the lawful duty of the Officials, and (f) securing an improper advantage, and (g) inducing the Officials to use their influence with the government of China to affect or influence an act or decision of the government of China, in order to assist InVision in obtaining and retaining business.

4. The Philippines Transaction

In the late 1990s or 2000, the government of the Philippines awarded a contract for the construction of a new concourse at its main airport. In connection with that project, in 2001 InVision sold two (2) Baggage Screening Machines directly to the subcontractor responsible for the terminal’s baggage handling system (the “Philippines Sale”). Agent C had served as InVision’s sales agent for the sale of Baggage Screening Machines in the Philippines since at least 1996.

From at least November 2001 through at least June 2002, Agent C made repeated requests, by email transmission, to Executive A and Manager A for a commission from the Philippines Sale. In these requests, Agent C related, in substance and effect, that he was negotiating on InVision’s behalf with officials of the government of the Philippines for the sale of additional Baggage Screening Machines to other airports owned and controlled by the government of the Philippines. Agent C also related, in substance and effect, that he intended to use the commission paid by InVision to make gifts or pay cash to officials of the government of the Philippines or to one or more Filipino political parties, in order to influence those officials or parties to cause the airports to purchase additional Baggage Screening Machines from InVision through Agent C, although InVision represents that no additional sales have been made. To the extent that Agent C communicated the commission requests to Manager A, Manager A relayed some or all of these requests to Executive A by email and/or telephone transmissions.

In response to Agent C’s requests, Executive A, in or around June or July 2002, by email transmission to other officers and employees of InVision, sought authorization for InVision to pay to Agent C approximately \$ 108,000 in commission (4% of the Philippines Sale amount), with awareness of a high probability that Agent C intended to use part of that payment to influence officials of the government of the Philippines. Executive A conducted no additional inquiry and thereby deliberately avoided learning the true purpose behind Agent C’s request for a commission payment or how Agent C might spend those funds. In or around June or July 2002, InVision paid \$ 108,000 to Agent C.

Accordingly, there is competent and credible evidence that, in or around June or July 2002, InVision, through the conduct of Executive A and Manager A, made use of the mails and other means or instrumentalities of interstate commerce (namely, email and/or telephone transmissions) corruptly in furtherance of (a) an offer and promise by Agent C to pay, and (b) a payment by Agent C of, and (c) the authorization thereof to pay, money or a thing of value to officials of the government of the Philippines and a political party of the Philippines (or officials thereof) (the “Officials”) for the purpose of (d) influencing an act or decision of the Officials in their official capacity, and (e) inducing the Officials to do or omit to do an act in violation of the lawful duty of the Officials, and (f) securing an improper advantage, and (g) inducing the Officials to use their influence with the government of the Philippines to affect or influence an

act or decision of the government of the Philippines, in order to assist InVision in obtaining and retaining business.