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MAY 12 2003

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May 12, 2003

Ms. Marlene Dortch
Secretary
Federal Communications Commission
445 12th Street, S.W.
Washington, D.C. 20554

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Policy Branch
International Bureau

Re: Final Analysis Communication Services, Inc.
Petition for Waiver (filed Mar. 29, 2002);
File Nos. SAT-LOA-19941116-00088;
SAT-AMD-19950224-00033; SAT-AMD-19960223-00051;
SAT-AMD-19960819-00107; SAT-AMD-19971030-00175

Dear Madame Secretary:

New York Satellite ("NYS") by its counsel files this letter to provide a timeline of the progress of the FAISAT system. The attached letter (and its attachments) clarifies the legal restrictions outside Final Analysis Communication Services, Inc.'s ("FACS") control that led to missing its milestones, and provides information on how FACS, once NYS purchased controlling shares of FACS at FAI's bankruptcy sale, has continued to make progress in developing its FAISAT system. The attachments to this letter are confidential.

Wiley Rein & Fielding ("WRF") represents NYS, the current owner of the licensee, FACS. Once certain creditors of FAI (FACS' previous owner and prime contractor) filed Chapter 7 proceedings against it, FAI was no longer a going concern and its assets were sold in liquidation. FAI was FACS' prime contractor to develop the Little LEO system. Upon the involuntary bankruptcy of FAI, FACS was unable to force FAI to perform under its contract to deploy the system, and the Trustee prohibited FACS from entering into new contracts. NYS purchased controlling shares of FACS from the bankruptcy court in January 2002, and subsequently FACS filed for a transfer of control with the Commission. Once the transfer was approved, FACS filed with the State Department for approval of the Technical Assistance Agreement ("TAA") to share data with its contractor, Polyot of Russia. That TAA, while expected in the near term, is still pending (although not for an unusually long period).

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Below is a timeline that lists the seminal events demonstrating uncontrollable legal restrictions and despite those restrictions, progress on the FAISAT system:

1. Aug. 2001 – FACS signed secondary payload contract for \$10 M, with \$2 M installment paid to FACS in Sept. 2001.
2. Sept. 2001 – Involuntary filing against FAI by certain of FAI's creditors
3. Oct. 2001 – Trustee appointed in involuntary Chapter 7 bankruptcy
4. Dec. 2001 – bankruptcy sale of FAI's assets noticed
5. Jan. 2002 – Bids, auction, sale to NYS closed, but stock remained under Trustee's control, pending FCC approval
6. Jan. 2002 – FACS filed with FCC for transfer of control to NYS
7. May 2002 – \$10 M new financing raised by NYS
8. August 2002 – FCC granted transfer of control; FACS applied to register with State Department, commencing TAA effort
9. Sept. 2002 – Controlling shares of FACS transferred by Trustee to NYS
10. Nov. 2002 – launch and space craft bus contracts signed by NYS with Polyot
11. Feb. 2003 – \$20 M service provider and investment agreements signed by FACS with SE Asian entity to invest in FACS and provide FACS services in SE Asia
12. December 2003 – first set of flight radios and related equipment to be delivered to FACS

We request confidential treatment of the attachments, including FACS' letter to State Department earlier this year seeking approval of the TAA. To reiterate our request to the Bureau, NYS requests that the Bureau not release any order on the waiver petition until such time as it reviews the attached and FACS has obtained TAA approval and therefore can provide unconditional launch dates upon receipt of TAA approval, FACS could launch its first two satellites (from which FACS could

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provide commercial service) by December 2004 and launch the remaining satellites by December 2006.

Sincerely,



Tricia Paoletta

Attachments

cc (with attachments):

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Re: Final Analysis Communication Services, Inc.
Petition for Waiver (filed Mar. 29, 2002); File Nos. SAT-LOA-
19941116-00088; SAT-AMD-19950224-00033; SAT-AMD-19960223-
00031; SAT-AMD-19960819-00107; SAT-AMD-19971030-00175

Dear Mr. Abelson:

Final Analysis Communication Services, Inc. ("FACS") is extremely concerned about the adverse consequences associated with the decision contemplated by the International Bureau (the "Bureau") regarding FACS' petition for waiver of milestones. This letter offers supplemental information that confirms FACS' accomplishments to date on deploying the FAISAT system and clarifies why waiver would serve the public interest. We respectfully request that the Bureau consider the enclosed supplemental information before any action is taken or published.

As explained below, FACS' commitment to construction and launch of the FAISAT system has been unwavering. Prior to the involuntary bankruptcy of FACS' parent, FACS was financially viable, signing a contract for \$10 million weeks before creditors filed against its parent. FACS is viable today. However, the involuntary bankruptcy of FACS' parent and prime contractor and associated restrictions imposed by the bankruptcy Trustee, impaired FACS' progress. FACS is now controlled by a new company and is rapidly taking steps to ensure deployment of the FAISAT system. Notably, FACS is actively participating in WRC-03 on Agenda Item 1.16 and is pursuing a State Department license that permit the export of necessary technical information to its foreign satellite contractor. Under these circumstances, the public interest in competitive, low-cost data services would be best served by granting the waiver.

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As discussed in our meeting of Thursday, May 8, 2003, the possibility of a decision to deny FACS' petition for waiver came as a complete surprise to the company. FACS has been working closely with the Bureau in preparing a United States position for WRC-03 on Little LEO feeder link spectrum allocation. At no time during that process — nor at *any* time after FACS filed its waiver petition in March 2002 — has Bureau staff indicated that it commenced review of FACS' waiver request or sought *any* information or clarification from FACS. Consequently, much of the detail documented in this letter has not been available to the Bureau. We believe a review of this information will assure the Bureau that FACS is proceeding with the deployment of the FAISAT system.

The principal issues discussed in this letter are:

- FACS' demonstrable progress in the design, development and launch of its system;
- FACS' substantial participation with and assistance to the U.S. Government's planning for WRC-03 and securing support for the United States proposal for WRC-03 Agenda Item 1.16, the magnitude of which has been clear to the FCC, Bureau staff, and regulators throughout the world. Indeed, FACS has been the only Little LEO, and perhaps the only low-Earth orbiting satellite company, that has been actively participating in the WRC-03 process;
- How the *involuntary* Chapter 7 bankruptcy proceeding initiated against Final Analysis, Inc. ("FAI"), the former parent of FACS and at that time prime contractor for system construction, prevented progress during the nearly one-year period between September 2001 and August 2002
- Why the State Department's inaction to date on FACS' "Technical Assistance Agreement" has prevented technical discussions with Polyot of Russia, the launch vehicle and spacecraft bus contractor; and
- Legal analysis as to how the Commission's waiver and milestone precedent clearly support the relief requested by FACS and make alternative "remedies" useless in the unique circumstances of the Little LEO service at this time.

In sum, despite very real impediments arising from legal constraints entirely beyond its control – and having nothing to do with the financial stability or business decisions of FACS – FACS has made remarkable progress in designing and developing its system. This demonstrable progress is fully compliant with the Commission's basic policy concern underlying satellite system milestones, namely that licensees are building their systems in a timely manner and that the spectrum is not being held by licensees unable or unwilling to proceed with their plans. While most other entities in the mobile satellite and Little LEO markets are moving backwards, FACS has been moving forwards aggressively. Especially because revocation of the FACS license on the eve of WRC-03 would likely undermine the credibility of the United States position, there are sound legal and policy reasons on which to base a Bureau decision to grant FACS a temporary waiver of its license milestones.

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I. FACS Has Made Substantial Progress Developing the FAISAT System and Securing International Spectrum Allocations

FACS has made substantial progress in the development of its Little LEO system, FAISAT. Despite substantial obstacles, FACS has already put together final launch vehicles and firm contracts for spacecraft construction, as well as substantial third-party financing. Some of the satellite subsystems are at post critical design review level. Given the considerable impediments that FACS has faced, progress on system development has been timely. The FACS' subcontractors are bending metal. In short, FACS has spent and continues to spend substantial amounts of real money on a real system to develop competitive services that will serve important public interest needs.

A. *Demonstrated Progress*

Technical Documentation. Provided separately are numerous technical documents that will demonstrate that there has been substantial progress on the development of the FAISAT system. A list of these documents is included as Attachment A to this memo. The involuntary bankruptcy of FAI, the prime contractor of FACS, caused unavoidable delays to occur in system development. Indeed, FACS was prohibited by the bankruptcy Trustee from contracting. Moreover, FACS had no control over or other ability to influence FAI. Once the transfer of control of FACS was granted to NYS in August 2002, however, FACS was once again able to proceed with the continuation of its contracts and the signing of new contracts to complete development of the FAISAT system.

The documents clearly demonstrate that FACS is not a paper satellite company and that millions of dollars have been spent on the development of the FAISAT system. This information is submitted to demonstrate that there has been substantial progress on the development of the FAISAT system. FACS requests that this information be treated confidentially and under no circumstances be released or discussed with individuals outside the Commission without the prior express written consent of FACS.

B. *Participation in WRC Preparations*

FACS has also been an active participant in the WRC-03 process, working very closely with staff from the Bureau, as well as briefing Advisors to the Chairman and Commissioners on the WRC progress. There were three FACS representative on the U.S. CPM delegation. FACS representatives actively worked with Commission staff at the CPM to resolve issues and correct problems in CPM text. Two FACS representatives attended ITU Working Party 7C and 8D international meetings. FACS has devoted substantial resources to support the adoption of

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WRC-03 Agenda Item 1.16. FACS is funding four members of the U.S. WRC-03 delegation to advocate for adoption of Agenda Item 1.16. Upon the urging of the Commission and other U.S. government agencies, FACS spent significant resources to retain Aerospace Corporation to conduct and complete L-band tests to support the US WRC-03 Agenda Item 1.16 proposal. This effort was concluded just a few days ago.

If the Bureau publishes denial of FACS' waiver request, the U.S. Government's position at WRC will be adversely impacted resulting in considerable public interest harm. The U.S. Government has expended significant resources on WRC-03 Agenda Item 1.16. The FCC, including staff from the International Bureau, provided leadership on this issue, with the full support of FACS, to champion it through multiple government agencies. The result of this effort was a U.S. Proposal on Agenda Item 1.16, which was recently submitted to the ITU. Further, the U.S. State Department has been urging other key international regulators to keep an open mind and to consider supporting U.S. efforts regarding this specific allocation. In fact, based on this USG/private sector advocacy, some key administrations have extended resources to study the U.S. technical efforts toward consideration for supporting the U.S. Proposal.

Denying the FACS waiver request has implications above and beyond FACS. It will provide regulators around the world with strong justification to not give credence to U.S. initiatives for WRC. In fact, this initiative in particular would be regarded as a waste of precious time and resources, particularly, in light of the timing of the action. A balanced review of the facts and policy considerations argues in favor of not publishing any waiver denial.

II. Delay in Meeting March 2002 and September 2002 Milestones was Due to Unforeseen Circumstances, Which Were Beyond the Control of FACS

There were two specific factors, completely beyond the legal or practical control of FACS, to prevent achievement of the March 2002 and September 2002 license milestones. As further explained below, the delay began in September 2001 with the involuntary bankruptcy proceedings of Final Analysis, Inc. ("FAI") and continued through today pending the approval of a Technical Assistance Agreement ("TAA") by the U.S. Department of State, Directorate of Defense Trade Controls ("DDTC").

A. Involuntary Bankruptcy Proceeding of Final Analysis, Inc ("FAI").

On September 14, 2001, creditors of FAI petitioned the U.S. Bankruptcy Court for the involuntary dissolution of FAI. FAI was the former parent of FACS and the prime contractor for the FAISAT system. Because FAI was a separate and distinct legal entity from FACS, the licensee, FACS also could take no action to protect FAI. The involuntary bankruptcy of FAI

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paralyzed FACS, the FCC licensee, because the Trustee prohibited FACS from exercising contracting authority.

FACS was never in bankruptcy and never under the administration of the Trustee. The Trustee was acting in the capacity of the controlling stockholder of FACS, but had no rights to sell FACS' assets. Prior to the bankruptcy, FAI held the controlling voting stock of FACS. The FCC license is an asset of FACS. As with any stockholder, FAI had no rights to FACS' assets. FAI only had rights to FACS' stock. When FAI was forced into involuntary bankruptcy by its creditors, the Trustee was charged with selling FAI's assets, which included the controlling stock of FACS.

During the past several years, FAI was not funding FACS. In fact, FACS was raising money and making payments to FAI as the prime contractor. For example, in August 2001, just a few weeks prior to the creditors' petition for the involuntary dissolution of FAI, FACS had signed a \$10 million contract with a company that sought to reserve secondary payload space on the FAISAT constellation. Under the contract, the party was required to make three installments in less than a year. A few days prior to FAI's involuntary bankruptcy, FACS had received the first installment of \$2 million. FACS was financially solvent at the time that FAI was forced into involuntary bankruptcy. Moreover, FACS continues to be financially able to proceed with the construction and launch of the FAISAT system.

During the bankruptcy proceeding, claims against FAI were subject to an automatic stay, and the Trustee, in her capacity as the controlling stockholder of FACS, directed FACS not to take any actions other than day-to-day management of the company. The Trustee directed FACS to not spend additional money or to make any commitments. She was able to do this in her capacity as controlling stockholder. This meant that, as a matter of law, FACS could not take any action against FAI, the FAISAT system prime contractor, and it could not direct FAI's subcontractors and could not engage any new contractors. However, FACS did continue to solicit proposals for and entered into negotiations for new replacement contracts for launch services, communications payload and satellite bus construction. This was done to ensure that FACS not encounter further delays due to contract negotiations.

As noted above, the involuntary filing was instigated by certain creditors of FAI and was not a voluntary Chapter 11 restructuring maneuver by FAI to resolve financial problems. To the contrary, FACS was financially solvent and, absent the bankruptcy, would have been in a position to complete its construction obligations. Thus, because the Chapter 7 proceeding was still underway in March 2002, when FACS' milestone was due, FACS was prohibited by the bankruptcy court from forcing its contracted prime construction firm to perform under the contract.

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On January 14, 2002, NYS acquired the assets of FAI, including the controlling interest in FACS. Pursuant to the terms of the sale, the Trustee retained control over the license until such time as the Commission granted the order approving the transfer. FACS promptly filed an application with the FCC to transfer control to NYS. NYS almost immediately thereafter raised \$10 million (in addition to the \$2 million it had received from the \$10 million contract for secondary payload space) to continue the development of the FAISAT system. However, NYS could not exercise control over FACS while the transfer of control request was pending at the Bureau.

On August 19, 2002, the FCC approved the transfer of control, but from September 2001 through August 2002, when the transfer of control was granted, nearly an entire year, legal events outside its control (the Trustee's restrictions and the expiration of FAI's TAA with the State Department discussed below) prevented FACS from making progress on the construction of its satellites.

Importantly, FACS is not claiming that circumstances of financial hardship or internal company reorganization justify the waiver request. FACS was never in bankruptcy nor financial hardship. FACS was not a debtor in possession. The involuntary bankruptcy of FAI meant that FACS was under the control of the Trustee in the involuntary bankruptcy proceeding. As noted above, the Trustee of the FAI estate prohibited FACS from exercising independent contracting authority. Because of that court mandated inability to act, from the time the Trustee was appointed, through the period that the Trustee moved to liquidate FAI, and through the period that the transfer of control application was being approved by the Commission, FACS could not proceed to enter into any new contracts. Immediately upon approval of the transfer of control application on August 19, 2002, substantial activity on the FACS system resumed, as FACS advised the Bureau that it would.

B. Requirement to Obtain Technical Assistance Agreement.

Around the time that the Commission approved the application to transfer control of FACS to its new owner, NYS, FACS signed firm fixed-price contracts with Polyot of Russia for the construction and launch of the satellites.

Thus, one year after the commencement of the involuntary bankruptcy of FAI, FACS was free from the business limitations caused by the FAI bankruptcy, it had available an additional \$10 million in funding raised by NYS in 2002 (funding separate from the \$10 million secondary payload contract negotiated by FACS in 2001 that is discussed above), and it had firm fixed-price contracts to move forward on its system. Missing, however, was the export authorization from State Department's DDTC to authorize FACS' technical interchange with Polyot. FACS had initially planned, pursuant to State Department recommendation, to transfer FAI's existing

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Technical Assistance Agreement (“TAA”) to FACS. However, FAI’s registration with DDTC lapsed. Concurrent with the lapse of the DDTC registration, the TAA expired.

Concurrently with the approval by the FCC of the transfer of control, FACS submitted to DDTC its registration request and then submitted its proposed TAA to authorize FACS to export technical data and defense services to Polyot in the course of constructing the satellites. FACS and NYS commenced significant efforts to register FACS with the State Department to receive a TAA that would be similar to the one that had been granted earlier to FAI. Presently, the TAA is pending its final review with DDTC. Until the TAA is approved, FACS is prohibited by the International Traffic in Arms Regulations from holding technical discussions with Polyot. Attachment B contains a memorandum that explains FACS’ export licensing activities. The memorandum contains a table with a detailed timeline of the relevant efforts taken by FACS to obtain the TAA. Provided separately are copies of the documents referenced in the timeline. This information is submitted to demonstrate that FACS has acted promptly and diligently to obtain the TAA. FACS requests that this information be treated confidentially and under no circumstances be released or discussed with individuals outside the Commission without the prior express written consent of FACS.

The lack of this approval to date has legally prevented FACS from engaging in detailed technical discussions and negotiations with Polyot of Russia, which is constructing significant parts of the system. This, in turn, has prevented FACS from providing the Bureau with specific milestone dates. The delay of the State Department in granting the necessary approval of the TAA to date is clearly beyond the control of FACS. While FACS has not received the necessary approval from the State Department, the company has reason to believe that grant of such approval will occur soon, perhaps in a matter of days.

C. Legal Analysis

All satellite licensees are required to meet explicit system implementation deadlines, or milestones. The Commission has explained that such milestones are necessary to ensure that licensees are building their systems in a timely manner and that spectrum is not being held by licensees unable or unwilling to proceed with their plans.¹

¹ See, e.g., Columbia Communications Corp., *Memorandum Opinion and Order*, 15 FCC Rcd 15566, 15571 (para. 11) (Int’l Bur. 2000).

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FACS believes that a review of the full facts in this matter will show that there is “good cause” to waive Section 25.161.² Section 25.161 provides that an authorization shall automatically be terminated if construction completion milestones specified in an authorization are not met. The Commission has held that waiver is appropriate if special circumstances warrant a deviation from the general rule and such deviation would better serve the public interest than would strict adherence to the general rule.³ The delay in receiving the TAA authorization and the involuntary bankruptcy of FAI, the former parent and prime contractor of FACS, prevented FACS from meeting the March 2002 and September 2002 milestones and constitute special circumstances that justify a waiver of the milestones. A waiver would also serve the public interest better than denial, since denial would result in a monopoly provider of Little LEO services, and would undermine the U.S. position in WRC.

Additionally, FACS believes that a review of the full facts will show that FACS can provide adequate justification for a waiver, and upon grant of the TAA, extension of its milestones. Section 25.117(e) of the Commission’s rules permits milestone extensions when delay in implementation is due to unforeseeable circumstances beyond the licensee’s control or unique and overriding public interest concerns justify an extension.⁴ The Commission does not grant waivers or extensions of milestones based on licensees’ business decisions.⁵ Such is not the case here. The involuntary bankruptcy of FAI, brought about by its creditors, was not a business decision of FACS.

In reviewing previous extension requests, the Commission has held that “[t]he totality of circumstances – those efforts made and those not made, the difficulties encountered and those

² See Section 1.3 of the Commission’s Rules, 47 C.F.R. § 1.3. *WAIT Radio v. FCC*, 418 F.2d 1153, 1159 (D.C. Cir. 1969); *Northeast Cellular Telephone Co. v. FCC*, 897 F.2d 1166, 1166 (D.C. Cir. 1960) (“*Northeast Cellular*”).

