

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

E.D. Bullard Co.
1898 Safety Way
Cynthiana, Kentucky 41031

Attention: *Richard C. Miller*
President & Chief Executive Officer

Dear Mr. Miller:

The Bureau of Industry and Security, United States Department of Commerce ("BIS"), has reason to believe that the E.D. Bullard Co. ("Bullard"), of Cynthiana, Kentucky, has committed 55 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 Bullard committed the following violations:

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2004). The violations charged occurred from 2000 through 2002. The Regulations governing the violations at issue are found in the 2000, 2001, and 2002 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2002)). The 2004 Regulations govern the procedural aspects of this case.

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 and it remained in effect through August 20, 2001. Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp., p. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 6, 2004 (69 *Fed. Reg.* 48763 (Aug. 10, 2004)), continues the Regulations in effect under IEEPA.

Charge 1 (15 C.F.R. §764.2(a) - Exporting Thermal Imaging Camera Without the Required License)

On one occasion, on or about February 18, 2000, Bullard engaged in conduct prohibited by the Regulations by exporting or causing to be exported a thermal imaging camera, classified under Export Control Classification Number ("ECCN") 6A003.b.4, to Israel without the Department of Commerce (the "Department") license, as required by Sections 742.4 and 742.6 of the Regulations. The Department issued a license authorizing the reexport from Bullard GmbH of 10 such thermal imaging cameras in license D271898, however, license D271898 did not authorize the export of such a camera from the United States. See Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Bullard committed one violation of Section 764.2(a) of the Regulations.

Charges 2-11 (15 C.F.R. §764.2(a) - Exporting Thermal Imaging Cameras in Quantities in Excess of Licensed Quantities)

On 10 occasions, between on or about May 26, 2000 and on or about February 28, 2002, Bullard engaged in conduct prohibited by the Regulations by exporting or causing to be exported thermal imaging cameras classified under ECCN 6A003.b.4 to Germany, the Czech Republic, and the Netherlands in quantities that exceeded the quantities authorized by the Department in licenses D252504, D275062, and D284227. On six occasions, Bullard exported or caused to be exported a total of 14 thermal imaging cameras to Spain, Germany, and the Czech Republic in excess of the quantity authorized by license D252504, which authorized the export of 25 such cameras. On three occasions, Bullard exported or caused to be exported a total of 10 thermal imaging cameras to Germany in excess of the quantity authorized by license D275062, which authorized the export of 25 such cameras. On one occasion, Bullard exported or caused to be exported two thermal imaging cameras to the Netherlands in excess of the quantity authorized by license D284227, which authorized the export of 25 such cameras. See Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Bullard committed 10 violations of Section 764.2(a) of the Regulations.

Charges 12-15 (15 C.F.R. § 764.2(a) - Violations of Terms and Conditions of Export Licenses)

On four occasions, between on or about December 12, 2000 and May 20, 2001, eight thermal imaging cameras classified under ECCN 6A003.b.4 were resold, reexported, or transferred from Germany to Austria or Switzerland in violation of condition 4 of license D279296, condition 5 of license D280601, and condition 1 of license D252504, each of which authorized the export of such cameras to Germany for distribution within countries that are members of NATO. Neither

Austria nor Switzerland are members of NATO, and Section 742.6 of the Regulations requires a license for the reexport of thermal imaging cameras classified under ECCN 6A003.b.4 to Austria and Switzerland. As the licensee of licenses D280601, D279296, and D252504, Bullard is, pursuant to Section 750.7(d) of the Regulations, strictly accountable for compliance with all of the licenses' terms, conditions, and provisions. See Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Bullard committed four violations of Section 764.2(a) of the Regulations.

Charges 16-22 (15 C.F.R. § 764.2(a) - Exporting Thermal Imaging Cameras to an Intermediate Consignee not Authorized by Licenses)

On seven occasions, between on or about January 26, 2001 and March 8, 2002, Bullard engaged in conduct prohibited by the Regulations by exporting or causing to be exported 24 thermal imaging cameras classified under ECCN 6A003.b.4 from the United States to Switzerland through an intermediate consignee in Germany in violation of licenses D280642, D282863, and D288985, which authorized the export of such cameras to Switzerland and did not authorize the export of such cameras to an intermediate consignee in Germany. Section 750.7(c) of the Regulations requires that any change in the intermediate consignee in which the new intermediate consignee is in a country other than the country of ultimate destination for a shipment authorized under a license requires the issuance of a "replacement" license. In these cases, since the country of ultimate destination was Switzerland and the new intermediate consignee was in Germany, "replacement" licenses were required and Bullard neither applied for nor received such licenses. See Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Bullard committed seven violations of Section 764.2(a) of the Regulations.

Charge 23 (15 C.F.R. § 764.2(a) - Violation of Terms and Conditions of Export License)

On one occasion, on or about May 8, 2001, one thermal imaging camera classified under ECCN 6A003.b.4 was resold, reexported, or transferred from Germany to Austria in violation of condition 5 of license D280642, which authorized the export of such camera to Switzerland. As the licensee of license D280642, Bullard is, pursuant to Section 750.7(d) of the Regulations, strictly accountable for all compliance with of the licenses' terms, conditions, and provisions. See Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Bullard committed one violation of Section 764.2(a) of the Regulations.

Charge 24 (15 C.F.R. § 764.2(a) - Violation of Terms and Conditions of Export License)

On one occasion, on or about September 28, 2001, one thermal imaging camera classified under ECCN 6A003.b.4 was resold, reexported, or transferred from Germany to France in violation of condition 5 of license D280663, which authorized the export of such camera to Germany. As the licensee of license D280663, Bullard is, pursuant to Section 750.7(d) of the Regulations, strictly

accountable for all of the licenses' terms, conditions, and provisions. *See* Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Bullard committed one violation of Section 764.2(a) of the Regulations.

