

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE

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In the Matter of)
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DMA Med-Chem Corporation)
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Case No. 02-10

ORDER

The Office of Antiboycott Compliance, Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), 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. §§ 2401-2420 (2000)) (the “Act”)¹ and the Export Administration Regulations (currently codified at 15 C.F.R Parts 730-774 (2007))(the “Regulations”), against DMA Med-Chem Corporation (“DMA”), a domestic concern, based on allegations set forth in the Proposed Charging Letter, dated April 17, 2006, that alleged that DMA committed one violation of the Regulations;

¹ From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508 (114 Stat. 2360 (2000)) and remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse. 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 15, 2007 (72 Fed. Reg. 46137 (August 16, 2007)), continues the Regulations in effect under IEEPA.

Specifically, the charge is:

1. *One Violation of 15 C.F.R. §760.2(d) - Furnishing Information about Business Relationships with Boycotted Countries or Blacklisted Persons:*
During the year 2001, DMA engaged in a transaction involving the sale and/or transfer of goods or services (including information) from the United States to Syria. In connection with these activities, on one occasion, DMA, with intent to comply with, further or support an unsanctioned foreign boycott, furnished information concerning its or another person's business relationships with or in a boycotted country, an activity prohibited by Section 760.2(d) of the Regulations, and not excepted.

BIS and DMA 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 \$ 2,400 is assessed against DMA. Payment shall be suspended for a period of two years from the date of entry of this Order and thereafter shall be waived, provided that, during the period of suspension, DMA has committed no violation of the Act and Regulations or any order issued thereunder.

SECOND, for a period of two years from the date of entry of this Order, DMA Med-Chem Corporation (Great Neck, New York) (“Denied Person”) may not participate, directly or indirectly, in any way in any transaction involving any commodity, software or technology (collectively, “item”) exported or to be exported from the United States to Bahrain, Iraq, Kuwait, Lebanon, Libya, Oman, Qatar, Saudi Arabia, Syria, the United Arab Emirates or the Republic of Yemen (collectively, the “Territory”) that is subject to the Regulations, or in any other activity relating to the Territory that is subject to the Regulations, including, but not limited to:

- A. Applying for, obtaining, or using any license, License Exception, or export control document, relating to the Territory;
- B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States to the Territory that is subject to the Regulations, or in any other activity relating to the Territory subject to the Regulations; or
- C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States to the Territory that is subject to the Regulations, or in any other activity relating to the Territory subject to the Regulations.

THIRD, no person may, directly or indirectly, do any of the following:

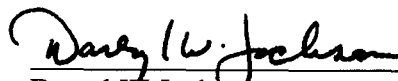
- A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations from the United States to the Territory;
- B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession or control of any item subject to the Regulations that has been or will be exported from the United States to the Territory, including financing or other support activities related to a transaction whereby the Denied Person acquires or attempts to acquire such ownership, possession or control;
- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States to the Territory;
- D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States to the Territory; or
- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States to the Territory, and which is owned, possessed or controlled by the Denied Person or service any item, of whatever origin, that is owned, possessed or controlled by the Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States to the Territory. For purposes of this paragraph, service means installation, maintenance, repair, modification or testing.

FOURTH, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation or business organization related to the Denied Person by affiliation, ownership, control or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of this Order .

FIFTH, this Order does not prohibit any export, reexport, or other transaction subject to the Regulations where the only items involved that are subject to the Regulations are the foreign-produced direct product of U.S.- origin technology.

SIXTH, 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 on the Denied Person and on BIS, and shall be published in the Federal Register.

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 14th day of January, 2008

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)
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DMA MED-CHEM CORPORATION)
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Case No. 02 - 10

SETTLEMENT AGREEMENT

This agreement is made by and between DMA Med-Chem Corporation (“DMA”), a domestic concern, 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 (2007)) (the “Regulations”), issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. §§ 2401-2420 (2000)) (the “Act”).¹

¹ From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508 (114 Stat. 2360 (2000)) and remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse. 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 15, 2007 (72 Fed. Reg. 46137 (August 16, 2007)), continues the Regulations in effect under IEEPA.

WHEREAS, BIS has notified DMA of its intention to initiate an administrative proceeding against DMA pursuant to Section 11(c) of the Act by issuing the Proposed Charging Letter dated April 17, 2006, a copy of which is attached hereto and incorporated herein by this reference; and

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

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

NOW, THEREFORE, DMA and BIS agree as follows:

1. Under the Act and the Regulations, BIS has jurisdiction over DMA with respect to the matters alleged in the Proposed Charging Letter.

