

January 12, 2026

The Honorable Michael J. Vaccaro
Deputy Assistant Secretary for Defense Trade Controls
Directorate of Defense Trade Controls
U.S. Department of State
2401 E St. NW, Suite H-1205,
Washington, DC 20522-0112

Re: Updated Comments on Political Contributions, Fees, and Commissions Relating to Sales of Defense Articles and Defense Services, OMB Control Number: 1405-0025

Dear Deputy Assistant Secretary Vaccaro,

Transparency International U.S. (TI US)¹ welcomes the State Department's request for comment on the utility and accuracy of reporting on political contributions, fees, and commissions in connection with proposed U.S. arms exports.² This reporting plays a critical role in ensuring that the U.S. defense trade remains legitimate, fair, and free from illicit payments and unscrupulous brokers that can impede partner defense capabilities, jeopardize future U.S. sales, or harm other strategic U.S. foreign policy and national security interests. The reporting, however, could be made a more effective and less burdensome on industry. We recommend switching the reporting from a transaction-by-transaction to a semi-annual or quarterly reporting approach and institute electronic submissions to achieve these goals.

As you may know, Congress sought to add these reporting requirements in the late 1970s in response to congressional investigations into payments, including through brokers, made by U.S. companies to U.S. and foreign public officials to secure and maintain sales and business abroad. In particular, congressional hearings revealed that U.S. companies had provided payments to military, political, or royal officials or political parties in several foreign countries. According to U.S. Senator Church, these practices led to "the fall of allied governments in Italy and foreign public officials in Japan and elsewhere, expropriation of property of U.S. companies in several countries, and the rise of adversary 'political forces that are no friends of ours...'

¹ TI US is part of the largest global coalition dedicated to fighting corruption. With over 110 national chapters around the world, Transparency International ("TI") partners with businesses, governments, and citizens to promote transparency and curb the abuse of power in the public and private sectors. For more information about TI US, please see our website at <https://us.transparency.org/>.

² U.S. Department of State, "30-Day Notice of Proposed Information Collection: Statement of Political Contributions, Fees, and Commissions Relating to Sales of Defense Articles and Defense Services," Federal Register Vol. 90, no. 236, (December, 2025), <https://www.federalregister.gov/documents/2025/12/11/2025-22525/30-day-notice-of-proposed-information-collection-statement-of-political-contributions-fees-and>.

based on a summary by U.S. defense company and other experts for the State Department's Defense Trade Advisory Group (DTAG).³

Recognizing that the defense industry is unique in that decisions on defense procurement are often made in secret to protect national security, Congress gave the Executive Branch wide latitude to regulate and restrict such payments in Section 39 of the Arms Export Control Act (AECA). The State Department later adopted Part 130 of the International Traffic in Arms Regulations (ITAR) to implement the section. Specifically, ITAR § 130.9(a) requires certain U.S. and foreign companies submitting an arms export license valued at \$500,000 or more to the State Department to inform them of any political contributions valued at \$5,000 or more or commissions and fees valued at \$100,000 or more.⁴ Similarly, defense companies must report to the State Department on political contributions, commissions, or fees in connection with a Defense Department contract to sell arms abroad.

Corruption and Brokers Remain Critical Risk

Corruption and unscrupulous arms brokers continue to be a major risk to U.S. foreign policy and national security interests. In a Transparency International review of over 70 cases of major arms deals with alleged or actual corruption over the past 30 years, foreign arms brokers and consultants were regularly involved in illicit or questionable schemes and payments to obtain defense contracts.⁵ In most of these cases, defense companies—from the United States to France and Italy—appeared to direct the brokers to engage in illicit payments. In other cases, brokers appeared to direct the bribes or kickbacks themselves to government officials. These payments and schemes have continued to lead to serious consequences, including distorted competition, the acquisition of faulty or inappropriate weapons, crippled defense budgets, arms diversion, and blocked arms sales contracts.

