

**UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF TEXAS**

CASE NO. _____

UNITED STATES OF AMERICA

v.

DALLAS AIRMOTIVE, INC.

Defendant.

_____ /

DEFERRED PROSECUTION AGREEMENT

Defendant Dallas Airmotive, Inc. (the “Company”), by its undersigned representatives, pursuant to authority granted by the Company’s Board of Directors, and the United States Department of Justice, Criminal Division, Fraud Section (the “Office”), enter into this deferred prosecution agreement (the “Agreement”), the terms and conditions of which are as follows:

Criminal Information and Acceptance of Responsibility

1. The Company acknowledges and agrees that the Office will file the attached two-count criminal Information in the United States District Court for the Northern District of Texas charging the Company with one count of conspiracy to commit offenses against the United States in violation of Title 18, United States Code, Section 371, that is, to violate the anti-bribery provisions of the Foreign Corrupt Practices Act of 1977 (“FCPA”), as amended, Title 15, United States Code, Section 78dd-2, and one count of violating the anti-bribery provisions of the FCPA, Title 15, United States Code, Section 78dd-2. In so doing, the Company: (a) knowingly waives its right to indictment on this charge, as well as all rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, Title 18, United States Code, Section 3161, and

Federal Rule of Criminal Procedure 48(b); and (b) knowingly waives for purposes of this Agreement and any charges by the United States arising out of the conduct described in the attached Statement of Facts any objection with respect to venue and consents to the filing of the Information, as provided under the terms of this Agreement, in the United States District Court for the Northern District of Texas.

2. The Company admits, accepts, and acknowledges that it is responsible under United States law for the acts of its officers, directors, employees, and agents as charged in the Information, and as set forth in the Statement of Facts attached hereto as Attachment A and incorporated by reference into this Agreement, and that the allegations described in the Information and the facts described in Attachment A are true and accurate. Should the Office pursue the prosecution that is deferred by this Agreement, the Company stipulates to the admissibility of the Statement of Facts in any proceeding, including any trial, guilty plea, or sentencing proceeding, and will not contradict anything in the Statement of Facts at any such proceeding.

Term of the Agreement

3. This Agreement is effective for a period beginning on the date on which the Information is filed and ending three (3) years from that date (the “Term”). The Company agrees, however, that, in the event the Office determines, in its sole discretion, that the Company has knowingly violated any provision of this Agreement, an extension or extensions of the term of the Agreement may be imposed by the Office, in its sole discretion, for up to a total additional time period of one year, without prejudice to the Office’s right to proceed as provided in Paragraphs 14-18 below. Any extension of the Agreement extends all terms of this Agreement, including the terms of the reporting requirement in Attachment D, for an equivalent period. Conversely, in the event the Office finds, in its sole discretion, that there exists a change in

circumstances sufficient to eliminate the need for the reporting requirement in Attachment D, and that the other provisions of this Agreement have been satisfied, the Term of the Agreement may be terminated early.

Relevant Considerations

4. The Office enters into this Agreement based on the individual facts and circumstances presented by this case and the Company. Among the factors considered were the following: (a) the Company's substantial cooperation, including conducting an internal investigation, voluntarily making U.S. and foreign employees available for interviews, and collecting, analyzing, and organizing voluminous evidence and information for the Office; (b) the Company's improvements to date to its compliance program and internal controls, as well as its commitment to continue to enhance its compliance program and internal controls, including ensuring that its compliance program satisfies the minimum elements set forth in Attachment C to this Agreement; (c) the nature and scope of the offense conduct; and (d) the Company's agreement to continue to cooperate with the Office in any ongoing investigation of the conduct of the Company and its officers, directors, employees, and agents relating to possible violations under investigation by the Office as provided in Paragraph 5 below.

Future Cooperation and Disclosure Requirements

5. The Company shall cooperate fully with the Office in any and all matters relating to the conduct described in this Agreement and Attachment A and any other conduct related to possible corrupt payments under investigation by the Office, subject to applicable law and regulations, until the date upon which all investigations and prosecutions arising out of such conduct are concluded, whether or not those investigations and prosecutions are concluded within the term specified in Paragraph 3. At the request of the Office, the Company shall also cooperate fully with other domestic or foreign law enforcement and regulatory authorities and

agencies in any investigation of the Company, its parent company or its affiliates, or any of its present or former officers, directors, employees, and agents, or any other party, in any and all matters relating to the conduct described in this Agreement and Attachment A and other conduct related to possible corrupt payments under investigation by the Office. The Company agrees that its cooperation pursuant to this paragraph shall include, but not be limited to, the following:

a. The Company shall truthfully disclose all factual information not protected by a valid claim of attorney-client privilege or work product doctrine with respect to its activities, those of its parent company and affiliates, and those of its present and former directors, officers, employees, and agents, including any evidence or allegations and internal or external investigations, about which the Company has any knowledge or about which the Office may inquire. This obligation of truthful disclosure includes, but is not limited to, the obligation of the Company to provide to the Office, upon request, any document, record or other tangible evidence about which the Office may inquire of the Company.

b. Upon request of the Office, the Company shall designate knowledgeable employees, agents or attorneys to provide to the Office the information and materials described in Paragraph 5(a) above on behalf of the Company. It is further understood that the Company must at all times provide complete, truthful, and accurate information.

c. The Company shall use its best efforts to make available for interviews or testimony, as requested by the Office, present or former officers, directors, employees, and agents of the Company. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with domestic or foreign law enforcement and regulatory authorities. Cooperation under this Paragraph shall include identification of witnesses who, to the knowledge of the Company, may have material

information regarding the matters under investigation.

d. With respect to any information, testimony, documents, records or other tangible evidence provided to the Office pursuant to this Agreement, the Company consents to any and all disclosures, subject to applicable law and regulations, to other governmental authorities, including United States authorities and those of a foreign government, of such materials as the Office, in its sole discretion, shall deem appropriate.

6. In addition to the obligations in Paragraph 5, during the Term of the Agreement, should the Company learn of credible evidence or allegations of a violation of U.S. federal law, the Company shall promptly report such evidence or allegations to the Office.

