

DRAFT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Global Dynamics Corporation
1874 South Elmhurst Road
Mount Prospect, Illinois 60056

Attention: *Nathan Choi, President*

Dear Mr. Choi:

The Bureau of Industry and Security, United States Department of Commerce (“BIS”), has reason to believe that Global Dynamics Corporation (“Global Dynamics”) has committed seven violations of the Export Administration Regulations (the “Regulations”),¹ which are issued under the authority of the Export Administration Act of 1979 (the “Act”). Specifically, BIS charges that Global Dynamics committed the following violations:

Charges 1-5 (15 C.F.R. § 742.4(a) and § 764.2(a) - Engaging in Prohibited Conduct - Exports of Military Truck Parts to the Republic of Korea Without the Required License)

On five occasions from May 2001 through October 2001, Global Dynamics exported military truck parts from the United States to the Republic of Korea. These military truck parts were

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2003). The current version of the Regulations govern the procedural aspects of this case. The charged violations occurred from 2001 to 2002. The Regulations governing the violations at issue are found in the then-applicable versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001-2002)). The Regulations were issued pursuant to the Export Administration Act of 1979 (“Act”), 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 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 7, 2003 (68 *Fed. Reg.* 47833, August 11, 2003)), has continued the Regulations in effect under IEEPA. The Act and Regulations are available on the Government Printing Office website at: <http://w3.access.gpo.gov/bis/>.

items subject to the Regulations and described in ECCN 9A018.b.² These exports are further described in the attached Schedule A, which is incorporated by reference herein. Global Dynamics purported to make these exports pursuant to export license number D284388, issued by the Department of Commerce; however, due to prior exports under this export license, the above-described exports were in excess of the dollar limit for this export license. As a result, the above-described exports were made without the license from the Department of Commerce required by Section 742.4(a) of the Regulations. In making these exports, Global Dynamics committed four violations of Section 764.2(a) of the Regulations.

Charge 6 (15 C.F.R. § 742.4(a) and § 764.2(a) - Engaging in Prohibited Conduct - Export of Military Truck Parts to the Republic of Korea Without the Required License)

On or about November 29, 2001, Global Dynamics exported military truck parts from the United States to the Republic of Korea. These military truck parts were items subject to the Regulations and described in ECCN 9A018.b, and were valued at \$2,218.80. Global Dynamics made this export without a license from the Department of Commerce, as required by Section 742.4(a) of the Regulations. In doing so, Global Dynamics committed one violation of Section 764.2(a) of the Regulations.

Charge 7 (15 C.F.R. § 742.4(a) and § 764.2(c) - Attempted Export of Military Truck Parts to the Republic of Korea Without the Required License)

On or about January 19, 2002, Global Dynamics attempted to export military truck parts, items subject to the Regulations and described in ECCN 9A018.b, from the United States to the Republic of Korea. Global Dynamics purported to be making this export pursuant to export license number D288273, issued by the Department of Commerce; however, due to prior exports under this export license, the above-described attempted export was in excess of the dollar limit for this export license. As a result, the above-described attempted export was made without a license from the Department of Commerce, as required by Section 742.4(a) of the Regulations. In doing so, Global Dynamics committed one violation of Section 764.2(c) of the Regulations.

Accordingly, Global Dynamics 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:

² The term "ECCN" stands for Export Control Classification Number. See Supp. 1 to 15 C.F.R. § 774.

The maximum civil penalty allowed by law for each violation,³

Denial of export privileges; and/or

Exclusion from practice before BIS.

If Global Dynamics 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 Global Dynamics defaults, the Administrative Law Judge may find the charges alleged in this letter are true without hearing or further notice to Global Dynamics. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on each of the charges in this letter.

Global Dynamics is further notified that it is entitled to an agency hearing on the record if Global Dynamics files a written demand for one with its answer. (Regulations, Section 766.6.) Global Dynamics is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. (Regulations, Sections 766.3(a) and 766.4.)