Charges 25-26 (15 C.F.R. § 764.2(a) - Exporting Thermal Imaging Cameras to an Intermediate Consignee not authorized by License)

On two occasions, between on or about October 12, 2001 and November 16, 2001, Bullard engaged in conduct prohibited by the Regulations by exporting or causing to be exported five thermal imaging cameras classified under ECCN 6A003.b.4 from the United States to Austria through an intermediate consignee in Germany in violation of license D281408, which authorized the export of such cameras to Austria and did not authorize the export of such cameras to an intermediate consignee in Germany. Section 750.7(c) of the Regulations requires that any change in the intermediate consignee in which the new intermediate consignee is in a country other than the country of ultimate destination for a shipment authorized under a license requires the issuance of a "replacement" license. In these cases, since the country of ultimate destination was Austria and the new intermediate consignee was in Germany, a "replacement" license was required and Bullard neither applied for nor received such a license. *See* Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Bullard committed two violations of Section 764.2(a) of the Regulations.

Charge 27 (15 C.F.R. § 764.2(a) - Exporting Thermal Imaging Camera After Expiration of License)

On one occasion, on or about February 5, 2002, Bullard engaged in conduct prohibited by the Regulations by exporting or causing to be exported one thermal imaging camera classified under ECCN 6A003.b.4 to Venezuela after the expiration of license D269898, which authorized the export of such camera to Venezuela. License D269898 expired on January 31, 2002. Section 742.6 of the Regulations requires a license for the export of thermal imaging cameras classified under ECCN 6A003.b.4 to Venezuela. *See* Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Bullard committed one violation of Section 764.2(a) of the Regulations.

Charge 28 (15 C.F.R. § 764.2(a) - Transferring Thermal Imaging Camera without License)

On one occasion, on or about March 25, 2002, one thermal imaging camera classified under ECCN 6A003.b.4 was transferred from S.P Equipamentos de Proteção ao Trabalho e Mro Ltda. to the State Secretariat of Civil Defense (Military Police of the State of Rio de Janeiro) in violation of condition 4 of license D274828, which forbade the resale, reexport, or transfer of the thermal imaging camera to any party other than that listed on the license without the prior approval of the United States Government. As the licensee of license D274828, Bullard is, pursuant to Section 750.7(d) of the Regulations, strictly accountable for all of the licenses' terms, conditions, and provisions. *See* Schedule A, which is enclosed herewith and incorporated herein

by reference. In so doing, Bullard committed one violation of Section 764.2(a) of the Regulations.

Charge 29 (15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declaration Regarding Authority to Export)

On one occasion, on or about November 16, 2001, Bullard filed or caused to be filed a Shipper's Export Declaration³ ("SED") with the United States Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed an SED that stated that the thermal imaging camera that was the subject of the SED qualified for export under license D288061. This representation was false as the license that authorized the shipment was D275276. See Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Bullard committed one violation of Section 764.2(g) of the Regulations.

Charge 30 (15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declaration Regarding Authority to Export)

On the one occasion described in Charge 1 above, Bullard filed or caused to be filed an SED with the United States Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed an SED that stated that the thermal imaging camera that was the subject of the SED qualified for export under license D271898. This representation was false as license D271898 authorized the reexport of thermal imaging cameras from Bullard GmbH to Israel, not the export of such cameras from the United States. See Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Bullard committed one violation of Section 764.2(g) of the Regulations.

Charges 31-40 (15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declarations Regarding Authority to Export)

On the 10 occasions described in Charges 2-11 above, Bullard filed or caused to be filed SEDs with the United States Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed SEDs that stated that the thermal imaging cameras that were the subject of the SEDs qualified for export under licenses D252504, D275062, and D284227. These representations were false as Bullard had already exported the authorized quantities of thermal imaging cameras under the license numbers represented on the SEDs. See Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Bullard committed 10 violations of Section 764.2(g) of the Regulations.

³ Shipper's Export Declarations are export control documents, as defined in Section 772 of the Regulations.

**Charges 41-43 (15 C.F.R. § 764.2(g) - False Statement on Shipper's Export
Declarations Regarding Authority to Export)**

On the three occasions described in Charges 12-14 above, Bullard filed or caused to be filed SEDs with the United States Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed SEDs that stated that the thermal imaging cameras that were the subject of the SEDs qualified for export under D279296 and D280601. These representations were false as licenses D279296 and D280601 only authorized the export of the thermal imaging cameras that were the subject of these SEDs to members of NATO, of which Austria is not a member. *See* Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Bullard committed three violations of Section 764.2(g) of the Regulations.

**Charges 44-50 (15 C.F.R. § 764.2(g) - False Statement on Shipper's Export
Declarations Regarding Country of Ultimate Destination)**

On the seven occasions described in Charges 16-22 above, Bullard filed or caused to be filed SEDs with the United States Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed SEDs that stated that the country of ultimate destination for the thermal imaging cameras that were the subject of the SEDs was Germany. These representations were false as the actual country of ultimate destination for the thermal imaging cameras described on the SEDs was Switzerland. *See* Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Bullard committed seven violations of Section 764.2(g) of the Regulations.