Payment of Monetary Penalty

7. The Office and the Company agree that application of the United States Sentencing Guidelines (“USSG” or “Sentencing Guidelines”) to determine the applicable fine range yields the following analysis:

- a. The 2013 USSG are applicable to this matter.
- b. Offense Level. Based upon USSG § 2C1.1, the total offense level is 32, calculated as follows:
- | | |
|--|-----------|
| (a)(2) Base Offense Level | 12 |
| (b)(1) Multiple Bribes | +2 |
| (b)(2) Value of benefit received more than \$2,500,000 | +18 |
| TOTAL | 32 |
- c. Base Fine. Based upon USSG § 8C2.4(a)(1), the base fine is \$17,500,000.
- d. Culpability Score. Based upon USSG § 8C2.5, the culpability score is 5, calculated as follows:
- | | |
|----------------------------|---|
| (a) Base Culpability Score | 5 |
|----------------------------|---|

(b)(4) the organization had 50 or more employees and an individual within substantial authority personnel participated in, condoned, or was willfully ignorant of the offense	+2
(g)(2) the organization fully cooperated in the investigation and clearly demonstrated recognition and affirmative acceptance of responsibility for its criminal conduct	-2
TOTAL	5

Calculation of Fine Range:

Base Fine	\$17,500,000
Multipliers	1.0 (min)/2.0 (max)
Fine Range	\$17,500,000 / \$35,000,000

The Company agrees to pay a monetary penalty in the amount of \$14,000,000 to the United States Treasury within ten (10) days of the filing of the Information. The Company and the Office agree that this fine is appropriate given the facts and circumstances of this case, including the cooperation in this matter and the nature and scope of the offense conduct. The \$14,000,000 penalty is final and shall not be refunded. Furthermore, nothing in this Agreement shall be deemed an agreement by the Office that \$14,000,000 is the maximum penalty that may be imposed in any future prosecution, and the Office is not precluded from arguing in any future prosecution that the Court should impose a higher fine, although the Office agrees that under those circumstances, it will recommend to the Court that any amount paid under this Agreement should be offset against any fine the Court imposes as part of a future judgment. The Company acknowledges that no tax deduction may be sought in connection with the payment of any part of this \$14,000,000 penalty.

Conditional Release from Liability

8. Subject to Paragraph 14-18, the Office agrees, except as provided herein, that it will not bring any criminal or civil case against the Company relating to any of the conduct described in the Statement of Facts, attached hereto as Attachment A, or the criminal Information filed pursuant to this Agreement, or disclosed to the Office prior to the signing of this Agreement. The Office, however, may use any information related to the conduct described in the attached Statement of Facts against the Company: (a) in a prosecution for perjury or obstruction of justice; (b) in a prosecution for making a false statement; (c) in a prosecution or other proceeding relating to any crime of violence; or (d) in a prosecution or other proceeding relating to a violation of any provision of Title 26 of the United States Code.

a. This Agreement does not provide any protection against prosecution for any future conduct by the Company.

b. In addition, this Agreement does not provide any protection against prosecution of any present or former officer, director, employee, shareholder, agent, sales representative, contractor, or subcontractor of the Company for any violations committed by them.

Corporate Compliance Program

9. The Company represents that it has implemented and will continue to implement a compliance and ethics program designed to prevent and detect violations of the FCPA and other applicable anti-corruption laws throughout its operations, including those of its affiliates, agents, and joint ventures, and those of its contractors and subcontractors whose responsibilities include interacting with foreign officials or other activities carrying a high risk of corruption.

10. In order to address any deficiencies in its internal accounting controls, policies, and procedures, the Company represents that it has undertaken, and will continue to undertake in

the future, in a manner consistent with all of its obligations under this Agreement, a review of its existing internal accounting controls, policies, and procedures regarding compliance with the FCPA and other applicable anti-corruption laws. If necessary and appropriate, the Company will adopt new or modify existing internal controls, policies, and procedures in order to ensure that the Company maintains: (a) a system of internal accounting controls designed to ensure the making and keeping of fair and accurate books, records, and accounts; and (b) rigorous anti-corruption compliance code, standards, and procedures designed to detect and deter violations of the FCPA and other applicable anti-corruption laws. The internal accounting controls system and compliance code, standards, and procedures will include, but not be limited to, the minimum elements set forth in Attachment C, which is incorporated by reference into this Agreement.

Corporate Compliance Reporting

11. The Company agrees that it will report to the Office annually during the term of the Agreement regarding remediation and implementation of the compliance measures described in Attachment C. These reports will be prepared in accordance with Attachment D.

Deferred Prosecution

12. In consideration of: (a) the past and future cooperation of the Company described in Paragraphs 4-6 above; (b) the Company's payment of a criminal penalty of \$14,000,000; and (c) the Company's implementation and maintenance of remedial measures as described in Paragraphs 9 and 10 above, the Office agrees that any prosecution of the Company for the conduct set forth in the attached Statement of Facts, and for the conduct that the Company disclosed to the Office prior to the signing of this Agreement, be and hereby is deferred for the Term of this Agreement. To the extent there is conduct disclosed by the Company that the parties have specifically discussed and agreed is not covered by this Agreement, such conduct will not be exempt from further prosecution and is not within the scope of or relevant to this Agreement.

13. The Office further agrees that if the Company fully complies with all of its obligations under this Agreement, the Office will not continue the criminal prosecution against the Company described in Paragraph 1 and, at the conclusion of the Term, this Agreement shall expire. Within thirty (30) days of the Agreement's expiration, the Office shall seek dismissal with prejudice of the criminal Information filed against the Company described in Paragraph 1, and agrees not to file charges in the future against the Company based on the conduct described in this Agreement and Attachment A.

Breach of the Agreement

14. If, during the Term of this Agreement, the Company (a) commits any felony under U.S. federal law; (b) provides in connection with this Agreement deliberately false, incomplete, or misleading information; (c) fails to cooperate as set forth in Paragraphs 5 and 6 of this Agreement; (d) fails to implement a compliance program as set forth in Paragraphs 9 and 10 of this Agreement and Attachment C; (e) commits any acts that, had they occurred within the jurisdictional reach of the FCPA, would be a violation of the FCPA; or (f) otherwise fails specifically to perform or to fulfill completely each of the Company's obligations under the Agreement, the Company shall thereafter be subject to prosecution for any federal criminal violation of which the Office has knowledge, including, but not limited to, the charges in the Information described in Paragraph 1, which may be pursued by the Office in the U.S. District Court for the Northern District of Texas or any other appropriate venue. Determination of whether the Company has breached the Agreement and whether to pursue prosecution of the Company shall be in the Office's sole discretion. Any such prosecution may be premised on information provided by the Company. Any such prosecution relating to the conduct described in the attached Statement of Facts or relating to conduct known to the Office prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations

on the date of the signing of this Agreement may be commenced against the Company, notwithstanding the expiration of the statute of limitations, between the signing of this Agreement and the expiration of the Term plus one year. Thus, by signing this Agreement, the Company agrees that the statute of limitations with respect to any such prosecution that is not time-barred on the date of the signing of this Agreement shall be tolled for the Term plus one year.

