

**SUPPORTING STATEMENT FOR  
PAPERWORK REDUCTION ACT SUBMISSIONS**

**Disclosure of Violations of the Arms Export Control Act  
OMB 1405-0179  
Form DS-7787**

**A. Justification**

1. Why is this collection necessary and what are the legal statutes that allow this?

The Directorate of Defense Trade Controls (DDTC), Bureau of Political-Military Affairs, U.S. Department of State, in accordance with the Arms Export Control Act (AECA) (22 U.S.C. 2751 *et seq.*) and the International Traffic in Arms Regulations (ITAR) (22 CFR Parts 120-130), has the principal missions of taking final action on license applications and other requests for defense trade transactions via commercial channels, ensuring compliance with the statute and regulations, and collecting various types of reports. By statute, executive order, regulation, and delegation of authority, DDTC is charged with controlling the export and temporary import of defense articles, the provision of defense services, and the brokering thereof, which are covered by the U.S. Munitions List (USML).

ITAR §127.12 encourages the disclosure of information to DDTC by persons who believe they may have violated any export control provision of the AECA, ITAR, or any regulation, order, license, or other authorization issued under the authority of the AECA. The information is analyzed by DDTC to ultimately determine whether to take administrative action concerning any violation that may have occurred. The voluntary nature of a disclosure may be considered a mitigating factor in determining the administrative penalties, if any, that may be imposed. Failure to report a violation may result in circumstances detrimental to U.S. national security and foreign policy interests and will be an adverse factor in determining the appropriate disposition of such violations. Also, the activity in question might merit referral to the Department of Justice for consideration of whether criminal prosecution is warranted. In such cases, DDTC will notify the Department of Justice of the voluntary nature of the disclosure, but the Department of Justice is not required to give that fact any weight.

Notification of violations will be submitted to DDTC via form DS-7787, which was developed by DDTC to allow respondents to submit disclosures directly into DDTC's case management system (CMS), the Defense Export Control and Compliance System (DECCS).

2. What business purpose is the information gathered going to be used for?

DDTC uses the information to analyze industry compliance processes and procedures, and to assess whether the activity in question might merit penalties, administrative actions, sanctions, or referral to the Department of Justice for possible criminal prosecution.

3. Is this collection able to be completed electronically (e.g., through a website or application)?

This information collection will be submitted electronically via DDTC's Compliance CMS. The data elements contained in form DS-7787 will be developed into a web-based submission system that will guide users through the disclosure process.

4. Does this collection duplicate any other collection of information?

The Department of State is unaware of any other U.S. Government requirements for the submission of this information.

5. Describe any impacts on small business.

Export control laws and regulations are designed to safeguard U.S. Government foreign policy and national security interests and to further world peace. The law and regulations are applicable equally to large and small businesses or entities. Only persons that believe they may have violated a defense trade control provision of the AECA, ITAR, or regulation, order, license, or other authorization issued under the AECA would submit a disclosure. Burdens have been minimized as much as possible.

6. What are consequences if this collection is not done?

The absence of this provision for reporting possible violations of defense trade control laws, regulations, or authorizations would hinder DDTC's mission of ensuring compliance with statutes and its regulations, which are intended to advance the U.S Government foreign policy and national security interests and to further world peace.

7. Are there any special collection circumstances (e.g., responding in less than 30 days, excessive record retention, or requiring submission of proprietary trade secrets)?

Respondents only report the information on the occasion of a possible violation. Because of the need for DDTC to gather all relevant data, the submission of proprietary trade secrets may be included. Separately, ITAR § 122.5 requires respondents to maintain all records for a minimum period of five years from the expiration date of the license or other approval (to include exports using an exemption) or from the date of the transaction.

8. Document the publication (or intent to publish) a request for public comments in the Federal Register.

The Department published a 60 Day Federal Register Notice soliciting public comment and no comments were received.

9. Are any payments or gifts given to the respondents?

No payment or gift has been promised or will be provided to any respondent.

10. Describe any assurances of privacy/confidentiality.

Other than provisions for confidentiality or nondisclosure included in the Freedom of Information Act, the ITAR, the AECA, or other Federal statutes or regulations, no promises of confidentiality have been made to the respondent.

11. Are any questions of a sensitive nature asked?

The Department of State is not soliciting any information regarding matters commonly considered private.

12. Describe the hour time burden and the hour cost burden on the respondent needed to complete this collection.

The Department of State has reason to believe that the information required is already available to respondents in some form due to the nature of the disclosures and the 5-year recordkeeping requirement of ITAR § 122.5; by definition, the submission of this form would presuppose the availability of information. An estimated 600 annual voluntary disclosures are expected from a pool of approximately 14,500 respondents. Frequency of response is on occasion. The estimated time that the respondent devotes to each submission is approximately 10 hours, making the estimated annual hour burden 6,000 hours. According to the U.S. Department of Labor Bureau of Labor Statistics website ([www.bls.gov](http://www.bls.gov)), the weighted wage rate category for a “Compliance Officer” is \$81.72<sup>1</sup> per hour (\$40.86 average wage x 2 multiplier). Therefore, the estimated annual burden hour cost to respondents is \$490,320.

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<sup>1</sup> U.S. Department of Labor Bureau of Labor Statistics website ([www.bls.gov](http://www.bls.gov))

13. Describe any monetary burden on the respondent needed to complete this collection.

There are no anticipated costs to respondents to complete this information collection.

14. Describe the cost to the Federal Government to complete this collection.

DDTC has a full-time staff of Compliance Specialists who review each disclosure in the course of their normal duties. An average Compliance Specialist GS-11 Step 10 rate is \$53.23<sup>2</sup> plus benefits 31%<sup>3</sup> equals a fully loaded rate of \$69.73 per hour. The Compliance Specialist spends 2,080 hours a year reviewing Disclosures so the cost to the Federal Government to complete this collection is \$145,038.40.

15. Explain any changes/adjustments to this collection since the previous submission.

There are no changes to the collection from the previous authorization.

16. Specify if the data gathered by this collection will be published.

The Department will not publish the information collected.

17. Explain the reasons for seeking approval to not display the Office of Management and Budget (OMB) expiration date.

DDTC will display the expiration date for OMB approval of the information collection on the form.

18. Explain any exceptions to the OMB certification statement.

The Department of State does not seek any exception to the certification statement.

## **B. Collections of Information Employing Statistical Methods**

This collection of information does not employ statistical methods.

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<sup>2</sup> Office of Personnel Management [https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/26Tables/html/DCB\\_h.aspx](https://www.opm.gov/policy-data-oversight/pay-leave/salaries-wages/salary-tables/26Tables/html/DCB_h.aspx)

<sup>3</sup> Department of Labor Bureau of Labor Statistics <https://www.bls.gov/news.release/pdf/ecec.pdf>