**Charge 51 (15 C.F.R. § 764.2(g) - False Statement on Shipper's Export
Declaration Regarding Authority to Export)**

On the one occasion described in Charge 23 above, Bullard filed or caused to be filed an SED with the United States Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed an SED that stated that the thermal imaging camera that was the subject of the SED qualified for export under license D280642. This representation is false as license D280642 authorized the export of thermal imaging cameras to Switzerland and the thermal imaging camera referenced on this SED was exported to Austria. *See* Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Bullard committed one violation of Section 764.2(g) of the Regulations.

**Charge 52 (15 C.F.R. § 764.2(g) - False Statement on Shipper's Export
Declaration Regarding Authority to Export)**

On the one occasion described in Charge 24 above, Bullard filed or caused to be filed an SED with the United States Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed an SED that stated that the thermal imaging camera that was the subject of the SED qualified for export under license D280663. This representation was false as license D280663 authorized the export of thermal imaging cameras to Germany and the thermal

imaging camera referenced on this SED was exported to France. *See* Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Bullard committed one violation of Section 764.2(g) of the Regulations.

**Charges 53-54 (15 C.F.R. § 764.2(g) - False Statement on Shipper's Export
Declarations Regarding Country of Ultimate Destination)**

On the two occasions described in Charges 25-26 above, Bullard filed or caused to be filed SEDs with the United States Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed SEDs that stated that the country of ultimate destination for the thermal imaging cameras that were the subject of these SEDs was Germany. These representations were false as the country of ultimate destination for these thermal imaging cameras was Austria. *See* Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Bullard committed two violations of Section 764.2(g) of the Regulations.

**Charge 55 (15 C.F.R. § 764.2(g) - False Statement on Shipper's Export
Declaration Regarding Authority to Export)**

On the one occasion described in Charge 27 above, Bullard filed or caused to be filed an SED with the United States Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed an SED that stated that the thermal imaging cameras that were the subject of the SED were authorized for export to Venezuela under license D269898. This representation was false as license D269898 expired on January 31, 2002, and the export of the thermal imaging camera took place on February 5, 2002. *See* Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Bullard committed one violation of Section 764.2(g) of the Regulations.

Accordingly, Bullard 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 up to \$11,000 per violation;⁴

Denial of export privileges; and/or

Exclusion from practice before BIS.

If Bullard 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 Bullard defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to Bullard. The Under

⁴ *See* 15 C.F.R. § 6.4(a)(2).

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Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on each of the charges in this letter.

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

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

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Peter R. Klason 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,

Acting Director
Office of Export Enforcement

Enclosure

SCHEDULE A

CHARGE NUMBERS	DATE OF VIOLATION	DESTINATION	COMMODITY EXPORTED (All ECCN 6A003)	LICENSE NUMBER	SERIAL NUMBERS	VALUE	VIOLATIONS CHARGED
1, 30	2/18/00	Israel	1 Thermal imaging camera	D271898	1729	\$10,500.00	15 C.F.R. § 764.2(a), (g)
2, 31	5/26/00	Spain	9 Thermal imaging cameras	D252504	1919-1928	\$60,909.57	15 C.F.R. § 764.2(a), (g)
3, 32	6/9/00	Germany	1 Thermal imaging camera	D252504	1974	\$6,767.73	15 C.F.R. § 764.2(a), (g)
4, 33	6/23/00	Germany	1 Thermal imaging camera	D252504	3014	\$6,200.00	15 C.F.R. § 764.2(a), (g)
5, 34	7/7/00	Germany	1 Thermal imaging camera	D252504	3048	\$6,200.00	15 C.F.R. § 764.2(a), (g)
6, 35	7/10/00	Germany	1 Thermal imaging camera	D252504	3066	\$6,200.00	15 C.F.R. § 764.2(a), (g)
7, 36	7/10/00	Czech Republic	1 Thermal imaging camera	D252504	3074	\$6,200.00	15 C.F.R. § 764.2(a), (g)
8, 37	10/18/00	Germany	6 Thermal imaging cameras	D275062	3346, 3360, 3363, 3364, 3372, 3373	\$40,942.00	15 C.F.R. § 764.2(a), (g)
9, 38	10/25/00	Germany	3 Thermal imaging cameras	D275062	3392, 3396, 3397	\$48,600.00	15 C.F.R. § 764.2(a), (g)
10, 39	1/26/01	Germany	1 Thermal imaging camera	D275062	3706	\$6,200.00	15 C.F.R. § 764.2(a), (g)
11, 40	2/28/02	Netherlands	2 Thermal imaging cameras	D284227	4759, 4760	\$12,400.00	15 C.F.R. § 764.2(a), (g)

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12, 41	12/12/00	Austria & Switzerland	5 Thermal imaging cameras	D279296	3530, 3535, 3537, 3552, 3553	\$34,313.00	15 C.F.R. § 764.2(a), (g)
13, 42	4/4/01	Austria	1 Thermal imaging camera	D280601	3942	\$6,200.00	15 C.F.R. § 764.2(a), (g)
14, 43	4/20/01	Austria	1 Thermal imaging camera	D280601	3980	\$6,200.00	15 C.F.R. § 764.2(a), (g)
15	12/19/00	Austria	1 Thermal imaging camera	D252504	1948	\$6,200.00	15 C.F.R. § 764.2(a)
16, 44	1/26/01	Germany	5 Thermal imaging cameras	D280642	3705, 3707, 3708, 3709, 3710	\$31,000.00	15 C.F.R. § 764.2(a), (g)
17, 45	2/02/01	Germany	4 Thermal imaging cameras	D280642	3738, 3741, 3742, 3743	\$24,800.00	15 C.F.R. § 764.2(a), (g)
18, 46	2/2/01	Germany	1 Thermal imaging camera	D282863	3735	\$6,200.00	15 C.F.R. § 764.2(a), (g)
19, 47	6/13/01	Germany	2 Thermal imaging cameras	D282863	4093, 4094	\$12,400.00	15 C.F.R. § 764.2(a), (g)
20, 48	6/26/01	Germany	3 Thermal imaging cameras	D282863	4095, 4096, 4097	\$18,600.00	15 C.F.R. § 764.2(a), (g)
21, 49	8/24/01	Germany	5 Thermal imaging cameras	D282863	4394-4353	\$31,000.00	15 C.F.R. § 764.2(a), (g)
22, 50	3/8/02	Germany	4 Thermal imaging cameras	D288985	4863, 4870, 4871, 4872	\$24,800.00	15 C.F.R. § 764.2(a), (g)
23, 51	5/8/01	Austria	1 Thermal imaging camera	D280642	4030	\$6,200.00	15 C.F.R. § 764.2(a), (g)
24, 52	9/28/01	France	1 Thermal imaging camera	D280663	4447	\$6,200.00	15 C.F.R. § 764.2(a), (g)