15. In the event the Office determines that the Company has breached this Agreement, the Office agrees to provide the Company with written notice of such breach prior to instituting any prosecution resulting from such breach. Within thirty (30) days of receipt of such notice, the Company shall have the opportunity to respond to the Office in writing to explain the nature and circumstances of such breach, as well as the actions the Company has taken to address and remediate the situation, which explanation the Office shall consider in determining whether to pursue prosecution of the Company.

16. In the event that the Office determines that the Company has breached this Agreement: (a) all statements made by or on behalf of the Company to the Office or to the Court, including the attached Statement of Facts, and any testimony given by the Company before a grand jury, a court, or any tribunal, or at any legislative hearings, whether prior or subsequent to this Agreement, and any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Office against the Company; and (b) the Company shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule that any such statements or testimony made by or on behalf of the Company prior or subsequent to this Agreement, or any leads derived therefrom, should be suppressed or are

otherwise inadmissible. The decision whether conduct or statements of any current director, officer or employee, or any person acting on behalf of, or at the direction of, the Company, will be imputed to the Company for the purpose of determining whether the Company has violated any provision of this Agreement shall be in the sole discretion of the Office.

17. The Company acknowledges that the Office has made no representations, assurances, or promises concerning what sentence may be imposed by the Court if the Company breaches this Agreement and this matter proceeds to judgment. The Company further acknowledges that any such sentence is solely within the discretion of the Court and that nothing in this Agreement binds or restricts the Court in the exercise of such discretion.

18. No later than 90 days prior to the expiration of the period of deferred prosecution specified in this Agreement, the Company, by the Chief Executive Officer of the Company and the Chief Financial Officer of the Company, will certify to the Department that the Company has met its disclosure obligations pursuant to Paragraph 6 of this Agreement. Such certification will be deemed a material statement and representation by the Company to the executive branch of the United States for purposes of 18 U.S.C. § 1001, and it will be deemed to have been made in the judicial district in which this Agreement is filed.

Sale or Merger of Company

19. Except as may otherwise be agreed by the parties hereto in connection with a particular transaction, the Company agrees that in the event it sells, merges, or transfers all or substantially all of its business operations as they exist as of the date of this Agreement, whether such sale is structured as a sale, asset sale, merger, or transfer, it shall include in any contract for sale, merger, or transfer a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement.

Public Statements by Company

20. The Company expressly agrees that it shall not, through present or future attorneys, officers, directors, employees, agents or any other person authorized to speak for the Company, make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by the Company set forth above or the facts described in the attached Statement of Facts. Any such contradictory statement shall, subject to cure rights of the Company described below, constitute a breach of this Agreement, and the Company thereafter shall be subject to prosecution as set forth in Paragraphs 14-18 of this Agreement. The decision whether any public statement by any such person contradicting a fact contained in the Statement of Facts will be imputed to the Company for the purpose of determining whether it has breached this Agreement shall be at the sole discretion of the Office. If the Office determines that a public statement by any such person contradicts in whole or in part a statement contained in the Statement of Facts, the Office shall so notify the Company, and the Company may avoid a breach of this Agreement by publicly repudiating such statement(s) within five (5) business days after notification. The Company shall be permitted to raise defenses and to assert affirmative claims in other proceedings relating to the matters set forth in the Statement of Facts provided that such defenses and claims do not contradict, in whole or in part, a statement contained in the Statement of Facts. This Paragraph does not apply to any statement made by any present or former officer, director, employee, or agent of the Company in the course of any criminal, regulatory, or civil case initiated against such individual, unless such individual is speaking on behalf of the Company.

21. The Company agrees that if it, its parent company, or any of its direct or indirect subsidiaries or affiliates issues a press release or holds any press conference in connection with this Agreement, the Company shall first consult with the Office to determine (a) whether the text of the release or proposed statements at the press conference are true and accurate with respect to

matters between the Office and the Company; and (b) whether the Office has any objection to the release.

22. The Office agrees, if requested to do so, to bring to the attention of law enforcement and regulatory authorities the facts and circumstances relating to the nature of the conduct underlying this Agreement, including the nature and quality of the Company's cooperation and remediation. By agreeing to provide this information to such authorities, the Office is not agreeing to advocate on behalf of the Company, but rather is agreeing to provide facts to be evaluated independently by such authorities.

Limitations on Binding Effect of Agreement

23. This Agreement is binding on the Company and the Office but specifically does not bind any other component of the Department of Justice, other federal agencies, or any state, local or foreign law enforcement or regulatory agencies, or any other authorities, although the Office will bring the cooperation of the Company and its compliance with its other obligations under this Agreement to the attention of such agencies and authorities if requested to do so by the Company.

Notice

24. Any notice to the Office under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, addressed to Deputy Chief – FCPA Unit, Fraud Section, Criminal Division, U.S. Department of Justice, 1400 New York Ave, NW, Washington, D.C. 20005. Any notice to the Company under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, addressed to Allan Douglas Meador, President, Dallas Airmotive, Inc., 900 Nolen Drive, Grapevine, Texas 76051. Notice shall be effective upon actual receipt by the Office or the Company.

Complete Agreement

25. This Agreement sets forth all the terms of the agreement between the Company and the Office. No amendments, modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Office, the attorneys for the Company and a duly authorized representative of the Company.

AGREED:

FOR DALLAS AIRMOTIVE, INC.:

Date: 12-10-2014

By:


JOSEPH P. KULIK
General Counsel and
Assistant Secretary
Dallas Airmotive, Inc.

Date: _____

By:

KAREN PATTON SEYMOUR
Sullivan & Cromwell LLP

FOR THE DEPARTMENT OF JUSTICE:

WILLIAM J. STELLMACH
Acting Chief, Fraud Section
Criminal Division
United States Department of Justice

Date: 12-10-14

BY:


DAVID M. FUHR
Trial Attorney

Complete Agreement

25. This Agreement sets forth all the terms of the agreement between the Company and the Office. No amendments, modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Office, the attorneys for the Company and a duly authorized representative of the Company.

AGREED:

FOR DALLAS AIRMOTIVE, INC.:

Date: _____

By: _____

JOSEPH P. KULIK
General Counsel and
Assistant Secretary
Dallas Airmotive, Inc.

Date: 12/10/14

By: _____


KAREN PATTON SEYMOUR
Sullivan & Cromwell LLP

FOR THE DEPARTMENT OF JUSTICE:

WILLIAM J. STELLMACH
Acting Chief, Fraud Section
Criminal Division
United States Department of Justice

Date: _____

BY: _____

DAVID M. FUHR
Trial Attorney

COMPANY OFFICER'S CERTIFICATE

I have read this Agreement and carefully reviewed every part of it with outside counsel for DALLAS AIRMOTIVE, INC. (the "Company"). I understand the terms of this Agreement and voluntarily agree, on behalf of the Company, to each of its terms. Before signing this Agreement, I consulted outside counsel for the Company. Counsel fully advised me of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement.

