

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

In the Matter of:)
)
Reson A/S)
Fabriksvangen 13)
DK-3550 Slangerup)
Denmark)
)
Respondent)
)

ORDER

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has notified Reson A/S (“RAS”), of Slangerup, Denmark, of its intention to initiate an administrative proceeding against RAS pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2008)) (the “Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”),² through the issuance of a proposed charging letter to RAS that alleged that RAS committed 17 violations of the Regulations, specifically:

¹ The violations charged occurred during 2003-2006. The Regulations governing the violations at issue are found in the 2003-2006 versions of the Code of Federal Regulations. 15 C.F.R. Parts 730-774 (2003-2006). The 2008 Regulations govern the procedural aspects of this case.

² 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)), which has been extended by successive Presidential Notices, the most recent being that of July 23, 2008, 73 Fed. Reg. 43,603 (Jul. 25, 2008)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”).

**Charges 1-13 15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct by
Reexporting Sonar Systems and Sonar System Heads to Various
Destinations Without the Required License**

On 13 occasions between on or about May 27, 2003 and on or about February 28, 2006, RAS engaged in conduct prohibited by the Regulations by reexporting multibeam bathymetry echosounders and sonar heads for multibeam bathymetry echosounders, items subject to the Regulations and classified under Export Control Classification Number (“ECCN”) 6A001, to India, Russia, Saudi Arabia, and South Africa, without the Department of Commerce license required by Section 742.4 of the Regulations. In doing so, RAS committed 13 violations of Section 764.2(a) of the Regulations.

Charges 14-17 15 C.F.R. § 764.2(b) – Causing, Aiding or Abetting

On four occasions between on or after December 18, 2003 and on or about June 9, 2006, RAS caused, aided, or abetted the doing of an act prohibited by the Regulations by facilitating and coordinating the export of multibeam bathymetry echosounders through Denmark to Germany, Russia, and Singapore without the Department of Commerce licenses required by Section 742.4 of the Regulations. Specifically, RAS ordered the echosounders from the United States and arranged for them to be forwarded to their ultimate destinations in Germany, Russia, and Singapore. In so doing, RAS committed four violations of Section 764.2(b) of the Regulations.

WHEREAS, BIS and RAS 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 of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$119,250 is assessed against RAS, 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.

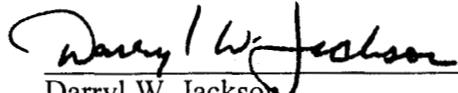
SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due date specified herein,

RAS 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 RAS. Accordingly, if RAS should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of RAS's export privileges under the Regulations 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.



Darryl W. Jackson
Assistant Secretary of Commerce
for Export Enforcement

Entered this 12th day of August, 2008.

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

In the Matter of:)
)
Reson A/S)
Fabriksvangen 13)
DK-3550 Slangerup)
Denmark)
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Respondent)
)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Respondent, Reson A/S (“RAS”), of Slangerup, Denmark, 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 (2008)) (“Regulations”),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”).²

WHEREAS, RAS filed a voluntary self-disclosure on September 6, 2006, and a supplemental voluntary self-disclosure dated October 9, 2006, with BIS’s Office of Export Enforcement in accordance with Section 764.5 of the Regulations concerning the transactions at issue herein;

¹ The violations charged occurred during 2003-2006. The Regulations governing the violations at issue are found in the 2003-2006 versions of the Code of Federal Regulations. 15 C.F.R. Parts 730-774 (2003-2006). The 2008 Regulations govern the procedural aspects of this case.

² 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)), which has been extended by successive Presidential Notices, the most recent being that of August 15, 2007 (72 Fed. Reg. 46,137, Aug. 16, 2007), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”).

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

WHEREAS, BIS has issued a proposed charging letter to RAS that alleged that RAS committed 17 violations of the Regulations, specifically:

Charges 1-13 15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct by Reexporting Sonar Systems and Sonar System Heads to Various Destinations Without the Required License

On 13 occasions between on or about May 27, 2003 and on or about February 28, 2006, RAS engaged in conduct prohibited by the Regulations by reexporting multibeam bathymetry echosounders and sonar heads for multibeam bathymetry echosounders, items subject to the Regulations and classified under Export Control Classification Number (“ECCN”) 6A001, to India, Russia, Saudi Arabia, and South Africa, without the Department of Commerce license required by Section 742.4 of the Regulations. In doing so, RAS committed 13 violations of Section 764.2(a) of the Regulations.