The Regulations provide for settlement without a hearing. (Regulations, Section 766.18.) Should you have a proposal to settle this case, you or your representative should transmit it 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, Global Dynamics'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 Global Dynamics's answer must be served on BIS at the following address:

³ Pursuant to 15 C.F.R. § 6.4(a)(2), the maximum penalty for Charges 1 through 4 is \$120,000 per violation. The maximum penalty for Charges 5 through 7 is \$11,000 per violation.

Global Dynamics Corporation
Charging Letter
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DRAFT

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

Philip D. Golrick is the attorney representing BIS in this case; any communications that you may wish to have concerning this matter should occur through him. He may be contacted by telephone at (202) 482-5301.

Sincerely,

Mark D. Menefee
Director
Office of Export Enforcement

SCHEDULE A

Charge	Export occurred on or about:	Value of exported items
1	May 31, 2001	\$18,949.58
2	June 14, 2001	\$19,988.70
3	July 5, 2001	\$10,166.40
4	August 9, 2001	\$6,169.19
5	October 18, 2001	\$3,590.40

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

In the Matter of:)
)
GLOBAL DYNAMICS CORPORATION)
1874 South Elmhurst Road)
Mount Prospect, Illinois 60056)
)
Respondent.)
_____)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Respondent, Global Dynamics Corporation (“GDC”), 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 (2003)) (“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 Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2003). The violations charged occurred from 2001 to 2002. The Regulations governing the violations at issue are found in the 2001-2002 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001-2002)). The Regulations define the violations that BIS alleges occurred and 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. 783 (2002)), as extended by the Notice of August 7, 2003 (68 *Fed. Reg.* 47833, August 11, 2003)), has continued the Regulations in effect under IEEPA.

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

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

1. *Five Violations of 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct - Exporting Without the Required License:* On five occasions from May 2001 through October 2001, GDC exported military truck parts from the United States to the Republic of Korea. These military truck parts were items subject to the Regulations and described in ECCN 9A018.b.³ GDC purported to make these exports pursuant to an export license issued by the Department of Commerce; however, due to prior exports under this export license, the above-described exports were in excess of the dollar limit for this export license. As a result, the above-described exports were made without the licenses from the Department of Commerce required by Section 742.4(a) of the Regulations.
2. *One Violation of 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct - Exporting Without the Required License:* On or about November 29, 2001, GDC exported military truck parts from the United States to the Republic of Korea. These military truck parts were items subject to the Regulations and described in

³ The term "ECCN" stands for Export Control Classification Number. See Supp. 1 to 15 C.F.R. § 774.

ECCN 9A018.b. GDC made this export without a license from the Department of Commerce, as required by Section 742.4(a) of the Regulations.

3. *One Violation of 15 C.F.R. § 764.2(c) - Attempted Export Without the Required License:* On or about January 19, 2002, GDC attempted to export military truck parts, items subject to the Regulations and described in ECCN 9A018.b, from the United States to the Republic of Korea. GDC purported to be making this export pursuant to an export license issued by the Department of Commerce; however, due to prior exports under this export license, the above-described attempted export was in excess of the dollar limit for this export license. As a result, the above-described attempted export was made without the license from the Department of Commerce required by Section 742.4(a) of the Regulations.

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

WHEREAS, GDC 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, GDC enters into this Agreement voluntarily and with full knowledge of its rights;

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

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

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

- a. GDC shall be assessed a civil penalty in the amount of \$38,000, which shall be paid to the U.S. Department of Commerce as follows. GDC shall pay \$30,000 to the U.S. Department of Commerce within 30 days from the date of entry of the Order. Payment of the remaining \$8,000 shall be suspended for a period of one year from the date of entry of the Order and thereafter shall be waived, provided that during the period of suspension, GDC has committed no violation of the Act, or any regulation, order, or license issued by BIS, and has made the payment of \$30,000 described above in a timely manner.
- 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 of any export license, permission, or privilege granted, or to be granted, to GDC. Failure to

make timely payment of the civil penalty set forth above shall result in the denial of all of GDC's export privileges for a period of one year from the date of imposition of the penalty.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, GDC hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, if entered), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in the proposed charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if entered; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if entered.

