

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE

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OFFICE OF COMPTROLLER, BIS

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In the Matter of)
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Dresser, Incorporated)
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Case No. 04-18

ORDER

The Office of Antiboycott Compliance, Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), following voluntary disclosure of certain information by Dresser, Incorporated (“Dresser”), 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”)¹ and the Export Administration Regulations (currently codified at 15 C.F.R Parts 730-774 (2006))(the “Regulations”), against Dresser, a domestic concern resident in the State of Texas, based on allegations set forth in the Proposed Charging Letter, dated February 15, 2007, that alleged that Dresser committed nine violations of the Regulations.

¹Since 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)), continues the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)). The Regulations are available on the Government Printing Office Website at: www.access.gpo.gov/bis/.

Specifically, the charges are:

Nine violations of 15 C.F.R. §760.5-Failing to Report in a Timely Manner a Request to Engage in a Restrictive Trade Practice or Foreign Boycott of a Country Friendly To the United States: Between January 2001 through January 2004, Dresser received nine requests from Pakistan to engage in a restrictive trade practice or boycott, which it failed to report in a timely manner to the Department of Commerce as directed by the Regulations.

BIS and Dresser 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:

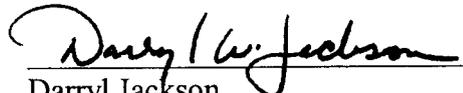
FIRST, a civil penalty of \$9,000 is assessed against Dresser which shall be paid to the U.S. Department of Commerce within 30 days of receipt of service of the Order. Payment shall be made in the manner specified in the attached instructions.

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, Dresser 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 \$9,000 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 Dresser. Accordingly, if Dresser 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 Dresser'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 Dresser.

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



Darryl Jackson
Assistant Secretary for Export Enforcement

Entered this 13th day of July, 2007

Attachments

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

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)).

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE

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In the Matter of))
)) Case No. 04-18
Dresser, Incorporated))
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_____))

SETTLEMENT AGREEMENT

This agreement is made by and between Dresser, Incorporated (“Dresser”), a domestic concern resident in the State of Texas, 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”).¹

¹ 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)), continues the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)). The Regulations are available on the Government Printing Office Website at: www.access.gpo.gov/bis/.

WHEREAS, Dresser has voluntarily disclosed certain information concerning its activities to BIS; and

WHEREAS, BIS has notified Dresser of its intention to initiate an administrative proceeding against Dresser, pursuant to Section 11(c) of the Act by issuing the Proposed Charging Letter, dated February 15, 2007, copy of which is attached hereto and incorporated herein by this reference; and

WHEREAS, Dresser 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; Dresser fully understands the terms of this Settlement Agreement, and enters into this Settlement Agreement voluntarily and with full knowledge of its rights; and Dresser states that no promises or representations have been made to it other than the agreements and considerations herein expressed; and

WHEREAS, Dresser 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

WHEREAS, Dresser agrees to be bound by the appropriate Order (“Order”) when entered;

NOW, THEREFORE, Dresser and BIS agree as follows:

1. Under the Act and the Regulations, BIS has jurisdiction over Dresser with respect to the matters alleged in the Proposed Charging Letter.
2. BIS will impose a civil penalty in the amount of \$9,000. Dresser will pay to the U.S. Department of Commerce, within 30 days of receipt of service of the Order, when entered, the amount of \$9,000 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 Dresser. Failure to make payment of this amount shall result in the denial of all of Dresser’s export privileges for a period of one year from the date of entry of the Order.

4. Subject to the approval of this Settlement Agreement, pursuant to paragraph 9 hereof, Dresser 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 Dresser 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 Dresser 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.

6. Dresser understands that BIS will disclose publicly the Proposed Charging Letter, this Settlement Agreement, and the Order, when entered.

7. This Settlement Agreement is for settlement purposes only, and does not constitute an admission by Dresser 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 Dresser 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 Dresser'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.

