

**Director of Singapore Firm Sentenced for Illegally Exporting Controlled Aircraft Components to Iran (5<sup>th</sup> November 2009)**

Laura Wang-Woodford, a U.S. citizen who served as a director of Monarch Aviation Pte, Ltd. ("Monarch"), a Singapore company that imported and exported military and commercial aircraft components for more than 20 years, was sentenced yesterday in federal court in Brooklyn to 46 months' incarceration for conspiring to violate the U.S. trade embargo by exporting controlled aircraft components to Iran. Wang-Woodford was also ordered to forfeit \$500,000 to the United States Treasury Department. Wang-Woodford was arrested on December 23, 2007, at San Francisco International Airport after arriving on a flight from Hong Kong, and has remained incarcerated since then. She and her husband, Brian D. Woodford, a U.K. citizen who served as chairman and managing director of Monarch, were originally charged in a 20-count indictment returned in the Eastern District of New York on January 15, 2003. Brian Woodford remains a fugitive. A superseding indictment charging Wang-Woodford with operating Jungda International Pte. Ltd ("Jungda"), a Singapore-based successor to Monarch, was returned on May 22, 2008. According to the superseding indictment, between January 1998 and December 2007, the defendants exported controlled U.S. aircraft parts from the United States to Monarch and Jungda in Singapore and Malaysia and then re-exported those items to companies in Tehran, Iran, without obtaining the required U.S. government licenses. As part of the charged conspiracy, the defendants falsely listed Monarch and Jungda as the ultimate recipients of the parts on export documents filed with the U.S. government. The aircraft parts illegally exported to Iran include aircraft shields, shears, "o" rings, and switch assemblies. The superseding indictment further charged that the defendants arranged for the illegal export of U.S. military aircraft components, designed for use in Chinook military helicopters, to Monarch in Singapore. At the time of her arrest in San Francisco, Wang-Woodford possessed catalogues from a Chinese company, the China National Precision Machinery Import and Export Corporation ("CPMIEC"), containing advertisements for military technology and weaponry. The products advertised included surface-to-air missile systems and rocket launchers. CPMIEC has been sanctioned by the United States Treasury Department, Office of Foreign Assets Control, based, in part, on CPMIEC's history of selling military hardware to Iran. All United States persons and entities are prohibited from engaging in business with CPMIEC.

**BIS Settles Export Control Case Against FSI International, Inc. of Chaska, Minnesota (2nd November 2009)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that FSI International, Inc., of Chaska, Minnesota, has agreed to pay a civil penalty of \$450,000 (in monthly installments of \$5,000 and with the final \$400,000 suspended and ultimately waived if FSI commits no further violations over the next year) to settle charges that it committed sixty-six violations of EAR § 764.2(a) between on or about August 7, 2003, and on or about October 12, 2006, by exporting flouropolymer-coated valves and pumps, items subject to the EAR, classified under ECCN 2B350, and controlled for chemical and biological weapons proliferation reasons, from the United States to China, Israel, Malaysia, Taiwan, and Singapore without the Department of Commerce export licenses that EAR § 764.2(a) requires.

**BIS Settles Export Control Case Against Utech Products, Inc. of Schenectady, New York (26/10/09)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that Utech Products, Inc., of Schenectady, New York, has agreed to pay a civil penalty of \$125,000 in ten equal installments and to perform an audit of its internal export controls compliance program within twelve months to settle charges that on three occasions between on or about September 4, 2004 and on or about October 25, 2006, Utech engaged in conduct prohibited the Export Administration Regulations by exporting from the United States to Pakistan oscilloscopes, items

classified under ECCN 3A9932, controlled for nuclear nonproliferation reasons, and valued at approximately \$91,000, without the Department of Commerce licenses that EAR § 742.3 requires. In so doing, Utech committed three violations of EAR § 764.2(a).

**BIS Settles Export Control Case Against Griffin & Howe, Inc., of Bernardsville, NJ (1<sup>st</sup> October 2009)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that Griffin & Howe, Inc., of Bernardsville, New Jersey, has agreed to pay a civil penalty of \$67,000 in ten equal installments to settle charges that it committed two violations of EAR § 764.2(a) in connection with its exports of optical sighting devices, items classified under ECCN 0A987 and controlled for Crime Control reason, to Zambia without the Department of Commerce export license that EAR § 742.7 requires and that it committed four violations of EAR § 764.2(a) in connection with its exports of shotguns, items classified under ECCN 0A984, to Canada and Chile without the Department of Commerce export license that EAR § 742.17 requires. Under that section, shotguns classified under ECCN 0A984 require a license for reasons related to U.S. policy derived from U.S. obligations as a signatory to the Inter-American Convention Against the Illicit Manufacturing of and Trafficking in Firearms, Ammunition, Explosives, and Other Related Materials.