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25, 53	10/12/01	Austria	3 Thermal imaging cameras	D281408	4469, 4470, 4471	\$18,600.00	15 C.F.R. § 764.2(a), (g)
26, 54	11/16/01	Austria	2 Thermal imaging cameras	D281408	4530, 4531	\$12,400.00	15 C.F.R. § 764.2(a), (g)
27, 55	2/5/02	Venezuela	1 Thermal imaging camera	D269898	4739	\$10,500.00	15 C.F.R. § 764.2(a), (g)
28	3/25/02	Brazil	1 Thermal imaging camera	D274828	4884	\$10,000.00	15 C.F.R. § 764.2(a)
29	11/16/01	Slovakia	1 Thermal imaging camera	D275276	4639	\$6,200.00	15 C.F.R. § 764.2(g)

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

.....
In the Matter of:)
)
E.D. Bullard Co.)
1898 Safety Way)
Cynthiana, Kentucky 41031)
)
Respondent)
.....

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between the E.D. Bullard Co. ("Bullard"), and the Bureau of Industry and Security, U.S. 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 (2005)) ("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 2002. The Regulations governing the violations at issue are found in the 2000 through 2002 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2002)). The 2005 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. 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.

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

WHEREAS, BIS has issued a proposed charging letter to Bullard that alleged that Bullard committed 55 violations of the Regulations, specifically:

1. *One Violation of 15 C.F.R. §764.2(a) - Exporting Thermal Imaging Camera Without the Required License.* On one occasion, on or about February 18, 2000, Bullard engaged in conduct prohibited by the Regulations by exporting or causing to be exported a thermal imaging camera, classified under Export Control Classification Number ("ECCN") 6A003.b.4, to Israel without the Department of Commerce (the "Department") license, as required by Sections 742.4 and 742.6 of the Regulations. The Department issued a license authorizing the reexport from Bullard GmbH of 10 such thermal imaging cameras in license D271898, however, license D271898 did not authorize the export of such a camera from the United States.
2. *Ten Violations of 15 C.F.R. §764.2(a) - Exporting Thermal Imaging Cameras in Quantities in Excess of Licensed Quantities.* On 10 occasions, between on or about May 26, 2000 and on or about February 28, 2002, Bullard engaged in conduct prohibited by the Regulations by exporting or causing to be exported thermal imaging cameras classified under ECCN 6A003.b.4 to Germany, the Czech Republic, and the Netherlands in quantities that exceeded the quantities authorized by the Department in licenses D252504, D275062, and D284227. On

six occasions, Bullard exported or caused to be exported a total of 14 thermal imaging cameras to Spain, Germany, and the Czech Republic in excess of the quantity authorized by license D252504, which authorized the export of 25 such cameras. On three occasions, Bullard exported or caused to be exported a total of 10 thermal imaging cameras to Germany in excess of the quantity authorized by license D275062, which authorized the export of 25 such cameras. On one occasion, Bullard exported or caused to be exported two thermal imaging cameras to the Netherlands in excess of the quantity authorized by license D284227, which authorized the export of 25 such cameras.

3. *Four Violations of 15 C.F.R. § 764.2(a) - Violations of Terms and Conditions of Export Licenses.* On four occasions, between on or about December 12, 2000 and May 20, 2001, eight thermal imaging cameras classified under ECCN 6A003.b.4 were resold, reexported, or transferred from Germany to Austria or Switzerland in violation of condition 4 of license D279296, condition 5 of license D280601, and condition 1 of license D252504, each of which authorized the export of such cameras to Germany for distribution within countries that are members of NATO. Neither Austria nor Switzerland are members of NATO, and Section 742.6 of the Regulations requires a license for the reexport of thermal imaging cameras classified under ECCN 6A003.b.4 to Austria and Switzerland. As the licensee of licenses D280601, D279296, and D252504, Bullard is, pursuant to Section

750.7(d) of the Regulations, strictly accountable for compliance with all of the licenses' terms, conditions, and provisions.