³ *Northeast Cellular*, 897 F.2d 1166, 1166 (D.C. Cir. 1960); Comsat Corporation, *Order*, 11 FCC Rcd 9622, 9625 (para. 10) (1996); General Communications, Inc., *Memorandum Opinion and Order*, 11 FCC Rcd 2535, 2536 (para. 4) (Int’l Bur. 1996).

⁴ 47 C.F.R. § 25.117(e).

⁵ Advanced Communications Corp., *Memorandum Opinion and Order*, 11 FCC Rcd 3399, 3417 (para. 45) (1995) (delays related to negotiations with potential investors do not constitute adequate justification for extension of milestones); MCI Communications Corp., *Memorandum Opinion and Order*, 2 FCC Rcd 233, 234 (para. 7) (1987) (MCI denied additional time to determine whether implementation of a satellite system it purchased was economical); AT&T and Ford Aerospace Satellite Services Corp., *Memorandum Opinion and Order*, 2 FCC Rcd 4431, 443334 (paras. 21-23) (1987) (delay due to construction contract negotiation does not constitute adequate justification for extension of milestones); Tempo Enterprises, Inc., *Memorandum Opinion and Order*, 1 FCC Rcd 20 (1986).

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overcome, the rights of all parties, and the ultimate goal of service to the public – must be considered.”⁶

III. Good Cause Exists to Waive the Milestone Requirement

A. The Public Interest is Better Served by Granting a Waiver Than by Denying It.

FACS has expended significant resources and will build its system if permitted to do so. It has the resources and is making progress. There is absolutely no reason to believe or suspect that FACS will not build its system. The only obstacle it now faces is the possible denial and publication of such denial by the Bureau.

Little LEO services in a competitive environment, can offer a unique, low-cost data solution, particularly for remote, underserved areas, and for communications needs that do not require voice services.

The Administration has emphasized the importance of new business and new job creation. Waiver denial, and subsequent revocation of this license will mean the immediate elimination of jobs, contracts, services, and the businesses and opportunities that will be a natural outcome of this venture.

Revocation of FACS’ license will be yet another blow to the communications industry and to the satellite industry. This action, taken on the eve of WRC-03, will be immediately known around the world, confusing regulators as to U.S. support for its own contribution.

B. The General Rule is Not Undermined and Special Circumstances Warrant Deviation from the General Rule.

The Commission’s overall policy of preventing spectrum warehousing is not undermined by grant of the requested waiver because this is shared spectrum. Little LEO spectrum allocation and assignment is unique, based on the industry agreement and shared frequency arrangements underlying the licenses. Because the spectrum is shared, there is no preclusive effect on new entrants.

⁶ United States Satellite Broadcasting Co., Inc. and Dominion Video Satellite, Inc., *Memorandum Opinion and Order*, 3 FCC Rcd 6858, 6859 (para. 10) (1988).

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IV. Grant of New License is Not a Solution Due to Irreparable Harm That Would Occur Pending Freeze on New Applications

Publishing a denial now will result in irreparable harm. Specifically, the Bureau must, under principles of equity and fairness, consider the following implications of acting at this point:

- The New Streamlined Proceedings on Space Station Licensing Do Not Provide an Adequate Remedy.

FACS would like to address whether filing a new application under the streamlined space station processing rules, which have yet to be released, would provide an adequate remedy. First, FACS understands that such applications are frozen until Federal Register publication of the new rules. Even if such application was made sometime in the summer when the new rules had been out for an adequate period of time due to the time it would take to process the application and grant a license, together with the time involved in the ITU advance publication and coordination process, any proposed Little LEO system would not be operational until well beyond the dates for which FACS has recently proposed it could become operational.

Second, publication of any waiver denial, at this time, will critically undermine the U.S. position on WRC Agenda Item 1.16. Such publication will ensure that no additional international spectrum will be allocated for feeder links to support these services. In the second processing round for the Little LEO services, the Commission concluded that there was not enough spectrum allocated for these services. While some have attempted to argue that this finding is no longer true, such a position was rejected in proceedings that approved the U.S. position on this agenda item. Most importantly, there has been no Commission proceeding or analysis to suggest a contrary finding. Thus, that finding remains true. FACS' own analysis indicates that it is still true. Indeed, the considerable amount of resources that FACS has expended on this issue is strong evidence that it still is true. Otherwise, why would a commercial enterprise such as FACS commit such significant resources to the effort? The FCC in the 27 MHz proceeding made a contingent domestic allocation to the Little LEO service, pending the successful international allocation at WRC-03. If the international allocation is not made at WRC-03, there likely will be no domestic allocation. The next WRC will likely not be until 2008. Assuming the possibility of an agenda item at WRC-08, the Commission would need to commit duplicative resources and hold another rulemaking proceeding to allocate the spectrum domestically.

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Procedural Issues

FACS met with Bureau staff on January 17, 2002, to discuss the sale, assignment and transfer of the assets and properties of Final Analysis Inc (“FAI”), the parent of FACS and the prime contractor for the FAISAT system, to New York Satellite Industries, LLC (“NYS”).⁷ FACS had previously contacted Bureau staff to inform the Bureau of the transaction and to request the meeting. The primary purpose of that meeting was to discuss FACS’ intent to file a transfer of control application and to clarify the procedure for approval. FACS also informed Bureau staff that pursuant to the terms of the sale, the Trustee retained control over the license until such time as the Commission granted the order approving the transfer. FACS told the Bureau that while progress had been interrupted, substantial work had taken place. FACS explained that during the period the Trustee retained control, it would be limited in its ability to make significant progress. Accordingly, FACS expressed its desire to avoid a lengthy approval process on the transfer of control application. FACS also informed the Bureau of its intention and need to submit a request to obtain an extension of its milestones. FACS filed the transfer of control application on January 25, 2002.⁸ The application was placed on public notice on March 12, 2002.⁹ Bureau staff contacted FACS on numerous occasions to discuss the application and to obtain additional information prior to grant.

On March 29, 2002, FACS submitted a request for waiver of Section 25.161 of the Commission’s Rules with respect to the completion of construction and launch milestones for its first two commercial satellites. FACS’s authorization specifies that the first two satellites must be completely constructed by March 2002 and launched by September 2002. On April 10, 2002, FACS met with Bureau staff to discuss the waiver request and to discuss the status of the pending transfer of control application. FACS had previously contacted Bureau staff to briefly notify the Bureau of the request and to request a meeting. In fact, during that contact prior to the meeting, FACS told a Bureau official that it was requesting a waiver rather than a modification of license because restrictions imposed on contracting by the bankruptcy Trustee prevented

⁷ At the time, an initial application to approve the transfer of control of the FACS license from FAI to the Trustee, subsequent to the initiation of FAI’s involuntary bankruptcy, was pending before the Commission. *See* Final Analysis Communication Services, Inc. Application for Consent to Involuntary Transfer of Control, File No. SAT-T/C-20011105-00094 (filed November 5, 2001; granted February 7, 2002). Bureau staff contacted FACS on numerous occasions to discuss the application and to obtain additional information prior to granting approval.

⁸ Final Analysis Communication Services, Inc. Application for Transfer of Control, File No. SAT-T/C-20020125-00010 (filed January 25, 2002; granted August 19, 2002).

⁹ Public Notice, Report No. SAT-00104 (released Mar. 12, 2002).

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FACS from specifying a precise extension period. The Bureau official indicated that this procedural choice was correct.

At the April 10, 2002 meeting, Bureau staff indicated that it expected to act quickly on the transfer of control application, provided that no objections were filed.¹⁰ At that meeting, FACS explained its rationale for filing the waiver request. Specifically, FACS indicated that, because it could not predict when the transfer of control would be granted (which was needed to enable FACS to proceed with construction of the FAISAT system), it could not, at that time, propose and commit to specific milestone dates to modify its license. Therefore, FACS had concluded that it must file a request for waiver of the milestone rule. Moreover, FACS told Bureau staff that it had not included a fee with the waiver request because the Commission's fee schedule did not provide for a fee for this specific type of waiver request. Bureau staff indicated that it would research the fee issue. FACS also expressed its willingness to pay a fee if the staff determined that a fee was due. Bureau staff indicated agreement. Based on this conversation, FACS' understood that if the Bureau's research indicated that a fee was due then Bureau staff would contact FACS. FACS also requested that the Bureau to put the petition for waiver on public notice. Bureau staff told FACS that it would probably provide a comment period of less than 30 days. Although Bureau staff did not commit to a specific date that the waiver request would be put on public notice, there was every indication that the petition would be put on public notice, as is customary practice.¹¹ Bureau staff also told FACS that review would be consistent with other milestone enforcement matters pending or imminent when it acted on the FACS' waiver request. To date, no public notice has been issued.

Needless to say, based on the meetings and contact with Bureau staff, FACS was surprised when it learned the day before the scheduled meeting with Bureau staff on May 8, 2003, that the Bureau had decided to take action on the waiver request. FACS was equally surprised to learn that the Bureau apparently had certain concerns about FACS' decision to file a waiver request instead of a modification application, and apparently, with regard to the applicable fee.

For all these reasons, we urge the Bureau to not take public action on the FACS' milestone waiver petition until it has thoroughly reviewed and analyzed all the facts. Toward this end, FACS would be pleased to supplement its existing waiver request with the facts contained in this letter, to furnish additional information that the Bureau desires, and to pay a

¹⁰ A comment was filed in the proceeding. The transfer of control application was approved by the Commission and released on August 19, 2002.

¹¹ Indeed, E-SAT, Inc. filed an application for modification of the milestone schedule in its license on April 1, 2002. E-SAT's application was put on Public Notice on April 24, 2002. Public Notice, Report No. SAT-00109 (released Apr. 24, 2002).

KELLEY DRYE & WARREN LLP

Donald Abelson
May 12, 2003
Page Thirteen

filing fee. We are confident that such a review will manifest FACS' progress to date and the unusual, uncontrollable circumstances that resulted in its involuntary delay in construction and launch. These circumstances, and the unique and overriding public interest in a competitive Little LEO system and in a credible U.S. WRC delegation, fully warrant grant of the waiver petition, or non-publication of the denial while the Bureau reviews the facts above.

Sincerely,



Randall W. Sifers
Counsel to
Final Analysis Communication Services, Inc.

Attachments

cc (w/o attachments):

Bryan Tramont
Jennifer Manner
Sam Feder
Anna M. Gomez
Thomas S. Tycz
David Gross



FINAL ANALYSIS COMMUNICATION SERVICES
 9701 FIDELITY COURT
 LYNHAM, MARYLAND 20706-4400
 Tel: 301-459 4100, Fax: 301-459 0101, finalanalysis.com

January 10, 2003

FACS-2K3-005

Ms. Deborah Carroll
 Chief, Compliance and Enforcement Branch
 Office of Defense Trade Controls
 U.S. Department of State
 PM/DTC Room H1304, SA-1
 2401 E Street, N.W.
 Washington, DC 20037

Registrant: Final Analysis Communication Services, Inc.
 DTC Code: 1106-16233

Re: Report of Activities Under ODTC Case No. TA 2647-02

Dear Ms. Carroll:

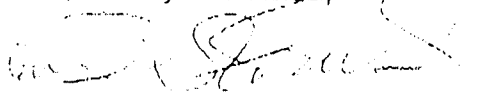
In accordance with a Return-Without-Action notice from the U.S. Department of State, Office of Defense Trade Controls ("ODTC"), dated December 30, 2002, concerning ODTC Case No. TA 2647-02, Final Analysis Communication Services, Inc. ("FACS") hereby provides ODTC's Compliance and Enforcement Branch with this report disclosing all ongoing activities under TA 2647-02. No licensable activities have occurred. Nevertheless, this report describes all meetings between FACS and PO Polyot or Design Bureau Polyot ("DB Polyot").

Date	Location	Participants	Description
October 2001	Russia	(i) FACS President with translator; (ii) Mr. Vasily Gorlov, DB Polyot deputy chief designer (responsible for business development and marketing); (iii) Mr. Vitaly Shelinin, PO Polyot advisor to general director; and (iv) Mr. Oleg Dorofeev, PO Polyot General Director	FACS informs Polyot about FAI's bankruptcy and urges Polyot not to exercise its options due to FAI's payment default.

Date	Location	Participants	Description
December 2001	Russia	(i) FACS President with translator; (ii) Mr. Vasily Gorlov; (iii) Mr. Vitaly Shetinin; (iv) Mr. Oleg Dorofeev; and (v) Dr. Lisitsin of the Russian Aviation and Space Agency ("Rosaviakosmos")	FACS discussed the notice of Sale of Assets of FAI and FAI bankruptcy.
February 2002	Russia	(i) FACS President with translator; (ii) Mr. Vasily Gorlov; (iii) Mr. Vitaly Shetinin; and (iv) Mr. Oleg Dorofeev	FACS informed Polyot that New York Satellite Industries, LLC ("NYS") purchased the assets of FAI and requested that Polyot sign an assignment to assign FAI's previous contracts to NYS. Polyot said it needed to discuss the matter with Rosaviakosmos.
May 2002	Russia	(i) FACS President with translator; (ii) Mr. Gorlov; (iii) Mr. Nikolay Ivanov (deputy chief designer of DB Polyot); and (iv) Vitaly Shetinin	Polyot discussed the status of Polyot's discussion with Rosaviakosmos. Polyot expressed interest to perform more tasks for the development of the FAISAT spacecraft and that their additional involvement would be helpful in persuading Rosaviakosmos to approve the assignment of FAI's contracts to NYS. FACS invited Polyot for a meeting in the United States and for Polyot to present its capabilities as to the additional tasks they wished to undertake for the design/development of the FAISAT spacecraft.
July 2002	Lanham, Maryland	(i) Mr. Gorlov; (ii) Mr. Ivanov; (iii) Mr. Shetinin; (iv) FACS President; (v) FACS FAISAT Program Manger (who no longer is employed with FACS); (vi) a FACS part time consultant acting as chief technical officer; (vii) FACS Vice President of Administration and Export Compliance Officer; and (viii) one or two translator(s) for FACS	Polyot provided a presentation as to additional tasks Polyot wanted to undertake. Polyot also generally discussed its capabilities, a discussion which was not technical and was unrelated to any specific program. FACS stated that former FAI contracts first needed to be assigned before FACS agreed to any additional tasks for Polyot
August 2002	Russia	(i) FACS President with translator; (ii) Mr. Gorlov; (iii) Mr. Shetinin; and (iv) Dr. Lisitsin of Rosaviakosmos.	Polyot and Rosaviakosmos explained that they want to renegotiate contracts. But FACS explained that, from legal point of view, FAI's contract was automatically assigned to NYS and that FACS was not in a position to renegotiate FAI's contract. Rosaviakosmos requested FACS to provide its legal argument in writing

Date	Location	Participants	Description
September 2002	Lanham, Maryland	(i) Mr. Gorlov; (ii) Mr. Shetinin; (iii) FACS President; (iv) FACS Vice President of Administration and Export Compliance Officer; (v) FACS outside General Counsel; and (vi) FACS translator	Polyot discussed contractual matters with FACS. NYS signed new contracts with Polyot with almost identical terms as the former FAI contracts (with no changes to the previously developed SOWs), and FACS provided Polyot with a letter from FACS' outside general counsel to Rosaviakosmos providing legal arguments as to why the terms of FAI's contracts with Polyot should not be renegotiated.
November 2002	Lanham, Maryland	(i) Mr. Gorlov; (ii) FACS President; (iii) FACS Vice President of Administration and Export Compliance Officer; (iv) FACS outside General Counsel; and (v) FACS translator	Mr. Gorlov stated that Rosaviakosmos was prepared to approve the contracts with some minor modifications. The parties signed the requested modifications.
January 2003 (next week)	Lanham, Maryland	Expected participants include: (i) Mr. Gorlov; (ii) Mr. Shetinin; (iii) FACS President; (iv) FACS Vice President of Administration and Export Compliance Officer; (v) FACS outside General Counsel; (vi) FACS translator; and (vii) outside General Counsel for NYS.	FACS expects that this meeting will entail Mr. Gorlov and Mr. Shetinin (i) explaining that Rosaviakosmos has approved the contracts and (ii) requesting that NYS/FACS cure its default by making its past due payments.

Respectfully submitted,



Jan Friis
Vice President of Administration and
Export Compliance Officer

ATTACHMENT A

LIST OF DOCUMENTS

1	SC FAISAT- Adapter Interface Control Document. Issue 01	Provided by Polyot
2	Thermal Analysis	Provided by Polyot
3	Payload Integration Plan and Test Procedure	Provided by Polyot
4	SC FAISAT Mechanical Design	Provided by Polyot
5	Structural Analysis of the Frame	Provided by Polyot
6	FAISAT System Constellation Management	Provided by Polyot
7	Project Management Plan. FAISAT Equipment and ACS Software	Provided by Polyot
8	Program Management Plan. Adaptation of the SC FAISAT on the LV Cosmos	Provided by Polyot
9	SC FAISAT-LV Cosmos ICD for launches from Plesetsk	Provided by Polyot
10	SC FAISAT-LV Cosmos ICD for launches from Kapustin Yar	Provided by Polyot
11	Transportation of Containers with SC FAISAT components	Provided by Polyot
12	SC FAISAT Shipping Container	Provided by Polyot
13	Equipment Acceptance Test Plan	Provided by Polyot
14	List and Description of Materials (Russian)	Provided by Polyot
15	Concept Design for the ACS	Provided by Polyot
16	Concept Design for FAISAT Adapter	Provided by Polyot
17	Estimates of ΔV Budget for the Propulsion System Required for Initial Orbital Operations and for Maintaining Stability of the FAISAT System	Provided by Polyot
18	Preliminary Magnetic Torquer Design	Provided by Polyot
19	Gravity Gradient Boom	Provided by Polyot
20	Concept of the Constellation Management of the FAISAT System	Provided by Polyot
21	FAISAT ACS Emulation	Provided by Polyot
22	ACS Analysis	Provided by Polyot
23	Preliminary Analysis of the ACS with Pitch Momentum Wheel	Provided by Polyot
24	SC FAISAT ACS Software	Provided by Polyot
25	ACS Software Acceptance Test	Provided by Polyot
26	DB Polyot Presents Proposals on Development of FAISAT Spacecraft and its Subsystems	Provided by Polyot
27	Adjustment of the SC FAISAT on the LV COSMOS	Provided by Polyot
28	System Description Document	Provided by GDIS
29	System Operations Concept Document (SOCD)	Provided by GDIS
30	Air Interface Specification (draft)	Final Analysis
31	System Requirements Document (SRD)	Final Analysis

ATTACHMENT B



Gardner Carton & Douglas

1301 K Street, N.W.
Suite 900, East Tower
Washington, D.C. 20005-3317

Chicago, Illinois

Tel 202 230 5000 | Fax 202 230 5300
www.gcd.com

M E M O R A N D U M

TO: Nader Modanlo
FINAL ANALYSIS
COMMUNICATION SERVICES,
INC.

FROM: Corey Stewart
GARDNER CARTON & DOUGLAS

DATE: May 11, 2003

SUBJECT: Export Licensing History Pertaining to FACS Activities with P.O. Polyot

Per the request of Final Analysis Communication Services, Inc. ("FACS"), we are outlining the process we have followed to obtain approval from the U.S. Department of State, Directorate of Defense Trade Controls ("DTC") (formerly Office of Defense Trade Controls) of a Technical Assistance Agreement ("TAA") between FACS and P.O. Polyot ("Polyot") of Russia. A more detailed chronology of this process is delineated in **Table 1** below.

1. Original TAA Approval

FACS' prime contractor, Final Analysis, Inc. ("FAI"), submitted a proposed TAA to DTC on April 16, 1999, which DTC approved on November 18, 1999. That TAA, DTC License No.

