



UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Industry and Security
Washington, D.C. 20230

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Everett Hylton
345 Gleneyre Court
Reno, NV 89509

Dear Mr. Hylton:

The Bureau of Industry and Security, United States Department of Commerce (“BIS”) has reason to believe that you, Everett Hylton, acting as Chief Executive Officer of Ebara International Corporation (“EIC”), of Reno, Nevada in your individual capacity (“Hylton”) committed nine violations of the Export Administration Regulations (the “Regulations”),¹ which are issued under the authority of the Export Administration Act of 1979 (the “Act”).² Specifically, BIS charges that Hylton committed the following violations:

Charge 1 (15 C.F.R. §764.2(d) - Conspiracy to Export Cryogenic Pumps to Iran without the Required U.S. Government Authorization)

Beginning in 2000 and continuing through in or about August 2003, Hylton, acting as Chief Executive Officer (CEO) of EIC, conspired and acted in concert with others, known and unknown, to bring about an act that constitutes a violation of the Regulations by agreeing to export cryogenic pumps from the United States to Iran without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, authorization was required from the

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2003). The violations charged occurred from 2000 through 2003. The Regulations governing the violations at issue are found in the 2000 through 2003 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2003)). The 2003 Regulations establish the procedures that apply to this matter.

² 50 U.S.C. app. §§ 2401- 2420 (2000). From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508 (114 Stat. 2360 (2000)) and it remained in effect through August 20, 2001. Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 7, 2003 (68 Fed. Reg. 47833, August 11, 2003), continues the Regulations in effect under IEEPA. The Act and Regulations are available on the Government Printing Office website at: <http://w3.access.gpo.gov/>



Office of Foreign Assets Control, U.S. Department of Treasury (“OFAC”) before the cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, could be exported from the United States to Iran. In furtherance of the conspiracy, Hylton and the co-conspirators devised and employed a scheme under which EIC would sell the pumps to a co-conspirator in France, which would then resell the pumps to another co-conspirator in France, which would then forward the pumps to a petrochemical company in Iran. In so doing, Hylton committed one violation of Section 764.2(d) of the Regulations.

Charge 2 (15 C.F.R. §764.2(a) - Exporting Cryogenic Pumps to Iran Without the Required U.S. Government Authorization)

On or about January 27, 2003, Hylton, acting as CEO of EIC, engaged in conduct prohibited by Regulations when he exported cryogenic pumps from the United States to Iran without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, authorization from OFAC was required for the export of cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran. OFAC authorization was not obtained for the export. In so doing, Hylton committed one violation of Section 764.2(a) of the Regulations.

Charge 3 (15 C.F.R. § 764.2(e) - Selling Cryogenic Pumps with Knowledge that A Violation of the Regulations was to Occur)

In connection with export referenced in Charge 2, on or about January 27, 2003, Hylton, acting as CEO of EIC, sold cryogenic pumps with knowledge that a violation of the Regulations would occur. At all times relevant hereto, Hylton knew that prior authorization was required from OFAC to export the cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran and he sold the pumps knowing that they would be exported to Iran without the required U.S. Government authorization. In so doing, Hylton committed one violation of Section 764.2(e) of the Regulations.

Charge 4 (15 C.F.R. §764.2(c) - Attempted Export of Cryogenic Pumps to Iran without the Required U.S. Government Authorization)

On or about August 23, 2003, Hylton, acting as CEO of EIC, attempted a violation of the Regulations when he tried to export cryogenic pumps from the United States to Iran without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, OFAC authorization was required for the export of cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran and OFAC authorization was not obtained for the export to Iran. In so doing, Hylton committed one violation of section 764.2(c) of the Regulations.

Charge 5 15 C.F.R. § 764.2(e) - Selling Cryogenic Pumps with Knowledge that a Violation of the Regulations was Intended to Occur)

In connection with the attempted export referenced in Charge 4, on or about August 25, 2003, Hylton, acting as CEO of EIC, sold cryogenic pumps with the knowledge that a violation of the Regulations was intended to occur. At all times relevant hereto, Hylton knew that OFAC authorization was required to export cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran and he sold the cryogenic pumps believing that they would be exported to Iran without the required U.S. Government authorization. In so doing, Hylton committed one violation of Section 764.2(e) of the Regulations.