The risk of corruption contributing to the purchase of inappropriate or faulty weapons is significant. In India, officials have accused several brokers of bribing Indian military officials on behalf of AgustaWestland in 2010 to rig the purchase of 12 transport helicopters in their favor.⁶ As a result, India ended up with helicopters unable to fly at the required altitudes for important military missions in the Himalayas. In Niger, brokers allegedly rigged the bidding process, created fake competition, and inflated prices in the procurement of weapons from Chinese,

³ Defense Trade Advisory Group, *Relook at ITAR Part 130 Reporting*, Working Group 3 White Paper, (Washington, DC: U.S. Department of State, 2020), 8-11,

https://www.pmdtdc.state.gov/ddtc_public?id=ddtc_public_portal_news_and_events&t=DTAG

⁴ 22 CFR § 130.9(a), <https://www.ecfr.gov/current/title-22/chapter-I/subchapter-M/part-130>

⁵ Transparency International has collected and analyzed over 70 cases on corruption involving major weapons platforms from around the world. Many of these cases can be found at Corruption Tracker, see <https://corruption-tracker.org/>

⁶ Colby Goodman, *Blissfully Blind: The new US push for defense industrial collaboration with partner countries and its corruption risks*, (Washington, DC: Transparency International U.S. and Defence & Security, 2024), 23,

<https://ti-defence.org/publications/blissfully-blind-us-defence-contract-offsets-partner-countries/>

Russian, or Ukrainian companies.⁷ In the end, Niger purchased some weapons and services that were significantly overpriced, inappropriate, or undelivered.

These types of contract manipulations or payments can significantly hurt U.S. companies trying to compete for arms sales in foreign countries, as seen in the competition for fighter jet contracts in the Czech Republic and Hungary, and contribute to major delays in the delivery of equipment.⁸ In a 2007 interview with the *New York Times*, U.S. Lt. Gen. Tome H. Walters Jr., former Director of the Defense Security Cooperation Agency, said the competition between the Gripen and F-16 jets in the Czech Republic and Hungary were “not above board.” U.S. officials reportedly cited “a C.I.A. briefing during which they were told that BAE paid millions of dollars to the major political parties in Hungary to win the contracts there.”⁹ Even after an arms sales contract is awarded, procurement officials can purposely delay certain payments to foreign defense companies to solicit bribes.¹⁰

Defense company or arms broker bribes can still have serious impacts on local politics and company reputations, including future sales, and on the diversion of weapons. In the early 2000s, the U.S. defense company Titan pled guilty to paying \$2 million to a broker in Benin with close ties to the then-President of Benin to help secure a telecommunications deal.¹¹ The money was reportedly used to help the President win his election, which was marred by accusations of fraud after two key opposition politicians dropped out.¹² Separately, Indian authorities have also banned or blacklisted defense companies for alleged corruption in the country, including four foreign defense companies in 2009, after alleged bribes paid to a retired director-general of the Indian Ordnance Factories.¹³ Foreign arms brokers have also allegedly bribed public licensing officials to allow the import of firearms, which were later diverted to criminals.¹⁴

⁷ Mark Anderson, Khadija Sharife, and Nathalie Prevost, “How a Notorious Arms Dealer Hijacked Niger’s Budget and Bought Weapons From Russia,” *Organized Crime and Corruption Reporting Project* (OCCRP), August 6, 2020,

<https://www.occrp.org/en/investigation/how-a-notorious-arms-dealer-hijacked-nigers-budget-and-bought-weapons-from-russia>.

⁸ Nelson D. Schwartz and Lowell Bergman, “Payload: Taking Aim at Corporate Bribery,” *New York Times*, November 25, 2007, <https://www.nytimes.com/2007/11/25/business/25bae.html>.

⁹ Ibid.