4. *Seven Violations of 15 C.F.R. § 764.2(a) - Exporting Thermal Imaging Cameras to an Intermediate Consignee not Authorized by Licenses.* On seven occasions, between on or about January 26, 2001 and March 8, 2002, Bullard engaged in conduct prohibited by the Regulations by exporting or causing to be exported 24 thermal imaging cameras classified under ECCN 6A003.b.4 from the United States to Switzerland through an intermediate consignee in Germany in violation of licenses D280642, D282863, and D288985, which authorized the export of such cameras to Switzerland and did not authorize the export of such cameras to an intermediate consignee in Germany. Section 750.7(c) of the Regulations requires that any change in the intermediate consignee in which the new intermediate consignee is in a country other than the country of ultimate destination for a shipment authorized under a license requires the issuance of a "replacement" license. In these cases, since the country of ultimate destination was Switzerland and the new intermediate consignee was in Germany, "replacement" licenses were required and Bullard neither applied for nor received such licenses.
5. *One Violation of 15 C.F.R. § 764.2(a) - Violation of Terms and Conditions of Export License.* On one occasion, on or about May 8, 2001, one thermal imaging camera classified under ECCN 6A003.b.4 was resold, reexported, or transferred

from Germany to Austria in violation of condition 5 of license D280642, which authorized the export of such camera to Switzerland. As the licensee of license D280642, Bullard is, pursuant to Section 750.7(d) of the Regulations, strictly accountable for all compliance with of the licenses' terms, conditions, and provisions.

6. *One Violation of 15 C.F.R. § 764.2(a) - Violation of Terms and Conditions of Export License.* On one occasion, on or about September 28, 2001, one thermal imaging camera classified under ECCN 6A003.b.4 was resold, reexported, or transferred from Germany to France in violation of condition 5 of license D280663, which authorized the export of such camera to Germany. As the licensee of license D280663, Bullard is, pursuant to Section 750.7(d) of the Regulations, strictly accountable for all of the licenses' terms, conditions, and provisions.
7. *Two Violations of 15 C.F.R. § 764.2(a) - Exporting Thermal Imaging Cameras to an Intermediate Consignee not authorized by License.* On two occasions, between on or about October 12, 2001 and November 16, 2001, Bullard engaged in conduct prohibited by the Regulations by exporting or causing to be exported five thermal imaging cameras classified under ECCN 6A003.b.4 from the United States to Austria through an intermediate consignee in Germany in violation of license D281408, which authorized the export of such cameras to Austria and did not authorize the export of such cameras to an intermediate consignee in Germany. Section 750.7(c) of the Regulations requires that any change in the

intermediate consignee in which the new intermediate consignee is in a country other than the country of ultimate destination for a shipment authorized under a license requires the issuance of a "replacement" license. In these cases, since the country of ultimate destination was Austria and the new intermediate consignee was in Germany, a "replacement" license was required and Bullard neither applied for nor received such a license.

8. *One Violation of 15 C.F.R. § 764.2(a) - Exporting Thermal Imaging Camera After Expiration of License.* On one occasion, on or about February 5, 2002, Bullard engaged in conduct prohibited by the Regulations by exporting or causing to be exported one thermal imaging camera classified under ECCN 6A003.b.4 to Venezuela after the expiration of license D269898, which authorized the export of such camera to Venezuela. License D269898 expired on January 31, 2002. Section 742.6 of the Regulations requires a license for the export of thermal imaging cameras classified under ECCN 6A003.b.4 to Venezuela.
9. *One Violation of 15 C.F.R. § 764.2(a) - Transferring Thermal Imaging Camera without License.* On one occasion, on or about March 25, 2002, one thermal imaging camera classified under ECCN 6A003.b.4 was transferred from S.P Equipamentos de Proteção ao Trabalho e Mro Ltda. to the State Secretariat of Civil Defense (Military Police of the State of Rio de Janeiro) in violation of condition 4 of license D274828, which forbade the resale, reexport, or transfer of the thermal imaging camera to any party other than that listed on the license without the prior approval of the United States Government. As the licensee of

license D274828, Bullard is, pursuant to Section 750.7(d) of the Regulations, strictly accountable for all of the licenses' terms, conditions, and provisions.

10. *One Violation of 15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declaration Regarding Authority to Export.* On one occasion, on or about November 16, 2001, Bullard filed or caused to be filed a Shipper's Export Declaration³ ("SED") with the U.S. Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed an SED that stated that the thermal imaging camera that was the subject of the SED qualified for export under license D288061. This representation was false as the license that authorized the shipment was D275276.
11. *One Violation of 15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declaration Regarding Authority to Export.* On the one occasion described in Paragraph 1 above, Bullard filed or caused to be filed an SED with the U.S. Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed an SED that stated that the thermal imaging camera that was the subject of the SED qualified for export under license D271898. This representation was false as license D271898 authorized the reexport of thermal imaging cameras from Bullard GmbH to Israel, not the export of such cameras from the United States.

³ Shipper's Export Declarations are export control documents, as defined in Section 772 of the Regulations.

12. *Ten Violations of 15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declarations Regarding Authority to Export.* On the 10 occasions described in Paragraph 2 above, Bullard filed or caused to be filed SEDs with the U.S. Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed SEDs that stated that the thermal imaging cameras that were the subject of the SEDs qualified for export under licenses D252504, D275062, and D284227. These representations were false as Bullard had already exported the authorized quantities of thermal imaging cameras under the license numbers represented on the SEDs.
13. *Three Violations of 15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declarations Regarding Authority to Export.* On three of the occasions described in Paragraph 3 above, Bullard filed or caused to be filed SEDs with the U.S. Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed SEDs that stated that the thermal imaging cameras that were the subject of the SEDs qualified for export under D279296 and D280601. These representations were false as licenses D279296 and D280601 only authorized the export of the thermal imaging cameras that were the subject of these SEDs to members of NATO, of which Austria is not a member.
14. *Seven Violations of 15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declarations Regarding Country of Ultimate Destination.* On the seven occasions described in Paragraph 4 above, Bullard filed or caused to be filed SEDs with the U.S. Government that contained false statements of fact.

