



FOREIGN REPRESENTATIVES POLICY

Pursuant to 22 CFR 129.3(a):-

(a) Any U.S. person, wherever located, and any foreign person located in the United States or otherwise subject to the jurisdiction of the United States (notwithstanding §120.1(c)), who engages in the business of brokering activities (as defined in this part) with respect to the manufacture, export, import, or transfer of any defense article or defense service subject to the controls of this subchapter (see part 121) or any ³foreign defense article or defense service² (as defined in §129.2) is required to register with the Directorate of Defense Trade Controls.

Foreign Representatives/Brokers/Agents – LWRC International, LLC Requirements

1. Contact David Loeser, (Director of Government Sales) to initiate a conversation about your company, your services, and any mutually beneficial opportunities available. Based on availability of a region or territory, and the initial evaluation of your company's suitability to perform sales and representative services for LWRCI, you will be sent a simple application to provide us general company information and references.

2. As a potential representative of LWRC International, LLC and LWRCI products, there are several International Laws and U.S. Law that applies to your company you must be intimately familiar with.

All transactions for USML (US Munitions List) commodities sold by LWRC abroad are regulated by ITAR (International Trade in Arms Regulations). ITAR is enforced by the United States Department of State Directorate of Defense Trade Controls. All firearms, accessories, parts, and forgings, castings are considered "Articles of War" and are strictly controlled by the State Department throughout the life of the product exported. Technical data to include manuals, some proposal information, drawings, and testing data is also regulated by the Department of Defense Trade Controls (DDTC). Even after export, the item cannot be transferred or re-exported to any other end user without notification of the US Department of State.

Part 129 of the International Traffic in Arms Regulations ("ITAR"), 22 CFR 129, governs "brokers" and "brokering activities." Under the existing rules, brokers are required to register with DDTC and must obtain prior approvals for specific brokering activities unless an exemption applies. Brokers will also be required to file annual reports with DDTC.

A broker is any person who engages in "Brokering Activities," defined in the rule as "any action of an intermediate nature to facilitate the manufacture, export, re-export, import, transfer or retransfer of a defense article or defense service." This expansive definition includes, but is expressly not limited to, activities such as:

"Financing, transporting, or freight forwarding defense articles and defense services."

Facilitating a purchase, sale, transfer, loan or lease of a defense article or defense service.

Locating potential suppliers or purchasers of defense articles or defense services.

"Any other action to assist a transaction involving a defense article or defense service."



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3. LWRCI cannot engage your company as a broker unless you have registered with DDTC and have been given a broker number. This broker number along with your role in the sale is disclosed with each export license LWRCI submits to the Department of State. In your initial application for registration, it is required you also disclose you will be brokering “Machine Guns,” as these commodities are regulated with a greater amount of scrutiny. Please provide LWRCI with a copy of your Approved Registration Letter.

The following links will help you register as a broker with DDTC.

http://www.pmdrtc.state.gov/registration/tips_broker.html

<http://www.pmdrtc.state.gov/registration/package.html>

Please download read and become familiar with all relevant aspects of ITAR (International Trade in Arms Regulations)

http://www.pmdrtc.state.gov/regulations_laws/itar_official.html

4. LWRC International, LLC Representative Agreement – LWRCI will supply you with our standard representative agreement for your company to review and sign.

Foreign Corrupt Practices Act (FCPA)

Your actions abroad and any sales as a result of your actions are further regulated by the United States Foreign Corrupt Practices Act (FCPA). The FCPA is enforced by the United States Department of Justice and the Securities Exchange Commission.

Fines, sanctions and imprisonment for violations of the FCPA are very serious. LWRCI will not engage in business with any representative or broker that pays bribes in money or favors to any government official of any country to influence a decision on procurement of any LWRCI product or service. If there is any suspicion that this type of activity is occurring, the representative or broker will be terminated and will not be due any commission. Suspected corrupt activity will be reported to DDTC and the Department of Justice.

A copy of LWRCI’s FCPA policy will be sent to with your LWRCI Representative Agreement once you are granted broker registration by DDTC.

FCPA Statute can be found at:

<http://www.justice.gov/criminal/fraud/fcpa/>

An overview of the FCPA with some case study examples of violations can be found at:

<http://www.nysba.org/AM/Template.cfm?Section=Home&CONTENTID=27877&TEMPLATE=/CM/ContentDisplay.cfm>