Charge 6 (15 C.F.R. §764.2(h) - Actions to Evade the Requirements of the Regulations)

In connection with the exports referenced in Charges 2 through 5 above, Hylton, acting as CEO of EIC, took actions to evade the U.S. Government's licensing requirements for the export of cryogenic pumps to Iran. Specifically, Hylton falsified documents by participating in a scheme to place EIC documents, including, but not limited, to engineering documents, correspondence, and inspection reports, on the letterhead of a co-conspirator in France. This falsification of documents was done to conceal the fact that the cryogenic pumps originated from the United States. In so doing, Hylton committed one violation of Section 764.2(h) of the Regulations.

Charge 7 (15 C.F.R. §764.2(h) - Actions to Evade the Requirements of the Regulations)

In connection with the exports referenced in Charges 2 through 5 above, Hylton, acting as CEO of EIC, took actions to evade the U.S. Government's licensing requirements for the export of cryogenic pumps to Iran. Specifically, Hylton, participated in a scheme to alter EIC documents relating to the export of the cryogenic pumps to Iran. The documents were altered by deleting all references to Iran. These actions were done to conceal the fact that Iran was the ultimate destination of the pumps. In doing so, Hylton committed one violation of Section 764.2(h) of the Regulations.

Charge 8 (15 C.F.R. §764.2(h) - Actions to Evade the Requirements of the Regulations)

In connection with the exports referenced in Charges 2 through 5 above, Hylton, acting as CEO of EIC, took actions to evade the U.S. Government's licensing requirements for the export of

cryogenic pumps to Iran. Specifically, Hylton participated in a scheme obtained parts for the cryogenic pumps destined for Iran from outside of the United States and did not mark the parts with EIC stamps or identification numbers. These actions were taken to prevent the U.S. Government from determining that the cryogenic pumps were manufactured in the United States. In so doing, Hylton committed one violation of section 764.2(h) of the Regulations.

Charge 9 (15 C.F.R. §764.2(h) - Actions to Evade the Requirements of the Regulations)

In connection with the exports referenced in Charges 2 through 5 above, Hylton, acting as CEO of EIC, took actions to evade the U.S. Government's licensing requirements for the export of cryogenic pumps to Iran. Specifically, after learning of a possible investigation into the unauthorized export of the cryogenic pumps to Iran, Hylton participated in an exchange of correspondence with a co-conspirator in France that falsely provided that the ultimate destination of the cryogenic pumps was France. This exchange of documents was done in an effort to conceal from the U.S. Government that the cryogenic pumps had been exported to Iran. In so doing, Hylton committed one violation of Section 764.2(h) of the Regulations.

Accordingly, Hylton is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including any or all of the following:

The maximum civil penalty allowed by law of \$11,000 per violation;³

Denial of export privileges; and/or

Exclusion from practice before BIS.

If Hylton fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. (Regulations, Sections 766.6 and 766.7). If Hylton defaults, the Administrative Law Judge may find the charges alleged in this letter are true without hearing or further notice to Hylton. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on each charge in this letter.

Hylton is further notified that he is entitled to an agency hearing on the record if he files a written demand for one with his answer. (Regulations, Section 766.6). Hylton is also entitled to be

³ See 15 C.F.R. §6.4(a)(2) (2003).

Everett Hylton
Proposed Charging Letter
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represented by counsel or other authorized representative who has power of attorney to represent him. (Regulations, Sections 766.3(a) and 766.4).

The Regulations provide for settlement without a hearing. (Regulations, Section 766.18). Should Hylton have a proposal to settle this case, Hylton or his representative should transmit the offer to me through the attorney representing BIS named below.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Hylton's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center
40 S. Gay Street
Baltimore, Maryland 21202-4022

In addition, a copy of Hylton's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security
Attention: Melissa B. Mannino
Room H-3839
United States Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Melissa B. Mannino is the attorney representing BIS in this case; any communications that you may wish to have concerning this matter should occur through her. She may be contacted by telephone at (202) 482-5301.

