

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

General Monitors, Inc.
26776 Simpatica Circle
Eltora, California 92630

Attn: Mr. Don S. Edwards
President

Dear Mr. Edwards:

The Bureau of Industry and Security, United States Department of Commerce ("BIS") has reason to believe that on 18 occasions General Monitors, Inc. ("General Monitors") violated 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 General Monitors committed the following violations:

Charges 1-6 15 C.F.R. §764.2(a) - Unlicensed exports to Entity List organization

On six occasions in or about December of 1998, General Monitors caused the shipment of items subject to the EAR (gas and fire detection equipment) from the United States to Bharat Heavy Electricals Limited of Hyderabad, India (BHEL), an organization on the Entity List, Supplement No. 4 to Part 744 of the Regulations, without the license required by Section 744.11 of the Regulations. In so doing, General Monitors committed six violations of Section 764.2(a) of the Regulations. For further detail, see Schedule A (attached).

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 in 1998 and 2001. The Regulations governing the violations at issue are found in the 1998 and 2001 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1998, 2001)). The 2003 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 - 1707 (2000)) ("IEEPA"). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508, 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, which has been extended by a Presidential Notice of August 14, 2002 (67 *Fed. Reg.* 159 (August 16, 2002)), has continued the Regulations in effect under IEEPA.

**Charges 7 - 12 15 C.F.R. § 764.2(g) - False Statements on Shipper's Export
Declarations**

In connection with the six exports to BHEL in charges 1-6 above, General Monitors filed Shippers Export Declarations ("SEDs") with the U.S. Government that represented falsely that the gas and flame detection equipment was eligible for export as NLR ("no license required"). The certification of eligibility for NLR on the SEDs was false since an export license from BIS was required. In so doing, General Monitors committed six violations of Section 764.2(g) of the Regulations. For further detail, see Schedule A (attached).

**Charges 13 - 18 15 C.F.R. § 764.2(g) - False Statements on Shipper's Export
Declarations**

Although General Monitors had obtained a license for the six exports described in charges 13-18 (see Schedule A attached), General Monitors filed SEDs with the U.S. Government in connection with those exports that represented falsely that the items exported were eligible for export as NLR. The certification of eligibility for NLR on the SEDs was false since a license from BIS was required and the export license number should have been entered on the SED. In so doing, General Monitors committed six violations of Section 764.2(g) of the Regulations. For further detail, see Schedule A, attached.

Accordingly, General Monitors 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;³

Denial of export privileges; and/or

Exclusion from practice before BIS.

If General Monitors 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 General Monitors defaults, the Administrative Law Judge may find the charges alleged in this letter are true without hearing or further notice to

³ See 15 C.F.R. §6.4(a)(2).

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Proposed Charging Letter
Page 3

General Monitors. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on each charge in this letter.

General Monitors is further notified that it is entitled to an agency hearing on the record if General Monitors files a written demand for one with its answer. (Regulations, Section 766.6). General Monitors 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 General Monitors have a proposal to settle this case, General Monitors or its 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, General Monitors'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 General Monitors's answer must be served on BIS at the following address:

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

Philip Ankel 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

Enclosure

SCHEDULE A

GENERAL MONITORS, INC. SHIPMENTS TO BHARAT HEAVY ELECTRICALS LIMITED, HYDERABAD

Charges	Export Date (on or about)	Air Waybill Number
1, 7	12/17/98	66489894
2, 8	12/17/98	66490104
3, 9	12/31/98	66490082
4, 10	12/31/98	66490093
5, 11	12/31/98	66489916
6, 12	12/31/98	66489905
13	1/5/01	01319677
14	1/16/01	01320395
15	1/23/01	01321697
16	1/24/01	01321722
17	2/21/01	01326180
18	3/2/01	01327293

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

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In the Matter of:)
)
General Monitors, Inc.)
26776 Simpatica Circle)
Eltora, California 92630)
)
Respondent.)

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between Respondent, General Monitors, Inc. ("General Monitors") 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 ("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 in 1998 and 2001. The Regulations governing the violations at issue are found in the 1998 and 2001 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1998, 2001)). The 2003 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 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/bis/>.

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

WHEREAS, BIS has issued a proposed charging letter to General Monitors that alleged that General Monitors committed 18 violations of the Regulations, specifically:

1. *Six Violations of 15 C.F.R. § 764.2(a) - Unlicensed Export to Entity List*

Organization: On six occasions in December of 1998, General Monitors exported gas and fire detection equipment, items subject to the Regulations, to Bharat Heavy Electricals Limited of Hyderabad, India (BHED) without the BIS license required by Section 744.11 of the Regulations. At all times relevant hereto, BHED was included on the Entity List, Supplement No. 4 to Part 744 of the Regulations. Section 744.11 of the Regulations requires that a license be obtained for exports to such organizations for items controlled by the Regulations.

