

June 2, 2008

ITT Industries  
4 W. Red Oak Lane  
White Plains, NY 10604

Dear Sir or Madam:

Sometime in the next few weeks, the Project On Government Oversight (POGO) will update its Federal Contractor Misconduct Database (<http://www.contractormisconduct.org/>), a compilation of information from public resources regarding government contractors, including ITT Industries. On February 27, 2006 and November 16, 2006, we sent ITT information regarding findings in POGO's database. As of today, we have not received a response from you. I have enclosed the findings relevant to your company, and I am seeking verification of this data.

Any response would be greatly appreciated, as the accuracy of this information is in the best interest of all parties. Out of fairness to ITT, please be assured that any response received by POGO will be posted on the website along with the data.

The biggest change we will be making to the database is the inclusion of more federal contractors (the top 100). We are also adding new instances that we have found in recent months and updating instances already in the database with new information. Please note that the database also includes pending instances, but these are kept separate from resolved instances and are not included in the totals.

If you have any questions, I can be reached at (202) 347-1122. Thank you for your time and consideration.

Sincerely,

Neil Gordon  
Investigator

Enclosure

## **Instances**

### 1. Woodruff v. Goulds Pumps/ITT Industries (Worker's Compensation)

Date: 05/19/2005 (Date of Administrative Agreement)

Misconduct Type: Labor

Enforcement Agency: State/Local

Contracting Party: Non-Governmental

Court Type: Civil

Amount: Unknown

Disposition: Administrative Agreement

Synopsis: James Woodruff was an employee of Goulds Pumps when it was acquired by ITT Industries. After his retirement, he filed a claim for Workers Compensation through the New York Workers' Compensation Board because of hearing loss he had incurred on the job. The Board upheld Woodruff's claim for occupational hearing loss and held ITT Industries partly responsible for his compensation award.

### 2. Illegally Exporting Secret Military Data Overseas (State Dept. Administrative Proceeding)

Date: 11/01/2004 (Date of Order)

Misconduct Type: Import/Export

Enforcement Agency: State Dept.

Contracting Party: International

Court Type: Administrative

Amount: \$8,000,000

Disposition: Administrative Agreement

Synopsis: In an administrative proceeding, the U.S. State Department charged ITT Industries, acting through various subsidiaries, with violating the Arms Export Control Act and the International Traffic in Arms Regulations in connection with the unauthorized export of night-vision products and space remote sensing technical data and defense services. Pursuant to a consent agreement, ITT agreed to pay a civil penalty of \$8 million. See related ITT Industries instances, "Illegally Exporting Secret Military Data Overseas (Criminal Prosecution)" and "Illegally Exporting Secret Military Data Overseas (U.S. Army Compliance Agreement)."

### 3. Hazardous Waste Violations (Santa Ana, CA)

Date: 01/27/2006 (Date of Settlement)

Misconduct Type: Environment

Enforcement Agency: EPA

Contracting Party: None

Court Type: Administrative

Amount: \$32,150

Disposition: Settlement

Synopsis: "Under the terms of a hazardous waste settlement with the U.S. Environmental Protection Agency, electrical parts manufacturer ITT Industries must pay a \$6,750 fine and fund a \$25,400 project that will reduce chemical use and the amount of waste generated from its Santa Ana, Calif. plant. In January 2005, the EPA inspected the Santa Ana facility. Based upon a January 2005 inspection, the EPA alleges that ITT Industries committed the following hazardous waste violations: storing hazardous waste without a permit; failure to close containers of

hazardous waste; failure to maintain adequate aisle space... ITT Industries has since rectified the violations”.

#### 4. Illegally Exporting Secret Military Data Overseas (Criminal Prosecution)

Date: 03/27/2007 (Date of Guilty Plea)

Misconduct Type: Import/Export

Enforcement Agency: Multiple Agencies

Contracting Party: International

Court Type: Criminal

Amount: \$100,000,000

Disposition: Pleaded Guilty

Synopsis: ITT Corp. agreed in March 2007 to pay \$100 million and plead guilty to criminal violations of the Arms Export Control Act for allowing the transfer to China of classified night-vision technology. ITT, the Defense Department's leading manufacturer of night vision goggles, was accused of shipping night-vision technology and components without export licenses to an unidentified Singapore-based contractor who then shipped the technology to a Chinese optics firm around 2001. The \$100 million penalty included a \$2 million criminal fine, a \$50 million deferred prosecution penalty (which is tied to the development of advanced night-vision technology), the forfeiture of \$28 million to the United States as the proceeds of its illegal actions, and a \$20 million monetary penalty paid to the Department of State. As part of the plea agreement, ITT also entered into a deferred prosecution agreement as to two other criminal counts. The government will defer prosecution of those counts for five years in return for ITT accepting full responsibility for its illegal actions and successfully implementing a remedial action plan. See related ITT Industries instances, "Illegally Exporting Secret Military Data Overseas (State Dept. Administrative Proceeding)" and "Illegally Exporting Secret Military Data Overseas (U.S. Army Compliance Agreement).”

#### 5. Illegally Exporting Secret Military Data Overseas (Army Compliance Agreement)

Date: 10/11/2007 (Date of Agreement)

Misconduct Type: Import/Export

Enforcement Agency: Defense – Army

Contracting Party: International

Court Type: Administrative

Amount: \$0

Disposition: Administrative Agreement

Synopsis: The U.S. Army Suspension and Debarment Official (SDO), on behalf of the Army, executed an Administrative Compliance Agreement with ITT Corp. as a result of ITT's March 2007 guilty plea to violations of the Arms Export Control Act for allowing the transfer of classified night-vision technology to China. The agreement provides for Army oversight of ITT's internal control systems, government contracts and ethics training; requires ITT to periodically report to the Army Procurement Fraud Branch its progress in meeting specific contractor responsibility milestones; and appoints John S. Pachter, a government contracts lawyer who began his legal career in the 1960s with the Army, as an "Independent Monitor" to oversee the administration of the agreement. See related ITT Industries instances, " Illegally Exporting Secret Military Data Overseas (State Dept. Administrative Proceeding)" and Illegally Exporting Secret Military Data Overseas (Criminal Prosecution).”