Sincerely,

Mark D. Menefee
Director
Office of Export Enforcement

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:)
)
Everett Hylton)
345 Gleneyre Court)
Reno, NV 89509)
)
Respondent)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Everett Hylton, former Chief Executive Officer of Ebara International Corporation (“EIC”), in his individual capacity (“Hylton”), and the Bureau of Industry and Security, United States Department of Commerce (“BIS”) (collectively referred to as “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2004)) (“Regulations”),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),²

¹ The violations charged occurred from 2000 through 2003. The Regulations governing the violations at issue are found in the 2000 through 2003 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2003)). The 2004 Regulations establish the procedures that apply to this matter.

² From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp.

WHEREAS, BIS has notified Hylton of its intention to initiate an administrative proceeding against Hylton, pursuant to the Act and the Regulation;

WHEREAS, BIS has issued a proposed charging letter to Hylton that alleged that Hylton committed nine violations of the Regulations, specifically:

1. *One Violation of 15 C.F.R. §764.2(d) - Conspiracy to Export Cryogenic Pumps to Iran without the Required U.S. Government Authorization:* Beginning in 2000 and continuing through in or about August 2003, Hylton, acting as Chief Executive Officer (CEO) of EIC, conspired and acted in concert with others, known and unknown, to bring about an act that constitutes a violation of the Regulations by agreeing to export cryogenic pumps from the United States to Iran without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, authorization was required from the Office of Foreign Assets Control, U.S. Department of Treasury (“OFAC”) before the cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, could be exported from the United States to Iran. In furtherance of the conspiracy, Hylton and the co-conspirators devised and employed a scheme under which EIC would sell the pumps to a co-conspirator in France, which would then resell the

783 (2002)), as extended by the Notice of August 7, 2003 (3 C.F.R., 2003 Comp. 328 (2004)), has continued the Regulations in effect under IEEPA.

pumps to another co-conspirator in France, which would then forward the pumps to a petrochemical company in Iran.

2. *One Violation of 15 C.F.R. §764.2(a) - Exporting Cryogenic Pumps to Iran Without the Required U.S. Government Authorization:* On or about January 27, 2003, Hylton, acting as CEO of EIC, engaged in conduct prohibited by Regulations when he exported cryogenic pumps from the United States to Iran without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, authorization from OFAC was required for the export of cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran. OFAC authorization was not obtained for the export.
3. *One Violation of 15 C.F.R. § 764.2(e) - Selling Cryogenic Pumps with Knowledge that A Violation of the Regulations was to Occur:* In connection with export referenced in Charge 2, on or about January 27, 2003, Hylton, acting as CEO of EIC, sold cryogenic pumps with knowledge that a violation of the Regulations would occur. At all times relevant hereto, Hylton knew that prior authorization was required from OFAC to export the cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran and he sold the pumps knowing that they would be exported to Iran without the required U.S. Government authorization.

4. *One Violation of 15 C.F.R. §764.2(c) - Attempted Export of Cryogenic Pumps to Iran without the Required U.S. Government Authorization:* On or about August 23, 2003, Hylton, acting as CEO of EIC, attempted a violation of the Regulations when he tried to export cryogenic pumps from the United States to Iran without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, OFAC authorization was required for the export of cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran and OFAC authorization was not obtained for the export to Iran.
5. *One Violation of 15 C.F.R. §764.2(e) - Selling Cryogenic Pumps with Knowledge that a Violation of the Regulations was Intended to Occur:* In connection with the attempted export referenced in Charge 4, on or about August 25, 2003, Hylton, acting as CEO of EIC, sold cryogenic pumps with the knowledge that a violation of the Regulations was intended to occur. At all times relevant hereto, Hylton knew that OFAC authorization was required to export cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran and he sold the cryogenic pumps believing that they would be exported to Iran without the required U.S. Government authorization.
6. *One Violation of 15 C.F.R. § 764.2(h) - Actions to Evade the Requirements of the Regulations:* In connection with the exports referenced in Charges 2 through 5

above, Hylton, acting as CEO of EIC, took actions to evade the U.S.