¹⁰ Tina Søreide, *Corruption in Public Procurement, Causes, Consequences and Cures*, (Birmingham: Chr. Michelsen Institute, Bergen, 2002), <https://www.cmi.no/publications/843-corruption-in-public-procurement-causes>

¹¹ U.S. Department of State, Directorate of Defense Trade Controls, Christopher C. Cambria, 2006, https://www.pmdtc.state.gov/ddtc_public?id=ddtc_kb_article_page&sys_id=384b968adb3cd30044f9ff621f961941

¹² “Mathieu Kérékou,” Wikimedia Foundation, last modified October 14, 2025, at 17:01 (UTC), https://en.wikipedia.org/wiki/Mathieu_K%C3%A9r%C3%A9kou

¹³ “The Ordnance Factory Board Scam,” Corruption Tracker, last modified September 12, 2022, <https://corruption-tracker.org/case/the-ordnance-factory-board-scam>

¹⁴ Colby Goodman, *Under the Radar: Corruption’s Role in Fueling Arms Diversion*, (Washington, DC: Transparency International U.S. and Defence & Security, 2025), <https://us.transparency.org/resource/under-the-radar/>

Critical Tool for State Department

The State Department's Part 130 reporting requirement provides an essential tool to help prevent some of the above types of corruption from seriously harming U.S. foreign policy and national security. Specifically, the Bureau of Political Military Affairs and some U.S. embassies are actively engaged in promoting U.S. company arms sales, and the Directorate of Defense Trade Controls (DDTC) is charged with "facilitating legitimate defense trade to U.S. partners and allies....and denying adversaries access to sensitive technology."¹⁵ Part 130 reporting gives the State Department and other U.S. government agencies critical visibility into the network of brokers, consultants, and political actors involved in arms sales. This visibility can and has been used to flag brokers, payments, and payees that could undermine strategic U.S. foreign policy goals.

Unlike China and Russia, the U.S. government actively works to curb corruption and fraud in its defense trade to strengthen its legitimacy. U.S. defense industry experts use this point and other U.S. anti-corruption and fraud controls to emphasize why countries should buy U.S. weapons. The information contained in Part 130 reporting is critical to identifying questionably high commissions and protecting the integrity and legitimacy of U.S. arms sales. U.S. officials can use these reports to spot red flags for corruption such as payments to current foreign government officials, political figures and their relatives, political parties, or companies associated with any of these people. The reports can also catch inconsistencies with foreign government practices, such as the use of commissions and arms brokers when they are banned in the government.

Over the past 20 years, the State Department has identified instances in which U.S. and certain foreign defense companies, including Raytheon, Airbus, BAE Systems Inc., FLIR, and L-3 Communications/Titan, have failed or falsely reported payments, after receiving tips from other U.S. government agencies, law enforcement, or industry.¹⁶ These actions helped stop or penalize corrupt or illicit payments to individuals in countries such as the Czech Republic, Ghana, Hungary, Qatar, Japan, Saudi Arabia, and Sri Lanka. The related U.S. export violations formed a key part of U.S. investigations and prosecutions into violations of the U.S. Foreign Corrupt Practices Act. The prosecutions have also helped improve these companies' anti-corruption and export-compliance systems, as related consent agreements regularly require an independent monitor to ensure implementation of stronger internal anti-corruption controls.¹⁷

The State Department can also use Part 130 reports to flag questionable arms brokers. In some cases, U.S. officials have used Part 130 reports to identify a mismatch between the brokers

¹⁵ "About DDTC," U.S. Department of State's Directorate for Defense Trade Controls, https://www.pmddtc.state.gov/ddtc_public?id=ddtc_public_portal_about_us_landing

¹⁶ See charging letter and consent agreements on this Directorate of Defense Trade Controls webpage: https://www.pmddtc.state.gov/ddtc_public?id=ddtc_kb_article_page&sys_id=384b968adb3cd30044f9ff621f961941

¹⁷ Ibid.

listed on the Part 130 reports and the brokers listed in the license.¹⁸ Sometimes referred to as **‘unlicensed parties,’** such mismatches can be clues of potential misconduct. More broadly, Part 130 reports can help catch foreign arms brokers or consultants that are affiliated with countries under U.S. arms embargoes, connected to organized crime, or a part of efforts to undermine defense procurement integrity. They can see if brokers have been alleged to be involved in the diversion of arms to help protect U.S. defense technology from diversion. Critically, these reports provide a key window into foreign arms brokers that aren’t found elsewhere in defense company reporting.¹⁹