**BIS Settles Export Controls Cases with GE Homeland Protection, Inc., and Electronic Cable Specialists, Inc. (25<sup>th</sup> September 2009)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that it has settled the following export control cases:

GE Homeland Protection, Inc. (GE-HP), of Newark, California, has agreed to pay a civil penalty of \$22,000 to settle charges that it committed two violations each of EAR §§ 764.2(a) (exporting and re-exporting without the required U.S. Government authorization) and 764.2(e) (acting with knowledge of a violation). On or about November 11, 2004, GE-HP exported spare parts for explosive detection systems, items subject to the EAR and controlled for regional stability reasons from the United States to South Korea, without the license that EAR § 742.6 requires. GE-HP knew or had reason to know the export of the items required authorization from the U.S. Government since, *inter alia*, the unlicensed export at issue took place after GE-HP filed an initial voluntary self-disclosure (VSD) dated June 28, 2004, with the Department of Commerce. This VSD disclosed violations of the EAR involving the same types of items and destinations, and recognized that a license was required for their export. GE-HP had also received an export license before June 2004 for spare parts for use in its explosive detection systems. In addition, on or about November 23, 2004, GE-HP re-exported the same type of items from its distribution center in France to South Africa without the required license that EAR § 742.6 requires. GE-HP acted with knowledge of a violation in connection with this re-export as well because it, too, occurred after GE-HP had filed its VSD and obtained a prior license for the same types of items.

Electronic Cable Specialists, Inc., of Franklin, Wisconsin, has agreed to pay a civil penalty of \$27,500 to settle charges that it committed violations of EAR § 764.2(a) (unlicensed exports of missile technology items) and EAR § 764.2(a) (failure to file Shipper's Export Declarations) in connection with exports of accelerometers, items subject to the EAR and classified under ECCN 7A101, from the United States to Malaysia and Indonesia without the export license that EAR § 742.5 (Missile Technology) requires.

**Dutch Firm and Two Officers Plead Guilty to Conspiracy to Export Aircraft Components and Other Goods to Iran (24<sup>th</sup> September 2009)**

Aviation Services International, B.V. ("ASI"), an aircraft parts supply company in the Netherlands; Robert Kraaijpoel, 66, a citizen of the Netherlands and the director of ASI; and Robert Neils Kraaijpoel ("Neils Kraaijpoel"), 40, a citizen of the Netherlands, the sales manager of ASI and son of Robert Kraaijpoel, each entered a plea of guilty to a one-count criminal information in federal court in the District of Columbia relating to a conspiracy to export illegally aircraft components and other items from the United States to entities in Iran via the Netherlands, the United Arab Emirates, and Cyprus. The information charged each with conspiracy to violate the International Emergency Economic Powers Act (IEEPA) and the Iranian Transactions Regulations by exporting aircraft components and other goods to Iran without obtaining licenses from the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC). The two individual defendants each face a potential sentence of five years in prison and a maximum fine of \$250,000 or twice the pecuniary gain or loss. ASI has agreed to pay a \$100,000 fine and corporate probation for five years. According to the criminal information, from about October 2005 to about October 2007, the defendants received orders from customers in Iran for U.S.-origin goods that were restricted from being transshipped into Iran. The defendants then contacted companies in the United States and negotiated purchases of materials on behalf of Iranian customers. The defendants provided false end-user certificates to certain U.S. companies to conceal that customers in Iran would be the true recipients of the goods. To conceal these activities from the U.S. government, the defendants caused certain companies in the United States to ship the materials to ASI in the Netherlands or to addresses in other countries, including the United Arab Emirates and Cyprus. Upon arrival in the Netherlands or these other countries, the ordered materials were repackaged and transshipped to Iran. Under the IEEPA and the Iranian Transaction Regulations, all exports to Iran of U.S.-origin commodities are prohibited absent authorization in the form of an export license from OFAC of the Department of the Treasury. It is also unlawful to ship U.S. origin products to a third country with the aim of then diverting them or re-exporting them to Iran without the necessary authorization from OFAC. These prohibitions have been in place since 1995.

### **BIS Settles Export Control Cases Against Thermon UK Ltd. and Other Affiliates (22<sup>nd</sup> September 2009)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced the settlement of the following export control cases:

- Thermon UK Ltd. has agreed to pay a civil penalty of \$29,000 to settle charges that it committed multiple violations of EAR §§ 764.2(b) and (e). Specifically, Thermon UK took actions including, but not limited to, placing orders for heat tracing equipment with its U.S. parent company, receiving the items from the United States, and immediately shipping, forwarding, or correcting the shipment of items to Iran. Pursuant to EAR § 746.7, Thermon UK require authorization from the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) before the items could be exported to Iran, but no such authorization was obtained. Thermon UK did not inform the parent company that the items were destined for Iran, and, in doing so, claws, aided, abetted, and/or induced the parent company's failure to obtain the required authorization. Thermon UK also took actions including, but not limited to, ordering U.S.-origin heat tracing equipment from Thermon Europe B.V., an affiliate located in The Netherlands, and directing that the items be shipped to Libya. Pursuant to EAR § 746.4, the re-export of these items from The Netherlands to Libya required a Department of Commerce export license, but no such license was obtained.
- Thermon Europe B.V. has agreed to pay a civil penalty of \$43,500 to settle charges that it committed multiple violations of EAR §§ 764.2(a) and (e). Specifically, Thermon Europe re-

exported U.S.-origin heat tracing equipment, items subject to the EAR, from the Netherlands to Libya and Syria without the required U.S. Government authorization.

