ORDER RELATING TO WILLIAM DALTON

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS") has notified William Dalton ("Dalton"), of its intention to initiate an administrative proceeding against him 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 issuance of a proposed charging letter to Dalton that alleged that Dalton committed one violation of the Regulations. Specifically, the charge is:

Charge 1 15 C.F.R. § 764.2(g) – Misrepresentations of Fact to BIS

On or about February 27, 2003, Dalton submitted a letter to BIS licensing officers, in the course of discussions initiated by Dalton regarding the export control classification of an underwater navigation/tracking system intended for export from the United States to the People's Republic of China ("China"), containing false or misleading representations or statements. Dalton’s submission stated, inter alia, that the navigation/tracking system was designed for commercial use and that there were no military standards or specifications that the equipment was designed to meet. Prior to submission to BIS, Dalton knew or had reason to know that the system was not

1 The violation alleged to have been committed occurred in 2003. The Regulations governing the violation at issue are found in the 2003 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2003)). The 2008 Regulations establish the procedures that apply to this matter.

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. 43,606 (Jul 25, 2008)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000) ("IEEPA").
designed for commercial use, but instead had been designed to meet military specifications, specifically, for the Chinese Navy. In so doing, Dalton committed one violation of section 764.2(g) of the Regulations.

WHEREAS, BIS and Dalton 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 $25,000 is assessed against Dalton. Dalton shall pay $10,000 to the U.S. Department of Commerce in two installments of $5,000 with the first installment due not later than 30 days after entry of this Order and the second installment due not later than 90 days after entry of this Order. Payment of the remaining $15,000 shall be suspended for a period of one year starting from the date of this Order and thereafter shall be waived, provided that during the period of suspension, Dalton has committed no violation of the Act, or any regulation, order, or license issued thereunder and has made the payment of $10,000, in accordance with the payment plan described above. 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, Dalton 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 Dalton. Accordingly, if Dalton should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order
denying all of Dalton's export privileges for a period of one year from the date of entry of this Order.

FOURTH, that the proposed charging letter, 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.

[Signature]
Kevin Delli-Colli
Acting Assistant Secretary of Commerce for Export Enforcement

Entered this 31st day of March, 2009.
UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:

William Dalton
2839 Turnbull Estates Drive
New Smyrna, FL 32168

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between William Dalton, in his individual capacity ("Dalton"), and the Bureau of Industry and Security, U.S. Department of Commerce ("BIS") (collectively, the "Parties"), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2008)) (the "Regulations"), issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the "Act"),

WHEREAS, BIS has notified Dalton of its intention to initiate an administrative proceeding against Dalton, pursuant to the Act and the Regulations;

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1. The violation alleged to have been committed occurred in 2003. The Regulations governing the violation at issue are found in the 2003 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2003)). The 2008 Regulations establish the procedures that apply to this matter.

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

Charge 1  15 C.F.R. § 764.2(g) – Misrepresentations of Fact to BIS

On or about February 27, 2003, Dalton submitted a letter to BIS licensing officers, in the
course of discussions initiated by Dalton regarding the export control classification of an
underwater navigation/tracking system intended for export from the United States to the
People’s Republic of China (“China”), containing false or misleading representations or
statements. Dalton’s submission stated, *inter alia*, that the navigation/tracking system
was designed for commercial use and that there were no military standards or
specifications that the equipment was designed to meet. Prior to submission to BIS,
Dalton knew or had reason to know that the system was not designed for commercial use,
but instead had been designed to meet military specifications, specifically, for the
Chinese Navy. In so doing, Dalton committed one violation of section 764.2(g) of the
Regulations.

WHEREAS, Dalton has reviewed the proposed charging letter and is aware of the
allegation made against him and the administrative sanctions which could be imposed
against him if the allegations are found to be true;

WHEREAS, Dalton 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, Dalton enters into this Agreement voluntarily and with full
knowledge of his rights;

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

WHEREAS, Dalton neither admits nor denies the allegation contained in the
proposed charging letter;

WHEREAS, the Parties wish to settle and dispose of all matters alleged in the
proposed charging letter by entering into this Agreement; and
WHEREAS, the Parties agrees to be bound by the Order, if entered;

NOW THEREFORE, the Parties hereby agree as follows:

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

2. The following sanction shall be imposed against Dalton in complete settlement of the alleged violation of the Regulations relating to the transaction detailed in the proposed charging letter:

   a. Dalton shall be assessed a civil penalty in the amount of $25,000. Dalton shall pay $10,000 to the U.S. Department of Commerce in two installments of $5,000 with the first installment due not later than 30 days after entry of the Order and the second installment due not later than 90 days after entry of the Order. Payment of the remaining $15,000 shall be suspended for a period of one year from the date of entry of the Order and thereafter shall be waived, provided that during the period of suspension, Dalton has committed no violation of the Act, or any regulation, order, or license issued thereunder and has made the payment of $10,000, described above, in a timely manner.

   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 Dalton. Failure to make timely payment of the civil penalty in accordance with the payment schedule set forth above may result in the denial of all of Dalton’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, Dalton 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 $10,000 civil penalty, BIS will not initiate any further administrative proceedings against Dalton 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 oral 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

WILLIAM DALTON

Thomas Madigan
Director
Office of Export Enforcement

Date: 3/31/09

Date: 3/25/09
PROPOSED CHARGING LETTER
CERTIFIED MAIL - RETURN RECEIPT REQUESTED

William Dalton
2839 Turnbull Estates Drive
New Smyrna, FL 32168

Dear Mr. Dalton:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that you, William Dalton, ("Dalton"), in your individual capacity, have committed one violation 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 Dalton committed the following violation:

Charge 1  15 C.F.R. § 764.2(g) – Misrepresentations of Fact to BIS

On or about February 27, 2003, Dalton submitted a letter to BIS licensing officers, in the course of discussions initiated by Dalton regarding the export control classification of an underwater navigation/tracking system intended for export from the United States to the People’s Republic of China ("China"), containing false or misleading representations or statements. Dalton’s submission stated, inter alia, that the navigation/tracking system was designed for commercial use and that there were no military standards or specifications that the equipment was designed to meet. Prior to submission to BIS, Dalton knew or had reason to know that the system was not designed for commercial use, but instead had been designed to meet military specifications, specifically, for the Chinese Navy. In so doing, Dalton committed one violation of section 764.2(g) of the Regulations.

* * * * * * *


Accordingly, Dalton is hereby notified that an administrative proceeding is instituted against him 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 Dalton 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 (2008). If Dalton defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to Dalton. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charges in this letter.

Dalton is further notified that he is entitled to an agency hearing on the record if he files a written demand for one with his answer. See 15 C.F.R. § 766.6 (2008). Dalton is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent him. See 15 C.F.R. §§ 766.3(a) and 766.4 (2008).

The Regulations provide for settlement without a hearing. See 15 C.F.R. § 766.18 (2008). Should Dalton have a proposal to settle this case, Dalton or his representative should transmit it to 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, Dalton's answer must be filed in accordance with the instructions in Section 766.5(a) (2008) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center  
40 S. Gay Street  
Baltimore, Maryland 21202-4022

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

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

Gregory Michelsen is the attorney representing BIS in this case; any communications that Dalton wishes to have concerning this matter should occur through him. Mr. Michelsen may be contacted by telephone at (202) 482-5301.

Sincerely,

Thomas Madigan
Director
Office of Export Enforcement