I have carefully reviewed the terms of this Agreement with the Board of Directors of the Company. I have advised and caused outside counsel for the Company to advise the Board of Directors fully of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions, and of the consequences of entering into the Agreement.

No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on behalf of the Company, in any way to enter into this Agreement. I am also satisfied with outside counsel's advice to me and the Board of Directors as set forth above. I certify that I am the Assistant Secretary for the Company and that I have been duly authorized by the Company to execute this Agreement on behalf of the Company.

Date: 12-10-2014

By: Joseph P. Kulik
DALLAS AIRMOTIVE, INC.
JOSEPH P. KULIK
Assistant Secretary

CERTIFICATE OF COUNSEL

I am counsel for DALLAS AIRMOTIVE, INC. (the "Company") in the matter covered by this Agreement. In connection with such representation, I have examined relevant Company documents and have discussed the terms of this Agreement with the Company Board of Directors. Based on our review of the foregoing materials and discussions, I am of the opinion that the representative of the Company has been duly authorized to enter into this Agreement on behalf of the Company and that this Agreement has been duly and validly authorized, executed, and delivered on behalf of the Company and is a valid and binding obligation of the Company. Further, I have carefully reviewed the terms of this Agreement with the Board of Directors and the Assistant Secretary of the Company. I have fully advised them of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions and of the consequences of entering into this Agreement. To my knowledge, the decision of the Company to enter into this Agreement, based on the authorization of the Board of Directors, is an informed and voluntary one.

Date: December 10, 2014

By: _____


KAREN PATTON SEYMOUR
Sullivan & Cromwell LLP
Counsel for DALLAS AIRMOTIVE, INC.

ATTACHMENT A

STATEMENT OF FACTS

1. The following Statement of Facts is incorporated by reference as part of the Deferred Prosecution Agreement (the “Agreement”) between the United States Department of Justice, Criminal Division, Fraud Section (the “Office”) and DALLAS AIRMOTIVE, INC. (“DAI”). DAI hereby agrees and stipulates that the following information is true and accurate. DAI admits, accepts, and acknowledges that it is responsible for the acts of its officers, directors, employees, and agents as set forth below. Should the Office pursue the prosecution that is deferred by this Agreement, DAI agrees that it will neither contest the admissibility of, nor contradict, this Statement of Facts in any such proceeding. The following facts establish beyond a reasonable doubt the charges set forth in the criminal Information attached to this Agreement:

Relevant Entities

2. DAI was headquartered in Grapevine, Texas, incorporated in Texas, and thus a “domestic concern,” as that term is used in the FCPA, Title 15, United States Code, Section 78dd-2(h)(1)(B). DAI was in the business of providing aircraft engine maintenance, repair, and overhaul (“MRO”) services to customers in the United States and abroad. Part of DAI’s business was to service aircraft engines owned and operated by a number of governmental and other customers in Latin America, including in Brazil, Argentina, and Peru.

3. Dallas Airmotive do Brasil (“DAB”), headquartered in Belo Horizonte, Brazil, was a corporate affiliate under the direction and control of DAI. DAB assisted DAI in providing MRO engine services to customers in Latin America, including to governmental and other customers. DAB also bid on and secured engine service contracts with Brazilian government and commercial customers, the work for which was often done in part by DAI. DAB’s employees were supervised and managed by directors and managers at DAI.

4. “DAI Sales Director” was a regional sales director at DAI from in or around 2004 to in or around 2013. DAI Sales Director was responsible for overseeing DAI’s sales efforts in Latin America.

5. “DAI Sales Agent” was a regional sales manager at DAI from in or around 2005 to in or around 2009. From in or around 2009 until in or around 2013, DAI Sales Agent was first a national sales manager at DAB and later a general manager at DAB, working under the supervision of, and reporting to, DAI. DAI Sales Agent was responsible for obtaining and retaining MRO business for DAI and DAB in Latin America, including with commercial and government customers.

6. “DAI Sales Manager” was a regional sales manager at DAI from in or around 1999 to in or around 2011. DAI Sales Manager was responsible for obtaining and retaining MRO business for DAI in Latin America, including with commercial and government customers.

7. “DAB Manager A” was a general manager at DAB from in or around 2009 to in or around 2013, working under the supervision of, and reporting to, DAI. DAB Manager A was responsible for obtaining and retaining MRO business for DAI and DAB in Brazil, including with commercial and government customers.

8. “DAB Manager B” was a sales and customer support manager at DAB from in or around 2009 to in or around 2014, working under the supervision of, and reporting to, DAI. DAB Manager B was responsible for obtaining and retaining MRO business for DAI and DAB in Brazil, including with government customers.

9. The Força Aérea Brasileira (the “Brazilian Air Force” or “BAF”) was one of three national uniformed services of the Federative Republic of Brazil and an “agency” of a foreign

government, as that term is used in the FCPA, Title 15, United States Code, Section 78dd-2(h)(2). The BAF was a customer of DAI.

10. The Fuerza Aérea del Peru (the “Peruvian Air Force”) was a branch of the Peruvian Armed Forces and an “agency” of a foreign government, as that term is used in the FCPA, Title 15, United States Code, Section 78dd-2(h)(2). The Peruvian Air Force was a customer of DAI.

11. The Office of the Governor of the Brazilian State of Roraima was a “foreign government,” as that term is used in the FCPA, Title 15, United States Code, Section 78dd-2(h)(2). The Office of the Governor of Roraima was a customer of DAI and DAB.

12. The Office of the Governor of the Argentinean State of San Juan was a “foreign government,” as that term is used in the FCPA, Title 15, United States Code, Section 78dd-2(h)(2). The Office of the Governor of San Juan was a customer of DAI.

13. “Official 1” was a Sub-Officer in the BAF who had the ability to influence the award of MRO business to DAI and DAB. Official 1 was a “foreign official,” as that term is used in the FCPA, Title 15, United States Code, Section 78dd-2(h)(2).

14. “Official 2” was a Sergeant in the BAF who had the ability to influence the award of MRO business to DAI and DAB. Official 2 was a “foreign official,” as that term is used in the FCPA, Title 15, United States Code, Section 78dd-2(h)(2).

15. “Official 3” was a Captain for the Governor of the Brazilian state of Roraima who had the ability to influence the award of MRO business to DAI and DAB. Official 3 was a “foreign official,” as that term is used in the FCPA, Title 15, United States Code, Section 78dd-2(h)(2).

