ORDER

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS") has notified Reson Inc. ("RINC"), of Goleta, California, of its intention to initiate an administrative proceeding against RINC pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2008)) (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 RINC that alleged that RINC committed eight violations of the Regulations, specifically:

\(^1\) The violations charged occurred during 2001-2006. The Regulations governing the violations at issue are found in the 2001-2006 versions of the Code of Federal Regulations. 15 C.F.R. Parts 730-774 (2001-2006). The 2008 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 July 23, 2008, 73 Fed. Reg. 43,603 (Jul. 25, 2008)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) ("IEEPA").
Charges 1-6  15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

On six occasions between on or after December 18, 2003 and on or about May 26, 2006, RINC stored, sold, transferred, transported, forwarded, or otherwise serviced, in whole or in part, items to be exported from the United States with knowledge that violations of the Regulations were occurring, were about to occur or were intended to occur in connection with the items. Specifically, RINC stored, sold, transferred, transported, forwarded, or otherwise serviced, in whole or in part, multibeam bathymetry echosounders, items subject to the Regulations and classified under Export Control Classification Number (“ECCN”) 6A001, which RINC knew were to be or were being exported directly to Singapore and Taiwan and to Russia and Singapore via transshipment through a related company in Denmark without the Department of Commerce licenses required by Section 742.4 of the Regulations. RINC had knowledge that a license was required for these exports because, inter alia, it was aware of the items’ ECCN, as well as the export controls associated with that ECCN and the items’ destinations. In storing, selling, transferring, transporting, forwarding, or otherwise servicing, in whole or in part, these items with knowledge that violations were occurring, were about to occur or were intended to occur, RINC committed six violations of Section 764.2(e) of the Regulations.

Charges 7-8  15 C.F.R. § 764.2(a) - Exporting Technology Without the Required License

Between on or about January 2001 and on or about August 2006, RINC engaged in conduct prohibited by the Regulations by exporting or causing to be exported production and development technology for multibeam bathymetry echosounders, technology subject to the Regulations and classified under ECCNs 6E001 and 6E002, to nationals of France and the United Kingdom without the Department of Commerce license required by Sections 742.4 of the Regulations. The technology was released in the United States to two foreign nationals who were working for RINC at the time the technology releases occurred. Pursuant to Section 734.2(b)(2)(ii) of the Regulations, the release of technology to a foreign national is deemed to be the export of the technology to the home country of the foreign national. In so doing, RINC committed two violations of Section 764.2(a) of the Regulations.

WHEREAS, BIS and RINC 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 $83,000 is assessed against RINC, 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, RINC 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 RINC. Accordingly, if RINC should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of RINC'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 12th day of August, 2008.
In the Matter of:

Reson Inc.
100 Frederic Lopez Road
Goleta, CA 93117

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between Respondent, Reson Inc. ("RINC"), of Goleta, California, 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 (2008)) ("Regulations"),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) ("Act").²

WHEREAS, RINC filed a voluntary self-disclosure on September 6, 2006, and a supplemental voluntary self-disclosure dated October 9, 2006, with BIS's Office of Export Enforcement in accordance with Section 764.5 of the Regulations concerning the transactions at issue herein;

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¹ The violations charged occurred during 2001-2006. The Regulations governing the violations at issue are found in the 2001-2006 versions of the Code of Federal Regulations. 15 C.F.R. Parts 730-774 (2001-2006). The 2008 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 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 RINC of its intention to initiate an administrative proceeding against RINC, pursuant to the Act and the Regulations;

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

Charges 1-6          15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

On six occasions between on or after December 18, 2003 and on or about May 26, 2006, RINC stored, sold, transferred, transported, forwarded, or otherwise serviced, in whole or in part, items to be exported from the United States with knowledge that violations of the Regulations were occurring, were about to occur or were intended to occur in connection with the items. Specifically, RINC stored, sold, transferred, transported, forwarded, or otherwise serviced, in whole or in part, multibeam bathymetry echosounders, items subject to the Regulations and classified under Export Control Classification Number (“ECCN”) 6A001, which RINC knew were to be or were being exported directly to Singapore and Taiwan and to Russia and Singapore via transshipment through a related company in Denmark without the Department of Commerce licenses required by Section 742.4 of the Regulations. RINC had knowledge that a license was required for these exports because, inter alia, it was aware of the items’ ECCN, as well as the export controls associated with that ECCN and the items’ destinations. In storing, selling, transferring, transporting, forwarding, or otherwise servicing, in whole or in part, these items with knowledge that violations were occurring, were about to occur or were intended to occur, RINC committed six violations of Section 764.2(e) of the Regulations.