2. *Six Violations of 15 C.F.R. § 764.2(g) - Improper entry of license category NLR*

on Shipper's Export Declarations when exported items required a license: In connection with the six exports to BHED detailed above, General Monitors filed Shipper's Export Declarations ("SEDs") with the U.S. Government that represented falsely that the gas and flame detection equipment was eligible for export as NLR ("no license required") in violation of Section 764.2(g) of the Regulations. The use of NLR on the SEDs was false since a BIS license was required for the export.

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3. *Six Violations of 15 C.F.R. § 764.2(a) -Showing Incorrect License Authority on SEDs:* On six occasions from on or about January 5, 2001 to on or about March 2, 2001, General Monitors filed SEDs with the U.S. Government that represented that export gas and flame detection equipment exported by General Monitors was eligible for export as NLR ("no license required") in violation of Section 764.2(g) of the Regulations. NLR was not the proper license authority as licenses were required for the exports. While General Monitors had been issued licenses for the exports, General Monitors failed to include the license number on the SED at the time it was filed.

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

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

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

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

a. General Monitors shall be assessed a civil penalty in the amount of \$40,000 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 of any export license, license exception, permission, or privilege granted, or to be granted, to General Monitors. Failure to make timely payment of the civil penalty set forth above shall result in the denial of all of General Monitors'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, General Monitors hereby waives all rights to further procedural steps in this matter (except with respect

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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; (c) request any relief from the Order, if entered, including without limitation relief from the terms of a denial order under 15 C.F.R. § 764.3(a)(2); and (d) 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 \$40,000 civil penalty, BIS will not initiate any further administrative proceeding against General Monitors 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.

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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.

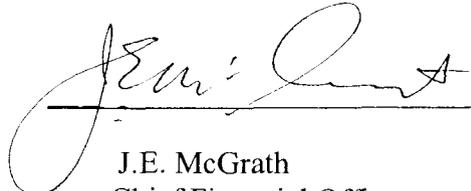
9. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

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

GENERAL MONITORS, INC.



Mark D. Menefee
Director
Office of Export Enforcement



J.E. McGrath
Chief Financial Officer

Date: 4/28/04

Date: 4-22-04

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

In the Matter of:)
)
General Monitors, Inc.)
26776 Simpatica Circle)
Eltora, California 92630)
)
Respondent.)
_____)

ORDER

The Bureau of Industry and Security, United States Department of Commerce (“BIS”) having notified General Monitors, Inc. (“General Monitors”) of its intention to initiate an administrative proceeding against General Monitors pursuant to Section 766.3 of the Export Administration Regulations (“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 General Monitors that alleged that General Monitors committed 18 violations of the Regulations. Specifically, the charges are:

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 in 1998 and 2001. The Regulations governing the violations at issue are found in the 1998 and 2001 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1998, 2001)). The 2003 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 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 (3 C.F.R., 2003 Comp. 328 (2004)), 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/bis/>.

1. *Six Violations of 15 C.F.R. § 764.2(a) - Unlicensed Export to Entity List*
Organization: On six occasions in December of 1998, General Monitors exported gas and fire detection equipment, items subject to the Regulations, to Bharat Heavy Electricals Limited of Hyderabad, India (“BHED”) without the BIS license required by Section 744.11 of the Regulations. At all times relevant hereto, BHED was included on the Entity List, Supplement No. 4 to Part 744 of the Regulations. Section 744.11 of the Regulations requires that a license be obtained for exports to such organizations for items controlled by the Regulations.
2. *Six Violations of 15 C.F.R. § 764.2(g) - Improper entry of license category NLR on Shipper’s Export Declarations when exporting items required a license:* In connection with the six exports to BHED detailed above, General Monitors filed Shipper’s Export Declarations (“SEDs”) with the U.S. Government that represented falsely that the gas and flame detection equipment was eligible for export as NLR (“no license required”) in violation of Section 764.2(g) of the Regulations. The use of NLR on the SEDs was false since a BIS license was required for the export.
3. *Six Violations of 15 C.F.R. § 764.2(a) -Showing Incorrect License Authority on SEDs:* On six occasions from on or about January 5, 2001 to on or about March 2, 2001, General Monitors filed SEDs with the U.S. Government that represented that export gas and flame detection equipment exported by General Monitors was eligible for export as NLR (“no license required”) in violation of Section 764.2(g) of the Regulations. NLR was not the proper license authority as a license was

required for export. While General Monitors had been issued a license for the export, General Monitors failed to include the license number on the SED at the time it was filed.

BIS and General Monitors 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:

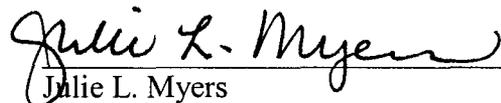
FIRST, that a civil penalty of \$40,000 is assessed against General Monitors which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

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, General Monitors 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 General Monitors. Accordingly, if General Monitors should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying General Monitors'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.


Julie L. Myers
Assistant Secretary of Commerce
for Export Enforcement

Entered this 4th day of June 2004.