



Office of Inspector General

FOR IMMEDIATE RELEASE

PRESS RELEASE

February 24, 2016
Press Office: 202-712-1150
<http://oig.usaid.gov/>

Virginia Security Contractor to Pay \$44,000 Over Allegations of Illegally Exporting Firearms Accessories

Alexandria, VA — Pax Mondial LLC, doing business as Mondial Risk Management Company (MRMC), agreed to pay the United States \$44,000 to settle civil fraud claims that it illegally exported firearms accessories from the United States to Afghanistan in 2012. At the time, MRMC was providing security services to support work on the Kandahar Helmand Power Project, a United States Government reconstruction project funded by the U.S. Agency for International Development (USAID).

The settlement, reached between MRMC and the U.S. Department of Justice in January 2016, resolves claims that MRMC violated the Arms Export Control Act (AECA) by shipping weapons accessories from the continental United States to a U.S. Army/Air Post Office (APO) in Afghanistan between April 2012 and June 2012. Working under a subcontract for security services with USAID implementer Black and Veatch, MRMC obtained these accessories, which included rifle stocks, replacement pistol magazines, and other weapons parts, to supply its security teams in Kandahar, Afghanistan. The government alleged that MRMC knowingly failed to adhere to its subcontract provisions and U.S. laws and regulations regarding the export of such materials in violation of the False Claims Act (31 U.S.C. § 3729 *et seq.*).

“I commend the work of our special agents and their federal partners,” said Ann Calvaresi Barr, USAID’s Inspector General. “It is vital that U.S. Government contractors comply with rules governing their work and conduct overseas, especially those concerning international shipments of weapons and related accessories. Failure to adhere to those rules is not acceptable.”

During the investigation, federal authorities identified a number of export violations, including MRMC’s failure to consult with the U.S. Department of State’s Directorate of Defense Trade Controls (DDTC), a step that is required under both U.S. export laws and MRMC’s subcontract provisions. Authorities also found that MRMC had failed to acquire the requisite permits, licenses, and registrations in order to ship these controlled items and had not registered as an exporter with DDTC. MRMC did not disclose these violations to U.S. authorities until early 2013, long after the shipments had been made.

Under the settlement, Pax Mondial made no admission of liability. The company registered with the Department of State’s DDTC while the investigation was underway.

The settlement is a result of joint investigative efforts by the USAID Office of Inspector General; U.S. Immigration and Customs Enforcement's (ICE's) Homeland Security Investigations (HSI); and the U.S. Attorney's Office for the Eastern District of Virginia.

###