

UNITED STATES OF AMERICA  
DEPARTMENT OF COMMERCE

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In the Matter of )  
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) Case No. 06-18  
Cooper Tools Industrial Ltda. )  
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\_\_\_\_\_)

ORDER

The Office of Antiboycott Compliance, Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), following voluntary disclosure of certain information by Cooper Tools Industrial Ltda. (“CTIL”), having determined to initiate an administrative proceeding pursuant to Section 11(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”)<sup>1</sup> and the Export Administration Regulations (currently codified at 15 C.F.R Parts 730-774 (2006)) (the “Regulations”), against CTIL, a wholly-owned subsidiary of Cooper US, Inc., a domestic concern incorporated in the State of Delaware, based on allegations set forth in the Proposed Charging Letter, dated March 26, 2007, that alleged that CTIL committed fifteen violations of the Regulations.

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<sup>1</sup> 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 of which was August 3, 2006 (71 Fed. Reg. 44551 (August 7, 2006)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)).

Specifically, the charges are:

1. *Fifteen violations of 15 C.F.R. §760.2(d) - Furnishing Information about Business Relationships with Boycotted Countries or Blacklisted Persons:*

During the period June, 2004, through July, 2004, CTIL engaged in transactions involving the transfer of goods and services, including information, between the U.S. and Kuwait and the United Arab Emirates, activities in the interstate or foreign commerce of the United States.

In connection with these activities, CTIL, with intent to comply with, further or support an unsanctioned foreign boycott, furnished 15 items of information about its business relationships in a boycotted country, an activity prohibited by Section 760.2(d) of the Regulations, and not excepted.

BIS and CITL having entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby the parties have 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 THAT:

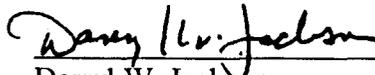
FIRST, a civil penalty of \$27,000 is assessed against CITL, which shall be paid to the U.S. Department of Commerce within 30 days from the date of receipt of service of this Order. Payment shall be made in the manner specified in the attached instructions.

SECOND, pursuant to the Debt Collections Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (1983 and Supp. 2001)), 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, CITL will be assessed, in addition to the full amount of the penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, as authorized by Section 11(d) of the Act, the timely payment of the sum of \$27,000 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 CITL. Accordingly, if CITL should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order under the authority of Section 11(d) of the Act denying all of CITL's export privileges for a period of one year from the date of the entry of this Order.

FOURTH, the Proposed Charging Letter, the Settlement Agreement and this Order shall be made available to the public, and a copy of this Order shall be served upon CTIL.

This Order, which constitutes the final agency action in this matter, is effective immediately.

  
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Darryl W. Jackson  
Assistant Secretary for Export Enforcement

Entered this 16<sup>th</sup> day of May, 2007

Attachments

## NOTICE

The Order to which this Notice is attached describes the reasons for the assessment of the civil monetary penalty. It also specifies the amount owed and the date by which payment of the civil penalty is due and payable.

Under the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (1983 and Supp. 2001)) and the Federal Claims Collection Standards (65 Fed. Reg. 70390-70406, November 22, 2000, to be codified at 31 C.F.R. Parts 900-904), interest accrues on any and all civil monetary penalties owed and unpaid under the Order, from the date of the Order until paid in full. The rate of interest assessed respondent is the rate of the current value of funds to the U.S. Treasury on the date that the Order was entered. However, interest is waived on any portion paid within 30 days of the date of the Order. See 31 U.S.C. §3717 and 31 C.F.R. §901.9.

The civil monetary penalty will be delinquent if not paid by the due date specified in the Order. If the penalty becomes delinquent, interest will continue to accrue on the balance remaining due and unpaid, and respondent will also be assessed both an administrative charge to cover the cost of processing and handling the delinquent claim and a penalty charge of six percent per year. However, although the penalty charge will be computed from the date that the civil penalty becomes delinquent, it will be assessed only on sums due and unpaid for over 90 days after that date. See 31 U.S.C. §3717 and 4 C.F.R. §901.9.

The foregoing constitutes the initial written notice and demand to respondent in accordance with Section 901.2 of the Federal Claims Collection Standards (31 C.F.R. §901.2(b)).

INSTRUCTIONS FOR PAYMENT OF SETTLEMENT AMOUNT

1. The check should be made payable to:

U.S. DEPARTMENT OF COMMERCE

2. The check should be mailed to:

U.S. Department of Commerce  
Bureau of Industry and Security  
Room 6622  
14th & Constitution Avenue, N.W.  
Washington, D.C. 20230

Attention: Jennifer Kuo



**UNITED STATES DEPARTMENT OF COMMERCE**  
**Bureau of Industry and Security**  
Washington, D.C. 20230

PROPOSED CHARGING LETTER

March 26, 2007

Cooper Tools Industrial Ltda.  
Av. Liberdade, 4055  
Zona Industrial – Iporanga  
Sorocaba, Sao Paulo 18087 – 170 Brazil

Case No. 06-18

Gentlemen/Ladies:

We have reason to believe and charge that you have committed 15 violations of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (the "Regulations"),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) ("the Act").<sup>2</sup>

We charge that you committed fifteen violations of Section 760.2(d) of the Regulations, in that, with intent to comply with, further or support an unsanctioned foreign boycott, you furnished fifteen items of information about your business relationships with or in a boycotted country.