May 11, 2003

Page 2

TA 576-99, was to expire on December 31, 2005. This approval was contingent upon FAI's continued registration with DTC.

2. FAI Involuntary Bankruptcy and Lapse of DTC Registration

FAI's DTC registration lapsed in 2001. Concurrent with the lapse of the DTC registration, all FAI's agreements and licenses approved by DTC, including TA 576-99, were thereby terminated.

3. FACS Registration with DTC

To replace TA 576-99, FACS first needed to register with DTC. That registration, however, could not occur until FACS' parent company was definitively determined. On August 16, 2002, FACS learned that the Federal Communications Commission was about to approve the transfer of control of FACS to New York Satellite Industries, LLC. ("NYS"). Upon learning of the pending approval by the FCC, FACS immediately applied to register with DTC.

4. Attempts to Replace TAA

Even before final DTC approval of the registration, FACS began preparing a TAA to replace TA 576-99, but was directed by DTC in late September 2002 to apply instead to transfer TA 576-99 from FAI to FACS. After doing as DTC requested and after several weeks had passed, DTC changed its position and indicated that TA 576-99 could not be transferred and directed FACS to submit a new TAA. FACS immediately did so. Additional confusion within DTC led to further delays in the processing of FACS' registration and the TAA.

5. No Technical Activities between FACS and Polyot

Concerned that licensable activities may have occurred between FACS and Polyot without TAA authorization, DTC twice returned-without-action ("RWA") replacement TAAs in December 2002. After assuring DTC that no licensable activities had occurred between FACS and Polyot, FACS again resubmitted a replacement TAA on January 21, 2003. DTC then staffed the TAA to the U.S. Department of Defense, Defense Technology Security Administration ("DTSA") (formerly the Defense Threat Reduction Agency) and other agencies within the Department of State. On March 19, 2003, after receiving recommendations of approval from several DOD agencies, DTSA was prepared to recommend approval of the TAA. DTC directed DTSA, however, to RWA the TAA because DTC was continuing to confirm that FACS had not engaged in any technical activities with Polyot after termination of TA 576-99.

6. Imminent Final Approval of TAA by DTC

After confirming that there had been no export to Polyot of technical data or defense services (i.e., no technical meetings), DTC reissued the TAA to DTSA. On April 22, 2003, DTC received DTSA's recommendation of approval of the TAA. Since then, DTC has been conducting final review of the TAA, during which time it has been consolidating the positions of the agencies to which the TAA was staffed and drawing up a final approval. Typically, final review takes approximately two weeks to complete. Accordingly, we expect DTC's imminent final approval of the TAA.

TABLE 1

04/15/99	FAI submits to DTC proposed TAA (TA 576-99) authorizing activities between FAI and Polyot. (see Appendix 1)
11/18/99	DTC approves TA 576-99, which was to expire on December 31, 2005. (see Appendix 2)
08/16/02	FACS submits its registration statement to DTC. (see Appendix 3)
08/19/02	FCC approves transfer of control of FACS to NYS.
09/20/02	DTC Registration requests additional information concerning the registration statement.
09/23/02	FACS provides the requested information. (see Appendix 4)
09/24/02	DTC Compliance requests notification of the sale FAI assets and identification of any licenses or TAAs that FACS wishes to transfer from FAI to FACS.
09/25/02	FACS provides DTC Compliance with the requested notification. (see Appendix 5)
09/26/02	FACS submits an application to transfer TA 576-99 from FAI to FACS, as requested. (see Appendix 6)
10/04/02	DTC Compliance advises FACS that DTC incorrectly entered the FACS registration into the DTC system as a name change to FAI. (see Appendix 7)
10/08/02	FACS explains to DTC Compliance the FAI bankruptcy and the events which led to FACS' planned assumption of the FAI assets. (see Appendix 8)
10/18/02	DTC Compliance indicates that it received the transfer request.
10/21/02	Following numerous unreturned telephone calls to DTC Registration, FACS formally requests DTC Compliance for a status of the two requests. (see Appendix 9)
10/24/02	DTC Registration returns FACS' phone calls.
11/06/02	FACS requests DTC Compliance to confirm the status of the registration and whether the transfer request would be considered; FACS offers to submit a new TAA application. (see Appendix 10)
11/07/02	FACS immediately responds to a new DTC Registration request for information. (see Appendix 11)
11/08/02	Nearly three months after FACS submitted its registration, DTC approves FACS' registration statement. (see Appendix 12)
11/11/02	FACS provides DTC Compliance with DTC's approval of the registration statement.

11/27/02	DTC Compliance indicates that the 09/26/02 submission would be treated as a new TAA application; FACS offers to submit a new TAA package. (see Appendix 13)
12/09/02	FACS asks DTC to confirm that the TAA application is being processed. (see Appendix 14)
12/10/02	Nearly three months after the TAA package is submitted as a transfer request at DTC's direction, DTC RWA's the request. (see Appendix 15)
12/11/02	FACS submits a second TAA application. (see Appendix 16)
12/30/02	DTC RWA's the second TAA application because it was continuing to confirm that there had been no technical meetings between FACS and Polyot since the termination of TA 576-99 (see Appendix 17)
01/10/03	Although FACS had not engaged in any licensable activities with Polyot, FACS provides DTC Compliance with a description of all meetings with Polyot. (see Appendix 18)
01/13/20 – 01/20/03	FACS follows up with several telephone calls, none of which was returned.
01/21/03	FACS resubmits the TAA. (see Appendix 19)
01/29/03	FACS again asks DTC Compliance if there are any concerns and requests a meeting. (see Appendix 20)
02/10/03	FACS writes to the Director of DTC, requesting a meeting. (see Appendix 21)
02/11/03	The Director of DTC indicates that FACS will soon be contacted.
02/13/03	DTC Compliance requests additional information. (see Appendix 22)
02/19/03	FACS provides DTC Compliance the requested information. (see Appendix 23)
02/27/03	DTC Compliance requests additional information. (see Appendix 24)
03/03/03	FACS provides DTC Compliance the additional information. (see Appendix 25)
03/20/03	FACS learns that DTC Compliance instructed DTSA to RWA the third submission of the TAA because it was continuing to confirm that no technical activities had occurred between FACS and Polyot after termination of TA 576-99.
03/21/03	FACS reconfirms to DTC that no technical activities had occurred between it and Polyot and pleads with DTC Compliance to take immediate action, since delays were jeopardizing the FCC license. (see Appendix 26)
03/25/03	DTC reissues TAA to DTSA.
04/15/03	FACS reiterates to DTSA urgency of request. (see Appendix 27)
04/16/03	DTSA indicates it had failed to acknowledge of reissuance of TAA.
04/22/03	DTSA submitted its position on the TAA to DTC. (see Appendix 28)

GARDNER, CARTON & DOUGLAS

1301 K STREET, N.W.

SUITE 900, EAST TOWER

WRITER'S DIRECT DIAL NUMBER

WASHINGTON, D.C. 20005

CHICAGO, ILLINOIS

GEORGE N. GRAMMAS
(202) 408-7112
ggrammas@gcd.com

(202) 408-7100
FAX: (202) 289-1504
INTERNET: gcdlawdc@gcd.com

April 15, 1999

VIA HAND DELIVERY

APR 16 1999

William J. Lowell
Director
Office of Defense Trade Controls
U.S. Department of State
PM/DTC, Room 200, SA-6
2201 C Street, N.W.
Washington, D.C. 20520-0602

S & R COPY

Applicant Code: 0501-12647, Final Analysis, Inc.

Re: Proposed Technical Assistance Agreement between Final Analysis, Inc.
and PO Polyot for the Procurement from PO Polyot of Certain
Commercial Communication Satellite Components

Dear Mr. Lowell:

On behalf of our client, Final Analysis, Inc. ("Final Analysis"), we hereby submit an original and ten (10) copies of a proposed Technical Assistance Agreement ("TAA") between Final Analysis and PO Polyot ("Polyot"), a Russian production amalgamation, and an original and ten (10) copies of a letter signed by an officer of Final Analysis setting forth the representations and commitments required by Sections 124.12 and 126.13 of the International Traffic in Arms Regulations ("ITAR").

I. EXECUTIVE SUMMARY

The purpose of the TAA is to facilitate the purchase by Final Analysis of certain components for commercial communication satellites that Final Analysis is integrating at its facility in Lanham, Maryland. Although the proposed activities involve the importation of components from Russia, they also incidentally involve the export of technical data and defense services required to communicate component specifications and requirements to Polyot and to engage in joint acceptance testing and integration of the components at Final Analysis' facility in Lanham, Maryland. Therefore, this proposed TAA would authorize the export of such technical data and defense services to Polyot.

William J. Lowell

April 15, 1999

Page 2

The proposed TAA has been carefully drafted to limit the scope of technical data and defense services to be exported. It limits the scope of technical data that will be made available to Polyot in Omsk for its use in designing and manufacturing the components by permitting Final Analysis only to export Interface Control Document ("ICD") level information. The ICD level information communicates only the specifications and requirements that Polyot must satisfy in its design and manufacture of components. In the event additional technical data is required to be provided to Polyot, the proposed TAA and Technology Transfer Control Plan ("TTCP") require that the document first be reviewed by the U.S. Department of Defense, Defense Threat Reduction Agency ("DTRA"), and approved for release to Polyot in Omsk.

All components manufactured by Polyot will be delivered to Final Analysis at its facility in Lanham, Maryland. Several Polyot engineers will be assigned to work at the Final Analysis facility. They will work with Final Analysis representatives in connection with design reviews of components and in acceptance testing and integration of the components into the commercial communication satellites. All such activities will be controlled and monitored under the TTCP. While the TTCP will permit the Polyot residents to participate in certain well-defined activities at Final Analysis, it will not allow the Polyot residents to remove technical data from the facility or to transfer any technical data to Polyot in Omsk. Consequently, all technical data will stay at the Final Analysis facility unless it is approved for release to Polyot in Omsk by the TAA or by DTRA review under the TTCP.

Furthermore, the TTCP will limit the Polyot residents' access within the Final Analysis facility. First, the residents will be permitted access only to the administrative offices of Final Analysis unless they have an escort into the secure room where technical activities will occur. Second, under the TTCP, Final Analysis will keep all technical data located within the administrative offices under lock. Third, the Final Analysis security system will give Polyot residents access to administrative officers only during normal business hours. And finally, the computer system will lock the Residents out of sensitive data.

This proposed TAA and the TTCP will treat the Polyot residents under restrictions similar to those applied to foreign national employees, and the data actually transmitted to Russia will be only that data typically transmitted in any arm's length vendor arrangement utilizing indigenous manufacturing capabilities. This approach is based on models that we have used for other clients in other satellite programs. Your office and DTRA have found this model acceptable for other programs and we hope you will find it equally acceptable here.

II. ITAR-REQUIRED INFORMATION AND STATEMENTS

A. Sections 124.12 and 126.13

The certifications and commitments required by Sections 124.12 and 126.13 of the ITAR are contained in the attached letter signed by Final Analysis' empowered official, Dr. Nader Modanlo.

William J. Lowell
April 15, 1999
Page 3

B. Sections 124.7 and 124.8

The proposed TAA contains the following provisions currently required by the ITAR:

Pursuant to Section 124.7 of the ITAR:

<u>C.F.R. Section</u>	<u>TAA Reference</u>
124.7(1)	No Defense Articles are to be manufactured or equipment exported pursuant to the TAA (<i>see</i> Sections 1.03, 2.01 and 2.05).
124.7(2)	Technical Data and Defense Services to be exported under the TAA are described in Sections 1.02, 1.04, 1.09, 2.01 and 2.02.
124.7(3)	The TAA will terminate on December 31, 2005 (<i>see</i> Section 4.01).
124.7(4)	Transfers of Technical Data are to occur only in the United States and the Russian Federation. Provision of Defense Services is to occur only in the United States (<i>see</i> Sections 1.07, 2.01, 2.02, 2.03 and 2.04).

Pursuant to Section 128.8 of the ITAR:

<u>C.F.R. Section</u>	<u>TAA Reference</u>
124.8(1)	3.01
124.8(2)	3.02
124.8(3)	3.03
124.8(4)	3.04
124.8(5)	3.05
124.8(6)	3.06

C. ITAR-Controlled Technical Data and Defense Services To Be Exported

The purpose of this TAA is described in the Executive Summary above. Background information concerning Final Analysis, Polyot and the purpose of the agreement is provided in the Recitals to the TAA (pages 1-7 of the TAA). The ITAR-controlled Technical Data and Defense Services to be exported in furtherance of the TAA are identified on the United States Munitions List ("USML") as set forth below:

William J. Lowell

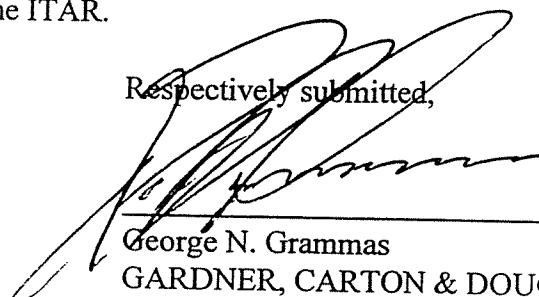
April 15, 1999

Page 4

USML Category XV(f): Technical data (as defined in Sec. 120.10 of this subchapter) and defense services (as defined in Sec. 120.9 of this subchapter) directly related to the articles enumerated in paragraphs (a) through (e) of this category, as well as detailed design, development, manufacturing or production data for all spacecraft and specifically designed or modified components for all spacecraft systems. This paragraph includes all technical data, without exception, for all launch support activities (e.g., technical data provided to the launch provider on form, fit, function, mass, electrical, mechanical, dynamic, environmental, telemetry, safety, facility, launch pad access, and launch parameters, as well as interfaces for mating and parameters for launch).

The proposed TAA does not relate to significant military equipment, classified articles or classified technical data. Therefore, the Nontransfer and Use Certificate, Form DSP-83, is not required under Section 124.10 of the ITAR.

Respectively submitted,



George N. Grammas
GARDNER, CARTON & DOUGLAS
1301 K Street, N.W. - Suite 900, East Tower
Washington, D.C. 20005
(202) 408-7112

Attachments: 124.12 and 126.13 Company Certification Letter
Proposed TAA with Exhibits

cc: Dr. Nader Modanlo
Ms. Sharon Edwards
Final Analysis, Inc.



United States Department of State

Bureau of Political-Military Affairs
Office of Defense Trade Controls

Washington, D.C. 20520-0602

In Reply Refer to
ODTC Case TA 576-99

YOUR LETTER DATED: April 15, 1999
AGREEMENT FOR: Technical Assistance
FOREIGN LICENSEE: PO Polyot - Russia
COMMODITY: Technical Data and Defense Services to Communicate Commercial Satellite
Component Specifications and Requirements and to Perform Joint Acceptance
Testing, Integration and Installation at Final Analysis's Facilities

NOV 18 1999

Dear Mr. Modanlo:

The Department of State approves the request as identified subject to the limitations, provisos or other requirements stated below. The agreement may not enter into force until these requirements have been satisfied. Any request for extension must be submitted to the Department for approval no later than 60 days prior to the authorized expiration date.

Sincerely yours,

A handwritten signature in black ink, appearing to read "W. J. Lowell".

William J. Lowell
Director
Office of Defense Trade Controls

LIMITATIONS, PROVISOS AND OTHER REQUIREMENTS:

1. This authorization **expires December 31, 2005**.
2. If the agreement grants any rights to sublicense, prior to the release of any technical data, the sublicensee must execute a Non-Disclosure Agreement (NDA) incorporating all the provisions of the basic agreement which refer to the U.S. Government and the Department of State (i.e., 22 CFR 124.8 and/or 124.9). Copies of the executed NDAs, referencing this ODTC case number, must be maintained by the applicant for five years from the expiration of the agreement.

Continued on Page 2

Mr. Nader Modanlo
Final Analysis, Inc.
9701-E Philadelphia Court
Lanham, MD 20706

In Reply Refer to
ODTC Case TA 576-99

3. No shipments of either hardware, software, technical data or defense services may take place against this agreement until such time as the agreement has been executed by all parties. In accordance with 22 CFR 124.12(b)(3), a signed copy of the agreement, revised as may be required hereby, must be submitted to this office within 30 days from the date that it is signed. If a decision is made not to execute the approved agreement, you must so inform this office within 60 days.
4. If the agreement is not executed within one year of the date of this approval, a written report as to the status of the agreement must be submitted to this office on an annual basis until the requirements of 22 CFR 124.4 or 22 CFR 124.5 have been satisfied.
5. Shipment of hardware against this agreement under the provisions of 22 CFR 123.16(b)(1) or by separate license (e.g., DSP-5) is not authorized. Hardware shipment may take place only after the Department of State approves an amendment to the agreement.
6. Final Analysis must comply with the terms of the pending Technology Safeguards Agreement (TSA) between the U.S. Government and the Government of Russia. The TSA once finalized and U.S. Government measures for the implementation of the agreement (Final Analysis can contact DOD/DTRA/STS (703) 325-1701 for a copy of the TSA once it becomes available)
7. Detailed design or manufacturing know-how or assistance must not be transferred by Final Analysis. The technical interchange between Final Analysis and Polyot must be limited to clarifying the ICS's for the licensed hardware (requirements, specifications including form, fit, interfaces, limits and operation). Design philosophies or explanations of the reasons for ICD changes must not be provided. This agreement is limited to Final Analysis providing the ICD's to Polyot in order for Polyot to design, manufacture and test hardware prior to delivery, which must be to Final Analysis only.
8. Consignee may participate with Final Analysis in the installation or assembly to other Polyot provided hardware only. Integration (systems engineering) must be accomplished solely by Final Analysis. Any end-to-end testing must be limited to GO/NO GO indications. Polyot-provided hardware that fails to meet requirements or specifications may be returned to Polyot for repair or replacement. If Final Analysis proposes to assist in repair or modification of the consignee's hardware, a separate amendment must be submitted defining the activity. Final Analysis may provide to the consignee hardware failure indications.

Continued on Page 3

In Reply Refer to
ODTC Case TA 576-99

9. Technical data for release and technical discussions must be limited to the level of detail described in the agreement (i.e., ICD level). Board level specifications must not be released. Final Analysis may release a GPS ICD only. Final Analysis must not release detailed engineering design and manufacturing processes, techniques, or know-how on radiation hardened integrated circuits. Release of any other technical data or provision of any defense services not listed, herein, must be licensed separately by the Department of State.

10. All technical interchanges with the foreign end-user on this project must have a DOD monitor present unless exempted by DOD/Defense Threat Reduction Agency Technology Security Directorate (DTRA/ST). Monitors must be granted full access to Final Analysis facilities, equipment and documents. Final Analysis must notify DTRA, in writing (COL Garner/LTC Robertson/MAJ Silliman, (703) 325-1701/1685/2405, FAX (703) 325-7522), 40 days in advance of overseas technical meetings in support of this agreement, 15 days when meetings are held in the continental U.S., and 5 days prior for telephone conversations.

11. Final Analysis must modify its Technology Transfer Control Plan (TTCP). Final Analysis should contact DTRA/STS for proper format and content. The TTCP must address, at a minimum, technology controls in the following areas:

- (a) Control the release of ITAR technical data in person-to-person interfaces with foreign partners;
- (b) Identify the extent and the level of ITAR technical data to be released or discussed with the foreign partners;
- (c) Administrative control processes for the ITAR controlled technical data.
- (d) TTCP Point of Contact is DOD DTRA/STS (COL Garner/LTC Robertson/MAJ Silliman, (703) 325-1701/1685/2405, FAX (703) 325-7522).

12. All ITAR controlled technical data must be reviewed and approved by DTRA/STS prior to its release (see #11 above for P.O.C.).