Charges 7-8          15 C.F.R. § 764.2(a) - Exporting Technology Without the Required License

Between on or about January 2001 and on or about August 2006, RINC engaged in conduct prohibited by the Regulations by exporting or causing to be exported production and development technology for multibeam bathymetry echosounders, technology subject to the Regulations and classified under ECCNs 6E001 and 6E002, to nationals of France and the United Kingdom without the Department of Commerce license required by Sections 742.4 of the Regulations. The technology was released in the United States to two foreign nationals who were working for RINC at the time the technology releases occurred. Pursuant to Section 734.2(b)(2)(ii) of the Regulations, the release of technology to a foreign national is deemed to be the export of the technology to the home country of the foreign national. In so doing, RINC committed two violations of Section 764.2(a) of the Regulations.

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

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

2. The following sanction shall be imposed against RINC in complete settlement of the alleged violations of the Regulations relating to the transactions specifically detailed in the September 6, 2006 voluntary self-disclosure, October 9, 2006 supplemental voluntary self-disclosure, and proposed charging letter:

   a. RINC shall be assessed a civil penalty in the amount of $83,000, 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 RINC. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of RINC’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, RINC 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 RINC in connection with any violation of the Act or the Regulations arising out of the transactions specifically detailed in the September 6, 2006 voluntary self-disclosure, October 9, 2006 supplemental 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
Director
Office of Export Enforcement

RESON INC.

Lars D. Pedersen
President and CEO

Date: 8/18/08

Date: 7/28/08
PROPOSED CHARGING LETTER
CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Reson Inc.
100 Frederic Lopez Road
Goleta, CA 93117

Attention: Lars D. Pedersen
President and CEO

Dear Mr. Pedersen:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that Reson Inc. ("RINC"), of Goleta, California, has committed eight violations of the Export Administration Regulations (the "Regulations"), which are issued under the authority of the Export Administration Act of 1979, as amended (the "Act"). Specifically, BIS charges that RINC committed the following violations:

Charges 1-6 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on six occasions between on or after December 18, 2003 and on or about May 26, 2006, RINC stored, sold, transferred, transported, forwarded, or otherwise serviced, in whole or in part, items to be exported from the United States with knowledge that violations of the Regulations were occurring, were about to occur or were intended to occur in connection with the items. Specifically, RINC stored, sold, transferred, transported, forwarded, or otherwise serviced, in whole or in part, multibeam bathymetry echosounders, items subject to the Regulations and classified under Export Control Classification Number ("ECCN") 6A001, which RINC knew were to be or were being exported directly to Singapore and Taiwan and to Russia and Singapore via transshipment through a related company in Denmark without the Department of Commerce licenses required by Section 742.4 of the Regulations. RINC had


knowledge that a license was required for these exports because, inter alia, it was aware of the
items' ECCN, as well as the export controls associated with that ECCN and the items' destinations. In storing, selling, transferring, transporting, forwarding, or otherwise servicing,
in whole or in part, these items with knowledge that violations were occurring, were about to
occur or were intended to occur, RINC committed six violations of Section 764.2(e) of the
Regulations.

Charges 7-8 15 C.F.R. § 764.2(a) - Exporting Technology Without the Required
License

As described in greater detail in Schedule B, which is enclosed herewith and incorporated
herein by reference, between on or about January 2001 and on or about August 2006, RINC
engaged in conduct prohibited by the Regulations by exporting or causing to be exported
production and development technology for multibeam bathymetry echosounders, technology
subject to the Regulations and classified under ECCNs 6E001 and 6E002, to nationals of France
and the United Kingdom without the Department of Commerce license required by Sections
742.4 of the Regulations. The technology was released in the United States to two foreign
nationals who were working for RINC at the time the technology releases occurred. Pursuant to
Section 734.2(b)(2)(i) of the Regulations, the release of technology to a foreign national is
deemed to be the export of the technology to the home country of the foreign national. In so
doing, RINC committed two violations of Section 764.2(a) of the Regulations.

