

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

\_\_\_\_\_  
In the Matter of: )  
)  
Marubeni Citizen-Cincom Inc. )  
40 Boroline Road )  
Allendale, NJ 07401 )  
)  
Respondent )  
\_\_\_\_\_

ORDER RELATING TO MARUBENI CITIZEN-CINCOM INC.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has notified Marubeni Citizen-Cincom Inc. (“MCC”) of its intention to initiate an administrative proceeding against MCC pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2007)) (the “Regulations”),<sup>1</sup> and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”),<sup>2</sup> through the issuance of a proposed charging letter to MCC that alleged that MCC committed four violations of the Regulations. Specifically, the charges are:

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<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2007). The violations alleged occurred in 2002 and 2006. The Regulations governing the allegations at issue are found in the 2002 and 2006 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002 & 2006)). The 2007 Regulations govern the procedural aspects of the 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 being that of August 15, 2007 (72 Fed. Reg. 46137 (Aug. 16, 2007)), 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(a): Exporting Machine Tool without the Required Department of Commerce License**

On or about October 25, 2002, MCC engaged in conduct prohibited by the Regulations by exporting or causing to be exported a machine tool, an item subject to the Regulations and classified under Export Control Classification Number ("ECCN") 2B001, with the MCC serial number Z13823, to Mexico without the Department of Commerce (the "Department") license required by section 742.4 of the Regulations. In so doing, MCC committed one violation of Section 764.2(a) of the Regulations.

**Charge 2: 15 C.F.R. § 764.2(g): False Statement Regarding License Authority on Shipper's Export Declaration**

On or about October 25, 2002, MCC made a false or misleading representation, statement, or certification, to the U.S. Government in connection with effecting an export subject to the Regulations. MCC filed or caused to be filed a Shipper's Export Declaration with the U.S. Government containing false statements regarding the authorization for the export of a machine tool to Mexico. MCC asserted that the export of the machine tool was authorized pursuant to "NLR" (no license required), when in fact a license was required from the Department of Commerce. In so doing, MCC committed one violation of Section 764.2(g) of the Regulations.

**Charge 3: 15 C.F.R. § 764.2(a): Exporting Machine Tool without the Required Department of Commerce License**

On or about March 20, 2006, MCC engaged in conduct prohibited by the Regulations by exporting or causing to be exported a machine tool, an item subject to the Regulations and classified under ECCN 2B001, with the MCC serial number X13085, to Brazil without the Department license required by section 742.4 of the Regulations. In so doing, MCC committed one violation of Section 764.2(a) of the Regulations.

**Charge 4: 15 C.F.R. § 764.2(a): Exporting Machine Tool without the Required Department of Commerce License**

On or about March 20, 2006, MCC engaged in conduct prohibited by the Regulations by exporting or causing to be exported a machine tool, an item subject to the Regulations and classified under ECCN 2B001, with the MCC serial number X13101, to Brazil without the Department license required by section 742.4 of the Regulations. In so doing, MCC committed one violation of Section 764.2(a) of the Regulations.

WHEREAS, BIS and MCC 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:

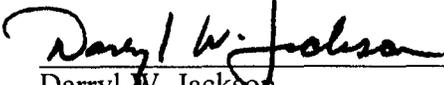
FIRST, MCC shall be assessed a civil penalty in the amount of \$32,940 which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

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, MCC 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 MCC. Accordingly, if MCC should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of MCC'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 21<sup>st</sup> day of December, 2007.

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

In the Matter of: )  
)  
Marubeni Citizen-Cincom Inc. )  
40 Boroline Road )  
Allendale, NJ 07401 )  
)  
Respondent )  
)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Respondent, Marubeni Citizen-Cincom Inc. (“MCC”), of Allendale, NJ, 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 (2007)) (“Regulations”),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”).<sup>2</sup>

WHEREAS, MCC filed a voluntary self-disclosure with BIS’s Office of Export Enforcement in accordance with Section 764.5 of the Regulations concerning certain transactions at issue herein;

<sup>1</sup> The charged violations occurred in 2002 and 2006. The Regulations governing the violations at issue are found in the 2002 and 2006 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002 & 2006)). The 2007 Regulations establish the procedures that apply to this matter.

<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 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 MCC of its intention to initiate an administrative Proceeding against MCC, pursuant to the Act and the Regulations;

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

**Charge 1: 15 C.F.R. § 764.2(a): Exporting Machine Tool without the Required Department of Commerce License**

On or about October 25, 2002, MCC engaged in conduct prohibited by the Regulations by exporting or causing to be exported a machine tool, an item subject to the Regulations and classified under Export Control Classification Number ("ECCN") 2B001, with the MCC serial number Z13823, to Mexico without the Department of Commerce (the "Department") license required by section 742.4 of the Regulations. In so doing, MCC committed one violation of Section 764.2(a) of the Regulations.

**Charge 2: 15 C.F.R. § 764.2(g): False Statement Regarding License Authority on Shipper's Export Declaration**

On or about October 25, 2002, MCC made a false or misleading representation, statement, or certification, to the U.S. Government in connection with effecting an export subject to the Regulations. MCC filed or caused to be filed a Shipper's Export Declaration with the U.S. Government containing false statements regarding the authorization for the export of a machine tool to Mexico. MCC asserted that the export of the machine tool was authorized pursuant to "NLR" (no license required), when in fact a license was required from the Department of Commerce. In so doing, MCC committed one violation of Section 764.2(g) of the Regulations.