13. Final Analysis must maintain a library of released ITAR controlled technical data (per ITAR 22 CFR 122.5), subject to U.S. Government inspection and audit. Final Analysis must provide quarterly to DTRA, all ITAR documents, complete with DTRA approval, that are exchanged with its partners. These documents will be delivered on CD-ROM in Microsoft Windows readable format (Adobe Acrobat acceptable). Point of Contact is DOD DTRA/STS (COL Garner/LTC Robertson/MAJ Silliman, (703) 325-1701/1685/2405, FAX (703) 325-7522).

Continued on Page 4

In Reply Refer to
ODTC Case TA 576-99

14. Actual export of technical data may occur under this agreement only after the TTCP required in condition #11 above is approved in writing by the U.S. Government. Point of Contact is DOD DTRA/STS (COL Garner/LTC Robertson/MAJ Silliman, (703) 325-1701/1685/2405, FAX (703) 325-7522).

15. Polyot personnel must not be permitted access to technical or manufacturing or assembly areas without escort. This limited access may be granted only for installation or assembly activities for Polyot-provided hardware. Polyot personnel must be granted access to company computer network on which technical data is available that is outside the scope of their duties or that is not approved for release. Polyot personnel must not be allowed to copy or transmit or remove any technical data from Final Analysis's facilities. Additionally, Final Analysis must detail the above and other company policy and procedures for the resident Polyot personnel in its TTCP.

16. Polyot personnel must not be permitted at technical interchange meetings or design reviews except where the discussions or review is dedicated to Polyot deliverables.

17. End-user may participate in the vehicle and ground control software integration only to the level of providing fixes to problems Final Analysis may encounter during integration operations. End-user must not participate in troubleshooting activities or testing at Final Analysis's facilities.

18. GPS data for receiver must be SPS only.

19. Software source code, operating algorithms and program maintenance information must not be released.

20. Information not in the public domain on U.S. Government systems (including satellites), operations, capabilities or susceptibilities must not be released.

21. Hardware, software and technical data on encryption must not be released.

22. Information not in the public domain on U.S. Government satellite launch vehicles must not be released.

Continued on Page 5

In Reply Refer to
ODTC Case TA 576-99

23. Final Analysis must reimburse the DOD for the full costs incurred in overseeing implementation of the agreement, pursuant to DOD Instruction 7220.9-M, chapter 26 and Public Law 105-261. Reimbursable expenses include, inter alia, travel, accommodations, meals, salaries and other identifiable direct and indirect costs associated with technology safeguard monitoring and inspection of equipment and facilities for export control purposes.

24. Final Analysis must complete a reimbursement procedure with DTRA/FM for the reimbursement of funds expended by the Department of Defense pursuant to section 38 of The Arms Export Control Act. Contact DTRA/STS (COL Garner/LTC Robertson/MAJ Silliman, (703) 325-7085/1685/2405, FAX 325-7522) for a copy of the agreement and point of contact with DTRA's Financial Management Office.

DTC :DLWilk:P.:11/17/99
CLR :DOD:N.O.W.P.:7/16/99
:MTEC:N.O.W.P.:7/6/99
:PM/ECNP:A.:9/10/99
:PM/RSAT:A.:4/27/99
:EUR/PRA:A.:5/13/99
:OES:A.:5/6/99
:NASA:A.:9/99
CASE ID # TA 576-99



U.S. DEPARTMENT OF STATE
STATEMENT OF REGISTRATION

OMB APPROVAL NO. 1685-002
EXPIRATION DATE: 01/31/2002
ESTIMATED BURDEN: 1 HOUR

(INSTRUCTIONS ON REVERSE SIDE)
(Attach additional sheet if necessary)

1. REGISTRANT'S NAME AND ADDRESS:
Final Analysis Communication
Services, Inc
9701-E Philadelphia Court
Lanham, MD 20706

2. CURRENT REGISTRANT CODE:

3. \$ 2,200 ENCLOSED FOR 1 2 3 4 (CIRCLE ONE) YEARS REGISTRATION.

4. REGISTRANT IS: INDIVIDUAL PARTNERSHIP COMPANY CORPORATION

5. REGISTRANT IS: MANUFACTURER AND/OR EXPORTER OF MUNITIONS LIST
 EXPORTER OF DEFENSE SERVICE BROKER

6. INCORPORATION OR COMMENCEMENT OF BUSINESS: DATE (mm-dd-yyyy) 12-30-1993
IN Greenbelt, Prince George's County, Maryland
(City, country, and state)

TELEPHONE NUMBER: (301) 459-4100

7. DIRECTORS, OFFICERS, PARTNERS, OWNERS:

NAME (Last, First, Middle)	POSITION	DATE (mm-dd-yyyy) AND PLACE OF BIRTH	SOCIAL SECURITY NUMBER	HOME ADDRESS	CITIZENSHIP
See Continuation Sheet					

8. U.S. MUNITIONS LIST ARTICLES MANUFACTURED AND/OR EXPORTED, OR DEFENSE SERVICES PROVIDED:

CATEGORY	COMMODITY/SERVICE	PURCHASING U.S. GOVERNMENT AGENCY (IF ANY)
See Continuation Sheet		

9. NAMES AND ADDRESSES OF REGISTRANT'S WHOLLY AND PARTIALLY-OWNED U.S. SUBSIDIARIES: YES (SPECIFY) NO

10. NAMES AND ADDRESSES OF REGISTRANT'S WHOLLY AND PARTIALLY-OWNED FOREIGN SUBSIDIARIES: YES (SPECIFY) NO

11. NAME, ADDRESS AND TELEPHONE NUMBERS OF REGISTRANT'S PARENT COMPANY (IF ANY)
New York Satellite Industries, LLC
5 Crestview Court
Potomac, MD 20854
(301) 459-4100

12. IS THE REGISTRANT OWNED AND/OR CONTROLLED BY FOREIGN PERSONS (See § 112.2(C) OF ITR) YES (SPECIFY) NO

13. DOES REGISTRANT SUBMIT FEDERAL INCOME TAX FORMS SEPARATELY FROM COMPANY IN BLOCK 11? YES NO

14. REGISTRANT'S STATEMENT:
UNDER PENALTY ACCORDING TO FEDERAL LAW (See § 22 CFR 127; 22 USC 277e; 18 USC 1001)

I, Jan Friis (TYPE FULL NAME) WARRANT THE TRUTH OF ALL STATEMENTS MADE HEREIN

(SIGNATURE) *Jan Friis* 8-19-02 (DATE (mm-dd-yyyy))

Vice President of Administration and Export Compliance Officer (TITLE POSITION)

**CONTINUATION SHEET FOR REGISTRATION (DS-2032)
BY FINAL ANALYSIS COMMUNICATION SERVICES, INC.**

Block 7 – Directors, Officers, Partners, Owners:

Name	Position	Date/Place of Birth	Social Security Number	Home Address	Citizenship
Modanlo, Nader	Chairman, Director, President, Treasurer	8/7/60 Iran	226-19-7648	5 Crestview Court Potomac, MD 20854	U.S.
Howard, Dr. John	Director	6/12/50 Cyprus	138-74-0074	20 Gracie Road East Hanover, NJ 07936	U.S.
Michiels, Robert	Director	4/5/66 US	124-66-6703	202 Sherwood Place Englewood, NJ 07631	U.S.
Friis, Jan	Vice President of Administration, Secretary (acting), Export Compliance Officer	3/23/55 US	199-38-1951	9917 Derbyshire Lane Bethesda, MD 20817	U.S.

Block 8 – U.S. Munitions List Articles Manufactured and/or Exported, or Defense Services Provided:

<u>Category</u>	<u>Commodity/Service</u>	<u>Purchasing U.S. Government Agency</u>
IV	Launch vehicles; launch vehicle components, parts, accessories, attachments and associated equipment; defense service, and technical data (including software) concerning the foregoing;	None presently
XI	Command, control and communications systems; electronic systems and equipment specifically designed, modified, or configured for intelligence, security, or military purposes; components, parts, accessories, attachments and associated equipment concerning the foregoing; defense services and technical data (including software) concerning the foregoing;	None presently
XV	Spacecraft, including satellites; ground control stations for telemetry, tracking and control of spacecraft or satellites, or employing cryptographic items; Global Positioning System equipment; radiation-hardened microelectronic circuits; systems, components, parts, accessories, attachments and associated equipment concerning the foregoing; defense services and technical data (including software) concerning the foregoing.	None presently

INSTRUCTIONS

STATEMENT OF REGISTRATION

1. Complete all items. If "none" applies to an item, so state. If more space is required to complete an item, use plain white paper.
2. **Item 1.** Show the business name, home office address and telephone number of the parent company, as it appears on federal income tax forms.
3. **Item 2.** If you have been in the past, or are currently registered with the Office of Defense Trade Controls (DTC), give your DTC registrant code number.
4. **Item 3.** Circle the number of years required and enter the amount of fee enclosed. Fee schedule:

1 year	\$ 600
2 years	\$1,200
3 years	\$1,800
4 years	\$2,200

You are encouraged to register for the maximum period of four years to reduce administrative overhead and take advantage of the reduced fees. Do Not Send Cash. Make your check or money order payable to "Department of State."

5. **Item 4.** Give the most applicable organizational description.
6. **Item 5.** Indicate the nature of your business.
7. **Item 6.** Enter the date, city, county and state where your organization commenced doing business.
8. **Item 7.** Enter the name, title, date and place of birth (city & state), social security number, residential address, and country of citizenship for all directors, officers, partners and owners.
9. **Item 8.** Enter U.S. Munitions List (USML) category (part 121 of the International Traffic In Arms Regulations (ITAR)), generic name, and U.S. Government agency (if applicable) for which manufactured.
10. **Item 9.** List U.S. subsidiaries, wholly or partially owned by registrant, manufacturing and/or exporting USML articles or services.
11. **Item 10.** List foreign subsidiaries, wholly or partially owned by registrant, that manufacture, export, and/or broker USML articles, technical data or services.
12. **Item 11.** Give complete name, address, and telephone number of parent company.
13. **Item 12.** Is the registrant owned and/or controlled by foreign person(s)? See § 122.2(2)(c) of the ITAR for definition of ownership or control.
14. **Item 13.** Company or corporate divisions or subsidiaries may not register separately unless they are required by law to file separate federal tax returns.
15. **Item 14.** The individual signing this form must be a senior official empowered by the intending registrant. Violations and penalties are explained in Part 127 of the ITAR.
16. DTC will acknowledge in writing receipt of your application and fee, and assign a new registrant code number.
17. **IMPORTANT:** Changes in the information contained in this application by law must be reported promptly to: (See § 122.4 of the ITAR).

**Compliance Division (Registration)
Office of Defense Trade Controls,
Room 200, SA-6
U.S. Department of State
Washington, D.C. 20522-0602**

*Public reporting burden for this collection of information is estimated to average 1 hour per response, including time required for searching existing data sources, gathering the necessary data, providing the information required, and reviewing the final collection. Send comments on the accuracy of this estimate of the burden and recommendations for reducing it to: Department of State (A/RPS/DIA) Washington, D.C. 20520-0264, and to the Office of Information and Regulatory Affairs, Office of Management and Budget, (Paperwork Reduction Project), Washington, D.C. 20503.



FINAL ANALYSIS COMMUNICATION SERVICES
9701-E PHILADELPHIA COURT
LANHAM, MARYLAND, 20706-4400
301-459-4100
FAX 301-459-0101

August 16, 2002

Ref.: FACS-2K2-060

Mr. William J. Lowell
Director, Office of Defense Trade Controls
U.S. Department of State
PM/DTC, Room 200, SA-6
Washington, D.C. 20520

Re: Registration of Final Analysis Communication Services, Inc.

Dear Mr. Lowell:

In compliance with 22 C.F.R. § 122.2(b)(1) and (b)(2), I hereby state that I am an authorized senior officer of Final Analysis Communication Services, Inc. ("FACS"). Furthermore, I state that:

1. Neither FACS, its chief executive officer, president, vice-presidents, other senior officers or officials (e.g., comptroller, treasurer, general counsel) nor any member of its board of directors:

- (i) has ever been indicted for or convicted of violating any of the U.S. criminal statutes enumerated in 22 C.F.R. § 120.27; or
- (ii) is ineligible to contract with, or to receive a license or other approval to import defense articles or defense services from, or to receive an export license or other approval from, any agency of the U.S. Government.

2. In accordance with 22 C.F.R. § 122.2(b)(2), I state that FACS is neither owned nor controlled by foreign persons (as defined in 22 C.F.R. § 120.16).

3. I further state that:

- (i) no corporate positions of FACS, as listed in 22 C.F.R. § 122.2(b)(1), are held by foreign persons;
- (ii) no foreign person exercises control (as defined in 22 C.F.R. § 122.2(c)) over FACS; and

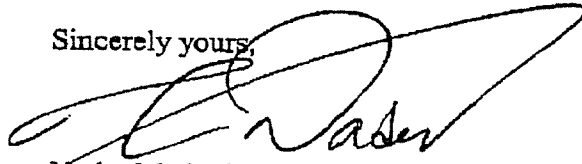
Mr. William J. Lowell
August 16, 2002
Page 2

(iii) no foreign person owns a percentage of outstanding voting securities that qualifies as exercising control (as defined in 22 C.F.R. § 122.2(c)) over FACS.

4. Mr. Jan Friis serves as FACS' empowered official (as defined in 22 C.F.R. § 120.25).

5. Although incorporated on December 30, 1993, FACS had no employees or operations until very recently. It was a subsidiary of Final Analysis, Inc. ("FAI") (DTC Code 0501-12647), and its principal purpose was to hold a license granted by the Federal Communications Commission. On January 14, 2002, New York Satellite Industries, LLC ("NYSI") acquired certain assets of FAI including FAI's controlling stock interest in FACS pursuant to a bankruptcy court-approved sale. As of that date, FACS is no longer related to FAI. NYSI has no operations or employees; it engages in no activities controlled under the International Traffic in Arms Regulations ("ITAR"). FACS now intends to pursue certain business activities controlled under the ITAR and therefore seeks this registration.

Sincerely yours,



Nader Modanlo
Chairman and President

RETURNED TO SENDER

33 T DU

172070K 0



Process and Track your shipment online: <http://www.dhl-usa.com>

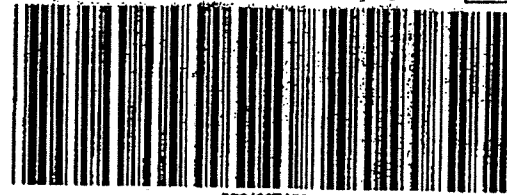
PPF PPF

1-800-CALL-DHL in USA only

ORIGIN
CAI

DESTINATION CD

852 4037 450



8524037450

1. Payer account number and shipment value protection details

Charge to Shipper Receiver 3rd Party Cash Check Credit Card

Payer Account No. _____

Shipment Value Protection (see reverse) Yes Declared Value for Carriage (in US \$) _____

Not all payment options are available in all countries.

2. From (Shipper)

Shipper's Account Number: 757652291 Contact Name: J. F. F. S.

Shipper's Reference (up to 35 characters): _____

Company Name: FINAL ANALYSIS

Address: 9701 PHILADELPHIA CT # E LANHAM MD

Post/ZIP Code (required): 207054400 Phone, Fax, or E-mail (required): (301) 459-4100

3. To (Receiver)

Company Name: Director, US Dept. of State

Contact Name: Mr. William J. Lowry II

Delivery Address DHL Cannot Deliver to a PO Box: PM/DTA, ROOM H1304, SA-1 U.S. Dept. of State 2401 E. Street, N.W. Washington DC

Country: USA Post/ZIP Code (required): 20037 Phone, Fax, or E-mail (required): _____

4. Shipment Details

Total Number of Packages	Total Weight If DHL Express Document packaging used, enter XD	Pieces	Dimensions (in inches)		
1	XD lbs		Length	Width	Height
			X	X	X
			X	X	X
			X	X	X

5. Full Description of Contents

Give Content and Quantity DHL Does Not Transport Cash

Document

6. Dutiable Shipments Only (Customs requirement)

Attach the original and four copies of a Commercial Invoice or Pro Forma. Export License No./Symbol (if applicable) Receiver's VAT/GST or Shipper's EIN/SSN

Value for Customs (in US \$) (as on Commercial/Pro Forma Invoice) Schedule B Number / Harmonized Code (if applicable)

TYPE OF EXPORT Permanent Repair/Return Temporary

Destination Duties/Taxes if left blank, Receiver pays duties/taxes. Receiver Shipper Other

The commodities, technology or software to be exported from the U.S. are in compliance with the U.S. Bureau of Export Administration. Diversion to countries contrary to U.S. law prohibited.

7. Shipper's Authorization (signature required)

I/we agree that DHL's standard terms apply to this shipment and limit DHL's liability for loss or damage to U.S. \$100. The Warsaw Convention may also apply (see reverse). I/we authorize DHL to complete other documents necessary to export this shipment. I/we understand that Shipment Value Protection is available on request for an extra charge. I/we agree to pay all charges if the recipient or 3rd party refuses to pay. I/we understand that DHL DOES NOT TRANSPORT CASH.

Signature (required): _____ Date: 9/18/02

8. Products & Services

DOMESTIC EXPRESS U.S. Express Envelope USA Overnight Other

WORLDWIDE EXPRESS Int'l Express Envelope Non-Outside World Freight Durable Other

Services Options (note charges) Saturday Delivery Sign Pickup Hold For Pickup Deliver to address only Other

Not all products or services available to/from all locations.

DIMENSIONAL/CHARGEABLE

SERVICES	CHARGE
Drop Box #	TOTAL

TRANSPORT COLLECT STI

PAYMENT DETAILS (Check)

No. Type Expires Auth.

PICKED UP BY

Route No. Time Date

GARDNER, CARTON & DOUGLAS

1301 K Street, N.W.
Suite 900, East Tower
Washington, D.C. 20005-3317
Telephone No. (202) 408-7100
Facsimile No. (202) 289-1504

FAXED
9-23-02

FACSIMILE COVER LETTER

DATE: September 23, 2002

RECIPIENT
FAX #: 202-261-8695

TO: Deloris Kinard

RECIPIENT
PHONE #: 202-663-2828

COMPANY: Registration, ODTG, DOS

FROM: Pat Scott/George N. Grammas

SENDER PHONE #: (202) 408-7138/7112

TOTAL NUMBER OF PAGES INCLUDING COVER SHEET 4

MESSAGE: Ms. Kinard, in accordance with our telephone conversation on Friday, attached please corrected pages for the Final Analysis Communication Services, Inc. Registration package. As you relayed to me, the city and state have been added to block 7 for both Robert Michiels and Jan Friis.

Also, a new transmittal letter is submitted which has been signed by the same individual signing the Form 2032. The original transmittal letter is being sent to you under separate cover.

Thank you for your assistance in this matter.



**IF THERE IS A PROBLEM WITH THIS TRANSMISSION, PLEASE CALL AS SOON AS POSSIBLE
(202) 408-7197**

AFTER TRANSMISSION, PLEASE RETURN TO THE FOLLOWING:

Contact's Name: Pat Scott Contact's Phone: 202-408-7138 Floor: 10th
Contact's In Box: Contact's Chair: Other: _____
Job #: _____ User Number: 7138 Client Number: 075627 Matter Number: 0020

••• CONFIDENTIALITY NOTE •••

The pages accompanying this facsimile transmission contain information from the law firm of Gardner, Carton & Douglas which is confidential or privileged. The information is intended to be for the use of the individual or entity named on this cover letter. If you are not the intended recipient, be aware that any disclosure, copying, distribution or use of the contents of this information is prohibited. If you have received this facsimile in error, please notify us by telephone immediately so that we can arrange for the retrieval of the original documents at no cost to you.

August 16, 2002

Ref.: FACS-2K2-060

Mr. William J. Lowell
Director, Office of Defense Trade Controls
U.S. Department of State
PM/DTC, Room 200, SA-6
Washington, D.C. 20520

Re: Registration of Final Analysis Communication Services, Inc.