- Thermon Far East Ltd. has agreed to pay a civil penalty of \$13,500 to settle charges that it committed multiple violations of EAR § 764.2(b). Specifically, Thermon Far East caused, aided, abetted, and/or induced the re-export of U.S.-origin heat tracing equipment, items subject to the EAR, from The Netherlands to Libya without the required U.S. Government authorization. Thermon Far East took actions including, but not limited to, ordering the items from Thermon Europe, B.V. and directing the items be shipped to Libya.
- Thermon Heat Tracers Pvt. Ltd. of India has agreed to pay a civil penalty of \$31,500 to settle charges that it committed multiple violations of EAR § 764.2(b). Specifically, Thermon Heat Tracers caused, aided, abetted, and/or induce the unlicensed export of U.S.-origin heat tracing equipment, items subject to the EAR, from the United States to end users in India that were listed on the BIS' Entity List at the time without the required U.S. Department of Commerce export license.

Thermon Korea, Ltd. has agreed to pay a civil penalty of \$58,500 settle charges that it committed multiple violations of EAR §§ 764.2(b) and (e). Specifically, Thermon Korea caused, aided, abetted, and/or induced the export of U.S.-origin keep tracing equipment, items subject to the EAR and to the Iranian Transactions Regulations, from the United States to Iran, via South Korea, without the required U.S. Government authorization. Thermon Korea took actions including, but not limited to, placing orders with its U.S. parent company, receiving the items from the United States, and immediately shipping, forwarding, or correcting the shipment of the items to Iran. Pursuant to EAR § 746.7, authorization was required from the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) for the items could be exported to Iran, but no such authorization was obtained. Thermon Korea did not inform the parent company the items were destined for Iran, and, in doing so, caused, aided, abetted and/or induced the parent company's failure to obtain the required authorization.

### **BIS Settles Export Control Charges Against Foxsemicon LLC of San Jose and Foxsemicon Intergrated Technologies, Inc. of Taiwan (18<sup>th</sup> September 2009)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that Foxsemicon LLC of San Jose, California (Foxsemicon), has agreed to pay a civil penalty of \$160,000 (\$16,000 now and monthly installments of \$16,000 for the next nine months) to settle charges that it committed twenty-three violations of EAR § 764.2. On fifteen occasions between on or about August 23, 2005, and on or about May 16, 2006, Foxsemicon aided and abetted the doing of an act prohibited by the EAR by assisting a branch office of an affiliated Taiwanese company (Foxsemicon Integrated Technologies, Inc. (FITI) in procuring and exporting to the People's Republic of China pressure transducers, items subject to the EAR, classified under ECCN 2B230, and controlled for nuclear nonproliferation reasons) without the Department of Commerce export licenses that EAR § 742.3 requires. Specifically, Foxsemicon provided services, pursuant to a logistics service agreement, FITI, which enabled FITI to procure the pressure transducers and export them to its PRC manufacturing facilities. On eight occasions between on or about August 23, 2005 and on or about May 16, 2006, Foxsemicon, in connection with the aforementioned transactions, also aided and abetted in the doing of an act prohibited by the EAR by assisting FITI and indirectly making false statements to the U.S. Government in connection with the submission of export control documents. Specifically, pursuant to its logistics service agreement with FITI, Foxsemicon provided information to FITI's freight forwarder, which used it for the filing, on behalf of FITI, of eight Shipper's Export Declarations with the U.S. Government. The SEDs falsely stated that the pressure transducers that were the subject of the SEDs qualified as "NLR," meaning that no license was required for their export, and stating the items that were the subject of the SEDs were designated as EAR 99 items.

In a related case, the U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that FITI has agreed to pay a civil penalty of \$250,000 (\$9,000 now and monthly installments of \$9000 through July 5, 2010, with the remaining \$160,000 waived thereafter if the company commits no further violations during through July 5, 2010) to settle charges that it committed eight violations of EAR § 764.2(a) (engaging in prohibited conduct by exporting the pressure transducers to the People's Republic of China without required licenses); fifteen violations of EAR § 764.2(e) (acting with knowledge); and eight violations of EAR § 764.2(g) (false statements on Shipper's Export Declarations).

### **Taiwan and California Companies Settle Allegations of Unlawful Exports to the PRC (15<sup>th</sup> September 2009)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) announced yesterday that Foxsemicon Integrated Technologies, Inc. (FITI) of Taiwan has agreed to a \$250,000 civil penalty to settle allegations that it committed thirty-one violations of the Export Administration Regulations (EAR) related to the unlicensed export of pressure transducers from the United States to the People's Republic of China (PRC). In a related matter, Foxsemicon LLC, of a San Jose, Calif., a wholly-owned affiliate of FITI, agreed to a \$160,000 civil penalty to settle allegations that it aided and abetted FITI's violations. FITI designs and manufactures components and systems used in the manufacture of semiconductor wafers and flat panel screens. BIS alleged that between August 2005 and May 2006, FITI made fifteen unlicensed exports of pressure transducers to the PRC, aided and abetted by Foxsemicon LLC. The transducers are used as spare parts to larger manufacturing systems controlled for nuclear non-proliferations reason to the PRC. BIS alleged that at the time the unauthorized exports were made, FITI knew licenses were required for the parts, yet the company made no attempt to apply for licenses to authorize the shipments. FITI is also alleged to have made false statements on export documentation, aided and abetted by Foxsemicon LLC, by incorrectly stating that no license was required for the exports. The companies voluntarily disclosed the violations, and cooperated fully with the investigation. BIS has agreed to suspend \$160,000 of FITI's fine provided that no additional violations occur in the next year.