Key Challenges

Despite the positive impacts of Part 130 reporting on protecting strategic U.S. foreign policy interests, there are several critical challenges to effectively addressing all the corruption and arms broker risks mentioned above. One key challenge is accuracy of reporting for each export license or contract. In a survey of U.S. defense companies on Part 130 reporting several years ago, DTAG found that “almost 100% of respondents indicated that despite good faith efforts, their process resulted in some combination of estimations....”²⁰ These problems exist because of the extended arms sales cycles, the diverse roles of brokers and consultants, and the large number of suppliers, among others. As a result, the State Department is not always receiving the most accurate information to spot concerning contributions, commissions, and fees.

Another key challenge is integrating the Part 130 reporting information into a State Department electronic evaluation system to effectively compare data with other types of reporting and analyze it. According to the same DTAG study, the State Department does not allow defense companies to add Part 130 reporting on the electronic form for submitting an arms export license through the commercial arms sales. This ability would make it easier for the State Department to analyze the reporting data over time for trends, compare names and companies with its private Watch List of questionable entities, assess irregularities with registration information, and identify other red flags mentioned above.

Recommendations

These challenges can be effectively addressed to improve the accuracy and utility of the Part 130 reports while also reducing some burdens on defense industry. First, the State Department should consider requiring defense companies to submit semi-annual or quarterly reports

¹⁸ Transparency International interview with former State Department official in October 2025.

¹⁹ In 2013, the State Department narrowed the definition of who is considered a foreign arms broker for the purposes of broker registrations and authorizations to only include a foreign person who is owned or controlled by a U.S. person, see <https://www.ecfr.gov/current/title-22/chapter-I/subchapter-M/part-129>. As a result, many foreign arms are now not required to register with the State Department. The State Department may see some of these foreign brokers if they take possession of the defense articles or services before passing it onto the buyer; however, most of the foreign brokers involved in the above corruption cases did not ever take possession of the weapons.

²⁰ Defense Trade Advisory Group, Part 130 Reporting, Working Group 2.White Paper, (Washington, DC.: U.S. Department of State, 2021), https://www.pmdtc.state.gov/ddtc_public?id=ddtc_public_portal_news_and_events&t=DTAG

rather than by transaction-by-transaction reporting. This recommendation is similar to the annual reporting recommended by U.S. defense industry representatives in DTAG, but the semi-annual or quarterly reporting would provide more timely updates on any concerning payments.²¹ Importantly, these reports would include information on past and upcoming contributions, commissions, and fees. They would help improve the accuracy, as defense companies would be able to use existing invoices and payments more directly, and thus reduce industry burdens. They would also open new possibilities to identify questionable payments and brokers as the State Department would receive a bigger picture of defense company payments to countries.

Second, the State Department should develop an electronic form for these semi-annual or quarterly reports and use these submissions to develop a robust, integrated electronic system for flagging risky payments. These reports should include all the information currently required by Part 130 reporting and can be used for reporting to Congress. Critically, the State Department should create a system to review these submissions independently and in connection with an export license request. This system would be more effective if the State Department could automatically compare this data with other reporting, such as the private Watch List and broker registrations, and flag concerning payments and brokers.

Taken together, we believe these two recommendations would go a long way towards improving the accuracy and effectiveness of Part 130 reporting and strongly encourage you to include such recommendations in any future proposed regulatory or policy changes. These updates would modernize the reporting requirement to reflect how U.S. defense companies now operate and would enable faster identification of red flags that could harm U.S. foreign policy and national security interests from the persistent risks of corruption in the global arms trade. They are also consistent with the AECA.²² If you have any questions, please contact Colby Goodman at cgoodman@us.transparency.org.

Sincerely,



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Transparency International U.S.

²¹ Ibid.

²² DTAG found that periodic reporting was consistent with the AECA, see above mentioned DTAG white papers.