We allege that:

Cooper US, Inc., is, and at all times relevant was, incorporated in the State of Delaware, and, as such, is a United States person as defined in Section 760.1(b) of the Regulations. You, Cooper Tools Industrial Ltda. ("CTIL"), are and at all times relevant were, a company registered under the laws of Brazil and a wholly-owned subsidiary of Cooper US, Inc.

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<sup>1</sup> The alleged violations occurred in 2004. The Regulations governing the violations at issue are found in the 2004 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2004)). They are substantially the same as the 2006 version of the Regulations which govern the procedural aspects of this case.

<sup>2</sup> 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 of which was August 3, 2006 (71 Fed. Reg. 44551 (August 7, 2006)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)).



Accordingly, you are a controlled-in-fact foreign subsidiary of a domestic corporation, as defined in Section 760.1(c) of the Regulations, and, as such, are a United States person as defined in Section 760.1(b) of the Regulations.

During the period June, 2004 through July, 2004, you engaged in activities involving the transfer of goods and/or services, including information, between the United States and Kuwait and the United Arab Emirates, activities in the interstate or foreign commerce of the United States as defined in Section 760.1(d) of the Regulations.

**Charges 1-15 (15 C.F.R. §760.2(d)-Furnishing Information about Business Relationships with Boycotted Countries or Blacklisted Persons)**

In connection with the activities described in paragraph 2 above, during July, 2004, you furnished to persons in Kuwait and the United Arab Emirates, three separate documents each containing the following statement:

“WE CERTIFY THAT WE ARE THE PRODUCER AND SUPPLIER OF THE SHIPPED GOODS; WE ARE NEITHER BLACKLISTED BY THE ARAB BOYCOTT OF ISRAEL, NOR ARE WE THE HEAD OFFICE, BRANCH OF (SIC) SUBSIDIARY OF A BOYCOTTED COMPANY; NO ISRAELI CAPITAL IS INVESTED IN THIS FIRM; NO COMPANY CAPITAL OR CAPITAL OF ITS OWNERS IS INVESTED IN ANY ISRAELI COMPANY; OUR PRODUCTS ARE NOT OF ISRAELI ORIGIN AND DO NOT CONTAIN ISRAELI RAW MATERIAL LABOR.”

By providing the above information you, with intent to comply with, further or support an unsanctioned foreign boycott, provided fifteen items of information about your business relationships with or in a boycotted country, an activity prohibited by Section 760.2(d) of the Regulations, and not excepted. We therefore charge you with fifteen (15) violations of Section 760.2(d).

Accordingly, administrative proceedings are instituted against you pursuant to Part 766 of the Regulations for the purpose of obtaining an Order imposing administrative sanctions.<sup>3</sup>

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<sup>3</sup> Administrative sanctions may include any or all the following:

- a. A civil penalty of \$11,000 per violation (see § 764.3(a)(1) of the Regulations and 15 C.F.R. §6.4(a)(4), 2004);
- b. Denial of export privileges (see § 764.3(a)(2) of the Regulations); and/or
- c. Exclusion from practice before BIS (see § 764.3(a)(3) of the Regulations).

You are entitled to a hearing on the record as provided in Section 766.6 of the Regulations. If you wish to have a hearing on the record, you must file a written demand for it with your answer. You are entitled to be represented by counsel and, under Section 766.18 of the Regulations, to seek a settlement agreement.

If you fail to answer the allegations contained in this letter within thirty (30) days after service as provided in Section 766.6, such failure will be treated as a default under Section 766.7.

As provided in Section 766.3, I am referring this matter to the Administrative Law Judge. Pursuant to an Interagency Agreement between the Bureau of Industry and Security and the U.S. Coast Guard, the U.S. Coast Guard is providing administrative law judge services, to the extent that such services are required under the Regulations, in connection with the matter set forth in this letter. Therefore, in accordance with the instructions in Section 766.5(a) of the Regulations, your answer should be filed with:

U.S. Coast Guard ALJ Docketing Center  
40 South Gay Street  
Baltimore, Maryland 21202-4022

Attention: Administrative Law Judge

Also, in accordance with the instructions in Section 766.5(b) of the Regulations, a copy of your answer should also be served on the Bureau of Industry and Security at:

Office of the Chief Counsel for Industry and Security  
U.S. Department of Commerce  
Room H-3839  
14th Street & Constitution Avenue, N.W.  
Washington, D.C. 20230

Sincerely,

Edward O. Weant, III  
Director  
Office of Antiboycott Compliance

UNITED STATES OF AMERICA  
DEPARTMENT OF COMMERCE

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In the Matter of )  
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Case No. 06-18

SETTLEMENT AGREEMENT

This agreement is made by and between Cooper Tools Industrial Ltda. ("CTIL"), a wholly-owned subsidiary of Cooper US, Inc., a domestic concern incorporated in Delaware, and the Office of Antiboycott Compliance, Bureau of Industry and Security, United States Department of Commerce ("BIS"), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (the "Regulations"), issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the "Act").<sup>1</sup>

<sup>1</sup> 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 of which was August 3, 2006 (71 Fed. Reg. 44551 (August 7, 2006)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)).