### **Affiliates of Texas Company Settle Charges for Unlawful Exports and Re-exports to Sanctioned Countries and Listed Entities (15<sup>th</sup> September 2009)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) announced yesterday that five foreign subsidiaries of Thermon Manufacturing Company, a San Marcos, Texas-based firm, have agreed to pay a total of \$176,000 in combined civil penalties to settle allegations that they participated in unlicensed exports and reexports of heat tracing equipment to Iran, Syria, Libya and listed entities in India, in violation of the Export Administration Regulations (EAR). Thermon Manufacturing voluntarily disclosed the violations to BIS. BIS alleged that between October 2002 and June 2006, the five subsidiaries--Thermon Europe B.V., Thermon Far East Ltd., Thermon Heat Tracers Pvt. Ltd. (based in India), Thermon Korea Ltd., and Thermon (U.K.) Ltd.—committed a total of 33 violations by re-exporting or causing the export of EAR99 heat tracing equipment manufactured in the United States by Thermon Manufacturing, without the required BIS license or, for shipments to Iran, a License from the Treasury Department's Office of Foreign Assets Control. The Thermon subsidiaries did not inform Thermon Manufacturing of the ultimate destinations for the items and had been informed by Thermon Manufacturing in February 2005 that "products manufactured by Thermon US may not be sold to countries on the US trade sanctions list," including specifically Iran, Syria and Libya. BIS alleged that the affiliates acted with knowledge of those violations involving shipments to sanctioned countries that occurred after this warning.

**BIS Settles Export Control Case Against Derrick Corporation of Buffalo, NY (13<sup>th</sup> September 2009)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that Derrick Corporation of Buffalo, New York, has agreed to pay a civil penalty of \$30,000 to settle charges that it committed one violation of EAR § 764.2(a) in connection with its export, on or about February 27, 2006, of a Stack Sizer Screening Machine, an item valued at \$109,000, subject to the EAR, and designated as EAR99, from the United States to Indian Rare Earths, Ltd., an entity in India that is listed in Supplement No. 4 to EAR Part 744. Derrick exported the Stack Sizer Screening Machine without the U.S. Department of Commerce license that EAR § 744.1 and Supplement No. 4 to EAR Part 77 requires.

**BIS Settles Export Control Case Against BJ Services Co. of Houston for \$800,000 Civil Penalty (28th April 2009)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that BJ Services Co. of Houston, Texas, has agreed to pay a civil penalty of \$800,000 to settle charges that it committed 67 violations of the Export Administration Regulations (EAR) in connection with exporting valves and a spare parts kit, items classified under ECCN 2B350 and controlled for reasons of chemical and biological weapons proliferation, to numerous countries, including Colombia, Kazakhstan, Kuwait, Libya, Peru, Saudi Arabia, the United Arab Emirates, and Venezuela with the export license that EAR § 742.2 requires.

**BIS Administrative Law Judge Orders Wayne LaFleur to Pay \$8,000 Civil Penalty for Illegally Exporting a Vessel to Cuba (13th January 2009)**

An Administrative Law Judge (ALJ) with the U.S. Department of Commerce's Bureau of Industry and Security (BIS) has ordered Wayne LaFleur of Naples, Florida, to pay a \$8,000 civil penalty and suspended the export privileges of Mr. LaFleur and his successors and assigns for three years for exporting a vessel without the required license. The ALJ found that Mr. LaFleur exported the vessel EKA, an item subject to the Export Administration Regulations and classified on the Commerce Control List under Export Control Classification Number (ECCN) 8A992.f, to Cuba during a regatta without the required US Department of Commerce authorization. On more than one occasion before the regatta, BIS' Office of Export Enforcement had advised race organizers and participants, including Mr. LaFleur, that all regatta participants required a US Department of Commerce export licenses before exporting their vessels to Cuba. The ALJ rejected a defense Mr. LaFleur raised that he had applied for and obtained from the U.S. Coast Guard permission to leave the security zone with stated destination being Varadero, Cuba. Among other things, the ALJ stated that it is well-established that approval of an action by one agency does not alleviate the need of a person to comply with another agency's regulatory requirements, even if such agency responsibilities might overlap.

**State/DDTC Announces \$25 Million Consent Agreement with Qioptiq (5th January 2009)**

The U.S. Department of State's Directorate of Defense Trade Controls (State/DDTC) has announced that Qioptiq S.a.r.l. of Luxembourg has agreed to a Consent Agreement requiring it to pay a \$25 million civil penalty and take other remedial compliance measures to settle charges it committed 163 violations of the Arms Export Control Act (AECA) and the ITAR. \$15 million is payable within 30 days, but Qioptiq may apply \$5 million of the remaining fine to State/DDTC-approved remedial compliance measures and the other \$5 million will be suspended on the condition that Qioptiq applies it to other remedial compliance measures. The Proposed Charging Letter focused heavily on illegal exports/re-exports involving Qioptiq Singapore in connection with its work on sensitive and, in some cases, classified night vision technology for ITT Corporation,

including unauthorized re-exports by Qioptiq Singapore to ITAR § 126.1 proscribed country Peoples Republic of China and other destinations.

**BIS Settles Export Control Cases Against Interpoint Corporation of Redmond, WA and Electronics for Imaging, Inc. of Forest City, CA (22nd December 2008)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced the settlement of the following export control cases:

Interpoints Corporation of Redmond, Washington, has agreed to pay a civil penalty of \$200,000 to settle charges that it committed 39 violations of EAR § 764.2(a) by exporting DC-to-DC converters and/or electromagnetic interference filters, items subject to the Export Administration Regulations (EAR) and designated as EAR99, to the 13<sup>th</sup> People's Republic of China, an end-user on BIS' Entity List and other end-users in China, without the required BIS export license.

