ORDER RELATING TO ELECTRONIC CABLE SPECIALISTS, INC.

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has notified Electronic Cable Specialists, Inc. ("ECS") of its intention to initiate an administrative proceeding against ECS pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2009)) (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 ECS that alleged that ECS committed 6 violations of the Regulations. Specifically, these charges are:

1 The alleged violations occurred during 2005 and 2006. The Regulations governing the violations at issue are found in the 2005-2006 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2005-2006)). The 2009 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 13, 2009 (74 Fed. Reg. 41,325 (August 14, 2009)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1707).
Charge 1  15 C.F.R. §764.2(a) - Unlicensed Export of Missile Technology Items to Malaysia

On or about September 27, 2005, ECS engaged in conduct prohibited by the Regulations when it exported two accelerometers, items subject to the Regulations and classified under Export Control Classification Number ("ECCN") 7A101, from the United States to Malaysia without the Department of Commerce license required by Section 742.5 (Missile Technology) of the Regulations. In so doing, ECS committed one violation of Section 764.2(a) of the Regulations.

Charges 2-3  15 C.F.R. §764.2(a) - Unlicensed Exports of Missile Technology Items to Indonesia

On two occasions, on or about May 3, 2006 and on or about June 13, 2006, ECS engaged in conduct prohibited by the Regulations when it exported accelerometers, items subject to the Regulations and classified under ECCN 7A101, from the United States to Indonesia without the Department of Commerce licenses required by Section 742.5 (Missile Technology) of the Regulations. In so doing, ECS committed two violations of Section 764.2(a) of the Regulations.

Charges 4-6  15 C.F.R. §764.2(a) – Failure to File Shipper’s Export Declarations

In connection with each of the three unlicensed exports of accelerometers described in Charges 1-3 above, ECS engaged in conduct contrary to the Regulations when it failed to file the required Shipper’s Export Declaration ("SED") with the U.S. Government via the Automated Export System. Section 758.1(b)(2) of the Regulations requires the filing of a SED “for all exports subject to the EAR that require a license, regardless of value or destination.” In so doing, ECS committed three violations of Section 764.2(a) of the Regulations.
WHEREAS, BIS and ECS 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 $27,500 is assessed against ECS, which shall be paid to the U.S. Department of Commerce within 30 days of the date of the 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, ECS 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 ECS. Accordingly, if ECS should fail to pay the civil penalty in a timely manner, the undersigned may issue an Order denying all of ECS’s export privileges for a period of one year from the date 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.

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

Issued this 25th day of September, 2009.
SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between Electronic Cable Specialists, Inc. ("ECS") and the Bureau of Industry and Security, U.S. Department of Commerce ("BIS") (collectively, the "Parties"), pursuant to Section 7.66.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2009)) (the "Regulations"), issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the "Act").

The alleged violations occurred in 2005 and 2006. The Regulations governing the violations at issue are found in the 2005-2006 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2005-2006)). The 2009 Regulations establish the procedures that apply to this matter.

1 The alleged violations occurred in 2005 and 2006. The Regulations governing the violations at issue are found in the 2005-2006 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2005-2006)). The 2009 Regulations establish the procedures that apply to this matter.

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

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

WHEREAS, BIS has issued a Proposed Charging Letter to ECS that alleged that ECS committed 6 violations of the Regulations, specifically:

**Charge 1**

15 C.F.R. §764.2(a) - Unlicensed Export of Missile Technology Items to Malaysia

On or about September 27, 2005, ECS engaged in conduct prohibited by the Regulations when it exported two accelerometers, items subject to the Regulations and classified under Export Control Classification Number ("ECCN") 7A101, from the United States to Malaysia without the Department of Commerce license required by Section 742.5 (Missile Technology) of the Regulations. In so doing, ECS committed one violation of Section 764.2(a) of the Regulations.