Charges 14-17 15 C.F.R. § 764.2(b) – Causing, Aiding or Abetting

On four occasions between on or after December 18, 2003 and on or about June 9, 2006, RAS caused, aided, or abetted the doing of an act prohibited by the Regulations by facilitating and coordinating the export of multibeam bathymetry echosounders through Denmark to Germany, Russia, and Singapore without the Department of Commerce licenses required by Section 742.4 of the Regulations. Specifically, RAS ordered the echosounders from the United States and arranged for them to be forwarded to their ultimate destinations in Germany, Russia, and Singapore. In so doing, RAS committed four violations of Section 764.2(b) of the Regulations.

WHEREAS, RAS 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, RAS fully understands the terms of this Agreement and the Order (“Order”) that the Assistant Secretary of Commerce for Export Enforcement will issue if he approves this Agreement as the final resolution of this matter;

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over RAS, under the Regulations, in connection with the matters alleged in the proposed charging letter.
2. The following sanction shall be imposed against RAS in complete settlement of the alleged violations of the Regulations relating to the transactions specifically detailed in the September 6, 2006 voluntary self-disclosure, October 9, 2006 supplemental voluntary self-disclosure, and proposed charging letter:
 - a. RAS shall be assessed a civil penalty in the amount of \$119,250, 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, permission, or privilege granted, or to be granted, to RAS. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of RAS'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, RAS 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 any 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, BIS will not initiate any further administrative proceeding against RAS in connection with any violation of the Act or the Regulations arising out of the transactions specifically detailed in the September 6, 2006 voluntary self-disclosure, October 9, 2006 supplemental voluntary self-disclosure, and 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 the Parties 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.

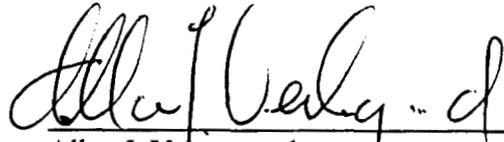
BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE



Thomas Madigan
Director
Office of Export Enforcement

Date: 8/8/8

RESON A/S



Allan J. Vestergaard
Chief Executive Officer

Date: July 28, 2008

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Reson A/S
Fabriksvangen 13
DK-3550 Slangerup
Denmark

Attention: Allan J. Vestergaard
Chief Executive Officer

Dear Mr. Vestergaard:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that Reson A/S ("RAS"), of Slangerup, Denmark, has committed 17 violations of the Export Administration Regulations (the "Regulations"),¹ which are issued under the authority of the Export Administration Act of 1979, as amended (the "Act").² Specifically, BIS charges that RAS committed the following violations:

Charges 1-13 15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct by Reexporting Sonar Systems and Sonar System Heads to Various Destinations Without the Required License

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on 13 occasions between on or about May 27, 2003 and on or about February 28, 2006, RAS engaged in conduct prohibited by the Regulations by reexporting multibeam bathymetry echosounders and sonar heads for multibeam bathymetry echosounders, items subject to the Regulations and classified under Export Control Classification Number ("ECCN") 6A001, to India, Russia, Saudi Arabia, and South Africa, without the Department of Commerce license required by Section 742.4 of the Regulations. In doing so, RAS committed 13 violations of Section 764.2(a) of the Regulations.

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2008). The violations charged occurred during 2003-2006. The Regulations governing the violations at issue are found in the 2003-2006 versions of the Code of Federal Regulations. 15 C.F.R. Parts 730-774 (2003-2006). The 2008 Regulations govern the procedural aspects of this case.

² 50 U.S.C. app. §§ 2401-2420 (2000). 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 most recently by the Notice of August 15, 2007 (72 Fed. Reg. 46,137 (Aug. 16, 2007)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1707 (2000)).

Charges 14-17 15 C.F.R. § 764.2(b) – Causing, Aiding or Abetting

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on four occasions between on or after December 18, 2003 and on or about June 9, 2006, RAS caused, aided, or abetted the doing of an act prohibited by the Regulations by facilitating and coordinating the export of multibeam bathymetry echosounders through Denmark to Germany, Russia, and Singapore without the Department of Commerce licenses required by Section 742.4 of the Regulations. Specifically, RAS ordered the echosounders from the United States and arranged for them to be forwarded to their ultimate destinations in Germany, Russia, and Singapore. In so doing, RAS committed four violations of Section 764.2(b) of the Regulations.