Dear Mr. Lowell:

In compliance with 22 C.F.R. § 122.2(b)(1) and (b)(2), I hereby state that I am an authorized senior officer of Final Analysis Communication Services, Inc. ("FACS"). Furthermore, I state that:

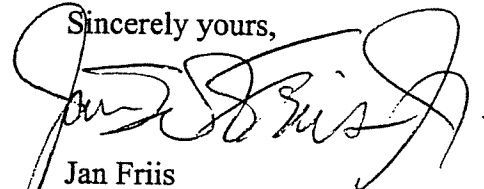
1. Neither FACS, its chief executive officer, president, vice-presidents, other senior officers or officials (e.g., comptroller, treasurer, general counsel) nor any member of its board of directors:
 - (i) has ever been indicted for or convicted of violating any of the U.S. criminal statutes enumerated in 22 C.F.R. § 120.27; or
 - (ii) is ineligible to contract with, or to receive a license or other approval to import defense articles or defense services from, or to receive an export license or other approval from, any agency of the U.S. Government.
2. In accordance with 22 C.F.R. § 122.2(b)(2), I state that FACS is neither owned nor controlled by foreign persons (as defined in 22 C.F.R. § 120.16).
3. I further state that:
 - (i) no corporate positions of FACS, as listed in 22 C.F.R. § 122.2 (b)(1), are held by foreign persons;
 - (ii) no foreign person exercises control (as defined in 22 C.F.R. § 122.2(c)) over FACS; and
 - (iii) no foreign person owns a percentage of outstanding voting securities that qualifies as exercising control (as defined in 22 C.F.R. § 122.2(c)) over FACS.

Mr. William J. Lowell
August 16, 2002
Page 2

4. Mr. Jan Friis serves as FACS' empowered official (as defined in 22 C.F.R. § 120.25).

5. Although incorporated on December 30, 1993, FACS had no employees or operations until very recently. It was a subsidiary of Final Analysis, Inc. ("FAI") (DTC Code 0501-12647), and its principal purpose was to hold a license granted by the Federal Communications Commission. On January 14, 2002, New York Satellite Industries, LLC ("NYSI") acquired certain assets of FAI including FAI's controlling stock interest in FACS pursuant to a bankruptcy court-approved sale. As of that date, FACS is no longer related to FAI. NYSI has no operations or employees; it engages in no activities controlled under the International Traffic in Arms Regulations ("ITAR"). FACS now intends to pursue certain business activities controlled under the ITAR and therefore seeks this registration.

Sincerely yours,



Jan Friis
Vice President of Administration
Export Compliance Office

**CONTINUATION SHEET FOR REGISTRATION (DS-2032)
BY FINAL ANALYSIS COMMUNICATION SERVICES, INC.**

Block 7 – Directors, Officers, Partners, Owners:

Name	Position	Date/Place of Birth	Social Security Number	Home Address	Citizenship
Modanlo, Nader	Chairman, Director, President, Treasurer	8/7/60 Iran	226-19-7648	5 Crestview Court Potomac, MD 20854	U.S.
Howard, Dr. John	Director	6/12/50 Cyprus	138-74-0074	20 Gracie Road East Hanover, NJ 07936	U.S.
Michiels, Robert	Director	4/5/66 New York, NY, US	124-66-6703	202 Sherwood Place Englewood, NJ 07631	U.S.
Friis, Jan	Vice President of Administration, Secretary (acting), Export Compliance Officer	3/23/55 Bryn Mawr, PA, US	199-38-1951	9917 Derbyshire Lane Bethesda, MD 20817	U.S.

Block 8 – U.S. Munitions List Articles Manufactured and/or Exported, or Defense Services Provided:

<u>Category</u>	<u>Commodity/Service</u>	<u>Purchasing U.S. Government Agency</u>
IV	Launch vehicles; launch vehicle components, parts, accessories, attachments and associated equipment; defense service, and technical data (including software) concerning the foregoing;	None presently
XI	Command, control and communications systems; electronic systems and equipment specifically designed, modified, or configured for intelligence, security, or military purposes; components, parts, accessories, attachments and associated equipment concerning the foregoing; defense services and technical data (including software) concerning the foregoing;	None presently
XV	Spacecraft, including satellites; ground control stations for telemetry, tracking and control of spacecraft or satellites, or employing cryptographic items; Global Positioning System equipment; radiation-hardened microelectronic circuits; systems, components, parts, accessories, attachments and associated equipment concerning the foregoing; defense services and technical data (including software) concerning the foregoing.	None presently

September 25, 2002

**VIA CERTIFIED MAIL
RETURN RECEIPT REQUESTED**

FACS-2K2-077

William J. Lowell
Director
Office of Defense Trade Controls
U.S. Department of State
PM/DTC, Room 200, SA-6
2201 C Street, N.W.
Washington, D.C. 20520-0602

Registrant: Final Analysis Communication Services, Inc.
DTC Code: Pending

Re: Notification of Acquisition of Certain Assets of Final Analysis, Inc. by
New York Satellite Industries, LLC

Dear Mr. Lowell:

This letter provides information responsive to Part 122 of the International Traffic in Arms Regulations ("ITAR"). Final Analysis Communication Services, Inc. ("FACS") hereby advises the U.S. Department of State, Office of Defense Trade Controls ("ODTC") that New York Satellite Industries, LLC ("NYSI") has acquired certain assets of Final Analysis, Inc. ("FAI").

The following information concerning this acquisition is provided:

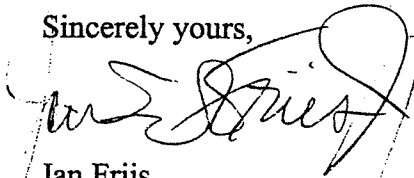
1. On January 11, 2002, NYSI made a successful bid for certain assets of FAI (including FAI's interest in FACS) in a Chapter 7 bankruptcy auction. On that same day, the United States Bankruptcy Court approved the sale of those assets to NYSI. On January 14, 2002, a bill of sale between the FAI Trustee and NYSI was signed. On September 9, 2002, the FAI Trustee endorsed a stock certificate formally transferring FAI's interest in FACS to NYSI.
2. The sale of certain FAI assets, including FAI's interest in FACS, was an asset sale to NYSI.
3. The only company acquired by NYSI in the transaction was FACS.

4. FACS has applied to ODTC for its own registration number. FACS is unaware of any other surviving registration number. NYSI is not engaged in and does not intend to engage in any activities governed by the ITAR.

5. The only license, agreement or other approval that is to be assigned from FAI to FACS is Technical Assistance Agreement 576-99.

6. FACS' empowered official is Mr. Jan Friis, who meets the criteria in Section 120.25 of the ITAR.

Sincerely yours,



Jan Friis
 Vice President of Administration &
 Export Compliance Officer

U.S. Postal Service

SENDER: COMPLETE THIS SECTION	COMPLETE THIS SECTION ON DELIVERY	
<ul style="list-style-type: none"> ■ Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired. ■ Print your name and address on the reverse so that we can return the card to you. ■ Attach this card to the back of the mailpiece, or on the front if space permits. 	A. Received by (Please Print Clearly) <i>Blackbean</i>	B. Date of Delivery <i>10-3-02</i>
1. Article Addressed to: William J. Lowell Office of Defense Trade Controls U.S. Dept. Of State PM/DTC, Room 200, SA-6 2201 C Street, N.W. Washington, DC 20520-0602	C. Signature <input checked="" type="checkbox"/> <i>Blackbean</i>	<input type="checkbox"/> Agent <input type="checkbox"/> Addressee
2. Article Number (Copy from service label) 7000600002208142844	D. Is delivery address different from item 1? <input type="checkbox"/> Yes If YES, enter delivery address below: <input type="checkbox"/> No 3. Service Type <input checked="" type="checkbox"/> Certified Mail <input type="checkbox"/> Express Mail <input type="checkbox"/> Registered <input checked="" type="checkbox"/> Return Receipt for Merchandise <input type="checkbox"/> Insured Mail <input type="checkbox"/> C.O.D.	
	4. Restricted Delivery? (Extra Fee) <input type="checkbox"/> Yes	

PS Form 3811, July 1999

Domestic Return Receipt

102595-00-M-0952

paid by:

Bill#: 1000301230420
 Clerk: 07

Refunds only per DMM P014
 Thank you for your business
 Customer Copy

DUPLICATE COPY

GARDNER, CARTON & DOUGLAS

1301 K STREET, N.W.

SUITE 900, EAST TOWER

WASHINGTON, D.C. 20005

(202) 408-7100

FAX: (202) 289-1504

INTERNET: gcdlawdc@gcd.com

WRITER'S DIRECT DIAL NUMBER

GEORGE N. GRAMMAS

(202) 408-7112

ggrammas@dc.gcd.com

CHICAGO, ILLINOIS

Theresa M. Green

Department of State
PM/DTC, Suite 1200, SA-1
2401 E Street, NW
Washington, D.C. 20522-0112

September 26, 2002

VIA HAND DELIVERY

SEP 26 2002

Mr. William J. Lowell
Director, Office of Defense Trade Controls
U.S. Department of State
PM/DTC, Room 200, SA-6
Washington, D.C. 20520

Registrant: Final Analysis Communication Services, Inc.
DTC Code: Pending

Re: Acquisition of Certain Assets of Final Analysis, Inc. by New York Satellite Industries, LLC; Transfer of Technical Assistance Agreement 576-99

Dear Mr. Lowell:

The purpose of this letter is to provide the following on behalf of our client, Final Analysis Communication Services, Inc. ("FACS"):

1. Notice from FACS reporting information responsive to Section 122.4(c) of the International Traffic in Arms Regulations ("ITAR") (original to follow by Certified Mail); and
2. A proposed amendment action to Technical Assistance Agreement ("TAA") 576-99 to transfer the TAA from Final Analysis, Inc. ("FAI") to FACS.

The notice and transfer request are made following a conversation between Tom Dion of the U.S. Department of State, Office of Defense Trade Controls ("ODTC"), and Jan Friis, the empowered official at FACS, during which Mr. Dion requested FACS to provide the notice and to identify any licenses or TAAs that FACS wished to have transferred. Mr. Dion's request followed his review of the request for registration submitted by FACS on August 19, 2002.

Mr. William J. Lowell
September 26, 2002
Page 2

BACKGROUND

Pursuant to an order by the United States Bankruptcy Court (the "Court") in the Chapter 7 bankruptcy of FAI, the bankruptcy trustee (the "Trustee") sold the business assets of FAI to New York Satellite Industries, Inc. ("NYSI"), which was the highest bidder in an auction sale approved by the Court. The assets acquired by NYSI included the controlling voting stock in FACS. The Trustee endorsed the stock certificate in favor of NYSI on September 9, 2002.

NYSI desires that FACS pursue the business previously pursued by FAI, and has made the business assets acquired by FAI available to FACS. For this reason:

- FACS submitted an application for registration with ODTC, dated August 19, 2002;
- FACS submits with this letter a notice reporting information responsive to Section 122.4(c) of the ITAR; and
- FACS requests with this letter the transfer to it of TAA 576-99, pursuant to the proposed amendment action.

NYSI does not engage in, and does not intend to engage in, any activities governed by the ITAR.

TRANSFER OF TAA

FACS requests that ODTC transfer TAA 576-99 from FAI to FACS. The TAA, which was approved by ODTC on November 18, 1999 under Case No. 576-99, involves the delivery and installation in the United States of certain commercial communication satellite components by PO Polyot of Russia.

Therefore, FACS hereby submits a proposed amendment action consisting of one original and eight collated-copied sets of this letter and the following documents:

- Notice of Sale of Assets (ITAR 122.4) (original to follow by Certified Mail) (**Appendix 1**)
- Transmittal Letter (ITAR 124.12) (**Appendix 2**).
- Certification Letter (ITAR 126.13) (**Appendix 3**).

Mr. William J. Lowell

September 26, 2002

Page 3

- Proposed Amendment to TAA—Assignment and Assumption Agreement (**Appendix 4**).
- TAA 576-99 (with Technology Transfer Control Plan and Approved Technology Exhibits) (**Appendix 5**)
- ODTC Case No. 576-99 Approval Letter (**Appendix 6**).

Information concerning the program and foreign licensee subject to the TAA is provided in the recital clauses to the TAA. This information has not changed since the TAA was originally submitted. Information about FACS, the new U.S. party to the TAA, is provided below.

FAI was formerly FACS' parent company. Under an arrangement between the two companies, FAI was to design and manufacture a constellation of low-earth orbiting ("LEO") satellites utilizing UHF-VHF radio technology. Once built and launched, FACS was to own and operate the LEO's to provide two-way data messages to customers around the globe.

Due to FAI's bankruptcy, as discussed above, FAI and FACS are no longer related, and FACS now intends to engage in the business of designing and building the LEO satellites, the business previously engaged in by FAI. FACS has the same management and facility that FAI once had.

FACS holds a commercial license from the Federal Communications Commission to provide Little LEO data communication services in the United States. FACS now possesses related assets, including three ground stations, user terminals, and prior R&D and technical data developed for previous satellites.

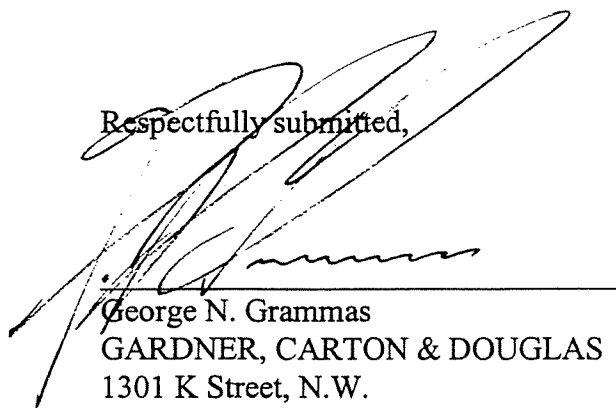
GARDNER, CARTON & DOUGLAS

Mr. William J. Lowell
September 26, 2002
Page 4

* * *

Please contact the undersigned should you have any questions or need any additional information.

Respectfully submitted,

A large, stylized handwritten signature in black ink, appearing to read 'G. Grammas', is written over a horizontal line. The signature is slanted and has a large, sweeping flourish at the end.

George N. Grammas
GARDNER, CARTON & DOUGLAS
1301 K Street, N.W.
Suite 900, East Tower
Washington, DC 20005-3317
(202) 408-7112

Scott, Pat

From: Grammas, George N.
Sent: Friday, October 04, 2002 1:43 PM
To: Scott, Pat
Cc: 'Modanlo, Nader'; 'Friis, Jan Esq.'; Stewart, Corey
Subject: RE: File: FACS Registration and TAA Transfer--CORRECTED

George N. Grammas
GARDNER, CARTON & DOUGLAS
1301 K Street, N.W., Suite 900 East Tower
Washington, D.C. 20005
Telephone: (202) 408-7112
Facsimile: (202) 289-1504
E-Mail: ggrammas@gcd.com

-----Original Message-----

From: Grammas, George N.
Sent: Friday, October 04, 2002 11:52 AM
To: Scott, Pat
Cc: Modanlo, Nader; Friis, Jan Esq.; Stewart, Corey
Subject: File: FACS Registration and TAA Transfer

Telecon today with Tom Dion; Then had telecon with Jan Friis to provide oral report.

Registration:

1. Request for registration was originally entered into the ODTG system as a name change from FAI to FACS, not as a new registration. Dion understands that this was incorrect inference by ODTG and would make certain it was corrected.
2. ODTG system showed that FAI registration expired at end of 8/2002, rather than 5/2001 as indicated by the registration number. Dion does not have an explanation for the discrepancy. However, this probably explains, at least in part, why (a) ODTG had expected notices of the asset sale, and (b) DTSA had continued to invoice for monitoring services.

TAA Transfer:

1. Dion did not have the transfer package hand delivered to his attention on 9/26. Dion will try to find it and call if he cannot.
2. Dion expressed concern that TAA cannot be transferred because registration expired. I asked for consideration of the fact that according to their records it only expired a few weeks before the transfer request and because the bankruptcy presents unique circumstances. Dion will take under consideration.

George N. Grammas
GARDNER, CARTON & DOUGLAS
1301 K Street, N.W., Suite 900 East Tower
Washington, D.C. 20005
Telephone: (202) 408-7112
Facsimile: (202) 289-1504
E-Mail: ggrammas@gcd.com

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George N. Grammas
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1301 K STREET, N.W.

SUITE 900, EAST TOWER

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(202) 408-7112
ggrammas@dc.gcd.com

FAX: (202) 289-1504

INTERNET: gcdlawdc@gcd.com

October 8, 2002

VIA HAND DELIVERY

Mr. Tom Dion
Office of Defense Trade Controls
U.S. Department of State
PM/DTC, Suite 1304
2401 E Street, N.W.
Washington, D.C. 20037

Registrant: Final Analysis Communication Services, Inc.
DTC Code: Pending

Re: Transfer of Technical Assistance Agreement 576-99

Dear Mr. Dion:

As we discussed last Friday, October 4, 2002, Final Analysis Communication Services, Inc. ("FACS") is respectfully requesting that the U.S. Department of State, Office of Defense Trade Controls ("ODTC") transfer Technical Assistance Agreement ("TAA") 576-99 from Final Analysis, Inc. ("FAI") to FACS. Although FACS' request to transfer the TAA, dated September 26, 2002, came after FAI's registration lapsed according to ODTC's records, we are asking ODTC to consider the unique circumstances of this case. The timing of events and furnishing of notices was not within the control of FACS due to the Chapter 7 bankruptcy liquidation of FAI. The sequence of events set forth below demonstrate that FACS diligently took actions to timely transfer the TAA.

In order to transfer the TAA from FAI to FACS, three steps needed to be accomplished in the following order: (i) the Federal Communications Commission ("FCC") needed to approve the transfer of control of the FCC license from FAI to FACS; (ii) the FAI bankruptcy trustee needed to endorse the FACS stock certificate over to the new parent company of FACS, New York Satellite Industries, L.L.C. ("NYSI"); and (iii) the FAI bankruptcy trustee had to agree to the transfer of the TAA. As the timeline below indicates, FACS proceeded with each of those steps as expeditiously as possible. Unfortunately, because these actions were, to a large extent,

Tom Dion
October 8, 2002
Page 2

under the control of the FCC or FAI trustee, FACS was unable to accomplish the transfer before FAI's registration lapsed.

- On January 11, 2002, the bankruptcy court held an auction of the FAI assets, at which NYSI was a successful bidder. The bankruptcy court approved the sale on the same day. The sale included ownership of the controlling voting stock of FACS, the entity holding the FCC license for the operation of the satellite constellation.
- On January 25, 2002, FACS filed an application with the FCC to transfer control of an FCC license from FAI to NYSI.
- On August 16, 2002, the FCC approved the transfer of the FCC license.
- On August 19, 2002, FACS filed a statement of registration with ODTC. FACS could not justify the expenditure of registration until the FCC approved the transfer of control, which established that FACS could continue to construct and deploy the satellite constellation given the change in ownership.
- On August 31, 2002, FAI's registration with ODTC lapsed, according to ODTC's records.
- On September 9, 2002, the trustee endorsed the stock certificate in favor of NYSI. This was the first opportunity that the trustee and their counsel were willing to meet with FACS after the transfer of control of the FCC license.
- On September 26, 2002, FACS applied to ODTC to transfer the TAA from FAI to FACS. This was the first opportunity to file the application. At the meeting with the trustee on September 9, 2002, FACS proposed terms for transferring the TAA and explained the rationale for doing so. FACS then needed to receive the trustee's comments on the transfer, incorporate them into the transfer documents and review the documents with P.O. Polyot. The transfer request was filed immediately thereafter.