Electronics for Imaging, Inc., of Foster City, California, has agreed to pay a civil penalty of \$32,000 to settle charges that it committed four violations of EAR § 764.2(a) by exporting printer parts and components, items subject to the Export Administration Regulations (EAR) and designated EAR99, to Syria without the required BIS export license. The export of these items required a license from the BIS pursuant to General Order No. 2, set forth in Supplement No. 1 to Part 736 of the EAR, which implements the Syria Accountability and Lebanese Sovereignty Act of 2003 (Pub. L. No. 108-175).

**BIS Settles Export Control Charges Against PC Universe, Inc. of Boca Raton, FL; Buehler Limited of Lake Bluff, IL; and Gunnar Petzel Medizintechnik of Germany (11th December 2008)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that it has settled export control cases with the following three companies:

- PC Universe, Inc., of Boca Raton, Florida, has agreed to pay a civil penalty of \$37,500 to settle charges that On or about December 14, 2006, PC Universe sold, transported, and forwarded digital audio tape drives, which are subject to the BIS' Export Administration Regulations (EAR) and designated as EAR99 items, to Iran with knowledge that a violation of the EAR was about to occur or was intended to occur in connection with the items. PC Universe had knowledge that a violation of the EAR was about to occur or was intended to occur because PC Universe was aware of the US embargo of the Iran. PC Universe further knew that no U.S. Government authorization for this transaction had been obtained. In selling, transporting, and forwarding these items with knowledge the violation was occurring, PC Universe committed one violation of EAR §764.2 (e).
- Buehler Limited of Lake Bluff, Illinois, has agreed to pay a civil penalty of \$200,000 to settle charges that it committed 81 violations of EAR §764.2(a) in exporting a product called Coolmet, a chemical mixture subject to the EAR (ECCN 1C350c.9) in which the Schedule 3 chemical precursor Triethanolamine constitutes at least 30% of the weight, from the United States to several countries, including Koran, Israel, Taiwan, and Thailand, without the required U.S. Government authorization.
- Gunnar Petzel Medizintechnik of Tangstedt, Germany, has agreed to pay a civil penalty of \$50,000 to settle charges that on three occasions, it caused the export of items subject to the EAR from the United States to Cuba via Germany and violation of the Regulations. Specifically, on or about November 17, 2003 and on or about June 30, 2006, Gunnar Petzel Medizintechnik engaged in conduct prohibited by the EAR by ordering and buying Ten Station Microplate Processing Conveyor Systems (MPCS-10) for export from the United States to Cuba via

Germany, and on or about February 24, 2006, by ordering and buying power supply units for export from the United States to Cuba via Germany. Both of these items are subject to the EAR and designated as EAR99. They require a Department of Commerce under EAR §746.2 for their export from the United States to Cuba via Germany. No such authorization was obtained for any of these transactions. In so doing, Gunnar Petzel Medizintechnik committed three violations of EAR §764.2(b).

#### **State/DDTC Fines Lockheed Martin \$4 Million for ITAR Violations (6th August 2008)**

The U.S. Department of State's Directorate of Defense Trade Controls (State/DDTC) has announced that Lockheed Martin Corporation (LMCO) has entered in a consent agreement to settle 8 violations of the Arms Export Control Act (AECA) and the International Traffic in Arms Regulations (ITAR). State/DDTC accused LMCO of exporting without authorization classified information on the Blast Frag and Heat variants of the Hellfire missile in the course of negotiations with the United Arab Emirates over the latter's purchase of the missile. In a separate transaction, State/DDTC accused LMCO of an unauthorized export of classified information concerning the Joint Air-to-Surface Standoff Missile (JASSM) by one of its Lockheed Martin Missile and Fire Control employees. Specifically, although the employee was told before an overseas trip that certain classified JASSM information had not been approved for export to any country, this employee confused information authorized for public release with classified information and mistakenly discussed some of this classified JASSM information with foreign persons of a major non-NATO ally. LMCO has agreed to pay a civil penalty of \$4 million. State/DDTC has agreed to suspend \$1 million of that sum if LMCO spends an equivalent amount in the next two years on remedial measures. The Consent Agreement also calls for an Internal Special Compliance Official, specific employees training activities, and other corrective measures.

#### **Allied Telesis Labs Sentenced to a \$500,000 Criminal Fine and Two Years Probation for Illegal Trade with Iran (6th August 2008)**

The U.S. Department of Commerce's Bureau of Industry and Security [has posted on its website a press release](#) announcing that Monday, July 28, 2008, Allied Telesis Labs, Inc. (ATL), was sentenced in United States District Court in Elizabeth City to a \$500,000 criminal fine and was placed on probation for two years for violating United States law regarding conducting business with Iran. ATL was successfully engaged in the design of telecommunication equipment and systems including high capacity Multiservice Access Platforms (iMAPs) and related items capable of routing a large volume of messages/information/data. ATL's guilty plea acknowledged that the corporation conspired with another to trade with the Islamic Republic of Iran in violation of the law. Specifically, ATL and its related corporate entities conspired to land and execute a \$95,000,000 contract with the Iranian Information Technology Company (IRITCO) to rebuild and upgrade the telecommunications systems of approximately 20 Iranian cities, including Tehran. The iMAPS developed at ATL's North Carolina facility were to be a central component of this system. Preparation for the execution of the contract went as far as the manufacture of approximately \$2 million worth of iMAPS at ATKK facilities in Singapore. The contract negotiations eventually collapsed, the telecommunications system was not installed and the iMAPs were sold elsewhere at a loss.