4. Upon entry of the Order and timely payment of the civil penalty in accordance with paragraph 2.a above, BIS will not initiate any further administrative proceeding against GDC in connection with any violation of the Act or the Regulations arising out of the transactions identified in the proposed charging letter.

5. BIS will make the proposed charging letter, this Agreement, and the Order, if entered, available to the public.

6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export 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.

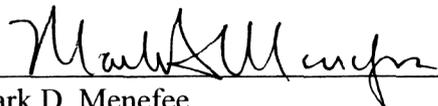
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department 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

GLOBAL DEVELOPMENT
CORPORATION



Mark D. Menefee
Director
Office of Export Enforcement



Nathan Choi
President

Date: 12/2/03

Date: Nov. 21, 2003

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

In the Matter of:)
)
GLOBAL DYNAMICS CORPORATION)
1874 South Elmhurst Road)
Mount Prospect, Illinois 60056)
)
Respondent.)

ORDER

The Bureau of Industry and Security, United States Department of Commerce (“BIS”), having notified Global Dynamics Corporation, 1874 South Elmhurst Road, Mount Prospect, Illinois, 60056 (“GDC”) of its intention to initiate an administrative proceeding against GDC, pursuant to Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),¹ and the Export Administration Regulations (15 C.F.R. Parts 730-774 (2003)) (“Regulations”),² based on allegations in a proposed charging letter issued to GDC that GDC committed seven violations of the Regulations, specifically:

¹ 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. 783 (2002)), as extended by the Notice of August 7, 2003 (68 *Fed. Reg.* 47833, August 11, 2003)), has continued the Regulations in effect under IEEPA.

² 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 2001 to 2002. The Regulations governing the violations at issue are found in the 2001-2002 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001-2002)). The Regulations define the violations that BIS alleges occurred and establish the procedures that apply to this matter.

1. *Five Violations of 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct - Exporting Without the Required License:* On five occasions from May 2001 through October 2001, GDC exported military truck parts from the United States to the Republic of Korea. These military truck parts were items subject to the Regulations and described in ECCN 9A018.b.³ GDC purported to make these exports pursuant to an export license issued by the Department of Commerce; however, due to prior exports under this export license, the above-described exports were in excess of the dollar limit for this export license. As a result, the above-described exports were made without the licenses from the Department of Commerce required by Section 742.4(a) of the Regulations.
2. *One Violation of 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct - Exporting Without the Required License:* On or about November 29, 2001, GDC exported military truck parts from the United States to the Republic of Korea. These military truck parts were items subject to the Regulations and described in ECCN 9A018.b. GDC made this export without a license from the Department of Commerce, as required by Section 742.4(a) of the Regulations.
3. *One Violation of 15 C.F.R. § 764.2(c) - Attempted Export Without the Required License:* On or about January 19, 2002, GDC attempted to export military truck parts, items subject to the Regulations and described in ECCN 9A018.b, from the

³ The term “ECCN” stands for Export Control Classification Number. See Supp. 1 to 15 C.F.R. § 774.

United States to the Republic of Korea. GDC purported to be making this export pursuant to an export license issued by the Department of Commerce; however, due to prior exports under this export license, the above-described attempted export was in excess of the dollar limit for this export license. As a result, the above-described attempted export was made without the license from the Department of Commerce required by Section 742.4(a) of the Regulations; and BIS and GDC 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 \$38,000 is assessed against GDC, which GDC shall pay to the U.S. Department of Commerce as follows. GDC shall pay \$30,000 to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment of the remaining \$8,000 shall be suspended for a period of one year from the date of entry of this Order and thereafter shall be waived, provided that during the period of suspension, GDC has committed no violation of the Act, or any regulation, order, or license issued by BIS, and has made the payment of \$30,000 described above in a timely manner. 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, GDC shall 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 GDC. Accordingly, if GDC should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of GDC's export privileges for a period of one year from the date of entry of this Order.

FOURTH, 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.



Lisa A. Prager
Acting Assistant Secretary of Commerce
for Export Enforcement

Entered this 5th day of February 2004.