2. In complete settlement of all matters set forth in the Proposed Charging Letter:
 - A. BIS will impose a civil penalty in the amount of \$ 2,400, all of which shall be suspended for a period of two years from the date of entry of the Order and thereafter shall be waived, provided that, during the period of suspension, DMA has committed no violation of the Act and Regulations or any order issued thereunder; and

 - B. For a period of two years from the date of entry of the Order, DMA Med-Chem Corporation (“Denied Person”) may not participate, directly or indirectly, in any way in any transaction involving any commodity, software or technology (collectively, “item”) exported or to be exported from the United States to Bahrain, Iraq, Kuwait, Lebanon, Libya, Oman, Qatar, Saudi Arabia, Syria, the United Arab Emirates or the Republic of Yemen (collectively, the “Territory”) that is subject to the Regulations, or in any other activity relating to the Territory subject to the Regulations, including, but not limited to:
 - i. Applying for, obtaining, or using any license, License Exception, or export control document, relating to the Territory;

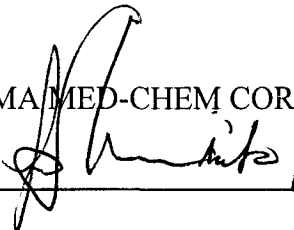
- ii. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States to the Territory that is subject to the Regulations, or in any other activity relating to the Territory subject to the Regulations; or
 - iii. Benefitting in any way from any transaction involving any item exported or to be exported from the United States to the Territory that is subject to the Regulations, or in any other activity relating to the Territory, subject to the Regulations.
3. Subject to the approval of this Settlement Agreement, pursuant to paragraph 8 hereof, DMA 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 any funds paid by DMA 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.

4. 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 DMA 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.
5. DMA understands that BIS will disclose publicly the Proposed Charging Letter, this Settlement Agreement, and the Order, when entered.
6. This Settlement Agreement is for settlement purposes only, and does not constitute an admission by DMA 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 of Commerce for Export Enforcement, BIS may not use this Settlement Agreement against DMA in any administrative or judicial proceeding.

7. 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 DMA'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 4 of this Settlement Agreement.

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


DMA MED-CHEM CORPORATION



CHAIRMAN & CEO

DATE: 11/26/07

U.S. DEPARTMENT OF COMMERCE



Edward O. Weant III
Director
Office of Antiboycott Compliance

DATE: 1-9-08

Attachment



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

PROPOSED CHARGING LETTER

17 April 2006

DMA Med-Chem Corporation
49 Water Mill Lane
Great Neck, NY 11021.4234

Attention : Leo Mindick

Case No. 02-10

Gentlemen/Ladies:

We, the Bureau of Industry and Security, United States Department of Commerce ("BIS"), have reason to believe that you, DMA Med-Chem Corporation, on one occasion, have violated the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (the "Regulations"),¹ which are issued under the authority of the Export Administration Act of 1979, as amended (50 U.S.C. §§ 2401-2420 (2000)) (the "Act").²

¹ The alleged violation occurred during the year 2001. The Regulations governing the violation at issue are found in the 2001 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001)). The prior years' Regulations are substantially the same as the 2006 version of the Regulations which govern the procedural aspects of this matter.

² From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) ("IEEPA"). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508 (114 Stat. 2360 (2000)) and remained in effect through August 20, 2001. Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 2, 2005 (70 Fed. Reg. 45273 (August 5, 2005)), continues the Regulations in effect under IEEPA.



We charge that you committed one violation of Section 760.2(d) of the Regulations, in that, on one occasion, with intent to comply with, further or support an unsanctioned foreign boycott, you furnished information concerning your or another person's business relationships with or in a boycotted country.

We allege that:

You are a domestic concern incorporated in the State of Connecticut. As such, you are a United States person as defined in Section 760.1(b) of the Regulations.

During the year 2001, you engaged in a transaction involving the sale and/or transfer of goods or services (including information) from the United States to Syria, activities in the interstate or foreign commerce of the United States as defined in Section 760.1(d) of the Regulations.

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

In connection with the activities referred to above, on or about 1 May 2001, you furnished to National Bank of Egypt (New York) Commercial Invoice # 24789 which contained the following information concerning your or another person's business relationships with or in a boycotted country:

.....The goods are neither of Israeli materials nor (sic) they contain any Israeli materials nor are they exported from Israel.

We declare that no raw material of Israeli origin has been used for production or preparation of the goods mentioned in this invoice.

Providing this information, with intent to comply with, further or support an unsanctioned foreign boycott, is an activity prohibited by Section 760.2(d) of the Regulations, and not excepted. We therefore charge you with one violation 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.³

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).

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 BIS 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 matters 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
Room H-3839
Bureau of Industry and Security
U.S. Department of Commerce
14th Street & Constitution Avenue, N.W.
Washington, D.C. 20230

Sincerely,

Edward O Weant, III
Director
Office of Antiboycott Compliance