



CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Helco Company, Inc.
1750 Thomas Road, S.E.
Warren, Ohio 44484

Attention: Lawrence Heltzel
President

Dear Mr. Heltzel:

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), hereby charges that, as described below, Helco Company, Inc. (Helco), formerly known as Helco Sales Company, Inc., has violated the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (1997)) (the Regulations),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1997)) (the Act).²

Facts constituting violations:

Charge 1

Beginning on or about March 30, 1993 and continuing through on or about June 2, 1995, Helco conspired with Doornbos, GmbH (Doornbos), and others, to bring about acts that constituted violations of the Act, or any regulation, order, or license issued thereunder. The purpose of the conspiracy was for Helco, Doornbos and others to evade U.S. export control laws that

¹The alleged violations occurred in 1993, 1994 and 1995. The Regulations governing the violations at issue are found in the 1993, 1994 and 1995 versions of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1993, 1994, and 1995)). Those Regulations define the violations that BXA alleges occurred and are referred to hereinafter as the former Regulations. Since that time, the Regulations have been reorganized and restructured; the restructured Regulations, codified at 15 C.F.R. Parts 730-774 (1997), establish the procedures that apply to the matters set forth in this charging letter.

²The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)), August 14, 1996 (3 C.F.R., 1996 Comp. 298 (1997)), and August 13, 1997 (62 Fed. Reg. 43629, August 15, 1997), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1997)).



restricted exports and reexports to Libya. To accomplish their purpose, Helco sold U.S.-origin equipment and spare parts, such as machine parts for cement batching plants, to Doornbos, which acted as intermediary by taking the orders of the Dong Ah Consortium. The conspirators then arranged for the transport of the equipment to Libya through Germany, without applying for and obtaining the reexport authorizations that the conspirators knew or had reason to know were required by Section 774.1 of the Regulations. BXA alleges that, by conspiring or acting in concert with one or more persons in any manner for any purpose to bring about or to do any act that constitutes a violation of the Act, or any regulation, order or license issued thereunder, Helco violated Section 787.3(b) of the former Regulations.

Charges 2-9

On eight separate occasions between on or about March 30, 1993 and June 2, 1995, in furtherance of the conspiracy described in Charge 1 above, Helco sold U.S.-origin equipment and spare parts, such as machine parts for cement batching plants, to Doornbos. Helco made the sales to Doornbos knowing that Doornbos would reexport the equipment from Germany to Libya for use in the Great Man Made River Project without applying for and obtaining the reexport authorizations that Helco knew or had reason to know were required by Section 774.1 of the former Regulations. Each of those shipments is described more fully on the enclosed schedule, which is incorporated herein by this reference. BXA alleges that, by causing, aiding, and abetting the doing of an act prohibited, or the omission of any act required, by the Act or any regulation, order, or license issued thereunder, Helco violated Section 787.2 of the former Regulations in connection with each shipment.

BXA alleges that Helco committed eight violations of Section 787.2 and one violation of Section 787.3(b), for a total of nine violations of the former Regulations.

Accordingly, Helco 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 \$10,000 per violation (see Section 764.3(a)(1) of the Regulations);
- Denial of export privileges (see Section 764.3(a)(2) of the Regulations); and/or
- Exclusion from practice before BXA (see Section 764.3(a)(3) of the Regulations).

Copies of relevant Parts of the Regulations are enclosed.

If Helco fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter as provided in Section 766.6 of the Regulations, that failure will be treated as a default under Section 766.7.

Helco is further notified that it is entitled to an agency hearing on the record as provided by Section 13(c) of the Act and Section 766.6 of the Regulations, if a written demand for one is filed with its answer. Helco is also entitled to be represented by counsel, and to seek a settlement of the charges.

Pursuant to an Interagency Agreement between BXA and the U.S. Coast Guard, the U.S. Coast Guard is providing administrative law judge services, to the extent that such services are required under the Regulations, in connection with the matters set forth in this letter. Accordingly, Helco's answer should be filed with the U.S. Coast Guard ALJ Docketing Center, 40 South Gay Street, Baltimore, Maryland 21202-4022, in accordance with the instructions in Section 766.5(a) of the Regulations. In addition, a copy of Helco's answer should be served on BXA at the address set forth in Section 766.5(b), adding "ATTENTION: Lorie B. Whitaker, Esq." below the address. Ms. Whitaker may be contacted by telephone at (202) 482-5311.