#### **Indonesian Citizen Sentenced to Four Years for Violating Arms Export Control Act (28th July 2008)**

Erik C. Peterson, United States Attorney for the Western District of Wisconsin, announced that Doli Sharief Pulungan, age unknown, a citizen of Indonesia, was sentenced today by U.S. District Judge Barbara B. Crabb to four years in federal prison for conspiring to violate the Arms Export Control Act. Pulungan was convicted of the charge on May 6, 2008, following a two-day jury trial in federal court in Madison. The evidence at trial established that Pulungan was a member of an international conspiracy to illegally export 100 Leupold Mark 4 CQ/T Riflescopes out of the United States. The tactical riflescopes have infrared capability and are designed to attach to M16's and AR-15 assault rifles. On July 31, 2007, he sent an e-mail from Indonesia to a business associate in Cashton, and instructed him to order 100 of the Leupold Mark 4 CQ/T Riflescopes. Pulungan asked this person to have the scopes shipped temporarily to the person's home in the Western District of Wisconsin, for later shipment overseas, and also asked this person not to tell the company that the items were going to Indonesia. When that business associate refused to assist him, Pulungan approached a second individual in the Cashton area while visiting the United States on September 26, 2007. Pulungan asked the individual to purchase 100 Leupold Mark 4 CQ/T Riflescopes and ship them to Saudi Arabia, where the defendant would later have them shipped to Indonesia. In exchange for this individual's assistance, Pulungan offered to pay him \$100,000, which was \$30,000 more than the cost of the scopes themselves. After the encounter with defendant, the individual contacted the FBI.

### **Businessman Sentenced for Supplying Indian Government with Controlled Technology** (16th June 2008)

Parthasarathy Sudarshan, 47, the owner of an international electronics business, was sentenced yesterday in the District of Columbia to 35 months in prison for his role in a conspiracy to illegally export controlled electronic components to government entities in India that participate in the development of ballistic missiles, space launch vehicles, and fighter jets. On March 13, 2008, Sudarshan, a resident of Simpsonville, South Carolina, pleaded guilty in the U.S. District Court for the District of Columbia to the felony charge of conspiracy to violate the International Emergency Economic Powers Act and the Export Administration Regulations; and to violate the Arms Export Control Act and the International Traffic in Arms Regulations. According to court documents filed by the government, Sudarshan did business as Cirrus Electronics ("Cirrus") and held himself out to be Cirrus' CEO, Managing Director, and President and Group Head. Cirrus has offices in Simpsonville, South Carolina, Singapore, and Bangalore, India. Among the recipients of U.S. technology in this case were the Vikram Sarabhai Space Centre (VSSC), an enterprise within the Department of Space of the Government of India, and Bharat Dynamics, Ltd. (BDL), an enterprise within the Ministry of Defence of the Government of India. The U.S. government has determined that VSSC participates in India's space launch vehicle program and that BDL participates in India's development and production of ballistic missiles. As such, both VSSC and BDL are on the Department of Commerce's Entity List and exports of U.S.-origin commodities to these entities are restricted and require prior authorization in the form of a license from the Department of Commerce. Between 2002 and 2006, Sudarshan acquired electrical components with applications in missile guidance and firing systems in the United States for VSSC and BDL. In particular, in the case of at least two U.S. vendors, Sudarshan and others at Cirrus provided the U.S. companies with fraudulent certificates that claimed that the end-users of these electrical components were non-restricted entities in India, when, in fact, the items were for VSSC. There were no export licenses for any of the shipments to VSSC and BDL. To further conceal from the U.S. government that goods were going to entities in India on the Department of Commerce Entity List, Sudarshan would route the products through its Singapore office and then send the packages on to India. In addition to supplying VSSC and BDL with components, Sudarshan acquired microprocessors for the Tejas, a fighter jet under development in India. The microprocessors were necessary for the navigation and weapons systems of the Tejas. Because the microprocessors are on the U.S. Munitions List, the State Department must license any export of the products. On two occasions in 2004 and 2006, Cirrus caused the shipment of a total of 500 microprocessors to the Aeronautical Development Establishment, an enterprise within the

Ministry of Defence of the Government of India responsible for the development of the Tejas. There were no licenses for these shipments.

### **Danish Company and Subsidiaries Settle Charges for Illegal Exports and Reexports of Underwater Navigation Equipment (14th August 2008)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that Reson A/S (RAS) of Slangerup, Denmark, has agreed to pay a \$119,250 civil penalty to settle allegations that it committed 29 violations of the Export Administration Regulations (EAR). In addition, separate civil penalties were settled with RAS's subsidiaries including Reson, Incorporated of Goleta, California (\$83,000), Reson Offshore Limited of Aberdeen, United Kingdom (\$9,900), and a former subsidiary of RAS, Underwater Surveys of Cape Town, South Africa (\$29,700) for their respective roles in the violations. Reson Incorporated also settled allegations concerning two deemed export violations, involving foreign nationals from France and the United Kingdom. The allegations primarily involved unlicensed exports and reexports of underwater navigation equipment to destinations in South Africa, Singapore, the United Arab Emirates, Mozambique, Taiwan, Russia, and India between June 2002 and September 2006. These items are controlled for national security reasons. RAS voluntarily self-disclosed the violations and cooperated fully in the investigation. "This case demonstrates the need for multinational corporations to implement effective compliance programs and to integrate them throughout the entire organization," said Assistant Secretary of Commerce for Export Enforcement Darryl W. Jackson.