* * * * *

Accordingly, RAS 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 the greater of \$250,000 per violation or twice the value of the transaction that is the basis of the violation;³
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

If RAS 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. *See* 15 C.F.R. §§ 766.6 and 766.7. If RAS defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to RAS. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charges in this letter.

RAS is further notified that it is entitled to an agency hearing on the record if it files a written demand for one with its answer. *See* 15 C.F.R. § 766.6. RAS is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. *See* 15 C.F.R. §§ 766.3(a) and 766.4.

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should RAS have a proposal to settle this case, RAS should transmit it to the attorney representing BIS named below.

³ 50 U.S.C. § 1705(b) (2007).

RAS is further notified that under the Small Business Regulatory Enforcement Flexibility Act, RAS may be eligible for assistance from the Office of the National Ombudsman of the Small Business Administration in this matter. To determine eligibility and get more information, please see: <http://www.sba.gov/ombudsman/>.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, RAS'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 RAS's answer must be served on BIS at the following address:

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

Thea D. R. Kendler is the attorney representing BIS in this case; any communications that RAS may wish to have concerning this matter should occur through her. Ms. Kendler may be contacted by telephone at (202) 482-5301.

Sincerely,

Thomas Madigan
Acting Director
Office of Export Enforcement

Reson A/S
Proposed Charging Letter

Schedule A

Charge No.	Date	Destination	Item	ECCN	Value (USD)	Violation
1	between 27-May-03 and 30-Jun-03	Russia	SeaBat 8111ER multibeam bathymetry echosounder	6A001	\$96,000	15 C.F.R. § 764.2(a)
2	9/18/2003	Saudi Arabia	SeaBat 8125 1500-meter multibeam bathymetry echosounder	6A001	\$78,000	15 C.F.R. § 764.2(a)
3	9/25/2003	South Africa	SeaBat 8125 sonar head	6A001	approx. \$1700	15 C.F.R. § 764.2(a)
4	9/30/2003	South Africa	SeaBat 8160 multibeam bathymetry echosounder	6A001	\$118,700	15 C.F.R. § 764.2(a)
5	3/17/2004	South Africa	SeaBat 8125 1500-meter multibeam bathymetry echosounder	6A001	\$176,314	15 C.F.R. § 764.2(a)
6	8/6/2004	South Africa	SeaBat 8125 1500-meter sonar head	6A001	approx. \$1700	15 C.F.R. § 764.2(a)
7	12/6/2004	South Africa	SeaBat 8125 1500-meter sonar head	6A001	approx. \$1700	15 C.F.R. § 764.2(a)
8	12/17/2004	South Africa	SeaBat 8125 1500-meter multibeam bathymetry echosounder	6A001	\$72,000	15 C.F.R. § 764.2(a)
9	2/4/2005	South Africa	SeaBat 8101 1500-meter multibeam bathymetry echosounder	6A001	\$92,006	15 C.F.R. § 764.2(a)
10	between 24-Jun-05 and 14-Jul-05	Russia	SeaBat 8111ER multibeam bathymetry echosounder	6A001	\$84,706	15 C.F.R. § 764.2(a)

Reson A/S
Proposed Charging Letter

Charge No.	Date	Destination	Item	ECCN	Value (USD)	Violation
11	7/20/2005	South Africa	SeaBat 8125 sonar head	6A001	approx. \$1700	15 C.F.R. § 764.2(a)
12	9/30/2005	South Africa	SeaBat 8125 1500-meter sonar head	6A001	approx. \$1700	15 C.F.R. § 764.2(a)
13	2/28/2006	India	SeaBat 8160 multibeam bathymetry echosounder	6A001	\$106,100	15 C.F.R. § 764.2(a)
14	after 12/18/2003	Singapore	SeaBat 8101 1500-meter multibeam bathymetry echosounder	6A001	\$4,633	15 C.F.R. § 764.2(b)
15	after 12/5/2005	Russia	SeaBat 8111ER multibeam bathymetry echosounder	6A001	\$95,968	15 C.F.R. § 764.2(b)
16	6/3/2006	Russia	SeaBat 8111ER multibeam bathymetry echosounder	6A001	\$71,482	15 C.F.R. § 764.2(b)
17	6/9/2006	Germany	SeaBat 8111ER multibeam bathymetry echosounder	6A001	\$95,968	15 C.F.R. § 764.2(b)