

that no defect was present. Likewise, the extremely low failure rate of the cranks and the rigorous conditions in which they were used, suggested that any failures were due to rigorous usage rather than an inherent product defect. For these reasons, Shimano was not required to, and did not, report to the CPSC prior to May 1997.

12. By entering into this Settlement Agreement and Order, Shimano does not admit any liability or wrongdoing. This Settlement Agreement and Order is agreed to by Shimano to avoid incurring additional legal costs and does not constitute, and is not evidence of, an admission of any liability or wrongdoing by Shimano.

IV. Agreement of the Parties

13. The Commission has jurisdiction over this matter under the Consumer Product Safety Act, 15 U.S.C. 2051 *et seq.*

14. Shimano knowingly, voluntarily and completely waives any rights it may have to: (1) an administrative or judicial hearing with respect to the staff allegations discussed in paragraphs 4 through 8 above; (2) judicial review or other challenge or contest of the validity of the Commission's Order; (3) a determination by the Commission as to whether a violation of section 15(b) of the CPSA, 15 U.S.C. 2064(b), has occurred; and (4) a statement of findings of fact and conclusion of law with regard to the staff allegations.

15. Upon provisional acceptance of this Settlement Agreement and Order by the Commission, this Settlement Agreement and Order shall be placed on the public record and shall be published in the **Federal Register** in accordance with 16 CFR 1118.20.

16. This Settlement Agreement and Order releases Shimano and Shimano Inc. from liability arising from any allegations of violation of section 15(b) of the CPSA regarding the bicycle cranks described in paragraph 4, above. The Settlement Agreement and Order becomes effective upon final acceptance by the Commission and its service upon Shimano.

17. Upon final acceptance of this Settlement Agreement by the Commission, the Commission may issue a press release to advise the public of the civil penalty Settlement Agreement and Order.

18. Shimano shall pay the Consumer Product Safety Commission a civil penalty in the amount of \$150,000 within ten days of final acceptance of the Settlement Agreement and Order.

19. Shimano agrees to entry of the attached Order, which is incorporated herein by reference, and to be bound by its terms.

20. This Settlement Agreement and Order are entered into for settlement purposes only and shall not constitute an admission or determination arising from the allegations that the bicycle cranks contain a defect which could create a substantial product hazard.

21. This Settlement Agreement is binding upon Shimano and the assigns or successors of Shimano.

22. Agreements, understandings, representations, or interpretations made outside this Settlement Agreement and Order may not be used to vary or to contradict its terms.

Dated: March 29, 1999.

By: Shimano American Corporation
U.S. Consumer Product Safety Commission

By: Alan Schoem,
Assistant Executive Director, Office of Compliance.

Eric Stone,
Director, Legal Division, Office of Compliance.

Deborah Lewis,
Attorney, Legal Division, Office of Compliance.

Order

Upon consideration of the Settlement Agreement entered into between Shimano American Corporation, a corporation, and the staff of the U.S. Consumer Product Safety Commission; and the Commission having jurisdiction over the subject matter and Shimano American Corporation, and it appearing that the Settlement Agreement and Order is in the public interest, it is

Ordered, that the Settlement Agreement be and hereby is accepted, and it is

Further ordered, Shimano American Corporation shall pay the Commission a civil penalty in the amount of *one hundred fifty thousand and 00/100* dollars, (\$150,000.00) within ten (10) days after service of this Final Order upon Shimano American Corporation.

Provisionally accepted and Provisional Order issued on the 25th day of May, 1999.

By Order of the Commission.

Sadye E. Dunn,

Secretary, U.S. Consumer Product Safety Commission.

[FR Doc. 99-13669 Filed 5-28-99; 8:45 am]

BILLING CODE 6355-01-M

DEPARTMENT OF DEFENSE

Office of the Secretary

[Transmittal No. 99-16]

36(b)(1) Arms Sales Notification

AGENCY: Department of Defense, Defense Security Cooperation Agency.

ACTION: Notice.

SUMMARY: The Department of Defense is publishing the unclassified text of a section 36(b)(1) arms sales notification. This is published to fulfill the requirements of section 155 of Pub. L. 104-164 dated 21 July 1996.

FOR FURTHER INFORMATION CONTACT: Ms. J. Hurd, DSCA/COMPT/RM, (703) 604-6575.

The following is a copy of a letter to the Speaker of the House of Representatives, Transmittal 99-16, with attached transmittal, policy justification, Sensitivity of Technology, and Sec. 620C(d) of the FAA of 1961.

L.M. Bynum,

Alternate OSD Federal Register Liaison Officer, Department of Defense.

BILLING CODE 5001-10-M



DEFENSE SECURITY COOPERATION AGENCY

WASHINGTON, DC 20301-2800

17 May 1999

In reply refer to:
I-99/05178

Honorable J. Dennis Hastert
Speaker of the House of
Representatives
Washington, D.C. 20515-6501

Dear Mr. Speaker:

Pursuant to the reporting requirements of Section 36(b)(1) of the Arms Export Control Act, we are forwarding herewith Transmittal No. 99-16, concerning the Department of the Army's proposed Letter(s) of Offer and Acceptance (LOA) to Greece for defense articles and services estimated to cost \$200 million. Soon after this letter is delivered to your office, we plan to notify the news media.

You will also find attached a certification as required by Section 620C(d) of the Foreign Assistance Act of 1961, as amended, that this action is consistent with Section 620C(b) of that statute.