16. “Front Company A” was a Brazil-based sales and logistics services company that was affiliated with Official 1. DAI and DAB made payments to Front Company A for the purpose of disguising payments to Official 1 in exchange for his assistance in securing MRO business for the benefit of DAI under a previously awarded master services agreement.

17. “Front Company B” was a Brazil-based sales and logistics services company that was beneficially owned by Official 1. DAI and DAB made payments to Front Company B for the purpose of disguising payments to Official 1 and Official 2 in exchange for their assistance in securing MRO business for the benefit of DAI.

18. “Intermediary Company” was a Brazil-based company that was used to make payments for the benefit of Official 3 in exchange for his assistance in securing MRO business for the benefit of DAI and DAB.

Overview of the Bribery Schemes

19. From in or around 2008, and continuing through in or around 2012, DAI and its employees and agents, including DAI Sales Director, DAI Sales Agent, DAI Sales Manager, DAB Manager A, DAB Manager B, together with Front Company A, Front Company B, Intermediary Company, and others, engaged in a bribery scheme whereby they made unlawful payments and gave something of value to foreign officials to obtain and retain engine MRO services business for DAI and DAB from foreign government customers in Latin America, including the Brazilian Air Force, the Peruvian Air Force, the Office of the Governor of the Brazilian State of Roraima, and the Office of the Governor of the Argentinean State of San Juan.

20. DAI, through its employees and agents, including employees of DAB, would and did discuss in person and via electronic mail (“e-mail”) making bribe payments — which they called “commissions” or “consulting fees” — and granting other benefits to employees of

customers, including foreign government customers, in order to obtain and retain for DAI and DAB business to perform engine MRO services.

21. DAI, through its employees and agents, including employees of DAB, would and did offer to pay, promise to pay and authorize the payment of money and other benefits, directly and indirectly, to and for the benefit of employees of foreign government customers, to help DAI and DAB obtain or retain MRO business with the foreign government customers by which they were employed.

22. DAI, through its employees and agents, including employees of DAB, would and did discuss in person and via e-mail the manner and means by which the bribe payments were to be made, including who should be listed as owners and beneficiaries of Front Company A and Front Company B and the names and locations of the bank accounts to which the bribe payments should be transferred.

23. DAI, through its employees and agents, including employees of DAB, would and did attempt to conceal the payments to foreign officials by using Front Company A, Front Company B, and Intermediary Company to effectuate payments from DAI and DAB to Brazilian military officials.

24. DAI, through its employees and agents, including employees of DAB, would and did wire and cause to be wired certain bribe payments from DAI's bank account in New York and DAB's bank account in Belo Horizonte, Brazil, to bank accounts of Front Company A, Front Company B, and Intermediary Company in Brazil.

25. DAI, through its employees and agents, including employees of DAB, would and did discuss in person and via e-mail paying for a vacation for Official 2 and his spouse in exchange for Official 2's assistance in securing MRO business for DAI.

26. DAI, through its employees and agents, including employees of DAB, would and did pay for a vacation for Official 2 and his spouse in exchange for Official 2's assistance in securing MRO business for DAI.

27. DAI, through its employees and agents, would and did wire and cause to be wired certain bribe payments from DAI's bank account in New York to the bank account of a third party commercial representative in Miami, Florida, while knowing that the funds, at least in part, would be passed to officials of the Peruvian Air Force.

28. DAI, through its employees and agents, would and did wire and cause to be wired certain bribe payments from DAI's bank account in New York to the bank account of a third party commercial representative in Argentina, while knowing that the funds, at least in part, would be passed to officials in the office of the Governor of the Argentinean State of San Juan.

Details of the Bribery Schemes

29. On or about February 7, 2008, DAI Sales Agent sent an e-mail to DAI Sales Director and several other DAI employees, informing them of an increase in the commission amount DAI was going to pay to a third-party commercial representative in Argentina in order to enable the third party commercial representative to "pay to end user," an individual in the Office of the Governor of San Juan, Argentina, a commission of \$5,000.

30. On or about March 11, 2008, DAI Sales Agent sent an e-mail to DAI Sales Director and a third-party commercial representative regarding engine work for the Governor of San Juan, stating, as translated, "Attached is the closing price for the Government's engines. I need your authorization to proceed with the repair."

31. On or about March 14, 2008, the third-party commercial representative responded to the e-mail referenced in Paragraph 30 above, removing DAI Sales Director from the e-mail

and stating that the work authorization estimate should build in a \$15,000 commission per engine.

32. On or about March 27, 2009, in response to a mistaken addition of \$3,000 to a BAF invoice relating to a previously awarded master services agreement, DAB Manager A sent an e-mail to a DAI employee, copying DAI Sales Director and DAI Sales Agent, stating that they should keep the additional \$3,000 in the invoice “for future needs. For example, as we discussed I will send [Official 1] to Dallas to explain us their log books, etc. He is helping a lot on the approvals.”

33. In or around July 2010, in response to DAI Sales Agent’s statement that Official 1 was affiliated with Front Company A and would receive the commissions paid to Front Company A, DAI Sales Director instructed that as long as Official 1 was not on Front Company A bylaws or was not the owner of Front Company A, there would be no problem.

34. On or about July 8, 2010, DAI Sales Agent sent an e-mail to Official 1, stating, as translated, “Please fill out with your company’s information. The address must be in the same country as the address of your bank account. I am waiting for this to be completed so we can do the representation contract [with Front Company A] and start consulting immediately.”

35. On or about July 9, 2010, Official 1 forwarded bank information to DAI Sales Agent, stating, as translated, “As per our conversation, I’m sending the company info. Don’t worry, the company here in Rio shows my name as a partner and for that reason I wouldn’t be able to do business with you since [a previously awarded master services agreement between BAF and DAI], TCU [the Brazilian Court of Audit of the Union that is tasked with investigating public corruption] doesn’t allow, hahaha.”

36. On or about July 9, 2010, DAI Sales Agent responded to Official 1's e-mail referenced in Paragraph 35 above, stating, as translated, "I need [the commercial/finance director of Front Company A] to fill out and sign the Form that I sent you and provide the banking information...I can only do the contract with him."

37. On or about July 11, 2010, DAI Sales Agent forwarded the e-mail referenced in Paragraph 36 above to DAI Sales Director and another DAI employee.

38. On or about July 15, 2010, DAI Sales Agent sent an e-mail to Front Company A's commercial/finance director, copying Official 1, and attaching a proposed commercial representation agreement between DAI and Front Company A that made no reference to Official 1.

