

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

In the Matter of:)
)
Ace Systems Inc.)
9225 Bayhill Drive)
Gainesville, GA 30506)
)
)
)

Respondent)

ORDER RELATING TO ACE SYSTEMS INC.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has notified Ace Systems Inc. (“Ace”) of its intention to initiate an administrative proceeding against Ace pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2007)) (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 Ace that alleged that Ace committed one violation of the Regulations. Specifically, the charge is:

¹ The violations charged occurred in 2006. The Regulations governing the violations at issue are found in the 2006 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2006)). The 2007 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 2, 2006 (71 Fed. Reg. 44,551 (Aug. 7, 2006)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”).

Charge 1 (15 C.F.R. § 764.2(c) - Attempting to Export Items Subject to the Regulations in Violation of an Order Issued under the Regulations)

On or about July 3, 2006, Ace attempted a violation of the Regulations by attempting to export dialogic voice cards to Mayrow General Trading ("Mayrow") in Dubai, United Arab Emirates, without the Department of Commerce license required by General Order No. 3 of Supplement No. 1 to Part 736 of the Regulations. Dialogic voice cards are items subject to the Regulations and are designated as EAR99 items.³ Ace tendered ten dialogic voice cards items to its freight forwarder with instructions to export such items to Mayrow. The export did not reach Mayrow because the U.S. Government ordered its return pursuant to the Regulations. In so doing, Ace committed one violation of Section 764.2(c) of the Regulations.

WHEREAS, BIS and Ace 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 \$36,000 is assessed against Ace, 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, Ace 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.

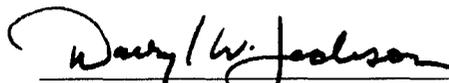
THIRD, that the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Ace. Accordingly, if Ace should

³ EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List.

fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Ace'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 15th day of August, 2007.

WHEREAS, BIS has issued a proposed charging letter to Ace that alleged that Ace committed one violation of the Regulations, specifically:

Charge 1 (15 C.F.R. § 764.2(c) - Attempting to Export Items Subject to the Regulations in Violation of an Order Issued under the Regulations)

On or about July 3, 2006, Ace attempted a violation of the Regulations by attempting to export dialogic voice cards to Mayrow General Trading ("Mayrow") in Dubai, United Arab Emirates, without the Department of Commerce license required by General Order No. 3 of Supplement No. 1 to Part 736 of the Regulations. Dialogic voice cards are items subject to the Regulations and are designated as EAR99 items.³ Ace tendered ten dialogic voice cards items to its freight forwarder with instructions to export such items to Mayrow. The export did not reach Mayrow because the U.S. Government ordered its return pursuant to the Regulations. In so doing, Ace committed one violation of Section 764.2(c) of the Regulations.

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

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

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

³ EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List.

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

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

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over Ace, under the Regulations, in connection with the matters alleged in the proposed charging letter.

2. The following sanction shall be imposed against Ace in complete settlement of the alleged violations of the Regulations relating to the transactions specifically detailed in the proposed charging letter:

a. Ace shall be assessed a civil penalty in the amount of \$36,000, of which \$12,000 shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment of \$12,000 shall be made 60 days from the date of entry of this Order. Payment of the remaining \$12,000 shall be made within 90 days from the date of entry of this 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 Ace. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of Ace'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, Ace 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 and timely payment of the \$36,000 civil penalty, BIS will not initiate any further administrative proceeding against Ace 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.

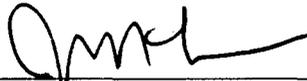
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. 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



John McKenna
Acting Director
Office of Export Enforcement

Date: 8/13/07

ACE SYSTEMS INC.



David L. Scott
Chief Executive Officer

Date: 8/9/2007

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Ace Systems Inc.
9225 Bayhill Drive
Gainesville, GA 30506

Attn: David L. Scott, Chief Executive Officer

Dear Mr. Scott:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that Ace Systems Inc. ("Ace"), of Gainesville, GA, has violated 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 Ace committed the following violation:

Charge 1 (15 C.F.R. § 764.2(c) - Attempting to Export Items Subject to the Regulations in Violation of an Order Issued under the Regulations)

On or about July 3, 2006, Ace attempted a violation of the Regulations by attempting to export dialogic voice cards to Mayrow General Trading ("Mayrow") in Dubai, United Arab Emirates, without the Department of Commerce license required by General Order No. 3 of Supplement No. 1 to Part 736 of the Regulations. Dialogic voice cards are items subject to the Regulations and are designated as EAR99 items.³ Ace tendered ten dialogic voice cards items to its freight forwarder with instructions to export such items to Mayrow. The export did not reach Mayrow because the U.S. Government ordered its return pursuant to the Regulations. In so doing, Ace

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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., p. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 3, 2006 (71 FR 44551 (August 7, 2006)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) ("IEEPA").

³ EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List.

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committed one violation of Section 764.2(c) of the Regulations.

* * * *

Accordingly, Ace 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 \$50,000 per violation;⁴

Denial of export privileges; and/or

Exclusion from practice before BIS.

If Ace 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 Ace defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to Ace. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on each of the charges in this letter.

Ace is further notified that it is entitled to an agency hearing on the record if Ace files a written demand for one with its answer. (Regulations, Section 766.6). Ace 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 Ace have a proposal to settle this case, Ace or its 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, Ace'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

⁴ See 71 Fed. Reg. 44189 (August 4, 2006).

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Baltimore, Maryland 21202-4022

In addition, a copy of Ace's answer must be served on BIS at the following address:

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

Glenn H. Kaminsky is the attorney representing BIS in this case; any communications that Ace may wish to have concerning this matter should occur through him. He may be contacted by telephone at (202) 482-5301.

Sincerely,

John McKenna
Acting Director
Office of Export Enforcement