Sincerely,

Mark D. Menefee
Acting Director
Office of Export Enforcement

Enclosures

E568-4

SCHEDULE OF VIOLATIONS
HELCO COMPANY, INC.
formerly known as HELCO SALES COMPANY, INC.

CHARGE NO.	DATE (on or about)	COMMODITY	DESTINATION	INVOICE NO.
2	03/30/93	SPARE PARTS	LIBYA	59495
3	08/04/93	SPARE PARTS	LIBYA	58890
4	12/20/93	SPARE PARTS	LIBYA	59496
5	03/25/94	SPARE PARTS	LIBYA	59741
6	07/19/94	SPARE PARTS	LIBYA	60289
7	11/08/94	SPARE PARTS	LIBYA	60800
8	06/02/95	SPARE PARTS	LIBYA	61491
9	06/02/95	SPARE PARTS	LIBYA	61492

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF EXPORT ADMINISTRATION
WASHINGTON, D.C. 20230

In the Matter of:)
)
HELCO COMPANY, INC.)
)
Formerly known as)
HELCO SALES COMPANY, INC.)
)
1750 Thomas Road, S.E.)
Warren, Ohio 44484,)
)

Respondent)

SETTLEMENT AGREEMENT

This Agreement is made by and between Helco Company, Inc. (Helco), formerly known as Helco Sales Company, Inc., and the Bureau of Export Administration, United States Department of Commerce, pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (1997)) (the Regulations),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1997)) (the Act).²

¹ The alleged violations occurred in 1993, 1994 and 1995. The Regulations governing the violations at issue are found in the 1993, 1994 and 1995 versions of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1993, 1994 and 1995)). Those Regulations define the violations that BXA alleges occurred and are referred to hereinafter as the former Regulations. Since that time, the Regulations have been reorganized and restructured; the restructured Regulations, currently codified at 15 C.F.R. Parts 730-774, establish the procedures that apply to the matters set forth in this Settlement Agreement.

² The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)), August 14, 1996 (3 C.F.R., 1996 Comp. 298 (1997)), and August 13, 1997 (62 Fed. Reg. 43629, August 15, 1997), continued the Regulations in effect under the International Emergency Economic

Whereas, the Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), has notified Helco of its intention to initiate an administrative proceeding against it pursuant to the Act and the Regulations, based on allegations that Helco violated the former Regulations as follows:

1. between on or about March 30, 1993 and on or about June 2, 1995, Helco conspired with Doornbos, GmbH (Doornbos), and others, to evade U.S. export control laws that restricted exports to Libya by selling equipment and spare parts, such as machine parts for cement batching plants, to Doornbos, who acted as intermediary by taking the orders of the Dong Ah Consortium and arranging for transport of the equipment to Libya through Germany without applying for and obtaining the reexport authorizations that the conspirators knew or had reason to know were required by Section 774.1 of the former Regulations, in violation of Section 787.3(b) of the former Regulations; and
2. in furtherance of the conspiracy described above, between or on about March 30, 1993 and on or about June 2, 1995, Helco caused, aided and abetted violations of the Act, or any regulation, order or license issued thereunder, by selling U.S. equipment and spare parts,

Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1997)).

such as machine parts for cement batching plants, to Doornbos, knowing that Doornbos would reexport the equipment from Germany to Libya for use in the Great Man Made River Project without applying for and obtaining the reexport authorizations that Helco knew or had reason to know were required by Section 774.1 of the former Regulations, in violation of Section 787.2 of the former Regulations;

Whereas, Helco has reviewed the proposed Charging Letter and is aware of the allegations against it and the administrative sanctions which could be imposed against it if the allegations are found to be true; it fully understands the terms of this Settlement Agreement and the proposed Order; it enters into this Settlement Agreement voluntarily and with full knowledge of its rights, and it states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

Whereas, Helco neither admits nor denies the allegations contained in the proposed Charging Letter;

Whereas, Helco wishes to settle and dispose of all matters alleged in the proposed Charging Letter by entering into this Settlement Agreement; and

Whereas, Helco agrees to be bound by an appropriate Order giving effect to the terms of this Settlement Agreement, when entered (appropriate Order);

Now Therefore, Helco and BXA agree as follows:

1. BXA has jurisdiction over Helco, under the Act and the Regulations, in connection with the matters alleged in the proposed Charging Letter.