39. On or about July 15, 2010, DAI Sales Director replied to an e-mail from DAI Sales Agent with the subject line "RE: [Front Company A] Account Info for Commissions and Credit," stating, "Who is getting commissions for engines that come to us from the BAF?"

40. On or about July 15, 2010, DAI Sales Agent responded to the e-mail from DAI Sales Director referenced in Paragraph 39 above, stating, "[Official 1], will explain tonight."

41. On or about July 29, 2010, DAB Manager B forwarded to DAI Sales Agent an e-mail that he had sent to Official 1 and Front Company A's commercial/finance director, attaching the modified contract with Front Company A, which again concealed Official 1's involvement, stating, as translated, "here's [Official 1's] agreement, signed."

42. On or about August 2, 2010, DAI Sales Agent forwarded to DAI Sales Director and another DAI employee the e-mail referenced in Paragraph 41 above.

43. In or around August and September 2010, DAI Sales Director and DAI's Head of International Sales signed the commercial representation agreement with Front Company A.

44. On or about December 7, 2010, Official 3 sent an e-mail from his personal e-mail address to DAB Manager B at his personal e-mail address, in which, as translated, Official 3 instructed DAB Manager B to prepare a pre-budget of \$300,000, after which various expenses would be added “for everything to total around \$350,000, which was how much I told the Gov [sic] this maintenance would cost. Send the budgets to me at [Official 3’s personal e-mail address], unofficially (if possible, both the actual and the ‘complete’ budgets), so that I can present it to the Gov [sic] for information only...Sorry for the request to use private e-mail but these issues involving amounts and decisions are ‘sensitive,’ you are well aware of that, which is why I asked if there was a deal like the ‘glorious’ one...”

45. On or about February 8, 2011, Official 1 sent an e-mail from his personal e-mail address to DAI Sales Agent requesting from DAI Sales Agent, as translated, “a favor [to] see what the situation is concerning the commission arranged on the billed engines. I want to make an investment here this month and I would like to have an estimate on the payments, if possible.”

46. On or about March 2, 2011, DAB Manager B forwarded to DAI Sales Agent and DAB Manager A the contract between DAI and Front Company A, stating, as translated, “[Official 1’s] contract. It is dated 9/3/2010 and signed by [DAI’s Head of International Sales].”

47. On or about April 26, 2011, DAI Sales Agent sent an e-mail to DAB Manager A and DAB Manager B concerning a commission requested by a third party commercial representative regarding motors from the Governor of the Brazilian state of Roraima, noting, as translated, “I do not want to pay twice and prefer to pay [the third party commercial representative], and much less that [Official 3] receive double...My idea is something reasonable for [Official 3], much less than the request.”

48. On or about April 26, 2011, a retired Commander of the Peruvian Air Force who worked for a third party commercial representative sent an e-mail to DAI Sales Manager, copying DAI Sales Director and the third party commercial representative, stating, as translated, that he secured payment to DAI by the Peruvian Air Force and that “we have to share the agreed to commission with the people who have helped us.”

49. On or about April 28, 2011, the retired Commander of the Peruvian Air Force referenced in Paragraph 48 above sent an e-mail to DAI Sales Director, copying DAI Sales Manager and the third party commercial representative, with the subject line “Payment of Commission,” stating, as translated, “You know that I am a retired Commander of the Air Force, I have flown a lot, ...I am highly regarded, I am friends with everyone in [the Peruvian Air Force], but Dallas Airmotive’s delay in the agreed upon commission payment is harming me since I have never faltered in complying with my promises. I am extremely worried, principally because there are 4 people that call me every day for me to pay them what was agreed to, and the gravest part is that we are losing work, because they don’t solicit repairs or sale of replacement parts.”

50. On or about April 29, 2011, DAI Sales Director responded to the e-mail referenced in Paragraph 49 above, stating, “I am sorry for the delay associated with this process but I am aware that a few things changed along the way. [DAI Sales Manager] and I are working through this and we hope to have everything resolved by next week.”

51. On or about April 29, 2011, the retired Commander of the Peruvian Air Force responded to the e-mail referenced in Paragraph 50 above, stating, as translated, “I was very happy to receive your email, with this reply I am confident in your word and will tell my friends that the payment will not be made later than next week.”

52. On or about November 7, 2011, Official 2 sent an e-mail to DAB Manager B with the subject line "Transfer of Amounts," asking DAB Manager B to confirm the deposits from invoices and noting, as translated, that "I imagine there may have been some mistake in the information because I didn't receive it yet."

53. On or about December 16, 2011, DAI Sales Agent forwarded an e-mail to DAI Sales Director with the subject "FW: Nota [Official 2]," stating, "on [a master services agreement previously awarded by BAF to DAI] we are paying the trip for our main contact [Official 2] on [DAB Manager B's] expenses under DAB. This is for you to understand the charges we try to recover on the engines we send." Attached to the e-mail was an invoice for air travel that contained the names of Official 2 and family members.

54. On or about December 16, 2011, DAI Sales Director responded to the e-mail referenced in Paragraph 53 above, stating, "Bien! Thank you for the clarification."

55. On or about January 3, 2012, DAB Manager B sent an e-mail to Official 2 concerning the vacation for Official 2 sponsored by DAB, stating, as translated, "[t]ell me, my friend, is everything alright there?? And the hotel is so-so or worth the expense??? I hope that you are enjoying it."

56. On or about January 4, 2012, Official 2 responded to the e-mail referenced in Paragraph 55 above, stating, as translated, "When I said I had confidence in your good taste, I confess that I underestimated you...hehe The Hotel was excellent. I believe that it was a great present to [Official 2's wife]. She insists on passing on thanks to you. Great job, my good friend!!!"

57. On or about February 5, 2012, DAB Manager B sent an e-mail to DAI Sales Agent to propose a third party commission of \$20,000 for "[Official 1's] company."

58. On or about February 5, 2012, DAI Sales Agent responded to the e-mail referenced in Paragraph 57 above, stating that the payments to Front Company B were in fact intended for Official 2.