### **BIS Settles Export Control Cases Against Advanced Micro Devices, Ingersoll Machine Tools, Inc., and Underwater Surveys (Pty) Ltd. (15th August 2008)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced the settlement of the following export control cases:

-- Advanced Micro Devices (AMD) of Austin, Texas, has agreed to pay a civil penalty of U.S. \$11,000 to settle charges that it committed two violations of EAR § 764.2(a) in connection with exports to Ukraine and the People's Republic of China (PRC) of microprocessor technology, which is technology subject to the Regulations and classified under Export Control Classification Number ("ECCN") 3E002, to employees who were, at the time, nationals of the Ukraine and the PRC, without the Department of Commerce license that EAR § 742.4 requires. The technology was released in the United States and controlled for national security reasons. Pursuant to EAR § 734.2(b), the release of technology in the United States to a national of Ukraine or PRC is deemed to be an export of that technology to Ukraine or the PRC. In exporting this technology without the required export license, AMD committed violations of EAR 764.2(a).

-- Ingersoll Machine Tools, Inc. (IMT) of Rockford, Illinois, has agreed to pay a civil penalty of U.S. \$126,000, \$21,000 of which Ingersoll must pay within 30 days from the date of the settlement and the remainder in monthly installments, to settle charges that it committed seven violations of EAR § 764.2(a) by exporting or causing to be exported development technology for vertical fiber placement machines, technology subject to the EAR and classified under ECCN 1E001, to Italian and Indian nationals and production technology for 5-axis power mills, technology subject to the EAR and classified under ECCN 2E002, to Indian nationals without the required Department of Commerce license. IMT released the technology in the United States to the foreign nationals who were all working for the company at the time of the deemed export.

-- Underwater Surveys (Pty) Ltd. of Cape Town, South Africa, has agreed to pay a civil penalty of U.S. \$29,700 to settle charges that it committed six violations of EAR § 764.2(a) by re-exporting multibeam bathymetry echosounders, items subject to the EAR and classified under ECCN

6A001, to Denmark, Mozambique, the United Arab Emirates, and the United Kingdom, without the Department of Commerce license that EAR § 742.4 requires.

**Taiwan Firm Settles Charges of Illegal Exports to the PRC (22nd August 2008)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that Johnson Trading & Engineering Company, Ltd. of Taiwan has agreed to a \$90,000 civil penalty to settle charges that it knowingly caused the unlicensed export of computer chips to the People's Republic of China (PRC) in violation of the Export Administration Regulations (EAR). BIS also charged that Johnson Trading took action to evade the EAR. BIS charged that, between February 2003 and December 2003, Johnson Trading took action to evade the EAR and knowingly caused the unlicensed exports of computer chips from the United States, via Taiwan and Hong Kong, to the PRC. On seven occasions, Johnson Trading ordered the computer chips from a U.S. exporter and falsely represented to that exporter that the country of ultimate destination was Taiwan. Following the shipment of the computer chips to Taiwan, Johnson Trading arranged and facilitated for the items' subsequent shipment to the PRC via Hong Kong. The computer chips in question were subject to the EAR and controlled for national security and anti-terrorism reasons. Johnson Trading also agreed to a suspended five-year denial of export privileges and to an audit of the company's export compliance program. If the company complies with other terms of the agreement, \$30,000 of the \$90,000 penalty will be suspended.

**BAX Global Settles Charges of Causing Unlicensed Exports of HLA Tissue Typing Trays to Syria (22nd August 2008)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that BAX Global Inc. (BAX) of Oak Creek, Wisconsin, has agreed to a \$20,000 civil penalty to settle charges that on three occasions between on or about June 9, 2004 and on or about October 13, 2004, BAX forwarded HLA Tissue Typing Trays, items that are subject to the Regulations, to Syria without the required export license. Pursuant to General Order No. 2 of Supplement 1 to Part 736 of the Regulations, the export of these items from the United States to Syria required a Department of Commerce license and no license was obtained. In engaging in this activity, BAX committed three violations of Section 764.2(b) of the Regulations.

**BIS Settles Export Control Case Against Cargoland Air and Ocean Cargo of Doral, Florida, for \$36,000 (26th August 2008)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that Cargoland Air and Ocean Cargo of Doral, Florida, has agreed to pay a civil penalty of \$36,000 to settle charges that it on or about June 2, 2006, it violated the Export Administration Regulations by attempting to export 210 riot helmets, items classified under ECCN 0A979,3 to Venezuela without the Department of Commerce license required by Section 742.7 of the Regulations. In so doing, Cargoland committed one violation of Section 764.2(c) of the Regulations.

**BIS Settles Export Control Case Against Gusmer Europe, S.L., of Barcelona, Spain**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that Gusmer Europe, S.L., of Barcelona, Spain, has agreed to pay a civil penalty of \$40,000 to settle charges that on ten occasions between on or about March 19, 2004, and on or about April 20, 2005, it engaged in conduct that the Export Administration Regulations prohibits when it exported equipment for spray application systems for specialty polymer products (including Model D Plural Component High Pressure Spray Gun and Plural-Component Air Driven Metering Unit equipment), to Cuba without the export licenses that the EAR requires. This equipment was

classified as EAR99 under the Regulations, and its export to Cuba required a license pursuant to EAR § 746.2.