Specifically, Bullard filed or caused to be filed SEDs that stated that the country of ultimate destination for the thermal imaging cameras that were the subject of the SEDs was Germany. These representations were false as the actual country of ultimate destination for the thermal imaging cameras described on the SEDs was Switzerland.

15. *One Violation of 15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declaration Regarding Authority to Export.* On the one occasion described in Paragraph 5 above, Bullard filed or caused to be filed an SED with the U.S. Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed an SED that stated that the thermal imaging camera that was the subject of the SED qualified for export under license D280642. This representation is false as license D280642 authorized the export of thermal imaging cameras to Switzerland and the thermal imaging camera referenced on this SED was exported to Austria.

16. *One Violation of 15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declaration Regarding Authority to Export.* On the one occasion described in Paragraph 6 above, Bullard filed or caused to be filed an SED with the U.S. Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed an SED that stated that the thermal imaging camera that was the subject of the SED qualified for export under license D280663. This representation was false as license D280663 authorized the export of thermal

imaging cameras to Germany and the thermal imaging camera referenced on this SED was exported to France.

17. *Two Violations of 15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declarations Regarding Country of Ultimate Destination.* On the two occasions described in Paragraph 7 above, Bullard filed or caused to be filed SEDs with the U.S. Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed SEDs that stated that the country of ultimate destination for the thermal imaging cameras that were the subject of these SEDs was Germany. These representations were false as the country of ultimate destination for these thermal imaging cameras was Austria.
18. *One Violation of 15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declaration Regarding Authority to Export.* On the one occasion described in Paragraph 8 above, Bullard filed or caused to be filed an SED with the U.S. Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed an SED that stated that the thermal imaging cameras that were the subject of the SED were authorized for export to Venezuela under license D269898. This representation was false as license D269898 expired on January 31, 2002, and the export of the thermal imaging camera took place on February 5, 2002.

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over Bullard, under the Regulations, in connection with the matters alleged in the proposed charging letter.
2. The following sanctions shall be imposed against Bullard in complete settlement of the violations of the Regulations set forth in the proposed charging letter:
 - a. Bullard shall be assessed a civil penalty in the amount of \$330,000, of which \$82,500 shall be paid to the U.S. Department of Commerce not later than May 31, 2005; \$82,500 shall be paid to the U.S. Department of Commerce by not later than August 31, 2005; \$82,500 shall be paid to the U.S. Department of Commerce by not later than November 30, 2005; and \$82,500 shall be paid to the U.S.

Department of Commerce by not later than February 28, 2006. Payment shall be made in the manner specified in the attached instructions.

- 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 Bullard. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of Bullard's export privileges for a period of one year from the date of imposition of the penalty.
- c. Bullard shall perform an audit of its internal compliance program not less than 18 months from the date of entry of the Order and not more than 24 months from the date of entry of the Order. Said audit shall be in substantial compliance with the Export Management Systems audit module, which is available from the BIS web site at <http://www.bis.doc.gov/exportmanagementsystems/default.htm>, which is incorporated by reference. A copy of said audit shall be transmitted to the Office of Export Enforcement, 381 Elden Street, Herndon, Virginia 20170, not later than May 31, 2007.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, Bullard 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; (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, BIS will not initiate any further administrative proceeding against Bullard 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.

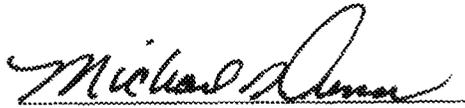
6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial 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.

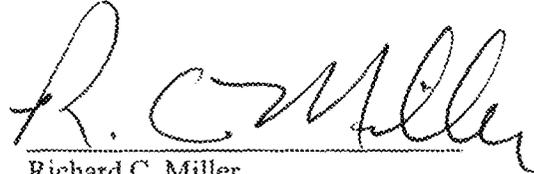
BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE



Michael D. Turner
Director
Office of Export Enforcement

Date: 6/1/2005

E.D. BULLARD CO.



Richard C. Miller
President

Date: 26 May 2005

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

In the Matter of:)
)
E.D. Bullard Co.)
1898 Safety Way)
Cynthiana, Kentucky 41031)
)
Respondent)

ORDER RELATING TO E.D. BULLARD CO.

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS") has notified the E.D. Bullard Co. ("Bullard") of its intention to initiate an administrative proceeding against it pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2005)) ("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 by issuing a proposed charging letter issued to Bullard that alleged that it committed 55 violations of the Regulations. Specifically, the charges are:

¹ The charged violations occurred from 2000 to 2002. The Regulations governing the violations at issue are found in the 2000 to 2002 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2002)). The 2005 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(a) - Exporting Thermal Imaging Camera Without the Required License.* On one occasion, on or about February 18, 2000, Bullard engaged in conduct prohibited by the Regulations by exporting or causing to be exported a thermal imaging camera, classified under Export Control Classification Number ("ECCN") 6A003.b.4, to Israel without the Department of Commerce (the "Department") license, as required by Sections 742.4 and 742.6 of the Regulations. The Department issued a license authorizing the reexport from Bullard GmbH of 10 such thermal imaging cameras in license D271898, however, license D271898 did not authorize the export of such a camera from the United States.
2. *Ten Violations of 15 C.F.R. §764.2(a) - Exporting Thermal Imaging Cameras in Quantities in Excess of Licensed Quantities.* On 10 occasions, between on or about May 26, 2000 and on or about February 28, 2002, Bullard engaged in conduct prohibited by the Regulations by exporting or causing to be exported thermal imaging cameras classified under ECCN 6A003.b.4 to Germany, the Czech Republic, and the Netherlands in quantities that exceeded the quantities authorized by the Department in licenses D252504, D275062, and D284227. On six occasions, Bullard exported or caused to be exported a total of 14 thermal imaging cameras to Spain, Germany, and the Czech Republic in excess of the quantity authorized by license D252504, which authorized the export of 25 such cameras. On three occasions, Bullard exported or caused to be exported a total of 10 thermal imaging cameras to Germany in excess of the quantity authorized by license D275062, which authorized the export of 25 such cameras. On one occasion, Bullard exported or caused to be exported two thermal imaging cameras

to the Netherlands in excess of the quantity authorized by license D284227, which authorized the export of 25 such cameras.