Government's licensing requirements for the export of cryogenic pumps to Iran.

Specifically, Hylton falsified documents by participating in a scheme to place EIC documents, including, but not limited, to engineering documents, correspondence, and inspection reports, on the letterhead of a co-conspirator in France. This falsification of documents was done to conceal the fact that the cryogenic pumps originated from the United States.

7. *One Violation of 15 C.F.R. §764.2(h) - Actions to Evade the Requirements of the*

Regulations: In connection with the exports referenced in Charges 2 through 5 above, Hylton, acting as CEO of EIC, took actions to evade the U.S.

Government's licensing requirements for the export of cryogenic pumps to Iran.

Specifically, Hylton, participated in a scheme to alter EIC documents relating to the export of the cryogenic pumps to Iran. The documents were altered by deleting all references to Iran. These actions were done to conceal the fact that Iran was the ultimate destination of the pumps.

8. *One Violation of 15 C.F.R. §764.2(h) - Actions to Evade the Requirements of the*

Regulations: In connection with the exports referenced in Charges 2 through 5 above, Hylton, acting as CEO of EIC, took actions to evade the U.S.

Government's licensing requirements for the export of cryogenic pumps to Iran.

Specifically, Hylton participated in a scheme to obtain parts for the cryogenic pumps destined for Iran from outside of the United States and did not mark the

parts with EIC stamps or identification numbers. These actions were taken to prevent the U.S. Government from determining that the cryogenic pumps were manufactured in the United States.

9. *One Violation of 15 C.F.R. §764.2(h) - Actions to Evade the Requirements of the Regulations:* In connection with the exports referenced in Charges 2 through 5 above, Hylton, acting as CEO of EIC, took actions to evade the U.S. Government's licensing requirements for the export of cryogenic pumps to Iran. Specifically, after learning of a possible investigation into the unauthorized export of the cryogenic pumps to Iran, Hylton participated in an exchange of correspondence with a co-conspirator in France that falsely provided that the ultimate destination of the cryogenic pumps was France. This exchange of documents was done in an effort to conceal the fact that the cryogenic pumps had been exported to Iran.

WHEREAS, Hylton has reviewed the proposed charging letter and is aware of the allegations made against him and the administrative sanctions which could be imposed against him if the allegations are found to be true;

WHEREAS, Hylton fully understands the terms of this Agreement and the Order (“Order”) that the Assistant Secretary of Commerce for Export Enforcement will issue if she approves this Agreement as the final resolution of this matter;

WHEREAS, Hylton enters into this Agreement voluntarily and with full knowledge of his rights;

WHEREAS, Hylton states that no promises or representations have been made to him other than the agreements and considerations herein expressed;

WHEREAS, Hylton neither admits nor denies the allegations contained in the proposed charging letter;

WHEREAS, Hylton wishes to settle and dispose of all matters alleged in the proposed charging letter by entering into this Agreement; and

WHEREAS, Hylton agrees to be bound by the Order, if entered;

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over Hylton, under the Regulations, in connection with the matters alleged in the proposed charging letter.

2. The following sanctions shall be imposed against Hylton in complete settlement of the violations of the Regulations set forth in the proposed charging letter:

a. Hylton shall be assessed a civil penalty in the amount of \$99,000 which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of the Order.

b. The timely payment of the civil penalty agreed to in paragraph 2.a. is hereby made a condition to the granting, restoration, or continuing validity or any export license, permission, or privilege granted, or to be granted, to Hylton. Failure to make timely payment of the civil penalty set forth above shall result in the denial of all of Hylton's export privileges for a period of one year from the date of imposition of the penalty.