**BIS Settles Export Control Case Against Nalco Co. of Naperville, Illinois, for \$115,000 Civil Penalty (16th September 2008)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that Nalco Company of Naperville, Illinois, has agreed to pay a civil penalty of \$115,000 to settle charges that it on 13 occasions, from on or about April 24,2003, through on or about September 11,2006, Nalco engaged in conduct prohibited by BIS' Export Administration Regulations by exporting hardness test kits containing Triethanolamine ("TEA"), items subject to the EAR and classified under ECCN3 IC395.b, and/or replacement solutions containing TEA, items subject to the EAR and classified under ECCN 1C350, from the United States to the Bahamas, Dominican Republic and Angola, without the Department of Commerce licenses required by Section 742.2 of the Regulations. In doing so, Nalco committed 13 violations of Section 764.2(a) of the Regulations.

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**BIS Settles Export Control Charges Against Marysol Technologies, Inc. of Clearwater, Florida, for \$180,000 (2nd October 2008)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that Marysol Technologies, Inc., of Clearwater, Florida, has agreed to pay a civil penalty of \$180,000 (\$30,000 within thirty days of September 25, 2008, and the remaining \$150,000 in installments over the coming year) to settle charges that it committed multiple violations of BIS' Export Administration Regulations in connection with its unauthorized exports of items classified under ECCN 6A005 (Lasers, components, and optical equipment) to China, India, Belarus, and Russia.

**BIS Settles Export Control Cases Against Demetrios International Shipping Co., Inc., of Medford, Massachusetts, and America II Electronics, Inc. of St. Petersburg, Florida (28th September 2008)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that it has settled export control cases with the following two companies:

- Demetrios International Shipping Co., Inc., of Medford, Massachusetts, has agreed to pay a civil penalty of \$6,000 to settle charges that on or about July 23,2002, Demetrios caused, aided and/or abetted an act prohibited by BIS' Export Administration Regulations (EAR or the Regulations) by arranging for the export of items, classified under ECCN 0A985,3 from the United States to Algeria, without the Department of Commerce license required by Section 742.7 of the Regulations. Specifically, on behalf of a U.S. exporter, Demetrios shipped two Raptor 100k stun guns, classified under ECCN 0A985, to Algeria through France without the required US Government authorization. Demetrios' arrangement of the export of these items caused, aided and/or abetted the exporter's attempted unlicensed export of these items to Algeria. In so doing, Demetrios committed one violation of Section 764.2(b) of the Regulations. Click [here](#) for the Settlement Agreement and related documentation.
- America II Electronics, Inc. of St. Petersburg, Florida, has agreed to pay a civil penalty of \$170,000 to settle charges that on four occasions from on or about August 18,2003, through on

or about October 1 , 2004, America II engaged in conduct prohibited by BIS' Export Administration Regulations (EAR or the Regulations) by exporting analog-to-digital converters, items subject to the EAR and classified under ECCN3 3A001, from the United States to Russia without the Department of Commerce licenses required by Section 742.4 of the Regulations. In doing so, America I1 committed four violations of Section 764.2(a) of the Regulations.

**BIS Settles Export Control Charges Against Maxim Integrated Products for \$192,000 (8th October 2008)**

The U.S. Department of Commerce's Bureau of Industry and Security (BIS) has announced that Maxim Integrated Products of Sunnyvale, California, has agreed to pay a civil penalty of \$192,000 to settle charges that it committed thirty-four violations of BIS' Export Administration Regulations (EAR) in connection with multiple unauthorized exports/re-exports of integration circuits, items subject to the EAR (ECCN 3A001), to end-users in Estonia, the People's Republic of China, Russia, and Ukraine; the unauthorized release of technology for developing electronic components, an item subject to the EAR (ECCN 3E001), to an employee who was, at the time, a national of the PRC; and the unauthorized release of technology for developing telecommunications equipment, an item subject to the EAR (ECCN 5E992), to an employee who was a national of Iran.

**Nebraska Outdoor Equipment Outfitter, Cabela's Incorporated, Settles Export Allegations (7th November 2008)**

The Commerce Department's Bureau of Industry and Security (BIS) announced Friday that Cabela's Incorporated, an outdoor equipment outfitter based in Sidney, Nebraska, has agreed to pay a civil penalty of \$680,000 to settle allegations that it committed 152 violations of the Export Administration Regulations (EAR) involving the export of controlled optical sighting devices to various countries worldwide. The allegations involved 76 exports of optical sighting devices for firearms in 2004 and 2005 to Argentina, Brazil, Canada, Chile, Finland, Ireland, Malaysia, Malta, Mexico, Pakistan, the Philippines, South Africa, Sweden, and Taiwan. These devices are controlled on the Commerce Control List for crime control and firearms convention reasons and require a license to export to the various destinations at issue. BIS also alleged that Cabela's failed to file the required Shipper's Export Declaration for each of the 76 exports in question. In 2005, Cabela's settled similar allegations made by BIS that, on 685 occasions between April 1999 and September 2000, Cabela's made unlicensed exports of optical sighting devices to a number of countries, including Argentina, Brazil, Canada, Chile, and Mexico.