3. *Four Violations of 15 C.F.R. § 764.2(a) - Violations of Terms and Conditions of Export Licenses.* On four occasions, between on or about December 12, 2000 and May 20, 2001, eight thermal imaging cameras classified under ECCN 6A003.b.4 were resold, reexported, or transferred from Germany to Austria or Switzerland in violation of condition 4 of license D279296, condition 5 of license D280601, and condition 1 of license D252504, each of which authorized the export of such cameras to Germany for distribution within countries that are members of NATO. Neither Austria nor Switzerland are members of NATO, and Section 742.6 of the Regulations requires a license for the reexport of thermal imaging cameras classified under ECCN 6A003.b.4 to Austria and Switzerland. As the licensee of licenses D280601, D279296, and D252504, Bullard is, pursuant to Section 750.7(d) of the Regulations, strictly accountable for compliance with all of the licenses' terms, conditions, and provisions.
4. *Seven Violations of 15 C.F.R. § 764.2(a) - Exporting Thermal Imaging Cameras to an Intermediate Consignee not Authorized by Licenses.* On seven occasions, between on or about January 26, 2001 and March 8, 2002, Bullard engaged in conduct prohibited by the Regulations by exporting or causing to be exported 24 thermal imaging cameras classified under ECCN 6A003.b.4 from the United States to Switzerland through an intermediate consignee in Germany in violation of licenses D280642, D282863, and D288985, which authorized the export of such cameras to Switzerland and did not authorize the export of such cameras to an intermediate consignee in Germany. Section 750.7(c) of the Regulations

requires that any change in the intermediate consignee in which the new intermediate consignee is in a country other than the country of ultimate destination for a shipment authorized under a license requires the issuance of a "replacement" license. In these cases, since the country of ultimate destination was Switzerland and the new intermediate consignee was in Germany, "replacement" licenses were required and Bullard neither applied for nor received such licenses.

5. *One Violation of 15 C.F.R. § 764.2(a) - Violation of Terms and Conditions of Export License.* On one occasion, on or about May 8, 2001, one thermal imaging camera classified under ECCN 6A003.b.4 was resold, reexported, or transferred from Germany to Austria in violation of condition 5 of license D280642, which authorized the export of such camera to Switzerland. As the licensee of license D280642, Bullard is, pursuant to Section 750.7(d) of the Regulations, strictly accountable for all compliance with of the licenses' terms, conditions, and provisions.
6. *One Violation of 15 C.F.R. § 764.2(a) - Violation of Terms and Conditions of Export License.* On one occasion, on or about September 28, 2001, one thermal imaging camera classified under ECCN 6A003.b.4 was resold, reexported, or transferred from Germany to France in violation of condition 5 of license D280663, which authorized the export of such camera to Germany. As the licensee of license D280663, Bullard is, pursuant to Section 750.7(d) of the Regulations, strictly accountable for all of the licenses' terms, conditions, and provisions.

7. *Two Violations of 15 C.F.R. § 764.2(a) - Exporting Thermal Imaging Cameras to an Intermediate Consignee not authorized by License.* On two occasions, between on or about October 12, 2001 and November 16, 2001, Bullard engaged in conduct prohibited by the Regulations by exporting or causing to be exported five thermal imaging cameras classified under ECCN 6A003.b.4 from the United States to Austria through an intermediate consignee in Germany in violation of license D281408, which authorized the export of such cameras to Austria and did not authorize the export of such cameras to an intermediate consignee in Germany. Section 750.7(c) of the Regulations requires that any change in the intermediate consignee in which the new intermediate consignee is in a country other than the country of ultimate destination for a shipment authorized under a license requires the issuance of a "replacement" license. In these cases, since the country of ultimate destination was Austria and the new intermediate consignee was in Germany, a "replacement" license was required and Bullard neither applied for nor received such a license.
8. *One Violation of 15 C.F.R. § 764.2(a) - Exporting Thermal Imaging Camera After Expiration of License.* On one occasion, on or about February 5, 2002, Bullard engaged in conduct prohibited by the Regulations by exporting or causing to be exported one thermal imaging camera classified under ECCN 6A003.b.4 to Venezuela after the expiration of license D269898, which authorized the export of such camera to Venezuela. License D269898 expired on January 31, 2002. Section 742.6 of the Regulations requires a license for the export of thermal imaging cameras classified under ECCN 6A003.b.4 to Venezuela.
9. *One Violation of 15 C.F.R. § 764.2(a) - Transferring Thermal Imaging Camera without License.* On one occasion, on or about March 25, 2002, one thermal

imaging camera classified under ECCN 6A003.b.4 was transferred from S.P Equipamentos de Proteção ao Trabalho e Mro Ltda. to the State Secretariat of Civil Defense (Military Police of the State of Rio de Janeiro) in violation of condition 4 of license D274828, which forbade the resale, reexport, or transfer of the thermal imaging camera to any party other than that listed on the license without the prior approval of the United States Government. As the licensee of license D274828, Bullard is, pursuant to Section 750.7(d) of the Regulations, strictly accountable for all of the licenses' terms, conditions, and provisions.