ATTACHMENT B

CERTIFICATE OF CORPORATE RESOLUTIONS

WHEREAS, DALLAS AIRMOTIVE, INC. (the “Company”) has been engaged in discussions with the United States Department of Justice, Criminal Division, Fraud Section (the “Office”) regarding issues arising in relation to certain improper payments to foreign officials to assist in obtaining and retaining business for the Company; and

WHEREAS, in order to resolve such discussions, it is proposed that the Company enter into a certain agreement with the Office; and

WHEREAS, the Company’s Assistant Secretary, Joseph P. Kulik, together with outside counsel for the Company, have advised the Board of Directors of the Company of its rights, possible defenses, the Sentencing Guidelines’ provisions, and the consequences of entering into such agreement with the Office;

Therefore, the Board of Directors has RESOLVED that:

1. The Company (a) acknowledges the filing of the two-count Information charging the Company with one count of violating Title 18, United States Code, Section 371, that is, conspiracy to violate the anti-bribery provisions of the Foreign Corrupt Practices Act of 1977 (“FCPA”), as amended, Title 15, United States Code, Section 78dd-2, and one count of violating the anti-bribery provisions of the FCPA, Title 15, United States Code, Section 78dd-2; (b) waives indictment on such charges and enters into a deferred prosecution agreement with the Office; and (c) agrees to accept a monetary penalty against Company totaling \$14,000,000, and to pay such penalty to the United States Treasury with respect to the conduct described in the Information;

2. The Company accepts the terms and conditions of this Agreement, including, but

not limited to, (a) a knowing waiver of its rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, Title 18, United States Code, Section 3161, and Federal Rule of Criminal Procedure 48(b); and (b) a knowing waiver for purposes of this Agreement and any charges by the United States arising out of the conduct described in the attached Statement of Facts of any objection with respect to venue and consents to the filing of the Information, as provided under the terms of this Agreement, in the United States District Court for the Northern District of Texas; and (c) a knowing waiver of any defenses based on the statute of limitations for any prosecution relating to the conduct described in the attached Statement of Facts or relating to conduct known to the Office prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement;

3. The Assistant Secretary of the Company, Joseph P. Kulik, is hereby authorized, empowered and directed, on behalf of the Company, to execute the Deferred Prosecution Agreement substantially in such form as reviewed by this Board of Directors at this meeting with such changes as the Assistant Secretary of the Company, Joseph P. Kulik, may approve;

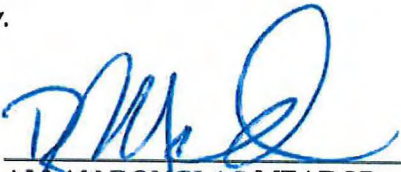
4. The Assistant Secretary of the Company, Joseph P. Kulik, is hereby authorized, empowered and directed to take any and all actions as may be necessary or appropriate and to approve the forms, terms or provisions of any agreement or other documents as may be necessary or appropriate, to carry out and effectuate the purpose and intent of the foregoing resolutions; and

5. All of the actions of the Assistant Secretary of the Company, Joseph P. Kulik, which actions would have been authorized by the foregoing resolutions except that such actions

were taken prior to the adoption of such resolutions, are hereby severally ratified, confirmed, approved, and adopted as actions on behalf of the Company.

Date: 12-10-2014

By:


ALLAN DOUGLAS MEADOR
President
DALLAS AIRMOTIVE, INC.

ATTACHMENT C

CORPORATE COMPLIANCE PROGRAM

In order to address any deficiencies in its internal controls, compliance code, policies, and procedures regarding compliance with the Foreign Corrupt Practices Act (“FCPA”), 15 U.S.C. §§ 78dd-1, *et seq.*, and other applicable anti-corruption laws, DALLAS AIRMOTIVE, INC. (the “Company”) agrees to continue to conduct, in a manner consistent with all of its obligations under this Agreement, appropriate reviews of its existing internal controls, policies, and procedures.

Where necessary and appropriate, the Company agrees to adopt new or to modify existing internal controls, compliance code, policies, and procedures in order to ensure that it maintains: (a) a system of internal accounting controls designed to ensure that the Company makes and keeps fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance program that includes policies and procedures designed to detect and deter violations of the FCPA and other applicable anti-corruption laws. At a minimum, this should include, but not be limited to, the following elements to the extent they are not already part of the Company’s existing internal controls, compliance code, policies, and procedures:

High-Level Commitment

1. The Company will ensure that its directors and senior management provide strong, explicit, and visible support and commitment to its corporate policy against violations of the anti-corruption laws and its compliance code.

Policies and Procedures

2. The Company will develop and promulgate a clearly articulated and visible corporate policy against violations of the FCPA and other applicable foreign law counterparts

(collectively, the “anti-corruption laws,”), which policy shall be memorialized in a written compliance code.

3. The Company will develop and promulgate compliance policies and procedures designed to reduce the prospect of violations of the anti-corruption laws and the Company’s compliance code, and the Company will take appropriate measures to encourage and support the observance of ethics and compliance policies and procedures against violation of the anti-corruption laws by personnel at all levels of the Company. These anti-corruption policies and procedures shall apply to all directors, officers, and employees and, where necessary and appropriate, outside parties acting on behalf of the Company in a foreign jurisdiction, including but not limited to, agents and intermediaries, consultants, representatives, distributors, teaming partners, contractors and suppliers, consortia, and joint venture partners (collectively, “agents and business partners”). The Company shall notify all employees that compliance with the policies and procedures is the duty of individuals at all levels of the company. Such policies and procedures shall address:

- a. gifts;
- b. hospitality, entertainment, and expenses;
- c. customer travel;
- d. political contributions;
- e. charitable donations and sponsorships;
- f. facilitation payments; and
- g. solicitation and extortion.

4. The Company will ensure that it has a system of financial and accounting procedures, including a system of internal controls, reasonably designed to ensure the

maintenance of fair and accurate books, records, and accounts. This system should be designed to provide reasonable assurances that:

- a. transactions are executed in accordance with management's general or specific authorization;
- b. transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets;
- c. access to assets is permitted only in accordance with management's general or specific authorization; and
- d. the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Periodic Risk-Based Review

5. The Company will develop these compliance policies and procedures on the basis of a periodic risk assessment addressing the individual circumstances of the Company, in particular the foreign bribery risks facing the Company, including, but not limited to, its geographical organization, interactions with various types and levels of government officials, industrial sectors of operation, involvement in joint venture arrangements, importance of licenses and permits in the Company's operations, degree of governmental oversight and inspection, and volume and importance of goods and personnel clearing through customs and immigration.

6. The Company shall review its anti-corruption compliance policies and procedures no less than annually and update them as appropriate to ensure their continued effectiveness, taking into account relevant developments in the field and evolving international and industry standards.

Proper Oversight and Independence

7. The Company will assign responsibility to one or more senior corporate executives of the Company for the implementation and oversight of the Company's anti-corruption compliance code, policies, and procedures. Such corporate official(s) shall have the authority to report directly to independent monitoring bodies, including internal audit, the Company's Board of Directors, or any appropriate committee of the Board of Directors, and shall have an adequate level of autonomy from management as well as sufficient resources and authority to maintain such autonomy.