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

Dresser, Incorporated



David C. Kilpatrick
Corporate Counsel

DATE: 6-7-07

U.S. DEPARTMENT OF COMMERCE



Edward O. Weant, III

DATE: 6-15-07

Director
Office of Antiboycott Compliance

Attachment



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

CERTIFIED MAIL RETURN RECEIPT REQUESTED
PROPOSED CHARGING LETTER

February 15, 2007

Dresser, Inc.
15455 Dallas Parkway
Addison, Texas 75001

Case No. 04-18

Gentlemen/Ladies:

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

We charge that you committed nine violations of Section 760.5 of the Regulations in that you failed to report in a timely manner to the Department your receipt of requests to engage in restrictive trade practices or boycotts as required by the Regulations.

¹ The alleged violations occurred in 2001 through 2004. The Regulations governing the violations at issue are found in the 2001 through 2004 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001 through 2004)) and define the violations that we allege occurred. The prior years' Regulations are substantially the same as the 2006 version of the Regulations which 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 of which was August 3, 2006 (71 Fed. Reg. 44551 (August 7, 2006)), continues the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)). The Regulations are available on the Government Printing Office Website at: www.access.gpo.gov/bis/.



We allege that:

Dresser Incorporated (“Dresser”) is, and at all times relevant was, a domestic concern resident in the State of Texas and, as such, is a United States person as defined in Section 760.1(b) of the Regulations.

Between December 2001 and January 2004, you engaged in transactions involving the sale of United States-origin goods to Pakistan, activities in the interstate or foreign commerce of the United States as defined in Section 760.1(d) of the Regulations.

Charges 1 -9 (15 C.F.R. §760.5-Failing to Report as required by the Regulations the Receipt of a Request to Engage in a Restrictive Trade Practice or Foreign Boycott Against a Country Friendly to the United States)

In connection with the activities referred to above, during the period 2001 through 2004, on nine occasions, you received a request to take an action which would have the effect of furthering or supporting a restrictive trade practice or unsanctioned foreign boycott, as described in Table A, which is attached and incorporated herein by this reference. Section 760.5 of the Regulations requires United States persons to report to the Department their receipts of such requests as required by the Regulations.

By failing to report your receipts of these requests in a timely manner, as directed by Section 760.5 of the Regulations, you are in violation of Section 760.5. We therefore charge you with nine violations of Section 760.5 of the Regulations.

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

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.

³ 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).

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

TABLE A

Schedule of Alleged Violations of Section 760.5
Dresser, Inc
Case No. 04-18

Failure to Report Receipts of Boycott Requests as Required by the Regulations

| Item | Respondent Reference Number | Date Request Received | Boycotting Country | Boycott Request |
|------|-----------------------------|-----------------------|--------------------|---|
| 1 | 127843 | 12.31.01 | Pakistan | "No import shall be permissible from Israel...or of Goods originating from ...[Israel]" |
| 2 | 132896 | 05.10.02 | Pakistan | "No import shall be permissible from Israel...or of Goods originating from ...[Israel]" |
| 3 | 132087 | 05.10.02 09.24.02 | Pakistan | "No import shall be from Israel and ...of goods originating from...Israel" |
| 4 | RFMI 392 | 05.29.02 09.30.02 | Pakistan | "No import shall be permissible from Israel and...of goods originating from...Israel" |
| 5 | 132924 | 09.27.02 | Pakistan | "No import shall be permissible from Israel and...of goods originating from ...Israel" |
| 6 | RFM P1-03 | 12.19.02 | Pakistan | "No import shall be permissible from Israel...or of Goods originating from...[Israel]" |

TABLE A

Schedule of Alleged Violations of Section 760.5
Dresser, Inc.
Case No. 04-18

Failure to Report Receipts of Boycott Requests as Required by the Regulations

| Item | Respondent Reference Number | Date Request Received | Boycotting Country | Boycott Request |
|------|-----------------------------|-----------------------|--------------------|---|
| 7 | SND 1058/02 | 12.23.02 | Pakistan | "No import shall be permissible from Israel...or of goods originating from...[Israel]" |
| 8 | SNT 1141/04 | 01.06.04 | Pakistan | "No import shall be permissible from Israel... or of Goods originating from...[Israel]" |
| 9 | SSGC FP 2243 | 01.21.04 | Pakistan | "Import into Pakistan from Israel is prohibited" |