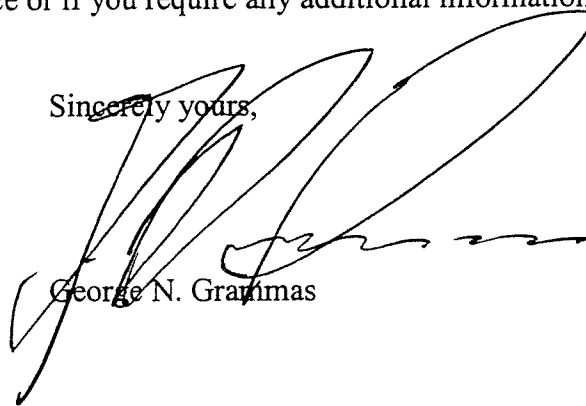
* * *

As you will note above, FACS moved quickly at every opportunity to transfer the FAI business to FACS' control. Under the circumstances, we ask that ODTC consider the transfer request instead of considering the TAA terminated, which would require FACS to resubmit the TAA to ODTC. The TAA is complicated, and ODTC approval of the transfer would save ODTC and other reviewing government agencies from having to conduct another review of the TAA.

Tom Dion
October 8, 2002
Page 3

If I can be of any further assistance or if you require any additional information, please contact me at (202) 408-7112.

Sincerely yours,

A handwritten signature in black ink, appearing to read "George N. Grammas". The signature is stylized with large, sweeping loops and a long horizontal tail.

George N. Grammas

GNG/jlr

cc: Jan Friis, Final Analysis Communication Services, Inc.

DC01/386316.1

GARDNER, CARTON & DOUGLAS

1301 K STREET, N.W.

SUITE 900, EAST TOWER

WRITER'S DIRECT DIAL NUMBER

WASHINGTON, D.C. 20005

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ggrammas@dc.gcd.com

FAX: (202) 289-1504

INTERNET: gcdlawdc@gcd.com

October 21, 2002

Ms. Deborah Carroll
Branch Chief
Compliance Enforcement Branch
U.S. Department of State
PM/DTC, Room 1304, SA-1
2401 E Street
Washington, DC 20037

Registrant: Final Analysis Communications Services, Inc.
DTC Code: Pending

Re: Registration of Final Analysis Communications Services, Inc. and Transfer of
Technical Assistance Agreement 576-99

Dear Ms. Carroll:

As you may be aware, Final Analysis Communications Services, Inc. ("FACS") submitted its registration request to the U.S. Department of State, Office of Defense Trade Controls ("ODTC") last August. Subsequently, it applied to ODTC to amend Technical Assistance Agreement 576-99 ("TAA") 576-99 to transfer it from Final Analysis, Inc. ("FAI") to FACS. We are writing because we have encountered significant and unusually long delays in the processing of these two requests and have received little feedback from ODTC despite numerous attempts to contact the appropriate personnel.

FACS submitted its registration statement on August 16, 2002 (**Appendix 1**). After receiving a request from ODTC for additional information on the registration statement, FACS immediately provided that information on September 23, 2002 (**Appendix 2**). We were informed that ODTC had incorrectly entered the registration as a name change, not as a new registration, and that this error was the likely cause of the delays. Since that telephone conversation, FACS has made numerous attempts to contact Ms. Deloris Kinard to follow-up on the registration statement. Despite multiple messages left for Ms. Kinard, however, she has not returned any phone calls. We wish to make sure that the registration is being processed normally and that it will be completed shortly. FACS is concerned that this unusually long delay is delaying other requests that FACS has made to ODTC.

GARDNER, CARTON & DOUGLAS

Ms. Deborah Carroll

October 21, 2002

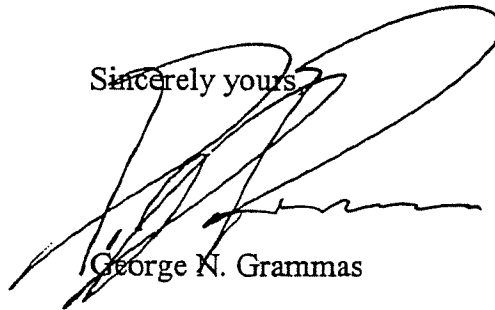
Page 2

On September 26, 2002, FACS submitted, at the suggestion of Mr. Tom Dion during his conversation with Mr. Friis, a proposed amendment to TAA 576-99 to transfer the TAA from FAI to FACS (**Appendix 3**). During a telephone conversation on October 4, 2002 with Mr. Tom Dion, Mr. Dion indicated that he did not have the package despite its hand-delivery to ODTC, directed to his attention, more than a week earlier. On October 8, 2002, FACS provided Mr. Dion with an explanation of why the transfer request was submitted after FAI's registration had lapsed. (**Appendix 4**). On October 18, 2002, Mr. Dion indicated that he had indeed received the transfer request and had submitted it to his superiors for their review. At this point, we wish to make sure that the amendment request is being properly processed and wish to answer any questions or provide any additional information that ODTC might require.

* * *

Please contact me at your earliest convenience at (202) 408-7112 to discuss the foregoing.

Sincerely yours,

A handwritten signature in black ink, appearing to read "George N. Grammas", is written over the typed name. The signature is stylized and somewhat cursive.

George N. Grammas

cc: Mr. Jan Friis, Final Analysis Communication Services, Inc.

GNG/ccw

DC01/386981.1

GARDNER, CARTON & DOUGLAS

1301 K STREET, N.W.

SUITE 900, EAST TOWER

WRITER'S DIRECT DIAL NUMBER

WASHINGTON, D.C. 20005

CHICAGO, ILLINOIS

GEORGE N. GRAMMAS
(202) 408-7112
ggrammas@dc.gcd.com

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FAX: (202) 289-1504
INTERNET: gcdlawdc@gcd.com

November 6, 2002

VIA FACSIMILE

URGENT

Ms. Deborah Carroll
Branch Chief
Compliance Enforcement Branch
U.S. Department of State
PM/DTC, Room 1304, SA-1
2401 E Street
Washington, DC 20037

Re: (1) Application for Registration of Final Analysis Communication Services, Inc.; and (2) Renewal Request of Registration for United Start Corporation (DTC 0901-0143)

Dear Deborah:

I find myself in a difficult predicament because the above-referenced registration matters have been inexplicably delayed for such a long period. I routinely advise my clients to be patient with the processing of matters before the U.S. Department of State, Office of Defense Trade Controls ("ODTC"), and to give the agency ample time to complete its work. However, for these two matters, the apparent inactivity on the registration requests over such a long period is impossible for me to explain or justify and the delays are causing hardships on the companies, as described below.

Normally, the processing of a registration application or renewal application is not time sensitive because ODTC permits companies to submit license and agreement requests while the registration is pending. However, in the above-referenced matters, the delays have caused licensing problems.

(1) Final Analysis Communication Services, Inc. ("FACS") Registration Application.

The registration application was submitted on August 16, 2002. On September 20, 2002, Deloris Kinard requested additional information, and the information was provided to ODTC within three days of the request. On September 24, 2002, Tom Dion contacted FACS directly to

Ms. Deborah Carroll
November 6, 2002
Page 2

request notice in accordance with Part 122 of the ITAR and submission of transfers of licenses or agreements. FACS thereafter requested transfer of TAA 576-99. My letter to you of October 21, 2002, describes these sequence of events and attaches all the relevant documents.

The problem for FACS now is that well over a month has passed since the information requested for registration was submitted and no new requests have been made. Nonetheless, FACS is still waiting for a registration confirmation and believes that the transfer of TAA 576-99 will not be completed until the registration is confirmed. Further, if ODTC elects not to transfer the TAA for whatever reason, FACS will subsequently have to submit a request for a new TAA to replace it. In the meantime, the business activities associated with the TAA are stalled and the company cannot proceed with its business. This is particularly troubling because earlier this year the company emerged from the bankruptcy of its parent company. FACS' financial condition is tenuous and its FCC license to operate satellites is jeopardized by the inaction. The viability of the company and people's jobs are at risk.

(2) United Start Corporation Renewal Application.

The United Start application was submitted on September 3, 2002, and additional information was requested soon thereafter and supplied to ODTC on September 19, 2002. Since that date, no further information has been requested, and yet the confirmation of the renewal has been withheld. On several occasions, we were told that the registration was complete and that the confirmation of the renewal had been sent to United Start. However, it was never received. Subsequent requests to get a copy of the renewal confirmation, as recently as last week, have resulted in promises that it would be sent to us directly by facsimile, but it has never in fact been sent.

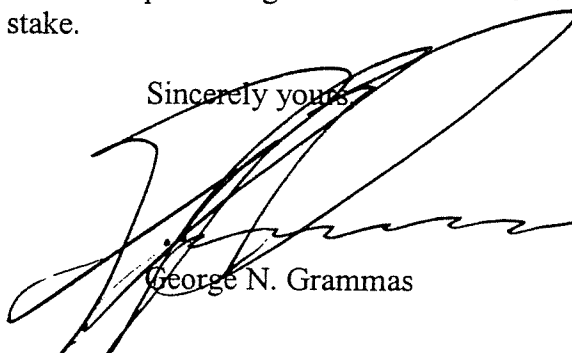
Our client Millennium Space Systems Company ("MSS"), has been adversely affected by the renewal delay. MSS had applied for a TAA (DTC Code 0205-15516, Application Control No. 1298-02), that included United Start as a party to the TAA. That TAA has been reviewed by the relevant agencies and all have recommended approval of the Agreement, but the Agreement has not been approved by ODTC because the United Start registration renewal has not been forthcoming. As a result, MSS has not been able to proceed with the activities described in the TAA and its business has been substantially disrupted. This is very harmful because MSS is a start-up company that is depending on the activities contemplated by the TAA. Those activities involve offering a no-charge demonstration launch to NASA.

* * *

Ms. Deborah Carroll
November 6, 2002
Page 3

If it is at all possible, we ask you give attention to the processing of both of these registration matters. Even some explanation from your office as to the reason for the delays would be extremely helpful. Our clients are pressuring us to focus ODTC's attention on these matters. Their very viability is at stake.

Sincerely yours

A handwritten signature in black ink, appearing to read "George N. Grammas", written over the typed name below it.

George N. Grammas

GNG/pas

DC01/387820.1



9701-E Philadelphia Court. Lanham, MD 20706 Tel(301) 459-4100 Fax(301) 459-0101 finalanalysis.com

Fax

To: DELORES KINARD From: JAN FRIS

Fax: _____ Pages: 3

Phone: _____ Date: 11-7-02

Urgent For Review Please Comment Please Reply Please Recycle

• Comments:

Per your request please find

1) stamped Articles of Incorporation
for FINAL ANALYSIS COMMUNICATION
SERVICES, INC

2) State of Maryland Certificate
Approving the Amended
Articles of Incorporation

CONFIDENTIALITY NOTICE

THE INFORMATION CONTAINED IN THIS FACSIMILE AND ANY ACCOMPANYING DOCUMENTS, CONSTITUTES CONFIDENTIAL INFORMATION WHICH BELONGS TO FINAL ANALYSIS. THIS INFORMATION IS INTENDED FOR THE USE OF THE INDIVIDUAL OR ENTITY ADDRESSED ABOVE. IF YOU ARE NOT THE INTENDED RECIPIENT OF THIS INFORMATION, YOU ARE HEREBY NOTIFIED THAT ANY DISCLOSURE, COPYING, DISTRIBUTION, OR TAKING OF ANY ACTION IN RELIANCE OF THIS INFORMATION, IS STRICTLY PROHIBITED. IF YOU HAVE RECEIVED THIS FACSIMILE IN ERROR, PLEASE NOTIFY US IMMEDIATELY AT (301)459-4100 TO ARRANGE FOR ITS RETURN TO OUR OFFICE

STATE DEPARTMENT OF ASSESSMENTS AND TAXATION

APPROVED FOR RECORD

ARTICLES OF INCORPORATION

12-30-93 at 12:58 p.m.

OF

FINAL ANALYSIS COMMUNICATION SERVICES, INC.

A Close Corporation Under Title 4

FIRST: The undersigned, Nader Modanlo and Michael H. Zhan, both being at least eighteen (18) years of age, whose post office address is 9111 Edmonston Road, Greenbelt, Prince Georges County, Maryland 20770 do hereby form a corporation under the laws of the State of Maryland.

SECOND: The name of the corporation (which is hereinafter referred to as "the Corporation") is Final Analysis Communication Services, Inc.

THIRD: The Corporation shall be a close corporation as authorized by Title 4.

FOURTH: The purposes for which the Corporation is formed are as follows:

(a) To own, hold, rent, control, lease, operate, conduct, and to engage in a general engineering and communications business and related services and in the general practice of engineering and related services including the design, construction, lease, service, and maintenance of satellites and related space telecommunications devices and communication services, and to engage in all matters and things in the fields of science and technology, and in any other lawful purpose and business; and

(b) To have the power to do any and all acts and things necessary or useful to the Corporation's business and purposes, and to have the general, specific and incidental powers and privileges

RECEIVED 73 FEB 30 12:58

STATE OF MARYLAND

461050

STATE DEPARTMENT OF ASSESSMENTS AND TAXATION

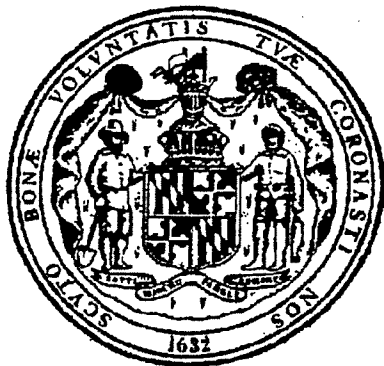
301 West Preston Street Baltimore, Maryland 21201

DATE: JULY 17, 1996

THIS IS TO ADVISE YOU THAT THE AMENDED ARTICLES OF INCORPORATION FOR FINAL ANALYSIS COMMUNICATION SERVICES, INC. WERE RECEIVED AND APPROVED FOR RECORD ON JULY 16, 1996 AT 12:37 P.M.

FEE PAID:

20.00



JOSEPH V. STEWART
CHARTER SPECIALIST

AT5-031

TOTAL P.02

**United States Department of State***Bureau of Political-Military Affairs
Office of Defense Trade Controls**Washington, D.C. 20037*

Friday, November 08, 2002

Jan Frills, Vice President
FINAL ANALYSIS COMMUNICATIONS SERVICES
9701 E. Philadelphia Court
LANHAM, MD 20706

DTC Code: **110616233**.

Dear Registrant:

We have completed the processing of your registration application for eligibility to manufacture, export, or temporarily import defense articles and/or provide defense services pursuant to the International Traffic in Arms Regulations (ITAR Part 122) and the Arms Export Control Act (AECA). Completing this eligibility review does not entitle you to serve as a broker. Brokering is defined in ITAR (Part 128) and requires a separate registration application and registration code. Registration does not guarantee any export rights or privileges. It is basically a precondition to the issuance of any license or other approval from DTC.

Your new registration code is listed below your address. The first four digits of the code are the month and year your registration expires. Please include this code in all correspondence to this office. This registration must be renewed prior to the expiration date. Registration must be valid to request export licenses.

Completing the registration review is your first step in setting up an effective compliance program. Senior management must ensure that all managers and supervisors are knowledgeable of the ITAR and AECA and understand the ramifications for failure to comply.

A key senior official who should be part of your export compliance program is an "Empowered Official". Pursuant to Section 120.25 of the ITAR, an empowered official is a U.S. person employed by the applicant who has legal authority to sign license applications or other requests and can make inquiries into any aspect of the export or temporary import. Notify our office immediately with the name and telephone number of your empowered official.

If you have any questions on registration, please contact us at (202) 663-2813.

Sincerely,

A handwritten signature in cursive script that reads "Patricia C. Slygh".

Patricia C. Slygh
Chief, Registration, Mergers and
Acquisitions Branch

GARDNER, CARTON & DOUGLAS

1301 K STREET, N.W.

SUITE 900, EAST TOWER

WASHINGTON, D.C. 20005

(202) 408-7100

FAX: (202) 289-1504

INTERNET: gcdlawdc@gcd.com

CHICAGO, ILLINOIS

WRITER'S DIRECT DIAL NUMBER

COREY A. STEWART
(202) 408-7220
cstewart@dc.gcd.com

November 27, 2002

VIA FACSIMILE

Donald Beck
Office of Defense Trade Controls
U.S. Department of State
PM/DTC Room H1304, SA-1
2401 E Street, N.W.
Washington, DC 20037

Registrant: Final Analysis Communication Services, Inc.
DTC Code: 1106-16233

Re: Replacement License for Technical Assistance Agreement 576-99

Dear Mr. Beck:

On behalf of our client, Final Analysis Communication Services, Inc. ("FACS"), our application concerning Technical Assistance Agreement ("TAA") 576-99 has been sent to you at the Arms Licensing Division of ODTC. We wish to confirm that you have received the application and that it is being processed as a new TAA application.

On September 26, 2002 FACS submitted, at the suggestion of Mr. Tom Dion, a proposed amendment to TAA 576-99 to transfer the TAA from Final Analysis, Inc. ("FAI") to FACS. We now understand, based upon our conversation with Mr. Dion, that ODTC wishes to treat this application as a new TAA application, rather than as a transfer of the TAA.

The September 26, 2002 package was purposefully prepared such that ODTC could treat it as a new TAA application, if it so desired. The application complied with all the requirements of the International Traffic in Arms Regulations ("ITAR") relating to applications for new TAAs: it contained the requisite number of copies, complied with ITAR sections 124.7 and 124.8, and contained the requisite certification and transmittal letters.

If we cannot confirm that your office is processing this submission as a new TAA, we will have to submit a new TAA package. We believe, however, that given the sufficiency of the

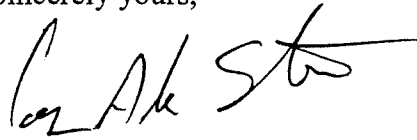
GARDNER, CARTON & DOUGLAS

Donald Beck
November 27, 2002
Page 2

package dated September 26, 2002, that a new submission of virtually the same package could cause confusion and result in duplicated effort at ODTG.

I will try to follow-up with you later via telephone this week. Should you have any questions or require any additional information, please feel free to contact me at (202) 408-7112 or Corey Stewart at (202) 408-7220.

Sincerely yours,

A handwritten signature in black ink, appearing to read "Corey A. Stewart". The signature is written in a cursive, flowing style with a long horizontal stroke extending to the right.

Corey A. Stewart

CAS/jlr

DC01/389132.1

GARDNER, CARTON & DOUGLAS

1301 K STREET, N.W.

SUITE 900, EAST TOWER

WASHINGTON, D.C. 20005

(202) 408-7100

FAX: (202) 289-1504

INTERNET: gcdlawdc@gcd.com

CHICAGO, ILLINOIS

WRITER'S DIRECT DIAL NUMBER

COREY A. STEWART

(202) 408-7220

cstewart@dc.gcd.com

December 9, 2002

VIA FACSIMILE

Janet Rishel
Office of Defense Trade Controls
U.S. Department of State
PM/DTC Room H1304, SA-1
2401 E Street, N.W.
Washington, DC 20037

Registrant: Final Analysis Communication Services, Inc.
DTC Code: 1106-16233

Re: Replacement License for Technical Assistance Agreement 576-99

Dear Ms. Rishel:

We understand from Mr. Donald Beck of the U.S. Department of State, Office of Defense Trade Controls ("ODTC") that the replacement license for Technical Assistance Agreement ("TAA") 576-99 that we submitted to ODTC on September 26, 2002 has been delivered to you for your review. We simply need to confirm that you have received this license package and have everything you need in order to process the application as a new TAA to replace TAA 576-99.

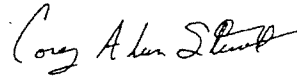
As explained in our letter to Mr. Beck on November 27, 2002 (see **Appendix 1**), we believe the package submitted on September 26, 2002 is complete and that a new submission would cause confusion and duplicated effort at ODTC. Nonetheless, we need to confirm that the application is being processed as a new TAA in order to avoid a resubmission.