2. BXA and Helco agree that the following sanction shall be imposed against Helco in complete settlement of all alleged violations of the Act and former Regulations arising out of the transactions set forth in the proposed Charging Letter:

a. Helco shall be assessed a civil penalty in the amount of \$90,000, \$25,000 of which shall be paid within 30 days of the date of entry of an appropriate Order, and \$25,000 of which shall be paid within one year of the date entry of the appropriate Order. Payment of the remaining \$40,000 shall be suspended for a period of two years from the date of entry of the appropriate Order and shall thereafter be waived, provided that, during the period of suspension, Helco has committed no violation of the Act, or any regulation, order, or license issued thereunder.

b. Helco and all of its successors or assigns, and all of its officers, representatives, agents, and employees when acting for or on behalf of Helco, may not, for a period of two years from the date of entry of an appropriate Order, directly or indirectly, participate 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.

c. As authorized by Section 766.18(c) of the Regulations, this denial of export privileges shall be suspended for a period of two years from the date of entry of the appropriate Order, and shall thereafter be waived, provided that, during the period of suspension, Helco has committed no violation of the Act, or any regulation, order or license issued thereunder.

3. Helco agrees that, subject to the approval of this Settlement Agreement pursuant to paragraph 8 hereof, it hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Settlement Agreement or the appropriate Order, when entered), including, without limitation, any right: (a) to an administrative hearing regarding the allegations in the proposed Charging Letter; (b) to request a refund of the civil penalty imposed pursuant to this Settlement Agreement and the appropriate Order, when entered; and (c) to seek judicial review or otherwise to contest the validity of this Settlement Agreement or the appropriate Order, when entered.

4. BXA agrees that, upon entry of an appropriate Order, it will not initiate any administrative proceeding against Helco in connection with any violation of the Act or the Regulations arising out of the transactions identified in the proposed Charging Letter.

5. Helco understands that BXA will make the proposed Charging Letter, this Settlement Agreement, and the appropriate Order, when entered, available to the public.

6. BXA and Helco agree that this Settlement Agreement is for settlement purposes only. Therefore, if this Settlement Agreement is not accepted and an appropriate Order is not issued by the Assistant Secretary for Export Enforcement pursuant to Section 766.18(a) of the Regulations, BXA and Helco agree that they may not use this Settlement Agreement in any administrative

or judicial proceeding and that neither party shall be bound by the terms contained in this Settlement Agreement in any subsequent administrative or judicial proceeding.

7. No agreement, understanding, representation or interpretation not contained in this Settlement Agreement may be used to vary or otherwise affect the terms of this Settlement Agreement or the appropriate Order, when entered, nor shall this Settlement 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 Settlement Agreement shall become binding on BXA only when the Assistant Secretary for Export Enforcement approves it by entering an appropriate Order, which will have the same force and effect as a decision and Order issued after a full administrative hearing on the record.

BUREAU OF EXPORT ADMINISTRATION
U.S. DEPARTMENT OF COMMERCE

HELCO COMPANY

Mark D. Menefee
Mark D. Menefee
Acting Director
Office of Export Enforcement

Lawrence Heltzel
Lawrence Heltzel
President

Date: 11/23/98

Date: 11/15/98

ES68-12

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF EXPORT ADMINISTRATION
WASHINGTON, D.C. 20230

In the Matter of:)
)
HELCO COMPANY, INC.)
)
Formerly known as)
HELCO SALES COMPANY, INC.)
)
1750 Thomas Road, S.E.)
Warren, Ohio 44484,)
)
Respondent)

ORDER

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), having notified Helco Company, Inc. (Helco), formerly known as Helco Sales Company, Inc., of its intention to initiate an administrative proceeding against it pursuant to Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1997)) (the Act), and the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (1997)) (the Regulations), based on allegations that

¹ The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)), August 14, 1996 (3 C.F.R., 1996 Comp. 298 (1997)), and August 13, 1997 (62 Fed. Reg. 43629, August 15, 1997), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1997)).

² The alleged violations occurred in 1993, 1994 and 1995. The Regulations governing the violations at issue are found in the 1993, 1994 and 1995 versions of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1993, 1994 and 1995)). Those Regulations define the violations that BXA alleges occurred and are referred to hereinafter as the former Regulations. Since

Helco violated the provisions of the former Regulations as follows:

1. between on or about March 30, 1993 and on or about June 2, 1995, Helco conspired with Doornbos, GmbH (Doornbos), and others, to evade U.S. export control laws that restricted exports to Libya by selling equipment and spare parts, such as machine parts for cement batching plants, to Doornbos, who acted as intermediary by taking the orders of the Dong Ah Consortium and arranging for transport of the equipment to Libya through Germany without applying for and obtaining the reexport authorizations that the conspirators knew or had reason to know were required by Section 774.1 of the former Regulations, in violation of Section 787.3(b) of the former Regulations; and
2. in furtherance of the conspiracy described above, between or on about March 30, 1993 and on or about June 2, 1995, Helco caused, aided and abetted violations of the Act, or any regulation, order or license issued thereunder, by selling U.S. equipment and spare parts, such as machine parts for cement batching plants, to Doornbos, knowing that Doornbos would reexport the

that time, the Regulations have been reorganized and restructured; the restructured Regulations, currently codified at 15 C.F.R. Parts 730-774, establish the procedures that apply to the matters set forth in this Order.

equipment from Germany to Libya for use in the Great Man Made River Project without applying for and obtaining the reexport authorizations that Helco knew or had reason to know were required by Section 774.1 of the Regulations, in violation of Section 787.2 of the former Regulations;

BXA and Helco having entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby they have 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 \$90,000 is assessed against Helco, \$25,000 of which shall be paid within 30 days of the date of this Order, and \$25,000 of which shall be paid within one year of the date of this Order. Payment shall be made in the manner specified in the attached instructions. Payment of the remaining \$40,000 shall be suspended for a period of two years from the date of entry of this Order and shall thereafter be waived, provided that, during the period of suspension, Helco has committed no violation of the Act, or any regulation, order, or license issued thereunder.

SECOND, that pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C.A. §§ 3701-3720E (1983 and Supp. 1997)), 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, Helco will be assessed, in addition to interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, that for a period of two years from the date of entry of this Order, Helco and all of its successors or assigns, and all of its officers, representatives, agents, and employees when acting for or on behalf of Helco shall be denied all privileges of participating, 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. 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.

FOURTH, 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 that 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.

FIFTH, that, after notice and opportunity for comment as provided in § 766.23 of the Regulations, any person, firm, corporation, or business organization related to the denied person 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 this Order.

SIXTH, 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.

SEVENTH, that, as authorized by Section 766.18(c) of the Regulations, this denial of export privileges shall be suspended

for a period of two years from the date of entry of this Order, and shall thereafter be waived, provided that, during the period of suspension, Helco has committed no violation of the Act, or any regulation, order or license issued thereunder.

EIGHTH, 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.


F. Amanda DeBusk
Assistant Secretary
for Export Enforcement

Entered this 19th day of February, 1998.

ES68-19

UNITED STATES DEPARTMENT OF
COMMERCE
NEWS
WASHINGTON, D.C. 20230

BUREAU OF
EXPORT
ADMINISTRATION

FOR IMMEDIATE RELEASE
Feb. 19, 1998
www.bxa.doc.gov

CONTACTS: Susan Hofer
Eugene Cottilli
202-482-2721

OHIO COMPANY SETTLES CHARGES OF ILLEGAL EXPORTS TO LIBYA

WASHINGTON -- Helco Company, Inc. (Helco) of Warren, Ohio, today agreed to a two-year denial of export privileges and a \$90,000 civil penalty to settle charges that it conspired to evade U.S. laws that restrict exports to Libya, U.S. Department of Commerce Assistant Secretary for Export Enforcement F. Amanda DeBusk announced.

The Department alleged that Helco sold equipment and spare parts for use in construction of the Great Man-Made River Project in Libya, to Doornbos, GmbH of Solingen, Germany, which acted as an intermediary for the builder, South Korea's Dong Ah Consortium. Allegedly, Helco knew that the equipment and spare parts would be reexported from Germany to Libya without the required reexport authorizations. The Great Man-Made River Project is a multi-phase, multi-billion dollar engineering endeavor designed to bring fresh water from wells in southeast and southwest Libya to its coastal cities.

While neither admitting nor denying the allegations, Helco agreed to pay a \$90,000 civil penalty, and to a two-year denial of all its export privileges. The agreement stipulates that \$25,000 of the civil penalty will be paid within 30 days, and another \$25,000 within one year. The remaining \$40,000, and the denial of export privileges, will be suspended for two years and then waived if Helco does not violate U.S. export control laws during the suspension.

The case was investigated by the Commerce's Office of Export Enforcement Washington field office and the U.S. Customs Service. Helco also pled guilty to a one-count criminal Information charging it with conspiracy to export machine parts and construction equipment from the United States to Libya and to willfully making false statements to the U.S. Customs Service. Helco will pay a \$250,000 criminal fine and a special assessment of \$200.

The Bureau of Export Administration administers and enforces export controls for reasons of national security, foreign policy, nonproliferation and short supply. Criminal penalties and administrative sanctions can be imposed for violations of the regulations.