10. *One Violation of 15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declaration Regarding Authority to Export.* On one occasion, on or about November 16, 2001, Bullard filed or caused to be filed a Shipper's Export Declaration³ ("SED") with the U.S. Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed an SED that stated that the thermal imaging camera that was the subject of the SED qualified for export under license D288061. This representation was false as the license that authorized the shipment was D275276.
11. *One Violation of 15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declaration Regarding Authority to Export.* On the one occasion described in Paragraph 1 above, Bullard filed or caused to be filed an SED with the U.S. Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed an SED that stated that the thermal imaging camera that was the subject of the SED qualified for export under license D271898. This representation was false as license D271898 authorized the reexport of thermal

³ Shipper's Export Declarations are export control documents, as defined in Section 772 of the Regulations.

imaging cameras from Bullard GmbH to Israel, not the export of such cameras from the United States.

12. *Ten Violations of 15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declarations Regarding Authority to Export.* On the 10 occasions described in Paragraph 2 above, Bullard filed or caused to be filed SEDs with the U.S. Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed SEDs that stated that the thermal imaging cameras that were the subject of the SEDs qualified for export under licenses D252504, D275062, and D284227. These representations were false as Bullard had already exported the authorized quantities of thermal imaging cameras under the license numbers represented on the SEDs.
13. *Three Violations of 15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declarations Regarding Authority to Export.* On three of the occasions described in Paragraph 3 above, Bullard filed or caused to be filed SEDs with the U.S. Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed SEDs that stated that the thermal imaging cameras that were the subject of the SEDs qualified for export under D279296 and D280601. These representations were false as licenses D279296 and D280601 only authorized the export of the thermal imaging cameras that were the subject of these SEDs to members of NATO, of which Austria is not a member.
14. *Seven Violations of 15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declarations Regarding Country of Ultimate Destination.* On the seven occasions described in Paragraph 4 above, Bullard filed or caused to be filed SEDs with the U.S. Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed SEDs that stated that the country

of ultimate destination for the thermal imaging cameras that were the subject of the SEDs was Germany. These representations were false as the actual country of ultimate destination for the thermal imaging cameras described on the SEDs was Switzerland.

15. *One Violation of 15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declaration Regarding Authority to Export.* On the one occasion described in Paragraph 5 above, Bullard filed or caused to be filed an SED with the U.S. Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed an SED that stated that the thermal imaging camera that was the subject of the SED qualified for export under license D280642. This representation is false as license D280642 authorized the export of thermal imaging cameras to Switzerland and the thermal imaging camera referenced on this SED was exported to Austria.
16. *One Violation of 15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declaration Regarding Authority to Export.* On the one occasion described in Paragraph 6 above, Bullard filed or caused to be filed an SED with the U.S. Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed an SED that stated that the thermal imaging camera that was the subject of the SED qualified for export under license D280663. This representation was false as license D280663 authorized the export of thermal imaging cameras to Germany and the thermal imaging camera referenced on this SED was exported to France.
17. *Two Violations of 15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declarations Regarding Country of Ultimate Destination.* On the two occasions described in Paragraph 7 above, Bullard filed or caused to be filed SEDs with the

U.S. Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed SEDs that stated that the country of ultimate destination for the thermal imaging cameras that were the subject of these SEDs was Germany. These representations were false as the country of ultimate destination for these thermal imaging cameras was Austria.

18. *One Violation of 15 C.F.R. § 764.2(g) - False Statement on Shipper's Export Declaration Regarding Authority to Export.* On the one occasion described in Paragraph 8 above, Bullard filed or caused to be filed an SED with the U.S. Government that contained false statements of fact. Specifically, Bullard filed or caused to be filed an SED that stated that the thermal imaging cameras that were the subject of the SED were authorized for export to Venezuela under license D269898. This representation was false as license D269898 expired on January 31, 2002, and the export of the thermal imaging camera took place on February 5, 2002.

WHEREAS, BIS and Bullard have 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

WHEREAS, I have approved the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$330,000 is assessed against Bullard, of which \$82,500 shall be paid to the U.S. Department of Commerce not later than May 31, 2005; \$82,500 shall be paid to the U.S. Department of Commerce by not later than August 31, 2005; \$82,500 shall be paid to the U.S. Department of Commerce by not later than November 30, 2005; and \$82,500 shall be paid to the U.S. Department of Commerce by not later than February 28, 2006. Payment shall be made in the manner specified in the attached instructions.

SECOND, that Bullard perform an audit of its internal compliance program not less than 18 months from the date of entry of the Order and not more than 24 months from the date of entry of the Order. Said audit shall be in substantial compliance with the Export Management Systems audit module, which is available from the BIS web site at <http://www.bis.doc.gov/exportmanagementsystems/default.htm>, which is incorporated into said Settlement Agreement by reference. A copy of said audit shall be transmitted to the Office of Export Enforcement, 381 Elden Street, Herndon, Virginia 20170, not later than May 31, 2007.

THIRD, 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, Bullard 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.

FOURTH, 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 Bullard. Accordingly, if Bullard should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Bullard's export privileges for a period of one year from the date of entry of this Order.

FIFTH, 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.

Wendy L. Wysong
Wendy L. Wysong
Acting Assistant Secretary of Commerce
for Export Enforcement

Entered this 6th day of June 2005.