GARDNER, CARTON & DOUGLAS

Donald Beck
December 9, 2002
Page 2

I will try to follow-up with you via telephone later today. Please contact me at your earliest convenience at (202) 408-7220 or George N. Grammas at (202) 408-7112.

Sincerely yours,

A handwritten signature in cursive script that reads "Corey A. Stewart".

Corey A. Stewart

CAS/jlr
DC01/389486.1



United States Department of State

DEC 10 2002

Bureau of Political-Military Affairs
Office of Defense Trade Controls

Washington, D.C. 20037

In Reply Refer to
ODTC Case TA 576-99A

December 10, 2002

YOUR LETTER DATED: September 25, 2002
SUBJECT: Commercial COMSAT Component Specification and Requirements

*The application as presented could not be processed and is hereby **RETURNED WITHOUT ACTION** according to the bolded annotations with an "X" as indicated below:*

1. An Empowered Official letter is required in accordance with 22 CFR 126.13.
2. An original and eight **collated** copies of the entire submission to be reviewed must be provided.
3. Applications in excess of \$500,000 must be accompanied by a statement that fees, commissions, or political contributions have or have not been paid (22 CFR 130).
4. This agreement does not contain all the information and clauses required by 22 CFR 124.7 through 124.9, as appropriate.
5. Transmittal letters must comply with 22 CFR 124.12.
6. Per request of applicant
7. **Other:** The original authorization (TA 576-99) is for Final Analysis Inc., not for Final Analysis Communication Services (FACS). Therefore, FACS cannot amend this agreement, as it is not theirs to amend.

In order to avoid omissions or errors in the drafting of agreements, it is highly recommended that the applicant use the "Guidelines for Preparing Agreements" booklet available in the Learning Center on the ODTC website at www.pmdtc.org.

Please reference this case and attach a copy of this letter to any resubmission. It is advised that you speak with Ms. Deloris Kinard with ODTC's Registration and Compliance Division, 202-663-2828

Janet Rishel
Office of Defense Trade Controls

Mr. Nader Modanlo
Final Analysis Inc.
9701-E Philadelphia Ct.
Lanham, MD 20706

GARDNER, CARTON & DOUGLAS

1301 K STREET, N.W.

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ggrammas@dc.gcd.com

COREY A. STEWART
(202) 408-7220
cstewart@dc.gcd.com

Teresa M. Allen

DEC 11 2002

CHICAGO, ILLINOIS

Department of State
PM/DTC, Suite 1200, SA-i
2401 E Street, NW
Washington, D.C. 20522-0112

December 11, 2002

VIA HAND DELIVERY

Mr. William J. Lowell
Director, Office of Defense Trade Controls
U.S. Department of State
PM/DTC, Room 200, SA-6
2201 C Street, N.W.
Washington, D.C. 20520

Registrant: Final Analysis Communication Services, Inc.
DTC Code: 1106-16233

Re: Proposed Technical Assistance Agreement to Replace TA 576-99

Dear Mr. Lowell:

This cover letter is a guide to the attached documents concerning the proposed Technical Assistance Agreement (the "Agreement") between Final Analysis Communication Services, Inc. ("FACS") of the United States and PO Polyot ("Polyot") of the Russian Federation. The Agreement is submitted to the U.S. Department of State, Office of Defense Trade Controls ("ODTC") in accordance with Section 124.1 International Traffic in Arms Regulations ("ITAR").

As further explained below, the purpose of this Agreement is to replace TA 576-99, which expired when the registration for Final Analysis, Inc. ("FAI") lapsed. This Agreement is identical to TA 576-99, except that FAI's successor, FACS, is replacing FAI as the U.S. party and registrant under the Agreement.

Mr. William J. Lowell
December 11, 2002
Page 2

A. Submitted Materials – 1 Original and 8 Collated Copied Sets of this Letter and the Following:

1. Transmittal Letter (ITAR 124.12) (**Attachment 1**)
2. Certification Letter (ITAR 126.13) (**Attachment 2**)
3. Proposed TAA (with Proposed TTCP) (**Attachment 3**)
4. ODTA Approval of TA 576-99 (Nov. 18, 1999) (**Attachment 4**)
5. DTSA Approval of TTCP TAA-576-99 (Feb. 16, 2000) (**Attachment 5**)

6. Notice of Sale of FAI Assets (Sept. 25, 2002) (**Attachment 6**)

B. Objective

The purpose of this Agreement is to replace TA 576-99, which ODTA approved on November 18, 1999 (see **Attachment 4**). The Agreement is identical to TA 576-99, except that FACS replaces FAI. As further explained below, FACS is FAI's successor and has the same management and facility that FAI once had. Likewise, the proposed Technology Transfer Control Plan ("TTCP") attached as Exhibit B to the Agreement is identical to the TTCP approved by the U.S. Department of Defense, Defense Technology Security Administration on February 16, 2000 pertaining to TA 576-99 (see **Attachment 5**). Updated background information concerning the program and parties of the Agreement is provided in the Agreement recital clauses.

C. Relationship Between FAI and FACS

FAI was formerly FACS' parent company. Under an arrangement between the two companies, FAI was to design and manufacture a constellation of low-earth orbiting ("LEO") satellites utilizing UHF-VHF radio technology. Once built and launched, FACS was to own and operate the LEO's to provide two-way data messages to customers around the globe. Due to FAI's bankruptcy, FAI and FACS are no longer related, and FACS now intends to engage in the business of designing and building the LEO satellites, the business previously engaged in by FAI. A copy of the notice to ODTA of the sale of FAI's assets is attached as **Attachment 6**. FACS has the same management and facility that FAI once had.

FACS holds a commercial license from the Federal Communications Commission to provide Little LEO data communication services in the United States. FACS now possesses the related assets, including three ground stations, user terminals, and prior R&D and technical data developed for previous satellites.

* * *

GARDNER, CARTON & DOUGLAS

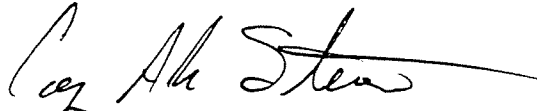
Mr. William J. Lowell

December 11, 2002

Page 3

Please contact the undersigned if additional information is required concerning this request for approval.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "Corey A. Stewart", written over the printed name below.

George N. Grammas

Corey A. Stewart

Attachments:

1. Transmittal Letter
2. Certification Letter
3. Proposed TAA (with Proposed TTCP)
4. ODTA Approval of TA 576-99
5. DTSA Approval of TTCP TAA-576-99
6. Notice of Sale of FAI Assets



United States Department of State

Bureau of Political-Military Affairs
Office of Defense Trade Controls

Washington, D.C. 20037

In Reply Refer to
ODTC Case TA 2647-02

December 30, 2002

YOUR LETTER DATED: December 10, 2002
SUBJECT: Commercial Communication Satellite Components

The application as presented could not be processed and is hereby RETURNED WITHOUT ACTION according to the bolded annotations with an "X" as indicated below:

1. An Empowered Official letter is required in accordance with 22 CFR 126.13.
2. An original and eight collated copies of the entire submission to be reviewed must be provided.
3. Applications in excess of \$500,000 must be accompanied by a statement that fees, commissions, or political contributions have or have not been paid (22 CFR 130).
4. This agreement does not contain all the information and clauses required by 22 CFR 124.7 through 124.9, as appropriate.
5. Transmittal letters must comply with 22 CFR 124.12.
6. Per request of applicant
7. **Other:** The company should provide a disclosure of any ongoing activities being conducted under the referenced agreement to the Compliance and Enforcement Branch no later than 15 days from receipt of this letter.

In order to avoid omissions or errors in the drafting of agreements, it is highly recommended that the applicant use the "Guidelines for Preparing Agreements" booklet available in the Learning Center on the ODTC website at www.pmdtc.org.

Please reference this case and attach a copy of this letter to any resubmission.

Janet Rishel
Office of Defense Trade Controls

Jan Friis
Final Analysis Communication Services
9701 E Philadelphia Ct.
Lanham, MD 20706-4400

GARDNER, CARTON & DOUGLAS

1301 K STREET, N.W.

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CHICAGO, ILLINOIS

WRITER'S DIRECT DIAL NUMBER

GEORGE N. GRAMMAS
(202) 408-7112
ggrammas@dc.gcd.com

January 10, 2003

VIA FACSIMILE & FEDERAL EXPRESS

Mr. David Trimble
Chief, Compliance Division
Office of Defense Trade Controls
U.S. Department of State
PM/DTC Room H1304, SA-1
2401 E Street, N.W.
Washington, DC 20037

Registrant: Final Analysis Communication Services, Inc.
DTC Code: 1106-16233

Re: Return Without Action of ODTC Case TA 2647-02

Dear Mr. Trimble:

In a Return-Without-Action notice from the U.S. Department of State, Office of Defense Trade Controls ("ODTC"), dated December 30, 2002, concerning proposed Technical Assistance Agreement ("TAA") 2647-02, ODTC requested Final Analysis Communication Services, Inc. ("FACS") to disclose to the Compliance and Enforcement Branch ("CEB") any ongoing activities that it is conducting under the TAA. FACS reports that it has not engaged in any activities that are licensable. FACS has had meetings with Polyot where business or contractual matters were discussed. We are attaching a report from FACS describing all such meetings between FACS and PO Polyot or Design Bureau Polyot (together referred to as "Polyot") (*See Appendix 1*).

We would also like to request a meeting with you and Robert Maggi to discuss this matter and to obtain the benefit of your thoughts on proceeding further in order to avoid further delays in obtaining ODTC approval of the TAA. There have been numerous misunderstandings and corresponding delays with regard to registering FACS and applying for this TAA. These delays have jeopardized the already tenuous financial condition of FACS, which just emerged from the bankruptcy of its former parent company, Final Analysis, Inc. ("FAI"), and jeopardized FACS' delicate business relationship with Polyot, a relationship in which FACS has invested months of effort trying to establish.

Mr. David Trimble

January 10, 2003

Page 2

A. Background

1. To Date, FACS Has Not Engaged in ITAR-Controlled Activities

FAI was formerly FACS' parent company. Under an arrangement between the two companies, FAI was to design and manufacture a constellation of low-earth orbiting ("LEO") satellites utilizing UHF-VHF radio technology. Once built and launched, FACS was to own and operate the LEO's to provide two-way data messages to customers around the globe. It was anticipated that only FAI would participate in activities controlled under the International Traffic in Arms Regulations ("ITAR"). Accordingly, FACS was not involved in the design, construction or launch of any satellites, nor did it have any technical contact with Polyot. To date, FACS has not engaged in ITAR-controlled activities.

2. NYS Purchased FAI Assets at Bankruptcy Auction

On January 11, 2002, the United States Bankruptcy Court (the "Court") held an auction of FAI's assets under a Chapter 7 bankruptcy proceeding. The bankruptcy trustee (the "Trustee") sold the business assets of FAI to New York Satellite Industries, Inc. ("NYS"), which was the highest bidder in the auction sale. The sale was subsequently approved by the Court. The assets acquired by NYS included the controlling voting stock in FACS. The Trustee endorsed the stock certificate in favor of NYS on September 9, 2002, after the Federal Communications Commission ("FCC") approved the transfer of control of the FCC licenses to FACS. As such, FAI and FACS are no longer related.

3. NYS Intended That FACS (Not NYS itself) Engage in ITAR-Controlled Activities

NYS has no employees and was never intended to carry on any business operations. Accordingly, NYS desired that FACS, which NYS now owns pursuant to the bankruptcy sale, pursue the business previously pursued by FAI, and made the business assets acquired from the FAI estate available to FACS. For this reason, FACS, which had never before engaged in any ITAR-controlled activity, submitted its registration to ODTC on August 16, 2002, in anticipation of engaging in the business of designing and building the LEO satellites, the business previously engaged in by FAI. FACS holds a commercial license from the FCC to provide Little LEO data communication services in the United States. FACS now possesses related assets, including ground stations, user terminals, and prior R&D and technical data developed for previous satellites.

Mr. David Trimble

January 10, 2003

Page 3

B. FACS Attempts to Register with ODTC and Obtain a New TAA Authorization

In addition to registering with ODTC, FACS wished to establish a business relationship with Polyot. Following the submission of an application to register with ODTC, FACS planned to apply for a new TAA from ODTC. FACS had concluded that it was inappropriate to transfer the FAI/Polyot TAA (TA 576-99) to FACS, in large part because that TAA had expired upon the expiration of FAI's registration on May 31, 2001. However, several misunderstandings with ODTC have delayed the FACS registration and FACS' request for approval of a new TAA, including the following:

1. ODTC's Compliance and Enforcement Branch ("CEB") incorrectly initially treated FACS' registration as a name change, rather than as a new registration.
2. CEB did not understand that FAI's registration number, 0501-12647, expired on May 31, 2001.
3. After realizing that the FACS registration was not a name change, ODTC incorrectly viewed the matter as a merger or acquisition.
4. CEB incorrectly requested that FACS apply to transfer the FAI agreements to FACS, a request with which FACS attempted to comply.
5. ODTC's Arms Licensing Division ("ALD") asked FACS on December 10, 2002 to submit a new TAA but did not ask for concurrent or pre-conditioned disclosure to CEB of activities that have occurred between Polyot and FACS.
6. After the new TAA was submitted, ALD RWA'd the new TAA submission, requesting a disclosure to CEB of activities occurring under the TAA. FACS had already explained to ODTC Registration that FACS, until recently, had no employees or operations, and thus could not have engaged in any ITAR-controlled activities. FACS had also explained to CEB that FACS understood that registering with ODTC was necessary to engage in FAI's former business (*See* letters to Registration and CEB, dated August 19, 2002 and October 8, 2002, respectively).

These misunderstandings have jeopardized FACS' contract with Polyot and placed the entire program at risk. Below is a chronology which sets out these events in more detail.

Mr. David Trimble

January 10, 2003

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08/16/02	FACS submits its registration statement to ODTC.
09/20/02	ODTC Registration requests additional information concerning the registration statement.
09/23/02	FACS provides the requested information.
09/24/02	CEB requests notification of the sale FAI assets and identification of any licenses or TAAs that FACS wishes to transfer from FAI to FACS.
09/25/02	FACS provides CEB with the requested notification.
09/26/02	FACS submits an application to transfer TA 576-99 from FAI to FACS, as requested.
10/04/02	CEB advises FACS that ODTC incorrectly entered the FACS registration into the ODTC system as a name change to FAI.
10/08/02	FACS provides CEB a complete explanation of the FAI bankruptcy and the events which led to FACS' planned assumption of the FAI assets.
10/18/02	CEB indicates that it received the transfer request.
10/21/02	Following numerous unreturned telephone calls to ODTC Registration, FACS formally requests CEB for a status of the two requests.
10/24/02	ODTC Registration returns FACS' phone calls.
11/06/02	FACS requests CEB to confirm the status of the registration and whether the transfer request would be considered; FACS offers to submit a new TAA application.
11/07/02	FACS immediately responds to a new ODTC Registration request for information.
11/08/02	Nearly three months after FACS submitted its registration, ODTC approves FACS' registration statement.
11/11/02	FACS provides CEB with ODTC's approval of the registration statement.
11/27/02	CEB indicates that the 09/26/02 submission would be treated as a new TAA application; FACS offers to submit a new TAA package.
12/09/02	FACS asks ALD to confirm that the TAA application is being processed.
12/10/02	Nearly three months after the TAA package is submitted as a transfer request at ODTC's direction, ODTC RWA's the request.
12/11/02	FACS submits a new TAA application.
12/30/02	ODTC RWA's the new TAA application.

C. Disclosure of Activities Under TA 2647-02

Had ODTC requested this information earlier, the RWA and resulting delays could have been avoided. Nonetheless, FACS is providing ODTC with the requested report, including not only a description of activities under TAA 2647-02, as requested, but also a description of all meetings between FACS and Polyot. As you will note, there have been no licensable activities between FACS and Polyot, only contractual discussions aimed at effectuating the assignment of the contract.

Mr. David Trimble

January 10, 2003

Page 5

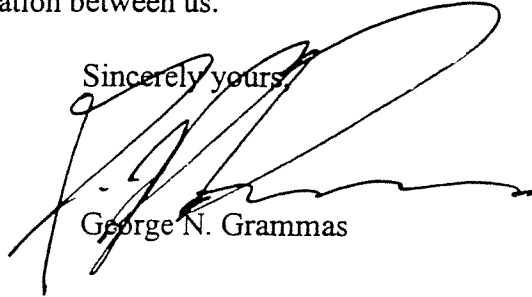
D. Request for Meeting

We hope this submission answers all of the questions that may have resulted in the RWA. We would like to request a meeting with yourself and Mr. Maggi in order to completely clarify this matter and to receive your direction as to how FACS can proceed in order to avoid future delays.

* * *

I apologize if this letter seems overly critical of ODTC; we understand that ODTC personnel are trying to do the best job possible with limited resources. Our letter simply reflects frustration on our side and a lack of good communication between us.

Sincerely yours,

A handwritten signature in black ink, appearing to read "George N. Grammas", is written over the typed name. The signature is stylized and somewhat illegible due to the cursive nature of the handwriting.

George N. Grammas

GNG/de

cc: Robert Maggi, ODTC
Janet Rishel, ODTC
Deborah Carroll, ODTC/CEB
Jan Friis, FACS

GARDNER, CARTON & DOUGLAS

1301 K STREET, N.W.

SUITE 900, EAST TOWER

WRITER'S DIRECT DIAL NUMBER

WASHINGTON, D.C. 20005

CHICAGO, ILLINOIS

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FAX: (202) 289-1504

INTERNET: gcdlawdc@gcd.com

COREY A. STEWART
(202) 408-7220
cstewart@dc.gcd.com

January 21, 2003

VIA FEDERAL EXPRESS

Mr. Peter J. Berry
Director, Office of Defense Trade Controls, Licensing
U.S. Department of State
PM/DTC, Room 200, SA-6
2201 C Street, N.W.
Washington, D.C. 20520

Registrant: Final Analysis Communication Services, Inc.
DTC Code: 1106-16233

Re: Proposed Technical Assistance Agreement to Replace TA 576-99

Dear Mr. Lowell:

This cover letter is a guide to the attached documents concerning the proposed Technical Assistance Agreement (the "Agreement") between Final Analysis Communication Services, Inc. ("FACS") of the United States and PO Polyot ("Polyot") of the Russian Federation. The Agreement is submitted to the U.S. Department of State, Office of Defense Trade Controls ("ODTC") in accordance with Section 124.1 International Traffic in Arms Regulations ("ITAR").

This proposed Agreement was previously submitted to ODTC on December 11, 2002 and was assigned case number TA 2647-02. ODTC Returned-Without-Action that submission on December 30, 2002, requesting that FACS provide ODTC's Compliance and Enforcement Branch ("CEB") a disclosure of any ongoing activities conducted under TA 2647-02. (See **Attachment 1**). On January 10, 2003, FACS reported to CEB that it had not engaged in any such activities and attached a report describing all meetings between FACS and Polyot (See **Attachment 2**). Having complied with ODTC's request in the RWA notice, FACS is now resubmitting the Agreement. FACS is copying CEB on this submission.

Mr. Peter J. Berry

January 21, 2003

Page 2

A. Submitted Materials – 1 Original and 8 Collated Copied Sets of this Letter and the Following:

1. ODTC RWA Notice for TA 2647-02 (**Attachment 1**)
2. FACS Report to CEB (**Attachment 2**)
3. Transmittal Letter (ITAR 124.12) (**Attachment 3**)
4. Certification Letter (ITAR 126.13) (**Attachment 4**)
5. Proposed TAA (with Proposed TTCP) (**Attachment 5**)
6. ODTC Approval of TA 576-99 (Nov. 18, 1999) (**Attachment 6**)
7. DTSA Approval of TTCP TAA-576-99 (Feb. 16, 2000) (**Attachment 7**)
8. Notice of Sale of FAI Assets (Sept. 25, 2002) (**Attachment 8**)

B. Objective

The purpose of this Agreement is to replace TA 576-99, which ODTC approved on November 18, 1999 (see **Attachment 6**). The Agreement is identical to TA 576-99, except that FACS replaces FAI. As further explained below, FACS is FAI's successor and has the same management and facility that FAI once had. Likewise, the proposed Technology Transfer Control Plan ("TTCP") attached as Exhibit B to the Agreement is identical to the TTCP approved by the U.S. Department of Defense, Defense Technology Security Administration on February 16, 2000 pertaining to TA 576-99 (see **Attachment 7**). Updated background information concerning the program and parties of the Agreement is provided in the Agreement recital clauses.