- c. For a period three years from the date of entry of the Order, Hylton, and, when acting for or on behalf of Hylton, his representatives, assigns, agents, or employees (“Denied Person”) may not participate, directly or indirectly, in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as “item”) exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:
 - i. Applying for, obtaining, or using any license, License Exception, or export control document;
 - ii. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or
 - iii. Benefiting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.
- d. BIS agrees that, as authorized by Section 766.18 (c) of the Regulations, the three year denial period set forth in paragraph 2.c. shall be suspended in its entirety for a period of one year from the entry of the appropriate Order,

Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

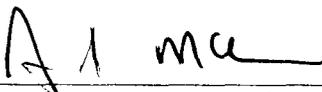
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on BIS only if the Assistant Secretary of Commerce for Export Enforcement approves it by entering the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

9. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE

EVERETT HYLTON



~~Julie Salcido~~ John McKenna
Acting Director
Office of Export Enforcement



Everett Hylton

Date: 9/23/04

Date: _____

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:)
)
Everett Hylton)
345 Gleneyre Court)
Reno, NV 89509)
)
Respondent)

ORDER

The Bureau of Industry and Security, United States Department of Commerce (“BIS”) having notified Everett Hylton, former Chief Executive Officer of Ebara International Corporation (“EIC”), in his individual capacity (“Hylton”), of its intention to initiate an administrative proceeding against Hylton pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2004)) (“Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),² based on the proposed charging letter issued to Hylton that alleged that Hylton committed nine violations of the Regulations. Specifically, the charges are:

¹ The violations charged occurred from 2000 through 2003. The Regulations governing the violations at issue are found in the 2000 through 2003 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2003)). The 2004 Regulations establish the procedures that apply to this matter.

² From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was issued on August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§1701 - 1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 6, 2004 (69 Fed. Reg. 48763 (August 10, 2004)), has continued the Regulations in effect under IEEPA.

1. *One Violation of 15 C.F.R. §764.2(d) - Conspiracy to Export Cryogenic Pumps to Iran without the Required U.S. Government Authorization:* Beginning in 2000 and continuing through in or about August 2003, Hylton, acting as Chief Executive Officer (CEO) of EIC, conspired and acted in concert with others, known and unknown, to bring about an act that constitutes a violation of the Regulations by agreeing to export cryogenic pumps from the United States to Iran without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, authorization was required from the Office of Foreign Assets Control, U.S. Department of Treasury (“OFAC”) before the cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, could be exported from the United States to Iran. In furtherance of the conspiracy, Hylton and the co-conspirators devised and employed a scheme under which EIC would sell the pumps to a co-conspirator in France, which would then resell the pumps to another co-conspirator in France, which would then forward the pumps to a petrochemical company in Iran.
2. *One Violation of 15 C.F.R. §764.2(a) - Exporting Cryogenic Pumps to Iran Without the Required U.S. Government Authorization:* On or about January 27, 2003, Hylton, acting as CEO of EIC, engaged in conduct prohibited by Regulations when he exported cryogenic pumps from the United States to Iran without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, authorization from OFAC was required for the export of cryogenic pumps, items subject to the Regulations and the Iranian Transactions

Regulations, from the United States to Iran. OFAC authorization was not obtained for the export.

3. *One Violation of 15 C.F.R. § 764.2(e) - Selling Cryogenic Pumps with Knowledge that A Violation of the Regulations was to Occur:* In connection with export referenced in Charge 2, on or about January 27, 2003, Hylton, acting as CEO of EIC, sold cryogenic pumps with knowledge that a violation of the Regulations would occur. At all times relevant hereto, Hylton knew that prior authorization was required from OFAC to export the cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran and he sold the pumps knowing that they would be exported to Iran without the required U.S. Government authorization.
4. *One Violation of 15 C.F.R. §764.2(c) - Attempted Export of Cryogenic Pumps to Iran without the Required U.S. Government Authorization:* On or about August 23, 2003, Hylton, acting as CEO of EIC, attempted a violation of the Regulations when he tried to export cryogenic pumps from the United States to Iran without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, OFAC authorization was required for the export of cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran and OFAC authorization was not obtained for the export to Iran.
5. *One Violation of 15 C.F.R. §764.2(e) - Selling Cryogenic Pumps with Knowledge that a Violation of the Regulations was Intended to Occur:* In connection with the attempted export referenced in Charge 4, on or about August 25, 2003, Hylton,

acting as CEO of EIC, sold cryogenic pumps with the knowledge that a violation of the Regulations was intended to occur. At all times relevant hereto, Hylton knew that OFAC authorization was required to export cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran and he sold the cryogenic pumps believing that they would be exported to Iran without the required U.S. Government authorization.