**Charge 3: 15 C.F.R. § 764.2(a): Exporting Machine Tool without the Required Department of Commerce License**

On or about March 20, 2006, MCC engaged in conduct prohibited by the Regulations by exporting or causing to be exported a machine tool, an item subject to the Regulations and classified under ECCN 2B001, with the MCC serial number X13085, to Brazil without the Department license required by section 742.4 of the Regulations. In so doing, MCC committed one violation of Section 764.2(a) of the Regulations.

**Charge 4: 15 C.F.R. § 764.2(a): Exporting Machine Tool without the Required Department of Commerce License**

On or about March 20, 2006, MCC engaged in conduct prohibited by the Regulations by exporting or causing to be exported a machine tool, an item subject to the Regulations and classified under ECCN 2B001, with the MCC serial number X13101, to Brazil

without the Department license required by section 742.4 of the Regulations. In so doing, MCC committed one violation of Section 764.2(a) of the Regulations.

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over MCC, under the Regulations, in connection with the matters alleged in the proposed charging letter.
2. The following sanction shall be imposed against MCC in complete settlement of the alleged violations of the Regulations relating to the transactions specifically detailed in the voluntary self-disclosure and proposed charging letter:

- a. MCC shall be assessed a civil penalty in the amount of \$32,940, all of 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 MCC. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of MCC'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, MCC 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 MCC in connection with any violation of the Act or the Regulations arising out of the transactions identified in the 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  
Acting Director  
Office of Export Enforcement

Date: 12/18/2007

MARUBENI CITIZEN-  
CINCOM INC.

  
Shigeyuki Baba  
President and General  
Manager

Date: 12/17/2007

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Marubeni Citizen-Cincom Inc.  
40 Boroline Road  
Allendale, NJ 07401

Attn: *Shigeyuki Baba*  
*President and General Manager*

Dear Mr. Baba:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that Marubeni Citizen-Cincom Inc. ("MCC"), of Allendale, New Jersey, has committed four violations of the Export Administration Regulations (the "Regulations"),<sup>1</sup> which are issued under the authority of the Export Administration Act of 1979, as amended (the "Act").<sup>2</sup> Specifically, BIS charges that MCC committed the following violations:

**Charge 1: 15 C.F.R. § 764.2(a): Exporting Machine Tool without the Required Department of Commerce License**

On or about October 25, 2002, MCC engaged in conduct prohibited by the Regulations by exporting or causing to be exported a machine tool, an item subject to the Regulations and classified under Export Control Classification Number ("ECCN") 2B001, with the MCC serial number Z13823, to Mexico without the Department of Commerce (the "Department") license required by section 742.4 of the Regulations. In so doing, MCC committed one violation of Section 764.2(a) of the Regulations.

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<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2007). The charged violations occurred in 2002 and 2006. The Regulations governing the violations at issue are found in the 2002 and 2006 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002)). The 2007 Regulations set forth the procedures that apply to this matter.

<sup>2</sup> 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)), which has been extended by successive presidential notices, the most recent being that of August 15, 2007 (72 F.R. 46137 (August 16, 2007)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) ("IEEPA").

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**Charge 3: 15 C.F.R. § 764.2(a): Exporting Machine Tool without the Required Department of Commerce License**

On or about March 20, 2006, MCC engaged in conduct prohibited by the Regulations by exporting or causing to be exported a machine tool, an item subject to the Regulations and classified under ECCN 2B001, with the MCC serial number X13085, to Brazil without the Department license required by section 742.4 of the Regulations. In so doing, MCC committed one violation of Section 764.2(a) of the Regulations.

**Charge 4: 15 C.F.R. § 764.2(a): Exporting Machine Tool without the Required Department of Commerce License**

On or about March 20, 2006, MCC engaged in conduct prohibited by the Regulations by exporting or causing to be exported a machine tool, an item subject to the Regulations and classified under ECCN 2B001, with the MCC serial number X13101, to Brazil without the Department license required by section 742.4 of the Regulations. In so doing, MCC committed one violation of Section 764.2(a) of the Regulations.

\* \* \* \*

Accordingly, MCC is hereby notified that an administrative proceeding is instituted against her 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 \$250,000 per violation;<sup>3</sup>

Denial of export privileges; and/or

Exclusion from practice before BIS.

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<sup>3</sup> See International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

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

MCC is further notified that it is entitled to an agency hearing on the record if it files a written demand for one with her answer. *See* 15 C.F.R. § 766.6. MCC 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 MCC have a proposal to settle this case, MCC or its representative should transmit it to the attorney representing BIS named below.

MCC is further notified that under the Small Business Regulatory Enforcement Flexibility Act, MCC 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, MCC'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 MCC'S answer must be served on BIS at the following address:

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

MCC Inc.  
Proposed Charging Letter  
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Peter R. Klason is the attorney representing BIS in this case; any communications that MCC may wish to have concerning this matter should occur through him. Mr. Klason may be contacted by telephone at (202) 482-5301.

Sincerely,

Thomas Madigan  
Acting Director  
Office of Export Enforcement