C. Relationship Between FAI and FACS

FAI was formerly FACS' parent company. Under an arrangement between the two companies, FAI was to design and manufacture a constellation of low-earth orbiting ("LEO") satellites utilizing UHF-VHF radio technology. Once built and launched, FACS was to own and operate the LEO's to provide two-way data messages to customers around the globe. Due to FAI's bankruptcy, FAI and FACS are no longer related, and FACS now intends to engage in the business of designing and building the LEO satellites, the business previously engaged in by FAI. A copy of the notice to ODTC of the sale of FAI's assets is attached as **Attachment 8**. FACS has the same management and facility that FAI once had.

FACS holds a commercial license from the Federal Communications Commission to provide Little LEO data communication services in the United States. FACS now possesses the related assets, including ground stations, user terminals, and prior R&D and technical data developed for previous satellites.

GARDNER, CARTON & DOUGLAS

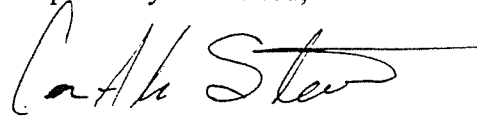
Mr. Peter J. Berry

January 21, 2003

Page 3

Please contact the undersigned if additional information is required concerning this request for approval.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "George N. Grammas" and "Corey A. Stewart" joined together.

George N. Grammas

Corey A. Stewart

cc: Deborah Carroll, ODTC/CEB
Jan Friis, FACS

Attachments:

1. RWA Notice for TA 2647-02
2. FACS Report to ODTC
3. Transmittal Letter
4. Certification Letter
5. Proposed TAA (with Proposed TTCP)
6. ODTC Approval of TA 576-99
7. DTSA Approval of TTCP TAA-576-99
8. Notice of Sale of FAI Assets

GCD

Gardner Carton & Douglas

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Chicago, Illinois

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www.gcd.com

January 29, 2003

BY FACSIMILEMr. David Trimble
Chief, Compliance Division
Office of Defense Trade Controls
U.S. Department of State
PM/DTC Room H1304, SA-1
2401 E Street, N.W.
Washington, DC 20037Registrant: Final Analysis Communication Services, Inc.
DTC Code: 1106-16233Re: ODTC Case TA 2647-02

Dear Mr. Trimble:

We would like to follow up with you concerning our letter to you dated January 10, 2003. As you may recall, we were alarmed by a series of actions taken by the U.S. Department of State, Office of Defense Trade Controls ("ODTC") concerning (i) the registration of Final Analysis Communication Services, Inc. ("FACS"); and (ii) a proposed Technical Assistance Agreement ("TAA") (Case No. TA 2647-02), between FACS and PO Polyot ("Polyot") of Russia. We have unsuccessfully attempted to contact you by telephone concerning this matter.

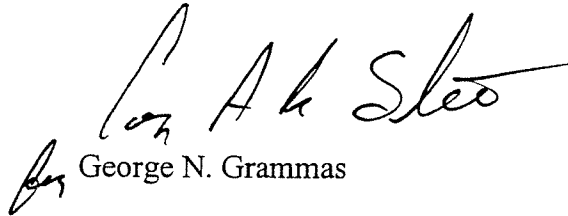
The actions of ODTC's Compliance and Enforcement Branch ("CEB") and the subsequent referral by ODTC's Licensing Division to CEB, as detailed in the January 10, 2003 letter, suggested to FACS an underlying concern held by ODTC of FACS or FACS' prior actions. The January 10, 2003 letter was intended to solicit a meeting with ODTC to directly address those concerns.

Subsequent to the January 10, 2003 letter, FACS complied with the directions of the Licensing Division by making the requisite report to CEB and then resubmitted the TAA. However, to our knowledge, the TAA has not been accepted or staffed, which perpetuates the

Mr. David Trimble
Chief, Compliance Division
January 29, 2003
Page 2

inference of unspecified concerns by ODTC. Therefore, FACS continues to request a meeting with you to directly address any concerns that ODTC may have.

Sincerely yours,



George N. Grammas

CAS/cas

DC01/391983.1
DRAFT 01/30/03

GCD

Gardner Carton & Douglas

1301 K Street, N.W.
Suite 900, East Tower
Washington, D.C. 20005

Chicago, Illinois

GEORGE N. GRAMMAS
(202) 230-5112
ggrammas@gcd.com
Fax (202) 230-5312Tel 202 408 7100 Fax 202 289 1504
www.gcd.com

February 10, 2003

BY FACSIMILEMr. Robert Maggi
Deputy Assistant Secretary
Office of Defense Trade Controls
U.S. Department of State
PM/DTC Room H1304, SA-1
2401 E Street, N.W.
Washington, DC 20037Registrant: Final Analysis Communication Services, Inc.
DTC Code: 1106-16233Re: Meeting Concerning Final Analysis Communication Services, Inc.

Dear Turk:

We are asking for your help in obtaining a response from the U.S. Department of State, Office of Defense Trade Controls ("ODTC"), on a request that we made on behalf of Final Analysis Communication Services, Inc. ("FACS") for a meeting with you and Mr. Trimble. The request was made by our letter dated **January 10, 2003** (copy attached as Exhibit 1). After follow up telephone calls and additional letters, there is no response from ODTC whatsoever.

As stated in the letter, FACS is concerned that the RWA of TA 2647-02 and preceding difficulties in the registration of FACS could signal some underlying compliance issues under consideration by ODTC. During 2003, FACS will be involved in sensitive programs and wishes to proactively address compliance issues, if any. Nonetheless, if ODTC does not wish to meet with FACS, we ask only that you inform us whether or not ODTC is investigating FACS or has any concerns. Please contact me at your earliest convenience at (202) 230-5112.

Sincerely yours,


George N. Grammascc: David Trimble
DC01/392460.1



United States Department of State
Bureau of Political-Military Affairs
Washington, D.C. 20520-6817

JUL 13 2003

In Reply Refer To:
DTC Case RR-03-060

Mr. Jan Friis
Vice President of Administration and
Export Compliance Officer
Final Analysis Communication Services
9701 Philadelphia Court
Lanham, Maryland 20706
DTC Code: 16233

Dear Mr. Friis:

The Office of Defense Trade Controls Compliance, Compliance & Enforcement Branch received a letter from your attorney, Mr. George Grammas dated January 10, 2003, regarding the return without action of TA-2647-02. We are not sure whether you are aware that the application you submitted following receipt of the return without action was assigned case number TA-024-03 on January 30, 2003 and staffed on February 3, 2003.

In regards to your submission on the activity that occurred since you separate from your former parent, Final Analysis, we do request that you provide a copy of the presentation made on July 2002. Your response should be provided no later than March 9, 2003. Please contact Sarah Scott or me if you have any question on this matter.

Sincerely,

A handwritten signature in cursive script that reads "Deborah Carroll".

Deborah Carroll
Chief
Compliance & Enforcement

TOTAL P.02



FINAL ANALYSIS COMMUNICATION SERVICES
9701-E PHILADELPHIA COURT
LANHAM, MARYLAND, 20706-4400
301-459-4100
FAX 301-459-0101

February 19, 2003

FACS-2K3-022

Ms. Deborah Carroll
Chief, Compliance and Enforcement Branch
Office of Defense Trade Controls
U.S. Department of State
PM/DTC Room H1304, SA-1
2401 E Street, N.W.
Washington, DC 20037

RE: DTC Case RR-03-060

Dear Ms. Carroll:

Thank you for your letter of February 13, 2003 reporting that the Office of Defense Trade Controls has assigned a case number and staffed the application, which Final Analysis Communication Services, Inc. (FACS) submitted. FACS looks forward to a prompt resolution to this application and stands ready to response to any additional questions the Office of Defense Trade Controls may have.

In response to your request, attached are copies of the presentation, in both Russian and in English, made by Polyot to FACS. As is evident from the presentation, Polyot presented it capabilities and offered its products and services to manufacture additional components for the FAISAT spacecraft. FACS has not yet responded to Polyot's presentation.

If you have any questions concerning this matter, please don't hesitate to call me.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jan Friis', written over a vertical line that extends from the signature down to the typed name.

Jan Friis
Vice President of Administration and
Export Compliance Officer

CC: George Grammas, Esq. ✓



United States Department of State

Bureau of Political-Military Affairs
Office of Defense Trade Controls

Washington, D.C. 20037

FEB 27 2003

In Reply Refer To:
DTC Case RR-03-060

Mr. Jan Friis
Vice President of Administration and
Export Compliance Officer
Final Analysis Communication Services
9701 Philadelphia Court
Lanham, Maryland 20706
DTC Code: 16233

Dear Mr. Friis:

The Office of Defense Trade Controls Compliance, Compliance & Enforcement Branch received your letter dated February 19, 2003 with the attachments on the presentation made by Polyot. However, we were requesting that you provide copies of the presentation/ notes that you provided to Polyot. Your response should be provided no later than March 9, 2003. Please contact Sarah Scott or me if you have any question on this matter.

Sincerely,

A handwritten signature in cursive script that reads "Deborah Carroll".

Deborah Carroll
Chief
Compliance & Enforcement



FINAL ANALYSIS COMMUNICATION SERVICES
9701-E PHILADELPHIA COURT
LANHAM, MARYLAND, 20706-4400
301-459-4100
FAX 301-459-0101

March 3, 2003

FACS-2K3-026

Ms. Deborah Carroll
Chief, Compliance and Enforcement Branch
Office of Defense Trade Controls
U.S. Department of State
PM/DTC Room H1304, SA-1
2401 E Street, N.W.
Washington, DC 20037

RE: DTC Case RR-03-060

Dear Ms. Carroll:

Thank you for your letter of February 27, 2003.

In the letter sent to ODTTC on January 10, 2003 Final Analysis Communication Services, Inc. (FACS) described its July 2002 meeting with Polyot in Lanham, Maryland as follows "*Polyot provided a presentation* as to additional tasks Polyot wanted to undertake. Polyot also generally discussed its capabilities, a discussion which was not technical and was unrelated to any specific program. FACS stated that former FAI contracts first needed to be assigned before FACS agreed to any additional tasks for Polyot."

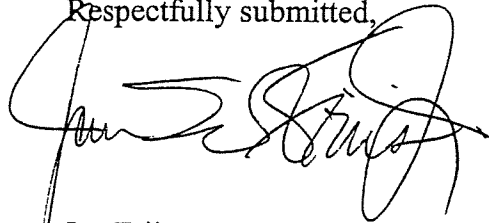
Your letter of February 13, 2002 requested, "In regards to your submission on the activity that occurred since you separate from your former parent, Final Analysis, we do request that you provide a copy of the presentation made on July, 2002."

FACS responded to your request on February 19, 2003 with the following, "In response to your request, attached are copies of the presentation, in both Russian and in English, made by Polyot to FACS. As is evident from the presentation, Polyot presented its capabilities and offered its products and services to manufacture additional components for the FAISAT spacecraft. *FACS has not yet responded to Polyot's presentation.*"

In response to your current inquiry "However, we were requesting that you provide copies of the presentation/notes that you provided to Polyot." *FACS did not provide a presentation/notes to Polyot in July of 2002.* As previously stated, Polyot was attempting to secure a contract to manufacture components for the FAISAT spacecraft and FACS has not yet responded to Polyot's presentation.

If you have further questions concerning this matter, FACS would be pleased to have the opportunity to meet with you so that we may resolve any outstanding issues or misunderstandings.

Respectfully submitted,

A handwritten signature in black ink, appearing to read 'Jan Friis', written over a vertical line that extends from the signature down to the typed name below.

Jan Friis
Vice President of Administration and
Export Compliance Officer

CC: George Grammas, Esq. ✓

GCD

Gardner Carton & Douglas

1301 K Street, N.W.
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Chicago, Illinois

George N. Grammas
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March 21, 2003

VIA FACSIMILEMs. Deborah Carroll
Branch Chief
Compliance Enforcement Branch
U.S. Department of State
PM/DTC, Room 1304, SA-1
2401 E Street
Washington, DC 20037

Reference: TA 0924-03

Re: RWA of Technical Assistance Agreement TA 0924-03

Dear Ms. Carroll:

Final Analysis Communication Services, Inc. ("FACS") has learned that the U.S. Department of Defense, Defense Technology Security Administration ("DTSA") is recommending a Return-Without-Action ("RWA") of FACS' proposed Technical Assistance Agreement ("TAA") with P.O. Polyot ("Polyot") (TA 0924-03). FACS understands that DTSA is taking this position at the request of the U.S. Department of State, Office of Defense Trade Controls ("ODTC"), Compliance and Enforcement Branch ("CEB"). This was surprising to us because we thought that FACS had answered all of CEB's questions and that CEB's review was concluded or winding down. As further explained below, this RWA is seriously jeopardizing the financial health of FACS, and FACS is pleading for your response in order to address CEB's concerns.

Miscommunication between FACS and CEB concerning the TAA—as well as FACS' attempt to register with ODTC—dating back to last August have delayed our submission of the TAA. We feel that this miscommunication and resulting delays could have been avoided through a meeting, or at least a telephone discussion. FACS has promptly and completely responded to all CEB requests for information. For several months, FACS has also proactively

and repeatedly tried to contact CEB to discuss any compliance questions or concerns. A chronological summary of these activities is provided in **Table 1** below.

Table 1

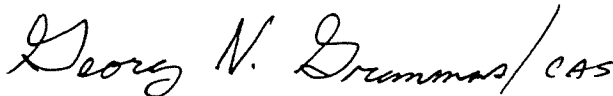
08/16/02	FACS submits its registration statement to ODTC.
09/20/02	ODTC Registration requests additional information concerning the registration statement.
09/23/02	FACS provides the requested information.
09/24/02	CEB requests notification of the sale FAI assets and identification of any licenses or TAAs that FACS wishes to transfer from FAI to FACS.
09/25/02	FACS provides CEB with the requested notification.
09/26/02	FACS submits an application to transfer TA 576-99 from FAI to FACS, as requested.
10/04/02	CEB advises FACS that ODTC incorrectly entered the FACS registration into the ODTC system as a name change to FAI.
10/08/02	FACS provides CEB a complete explanation of the FAI bankruptcy and the events which led to FACS' planned assumption of the FAI assets.
10/18/02	CEB indicates that it received the transfer request.
10/21/02	Following numerous unreturned telephone calls to ODTC Registration, FACS formally requests CEB for a status of the two requests.
10/24/02	ODTC Registration returns FACS' phone calls.
11/06/02	FACS requests CEB to confirm the status of the registration and whether the transfer request would be considered; FACS offers to submit a new TAA application.
11/07/02	FACS immediately responds to a new ODTC Registration request for information.
11/08/02	Nearly three months after FACS submitted its registration, ODTC approves FACS' registration statement.
11/11/02	FACS provides CEB with ODTC's approval of the registration statement.
11/27/02	CEB indicates that the 09/26/02 submission would be treated as a new TAA application; FACS offers to submit a new TAA package.
12/09/02	FACS asks ALD to confirm that the TAA application is being processed.
12/10/02	Nearly three months after the TAA package is submitted as a transfer request at ODTC's direction, ODTC RWA's the request.
12/11/02	FACS submits a second TAA application.
12/30/02	ODTC RWA's the second TAA application, requesting that FACS report to CEB any ongoing activities being conducted under the TAA.

Ms. Deborah Carroll
March 21, 2003
Page 3

1/10/03	Although FACS had not engaged in any licensable activities with Polyot, FACS provides CEB with a description of all meetings with Polyot.
1/13/20 – 1/20/03	FACS follows up with several telephone calls, none of which was returned.
1/21/03	FACS resubmits the TAA.
1/29/03	FACS again asks CEB if there are any concerns and requests a meeting.
2/10/03	FACS writes to Robert Maggi, requesting a meeting.
2/11/03	Mr. Maggi responds by telephone, indicating that FACS will soon be contacted.
2/13/03	CEB requests additional information.
2/19/03	FACS provides CEB the requested information.
2/27/03	CEB requests additional information.
3/3/03	FACS provides CEB the additional information.
3/21/03	FACS learns that CEB has instructed DTSA to RWA the third submission of the TAA.

As you may be aware, FACS is licensed by the Federal Communications Commission ("FCC") to own and operate a constellation of low-earth-orbiting satellites to provide digital data communication services to a wide variety of users around the world. This license is one of FACS' most valuable assets. To retain the license, FACS must meet certain milestone requirements, one of which can be met only through the activities to be authorized under the TAA. FACS is running out of time; the delays are causing irreparable damage to the company. FACS again requests and pleads with CEB for a meeting to discuss and address CEB's concerns.

Sincerely yours,


George N. Grammas

CAS/mbj

DC01/394768.1

GEORGE N. GRAMMAS
(202) 230-5112
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Fax (202) 230-5312

Tel 202 230 5000 Fax 202 230 5300
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April 15, 2003

VIA FACSIMILE AND EMAIL (PDF)

Kenneth M. Peoples
U.S. Department of Defense
Defense Technology Security Administration
2850 Eisenhower Avenue
Alexandria, VA 22314

Re: Proposed Technical Assistance Agreement 0924-03 (Polyot-Russia)

Dear Mr. Peoples:

Attached you will find a printout of a report from the U.S. Department of State, Directorate of Defense Trade Controls ("DDTC") concerning the status of proposed Technical Assistance Agreement ("TAA") 0924-03, between Final Analysis Communication Services, Inc. ("FACS") and PO Polyot. As the report indicates, the TAA was staffed to the U.S. Department of Defense, Defense Technology Security Administration ("DTSA"), for a second time on March 25, 2003. However, the "ELISA" system does not acknowledge receipt by DTSA.

To refresh your memory, this TAA originally was staffed to DTSA on February 3, 2003. We understand that DTSA was prepared to approve the TAA with conditions, but then, at the request of the DDTC, Compliance and Enforcement Branch ("CEB"), DTSA recommend that the TAA be returned without action. We then contacted the CEB to confirm that FACS had answered all of their questions. The following day, the TAA was staffed to DTSA for a second time.

Considering that (1) TA-0924-03 is merely a resubmission of the previously approved TA-576-99, with no new terms or conditions, (2) DTSA has already completed a substantive review of the TAA (before DDTC requested that DTSA return it without action), and (3) due to DDTC licensing delays and meritless allegations in Russia and possibly at DDTC by two disgruntled former directors, FACS is precariously close to losing its already strained relationship with Polyot, we would greatly appreciate DTSA's prompt turn around of the TAA without a duplicative interagency review, if possible. Please contact me at (202) 230-5112 should you have any questions or comments.

Sincerely yours,


George N. Grammas



U.S. DEPARTMENT OF STATE

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INFORMATION SUBMITTED

ELLIE NET

Lic Type: TA Lic Num: 0924-03 User Transid: Lic Off: JLR

Date Prep: 20-Jan-03 Date Rec: 30-Jan-03

Final Action: X Date Final Action:

Ctry Code: RS Country Name: RUSSIA Staffed: Y

Staffing Status

Agency	Date Staffed	Agency Action	ReStaff
DOD	03-Feb-03	20-Mar-03	
PM/RSAT	03-Feb-03	11-Feb-03	
EUR/PRA	03-Feb-03	14-Feb-03	
DODREV	25-Mar-03	22-Apr-03	