Sincerely,

A handwritten signature in black ink, appearing to read "MS Davison".

MICHAEL S. DAVISON, JR.
LIEUTENANT GENERAL, USA
DIRECTOR

Attachments

Transmittal No. 99-16**Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act**

- (i) **Prospective Purchaser:** Greece
- (ii) **Total Estimated Value:**
- | | |
|--------------------------|----------------------|
| Major Defense Equipment* | \$ 0 million |
| Other | <u>\$200 million</u> |
| TOTAL | \$200 million |
- (iii) **Description of Articles or Services Offered:** PATRIOT Missile System support equipment including spare and repair parts, interrogator sets, fuzes, telemetry kits, communication security equipment, technical assistance, precision lightweight global positioning system receiver, engineering services, support and test equipment, publications and data documentation, personnel training and training equipment, technical support, and other related elements of logistics support.
- (iv) **Military Department:** Army (XJN, GDH, LAA, ODV, TCV, XJS, and XJU)
Navy (BFM)
- (v) **Sales Commission, Fee, etc., Paid, Offered, or Agreed to be Paid:** None
- (vi) **Sensitivity of Technology Contained in the Defense Article or Defense Services Proposed to be Sold:** See Annex attached.
- (vii) **Date Report Delivered to Congress:** 17 May 1999

* as defined in Section 47(6) of the Arms Export Control Act.

POLICY JUSTIFICATION**Greece - PATRIOT Missile System Support Equipment**

The Government of Greece has requested a possible sale of PATRIOT Missile System support equipment including spare and repair parts, interrogator sets, fuzes, telemetry kits, communication security equipment, technical assistance, precision lightweight global positioning system receiver, engineering services, support and test equipment, publications and data documentation, personnel training and training equipment, technical support, and other related elements of logistics support. The estimated cost is \$200 million.

This proposed sale will contribute to the foreign policy and national security of the United States by improving the military capabilities of Greece and furthering NATO rationalization, standardization and interoperability.

Greece needs this surface-to-air equipment to continue the upgrade of its air defense capabilities and will have no difficulty absorbing this additional equipment into its armed forces. The equipment will be provided in accordance with, and subject to the limitation on use and transfer provided under the Arms Export Control Act, as embodied in the terms of sale. This sale will not adversely affect either the military balance in the region or U.S. efforts to encourage a negotiated settlement of the Cyprus question.

The proposed sale of this equipment and support will not affect the basic military balance in the region.

The prime contractor will be Raytheon Corporation, Andover, Massachusetts. One or more proposed offset agreements may be related to this proposed sale.

Implementation of this proposed sale will require the assignment of two U.S. Government personnel for two years to Greece.

There will be no adverse impact on U.S. defense readiness as a result of this proposed sale.

Transmittal No. 99-16**Notice of Proposed Issuance of Letter of Offer
Pursuant to Section 36(b)(1)
of the Arms Export Control Act****Annex
Item No. vi****(vi) Sensitivity of Technology:**

1. The following PATRIOT Air Defense Weapon System PAC-3 items are classified **Confidential**: missile MIM-104D (including seeker and fuze) and AN/MPS-53 radar set. Parts of the Technical Data Package are classified **Confidential/Secret**. Most publications for operation and maintenance are unclassified but are marked **Restricted Distribution**; some are classified **Confidential/Secret**. Communications equipment remains unclassified because keys are not releasable. The highest level of classified information required to be released under the terms of the Engineering Services contract is **Secret**. Most, though not all, of the **Secret** materiel is in the form of Software Investigative Reports which describe proposed changes to the software in the PATRIOT system. Some can be approved for release to the customer. If technology is lost to a technologically advanced or competent adversary, countermeasures could be developed that could degrade the effectiveness of the system.

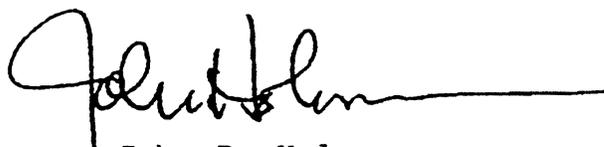
2. A determination has been made that the Greece can provide substantially the same degree of protection for the sensitive technology being released as the U.S. Government. This sale is necessary in furtherance of the U.S. foreign policy and national security objectives outlined in the Policy Justification.

17 May 1999

Certification Under Section 620C(d)
Of The Foreign Assistance Act of 1961, As Amended

Pursuant to § 620C(d) of the Foreign Assistance Act of 1961, as amended (the Act), Executive Order 12163 (sec. 1-201(a)(13)) and the Secretary of State's memorandum of March 30, 1999, I hereby certify that the furnishing to Greece of 125 PATRIOT MIM-104A missiles, PATRIOT Missile System support equipment including spare and repair parts, interrogator sets, fuses, telemetry kits, communication security equipment, technical assistance, a precision lightweight global positioning system receiver, engineering services, support and test equipment, publications and data documentation, personnel training and training equipment, technical support and related logistics support and lease of PATRIOT PAC-3 equipment consisting of three radar sets, one engagement control station, 12 launch stations, one guided missile transporter, one launch station test set, and one information control central command station is consistent with the principles contained in § 620(b) of the Act.

This certification will be made part of the notification to Congress under § 36(b) of the Arms Export Control Act regarding the proposed sale of the above-named articles and services and is based on the justification accompanying said notification, of which said justification constitutes a full explanation.



John D. Holum
Senior Advisor for Arms Control and
International Security