* * * * *

Accordingly, RINC 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 the greater of $250,000 per
  violation or twice the value of the transaction that is the basis of the violation;\(^3\)

- Denial of export privileges; and/or

- Exclusion from practice before BIS.

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

\(^3\) 50 U.S.C. § 1705(b) (2007).
RINC is further notified that it is entitled to an agency hearing on the record if it files a written
demand for one with its answer. See 15 C.F.R. § 766.6. RINC 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
RINC have a proposal to settle this case, RINC should transmit it to the attorney representing
BIS named below.

RINC is further notified that under the Small Business Regulatory Enforcement Flexibility Act,
RINC 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, RINC’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 RINC’s answer must be served on BIS at the following address:

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

Thea D. R. Kendler is the attorney representing BIS in this case; any communications that
RINC may wish to have concerning this matter should occur through her. Ms. Kendler may be
contacted by telephone at (202) 482-5301.

Sincerely,

Thomas Madigan
Acting Director
Office of Export Enforcement
Reson, Inc.
Proposed Charging Letter

**Schedule A**

<table>
<thead>
<tr>
<th>Charge No(s.)</th>
<th>Export Date</th>
<th>Destination</th>
<th>Item</th>
<th>ECCN</th>
<th>Value (USD)</th>
<th>Violation(s)</th>
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<tbody>
<tr>
<td>1</td>
<td>On or after 12/18/03</td>
<td>Singapore</td>
<td>SeaBat 8101 1500-meter multibeam bathymetry echosounder</td>
<td>6A001</td>
<td>$4,633</td>
<td>15 C.F.R. § 764.2(a); 15 C.F.R. § 764.2(h)</td>
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<td>2</td>
<td>2/4/2004</td>
<td>Singapore</td>
<td>SeaBat 8125 1500-meter multibeam bathymetry echosounder</td>
<td>6A001</td>
<td>approx. $120,000</td>
<td>15 C.F.R. § 764.2(a)</td>
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<td>3</td>
<td>6/16/2004</td>
<td>Taiwan</td>
<td>SeaBat 8160 multibeam bathymetry echosounder</td>
<td>6A001</td>
<td>$250,000</td>
<td>15 C.F.R. § 764.2(a)</td>
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<tr>
<td>4</td>
<td>12/5/2005</td>
<td>Russia</td>
<td>SeaBat 8111ER multibeam bathymetry echosounder</td>
<td>6A001</td>
<td>$95,968</td>
<td>15 C.F.R. § 764.2(a)</td>
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<td>5</td>
<td>4/4/2006</td>
<td>Russia</td>
<td>SeaBat 8111ER multibeam bathymetry echosounder</td>
<td>6A001</td>
<td>$95,968</td>
<td>15 C.F.R. § 764.2(a)</td>
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<td>6</td>
<td>5/26/2006</td>
<td>Russia</td>
<td>SeaBat 8111ER multibeam bathymetry echosounder</td>
<td>6A001</td>
<td>$71,482</td>
<td>15 C.F.R. § 764.2(a)</td>
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**Schedule B**

<table>
<thead>
<tr>
<th>Charge No.</th>
<th>Start Date</th>
<th>End Date</th>
<th>Technology Release Recipient</th>
<th>Nationality</th>
<th>ECCNs</th>
<th>Violation</th>
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<tr>
<td>7</td>
<td>January 2001</td>
<td>22-Aug-06</td>
<td>Senior Scientist; Firmware Engineering Manager; Product Life Cycle Manager for Core Technology</td>
<td>France</td>
<td>6E001, 6E002</td>
<td>15 C.F.R. § 764.2(a)</td>
</tr>
<tr>
<td>8</td>
<td>February 2005</td>
<td>22-Aug-06</td>
<td>Hardware Engineering Manager; Product Life Cycle Manager for Sonars; Project Manager</td>
<td>United Kingdom</td>
<td>6E001, 6E002</td>
<td>15 C.F.R. § 764.2(a)</td>
</tr>
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