**Charges 2-3**

15 C.F.R. §764.2(a) - Unlicensed Exports of Missile Technology Items to Indonesia

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**Charges 4-6**

15 C.F.R. §764.2(a) - Failure to File Shipper's Export Declarations

In connection with each of the three unlicensed exports of accelerometers described in Charges 1-3 above, ECS engaged in conduct contrary to the Regulations when it failed to file the required Shipper's Export Declaration ("SED") with the U.S. Government via the Automated Export System. Section 758.1(b)(2) of the Regulations requires the filing of a SED "for all exports subject to the EAR that require a license, regardless of value or destination." In so doing, ECS committed three violations of Section 764.2(a) of the Regulations.
WHEREAS, ECS has reviewed the Proposed Charging Letter and is aware of the allegations made against it and the administrative sanctions that could be imposed against it if the allegations are found to be true;

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

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

WHEREAS, ECS neither admits nor denies the allegations 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 agree to be bound by the Order, if issued;

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over ECS, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.

2. The following sanction shall be imposed against ECS in complete settlement of the alleged violations of the Regulations relating to the transactions specifically identified in the Proposed Charging Letter:
a. ECS shall be assessed a civil penalty in the amount of $27,500, all of which shall be paid to the U.S. Department of Commerce within 30 days of the date 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 ECS. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of ECS’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, ECS 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 issued), 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 issued; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if issued.

4. BIS agrees that, upon issuance of the Order, it will not initiate any further administrative proceeding against ECS in connection with any violation of the Act or the Regulations arising out of the transactions specifically identified in the Proposed Charging Letter.

5. BIS will make the Proposed Charging Letter, this Agreement, and the Order, if issued, 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 issued; 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 issuing 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

[Signature]
Thomas Madigan
Director
Office of Export Enforcement

Date: 9/24/2009

ELECTRONIC CABLE SPECIALISTS, INC.

[Signature]
Paul J. Smyczek
President

Date: 9/21/2009
PROPOSED CHARGING LETTER
CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Electronic Cable Specialists, Inc.
5300 W. Franklin Drive
Franklin, WI 53132

Attention: Paul J. Smyczek
President

Dear Mr. Smyczek:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that Electronic Cable Specialists, Inc. ("ECS"), of Franklin, Wisconsin, has committed six violations of 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 alleges that ECS committed the following violations:

**Charge 1**  
15 C.F.R. §764.2(a) - Unlicensed Export of Missile Technology Items to Malaysia

On or about September 27, 2005, ECS engaged in conduct prohibited by the Regulations when it exported two accelerometers, items subject to the Regulations and classified under Export Control Classification Number ("ECCN") 7A101, from the United States to Malaysia without the Department of Commerce license required by Section 742.5 (Missile Technology) of the Regulations. In so doing, ECS committed one violation of Section 764.2(a) of the Regulations.

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Charges 2-3  
15 C.F.R. §764.2(a) - Unlicensed Exports of Missile Technology Items to Indonesia

On two occasions, on or about May 3, 2006 and on or about June 13, 2006, ECS engaged in conduct prohibited by the Regulations when it exported accelerometers, items subject to the Regulations and classified under ECCN 7A101, from the United States to Indonesia without the Department of Commerce licenses required by Section 742.5 (Missile Technology) of the Regulations. In so doing, ECS committed two violations of Section 764.2(a) of the Regulations.

Charges 4-6  
15 C.F.R. §764.2(a) – Failure to File Shipper’s Export Declarations

In connection with each of the three unlicensed exports of accelerometers described in Charges 1-3 above, ECS engaged in conduct contrary to the Regulations when it failed to file the required Shipper’s Export Declaration (“SED”) with the U.S. Government via the Automated Export System. Section 758.1 (b)(2) of the Regulations requires the filing of a SED “for all exports subject to the EAR that require a license, regardless of value or destination.” In so doing, ECS committed three violations of Section 764.2(a) of the Regulations.

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

ECS 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. ECS 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 ECS have a proposal to settle this case, ECS should transmit it to the attorney representing BIS named below.

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

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

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

Sincerely,

Thomas Madigan
Director
Office of Export Enforcement