Training and Guidance

8. The Company will implement mechanisms designed to ensure that its anti-corruption compliance code, policies, and procedures are effectively communicated to all directors, officers, employees, and, where necessary and appropriate, agents and business partners. These mechanisms shall include: (a) periodic training for all directors and officers, all employees in positions of leadership or trust, positions that require such training (e.g., internal audit, sales, legal, compliance, finance), or positions that otherwise pose a corruption risk to the Company, and, where necessary and appropriate, agents and business partners; and (b) corresponding certifications by all such directors, officers, employees, agents, and business partners, certifying compliance with the training requirements.

9. The Company will maintain, or where necessary establish, an effective system for providing guidance and advice to directors, officers, employees, and, where necessary and appropriate, agents and business partners, on complying with the Company's anti-corruption compliance code, policies, and procedures, including when they need advice on an urgent basis or in any foreign jurisdiction in which the Company operates.

Internal Reporting and Investigation

10. The Company will maintain, or where necessary establish, an effective system for internal and, where possible, confidential reporting by, and protection of, directors, officers, employees, and, where appropriate, agents and business partners concerning violations of the anti-corruption laws or the Company's anti-corruption compliance code, policies, and procedures.

11. The Company will maintain, or where necessary establish, an effective and reliable process with sufficient resources for responding to, investigating, and documenting allegations of violations of the anti-corruption laws or the Company's anti-corruption compliance code, policies, and procedures.

Enforcement and Discipline

12. The Company will implement mechanisms designed to effectively enforce its compliance code, policies, and procedures, including appropriately incentivizing compliance and disciplining violations.

13. The Company will institute appropriate disciplinary procedures to address, among other things, violations of the anti-corruption laws and the Company's anti-corruption compliance code, policies, and procedures by the Company's directors, officers, and employees. Such procedures should be applied consistently and fairly, regardless of the position held by, or perceived importance of, the director, officer, or employee. The Company shall implement procedures to ensure that where misconduct is discovered, reasonable steps are taken to remedy the harm resulting from such misconduct, and to ensure that appropriate steps are taken to prevent further similar misconduct, including assessing the internal controls, compliance code, policies, and procedures and making modifications necessary to ensure the overall anti-corruption compliance program is effective.

Third-Party Relationships

14. The Company will institute appropriate risk-based due diligence and compliance requirements pertaining to the retention and oversight of all agents and business partners, including:

- a. properly documented due diligence pertaining to the hiring and appropriate and regular oversight of agents and business partners;
- b. informing agents and business partners of the Company's commitment to abiding by anti-corruption laws, and of the Company's anti-corruption compliance code, policies, and procedures; and
- c. seeking a reciprocal commitment from agents and business partners.

15. Where necessary and appropriate, the Company will include standard provisions in agreements, contracts, and renewals thereof with all agents and business partners that are reasonably calculated to prevent violations of the anti-corruption laws, which may, depending upon the circumstances, include: (a) anti-corruption representations and undertakings relating to compliance with the anti-corruption laws; (b) rights to conduct audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (c) rights to terminate an agent or business partner as a result of any breach of the anti-corruption laws, the Company's compliance code, policies, or procedures, or the representations and undertakings related to such matters.

Mergers and Acquisitions

16. The Company will develop and implement policies and procedures for mergers and acquisitions requiring that the Company conduct appropriate risk-based due diligence on potential new business entities, including appropriate FCPA and anti-corruption due diligence by legal, accounting, and compliance personnel.

17. The Company will ensure that the Company's compliance code, policies, and procedures regarding the anti-corruption laws apply as quickly as is practicable to newly acquired businesses or entities merged with the Company and will promptly:

a. train the directors, officers, employees, agents, and business partners consistent with Paragraph 8 above on the anti-corruption laws and the Company's compliance code, policies, and procedures regarding anti-corruption laws; and

b. where warranted, conduct an FCPA-specific audit of all newly acquired or merged businesses as quickly as practicable.

Monitoring and Testing

18. The Company will conduct periodic reviews and testing of its anti-corruption compliance code, policies, and procedures designed to evaluate and improve their effectiveness in preventing and detecting violations of anti-corruption laws and the Company's anti-corruption code, policies, and procedures, taking into account relevant developments in the field and evolving international and industry standards.

ATTACHMENT D

REPORTING REQUIREMENTS

DALLAS AIRMOTIVE, INC. (the “Company”) agrees that it will report to the Department periodically, at no less than twelve-month intervals during a three-year term, regarding remediation and implementation of the compliance program and internal controls, policies, and procedures described in Attachment C. Should the Company discover credible evidence, not already reported to the Department, that questionable or corrupt payments or questionable or corrupt transfers of property or interests may have been offered, promised, paid, or authorized by any Company entity or person, or any entity or person working directly for the Company (including its affiliates and any agent), or that related false books and records have been maintained, the Company shall promptly report such conduct to the Department. During this three-year period, the Company shall: (1) conduct an initial review and submit an initial report, and (2) conduct and prepare at least two (2) follow-up reviews and reports, as described below:

a. By no later than one (1) year from the date this Agreement is executed, the Company shall submit to the Department a written report setting forth a complete description of its remediation efforts to date, its proposals reasonably designed to improve the Company’s internal controls, policies, and procedures for ensuring compliance with the FCPA and other applicable anti-corruption laws, and the proposed scope of the subsequent reviews. The report shall be transmitted to Deputy Chief - FCPA Unit, Fraud Section, Criminal Division, U.S. Department of Justice, 1400 New York Avenue, NW, Bond Building, Eleventh Floor, Washington, DC 20530. The Company may extend the time period for issuance of the report with prior written approval of the Department.

b. The Company shall undertake at least two (2) follow-up reviews, incorporating the Department's views on the Company's prior reviews and reports, to further monitor and assess whether the Company's policies and procedures are reasonably designed to detect and prevent violations of the FCPA and other applicable anti-corruption laws.

c. The first follow-up review and report shall be completed by no later than one (1) year after the initial review. The second follow-up review and report shall be completed by no later than one (1) year after the completion of the preceding follow-up review. The final follow-up review and report shall be completed and delivered to the Department no later than thirty (30) days before the end of the Term.

d. The reports will likely include proprietary, financial, confidential, and competitive business information. Moreover, public disclosure of the reports could discourage cooperation, impede pending or potential government investigations and thus undermine the objectives of the reporting requirement. For these reasons, among others, the reports and the contents thereof are intended to remain and shall remain non-public, except as otherwise agreed to by the parties in writing, or except to the extent that the Department determines in its sole discretion that disclosure would be in furtherance of the Department's discharge of its duties and responsibilities or is otherwise required by law.

e. The Company may extend the time period for submission of any of the follow-up reports with prior written approval of the Department.