

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

In the Matter of: )  
 )  
ROBERT E. MAHLER )  
1115 Madison Street NE )  
Salem, Oregon 97303 )  
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 )

ORDER DENYING PERMISSION  
TO APPLY FOR OR USE EXPORT LICENSES

On June 12, 1995, following a plea of guilty to one count of an information, Robert E. Mahler (Mahler) was convicted in the United States District Court for the District of Oregon of violating Section 38 of the Arms Export Control Act (22 U.S.C.A. § 2778 (1990 & Supp. 1998)) (the AECA). Mahler was convicted of willfully and knowingly exporting and attempting to export a defense article, specifically a 40-foot container containing handguns, rifles and ammunition, to the Republic of South Africa without having first obtained the required export license from the U.S. Department of State.

Section 11(h) of the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1998)) (the

Act),<sup>1</sup> provides that, at the discretion of the Secretary of Commerce,<sup>2</sup> no person convicted of violating the AECA, or certain other provisions of the United States Code, shall be eligible to apply for or use any license, including any License Exception, issued pursuant to, or provided by, the Act or the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (1998)) (the Regulations), for a period of up to 10 years from the date of the conviction. In addition, any license issued pursuant to the Act in which such a person had any interest at the time of conviction may be revoked.

Pursuant to Sections 766.25 and 750.8(a) of the Regulations, upon notification that a person has been convicted of violating the AECA, the Director, Office of Exporter Services, in consultation with the Director, Office of Export Enforcement, shall determine whether to deny that person permission to apply for or use any license, including any License Exception, issued pursuant to, or provided by, the Act and the Regulations, and

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<sup>1</sup> 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 Export Administration Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1998)) (IEEPA).

<sup>2</sup> Pursuant to appropriate delegations of authority that are reflected in the Regulations, the Director, Office of Exporter Services, in consultation with the Director, Office of Export Enforcement, exercises the authority granted to the Secretary by Section 11(h) of the Act.

shall also determine whether to revoke any license previously issued to such a person.

Having received notice of Mahler's conviction for violating the AECA, and following consultations with the Acting Director, Office of Export Enforcement, I have decided to deny Mahler permission to apply for or use any license, including any License Exception, issued pursuant to, or provided by, the Act and the Regulations, for a period of six years from the date of his conviction. The six-year period ends on June 12, 2001. I have also decided to revoke all licenses issued pursuant to the Act in which Mahler had an interest at the time of his conviction.

Accordingly, it is hereby

ORDERED

I. Until June 12, 2001, Robert E. Mahler, 1115 Madison Street NE, Salem, Oregon 97303, may not, 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:

- 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.

II. 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.

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

IV. 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.

V. This Order is effective immediately and shall remain in effect until June 12, 2001.

VI. A copy of this Order shall be delivered to Mahler.  
This Order shall be published in the Federal Register.

Date: 8/18/98

  
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Eileen M. Albanese  
Director  
Office of Exporter Services

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 SIS in connection with any violation of the Act or the Regulations arising out of the transactions identified in the proposed Charging Letter.

5. SIS 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 SIS 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 SIS 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

SOUTHERN INFORMATION SYSTEMS

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

BY: Tum Chun Lee  
Tum Chun Lee  
Chairman

Date: 8/16/98

Date: Aug. 11, 1998

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

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In the Matter of: )  
 )  
SOUTHERN INFORMATION SYSTEMS )  
No. 4 R&D Rd III )  
Science Based Industrial Park )  
Hsinchu, Taiwan, )  
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Respondent )

ORDER

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), having notified Southern Information Systems (SIS) 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. 1998)) (the Act),<sup>1</sup> and the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (1998)) (the Regulations),<sup>2</sup> based on allegations that, on five separate occasions between August 1993 and December 1993, SIS exported digital microwave systems

<sup>1</sup> 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. 1998)).

<sup>2</sup> The alleged violations occurred in 1993. The Regulations governing the violations at issue are found in the 1993 version of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1993)). 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 establish the procedures that apply to this matter.

from Taiwan to Vietnam which incorporated U.S.-origin parts that accounted for approximately 28% in value of the total value of each digital microwave system, without obtaining from BXA the written authorization required under Section 776.12(b) of the former Regulations, in violation of Section 787.6 of the former Regulations; and

BXA and SIS 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 \$25,000 is assessed against SIS, which shall be paid to the United States Department of Commerce within 30 days of the date 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.A. §§ 3701-3702E (1983 and Supp. 1998)), 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, SIS will be assessed, in addition to interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, that, as authorized by Section 11(d) of the Act, 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, permission, or privilege granted, or to be granted, to SIS. Accordingly, if SIS should fail to pay in a timely manner the civil penalty set forth above, the undersigned will enter an Order under the authority of Section 11(d) of the Act denying all of

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

BUREAU OF  
EXPORT  
ADMINISTRATION

FOR IMMEDIATE RELEASE:  
September 3, 1998  
www.bxa.doc.gov

CONTACTS: Eugene Cottilli  
Susan Hofer  
(202) 482-2721

**TAIWANESE FIRM SETTLES CHARGES OF ILLEGAL SHIPMENTS**

WASHINGTON -- The Commerce Department's Bureau of Export Administration (BXA) today imposed a \$25,000 fine on Southern Information Systems located in Hsinchu, Taiwan, to settle charges that it violated the Export Administration Regulations, F. Amanda DeBusk, assistant secretary for Export Enforcement announced.

BXA alleged that on five separate occasions between August, 1993 and December, 1993, Southern Information Systems exported digital microwave systems which incorporated U.S. origin parts, from Taiwan to Vietnam without obtaining the required Commerce authorization. BXA's Office of Export Enforcement Boston Field Office investigated the case.

The Department of Commerce, through its Bureau of Export Administration, administers and enforces export controls for reasons of national security, foreign policy, nonproliferation and short supply. Criminal penalties, as well as administrative sanctions, can be imposed for violations of the Regulations.