WHEREAS, CTIL, following a voluntary self audit, disclosed certain information to BIS and implemented remedial measures to its compliance program while cooperating fully with a BIS review; and

WHEREAS, BIS has notified CTIL of its intention to initiate an administrative proceeding against CTIL, pursuant to Section 11(c) of the Act by issuing the Proposed Charging Letter dated March 26, 2007, a copy of which is attached hereto and incorporated herein by this reference; and

WHEREAS, CTIL has reviewed the Proposed Charging Letter and is aware of the allegations against it and the administrative sanctions which could be imposed against it if the allegations are found to be true; CTIL fully understands the terms of this Settlement Agreement, and enters into this Settlement Agreement voluntarily and with full knowledge of its rights; and CTIL states that no promises or representations have been made to it other than the agreements and considerations herein expressed; and

WHEREAS, CTIL neither admits nor denies the truth of the allegations, but wishes to settle and dispose of the allegations made in the Proposed Charging Letter by entering into this Settlement Agreement; and

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WHEREAS, CTIL agrees to be bound by the appropriate Order ("Order") when entered;

NOW, THEREFORE, CTIL and BIS agree as follows:

1. Under the Act and the Regulations, BIS has jurisdiction over CTIL with respect to the matters alleged in the Proposed Charging Letter.
2. BIS will impose a civil penalty in the amount of \$27,000. CTIL will pay to the U.S. Department of Commerce, within 30 days of receipt of service of the Order, and in accordance with the terms of the Order, when entered, the amount of \$27,000 in complete settlement of all matters set forth in the Proposed Charging Letter.
3. As authorized by Section 11(d) of the Act, timely payment of the amount agreed to in paragraph 2 is hereby made a condition of the granting, restoration, or continuing validity of any export license, permission, or privilege granted, or to be granted, to CTIL. Failure to make payment of this amount shall result in the denial of all of CTIL's export privileges for a period of one year from the date of entry of the Order.

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4. Subject to the approval of this Settlement Agreement, pursuant to paragraph 9 hereof, CTIL hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violation of this Settlement Agreement or the Order, when entered) including, without limitation, any right to:
  - A. An administrative hearing regarding the allegations in the Proposed Charging Letter;
  - B. Request a refund of the funds paid by CTIL pursuant to this Settlement Agreement and the Order, when entered; or
  - C. Seek judicial review or otherwise contest the validity of this Settlement Agreement or the Order, when entered.
  
5. BIS, upon entry of the Order, will not initiate any administrative or judicial proceeding, or make a referral to the Department of Justice for criminal proceedings against CTIL with respect to any violation of Section 8 of the Act or Part 760 of the Regulations arising out of the transactions set forth in the Proposed Charging Letter or any other transaction that was disclosed to or reviewed by BIS in the course of its investigation.

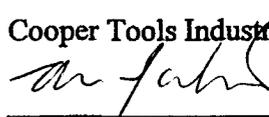
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6. CTIL understands that BIS will disclose publicly the Proposed Charging Letter, Settlement Agreement, and the Order, when entered.
  
7. This Settlement Agreement is for settlement purposes only, and does not constitute an admission by CTIL that it has violated the Regulations, or an admission of the truth of any allegation contained in the Proposed Charging Letter or referred to in this Settlement Agreement. Therefore, if this Settlement Agreement is not accepted and the Order not entered by the Assistant Secretary for Export Enforcement, BIS may not use this Settlement Agreement against CTIL in any administrative or judicial proceeding.
  
8. No agreement, understanding, representation or interpretation not contained in this Settlement Agreement may be used to vary or otherwise affect the terms of this Settlement Agreement or the Order, when entered, nor shall this Settlement Agreement 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 herein addressed. This paragraph shall not limit CTIL's right to challenge any action brought by any other agency based on a referral by BIS or any employee thereof, in contravention of paragraph 5 of this Settlement Agreement.

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9. This Settlement Agreement will become binding on BIS only when approved by the Assistant Secretary for Export Enforcement by entering the Order.

Cooper Tools Industrial Ltda.



by Edson Jaime Salomao  
Director

DATE: April 20, 07

U.S. DEPARTMENT OF COMMERCE



Edward O. Weant III  
Director  
Office of Antiboycott Compliance

DATE: 5-2-07

Attachment