6. *One Violation of 15 C.F.R. § 764.2(h) - Actions to Evade the Requirements of the Regulations:* In connection with the exports referenced in Charges 2 through 5 above, Hylton, acting as CEO of EIC, took actions to evade the U.S. Government's licensing requirements for the export of cryogenic pumps to Iran. Specifically, Hylton falsified documents by participating in a scheme to place EIC documents, including, but not limited, to engineering documents, correspondence, and inspection reports, on the letterhead of a co-conspirator in France. This falsification of documents was done to conceal the fact that the cryogenic pumps originated from the United States.
7. *One Violation of 15 C.F.R. §764.2(h) - Actions to Evade the Requirements of the Regulations:* In connection with the exports referenced in Charges 2 through 5 above, Hylton, acting as CEO of EIC, took actions to evade the U.S. Government's licensing requirements for the export of cryogenic pumps to Iran. Specifically, Hylton, participated in a scheme to alter EIC documents relating to the export of the cryogenic pumps to Iran. The documents were altered by deleting all references to Iran. These actions were done to conceal the fact that Iran was the ultimate destination of the pumps.

8. *One Violation of 15 C.F.R. §764.2(h) - Actions to Evade the Requirements of the Regulations:* In connection with the exports referenced in Charges 2 through 5 above, Hylton, acting as CEO of EIC, took actions to evade the U.S.

Government's licensing requirements for the export of cryogenic pumps to Iran. Specifically, Hylton participated in a scheme to obtain parts for the cryogenic pumps destined for Iran from outside of the United States and did not mark the parts with EIC stamps or identification numbers. These actions were taken to prevent the U.S. Government from determining that the cryogenic pumps were manufactured in the United States.

9. *One Violation of 15 C.F.R. §764.2(h) - Actions to Evade the Requirements of the Regulations:* In connection with the exports referenced in Charges 2 through 5 above, Hylton, acting as CEO of EIC, took actions to evade the U.S.

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BIS and Hylton having entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein, and the terms of the Settlement Agreement having been approved by me;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$99,000 is assessed against Hylton, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due date specified herein, Hylton will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, that the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Hylton. Accordingly, if Hylton should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Hylton's export privileges for a period of one year from the date of entry of this Order.

FOURTH, for a period three years from the date of entry of the Order, Everett Hylton, 345 Gleneyre Court, Reno, NV 89509, and when acting for or on behalf of Hylton, his assigns, representatives, agents, or employees ("Denied Person") may not participate, directly or indirectly, in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- A. Applying for, obtaining, or using any license, License Exception, or export control document;

- B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or
- C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

FIFTH, that no person may, directly or indirectly, do any of the following:

- A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations;
- B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby the denied person acquires or attempts to acquire such ownership, possession or control;
- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States;
- D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or

- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by the Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by the Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

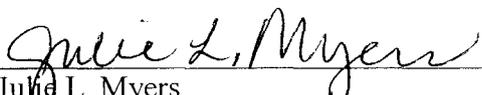
SIXTH, that, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to Hylton by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of the Order.

SEVENTH, that this Order does not prohibit any export, reexport, or other transaction subject to the Regulations where the only items involved that are subject to the Regulations are the foreign-produced direct product of U.S.-origin technology.

EIGHTH, that, as authorized by Section 766.18 (c) of the Regulations, the denial period set forth above shall be suspended in its entirety for one year from the date of this Order, and shall thereafter be waived, provided that during the period of suspension, Hylton has committed no violation of the Act or any regulation, order or license issued thereunder.

NINTH, that the proposed charging letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.


Julie L. Myers
Assistant Secretary of Commerce
for Export Enforcement

Entered this 23rd day of September 2004.