

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Dunmore Corporation  
145 Wharton Road  
Bristol, Pennsylvania 19007

Attention: *Matthew Sullivan*  
*President & CEO*

Dear Mr. Sullivan:

The Bureau of Industry and Security, United States Department of Commerce ("BIS"), has reason to believe that Dunmore Corporation ("Dunmore"), violated the Export Administration Regulations (the "Regulations"),<sup>1</sup> which are issued under the authority of the Export Administration Act of 1979 (the "Act"),<sup>2</sup> on four occasions. Specifically, BIS charges that Dunmore committed the following violations:

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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 (2003). The violations charged occurred in 1998 and 2001. The Regulations governing the violations at issue are found in the 1998 and 2001 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1998 & 2001)). The 2003 Regulations set forth the procedures that apply to this matter.

<sup>2</sup> 50 U.S.C. app. 2401- 2420 (2000). From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) ("IEEPA"). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508 and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (66 *Fed. Reg.* 44025 (August 22, 2001)), as extended by the Notice of August 7, 2003 (68 *Fed. Reg.* 47833 (August 11, 2003)), has continued the Regulations in effect under IEEPA.

**Charges 1-4 (15 C.F.R. §764.2(a) - Engaging in Prohibited Conduct)**

On four occasions, between on or about March 19, 1998 and on or about December 7, 2001, Dunmore exported metallized polyimide films, classified under Export Control Classification Number ("ECCN") 1A003.b, to India without obtaining authorization from BIS, as required by Section 742.4 of the Regulations. *See* Schedule A, which is enclosed herewith and incorporated herein by reference. Items classified under 1A003.b are controlled for reasons of national security to India. In doing so, Dunmore committed four violations of Section 764.2(a) of the Regulations.

Accordingly, Dunmore 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 \$11,000 per violation;<sup>3</sup>

Denial of export privileges; and/or

Exclusion from practice before BIS.

If Dunmore 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 Dunmore defaults, the Administrative Law Judge may find the charges alleged in this letter are true without hearing or further notice to Dunmore. 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.

Dunmore is further notified that it is entitled to an agency hearing on the record if Dunmore files a written demand for one with its answer. (Regulations, Section 766.6). Dunmore 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 you have a proposal to settle this case, you or your representative should transmit it to me through the attorney representing BIS named below.

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<sup>3</sup> See 15 C.F.R. § 6.4(a)(2).

Dunmore Corporation  
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The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Dunmore'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 Dunmore's answer must be served on BIS at the following address:

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

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

Sincerely,

Mark D. Menefee  
Director  
Office of Export Enforcement

Enclosure

## SCHEDULE A

CHARGE NUMBER	DATE OF VIOLATION	VALUE
1	March 19, 1998	\$14,800.00
2	July 21, 1998	\$9507.60
3	November 8, 2001	\$7225.00
4	December 7, 2001	\$8300.96

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

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In the Matter of: )  
 )  
Dunmore Corporation )  
145 Wharton Road )  
Bristol, Pennsylvania 19007-1620 )  
 )  
Respondent. )  
\_\_\_\_\_ )

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Respondent, Dunmore Corporation, and the Bureau of Industry and Security, United States Department of Commerce (“BIS”) (collectively referred to as “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (“Regulations”),<sup>1</sup> issued pursuant to the Export

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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 (2003). The violations charged occurred from 1998 to 2001. The Regulations governing the violations at issue are found in the 1998 and 2001 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1998 and 2001)). The Regulations establish the procedures that apply to this matter.

Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),<sup>2</sup>

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

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

1. *Four Violations of 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct - Exporting Metallized Film to India without a License:* On four occasions, between on or about March 19, 1998 and on or about December 7, 2001, Dunmore exported metallized polyimide films, classified under Export Control Classification Number (“ECCN”) 1A003.b, to India without obtaining authorization from BIS, as required by Section 742.4 of the Regulations.

WHEREAS, Respondent 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;

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<sup>2</sup> From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. 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)), as extended by the Notice of August 7, 2003 (68 *Fed. Reg.* 47833, August 11, 2003), has continued the Regulations in effect under IEEPA. The Act and Regulations are available on the Government Printing Office website at: <http://w3.access.gpo.gov/bis/>.

WHEREAS, Respondent fully understands the terms of this Agreement and the Order (“Order”) that the Assistant Secretary of Commerce for Export Enforcement will issue if she approves this Agreement as the final resolution of this matter;

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over Respondent, under the Regulations, in connection with the matters alleged in the proposed charging letter.
2. The following sanction shall be imposed against Respondent in complete settlement of the violations of the Regulations set forth in the proposed charging letter:
  - a. Respondent shall be assessed a civil penalty in the amount of \$27,000, of which \$9,000 shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of the Order; \$9,000 shall be paid to the U.S. Department of

Commerce within 60 days from the date of entry of the Order; and the remaining \$9,000 shall be paid to the U.S. Department of Commerce within 90 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, License Exception, permission, or privilege granted, or to be granted, to Respondent. Failure to make timely payment of the civil penalty set forth above shall result in the denial of all of Respondent'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, Respondent 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 the proposed charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if entered; (c) request any relief from the Order, if entered, including without limitation relief from the terms of a denial order under 15 C.F.R. § 764.3(a)(2); and (d) 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 \$27,000 civil penalty, BIS will not initiate any further administrative proceeding against Respondent in connection with any violation of the Act or the Regulations arising out of the transaction 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.

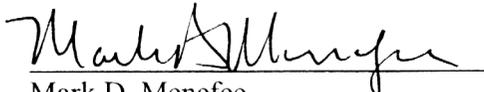
6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial 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 United States Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on BIS 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

  
Mark D. Menefee  
Director, Office of Export Enforcement

Date: 2/18/04

DUNMORE CORPORATION

  
Matthew Sullivan  
President

Date: Feb 16, 2004

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

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In the Matter of: )  
 )  
Dunmore Corporation )  
145 Wharton Road )  
Bristol, Pennsylvania 19007-1620, )  
 )  
Respondent. )  
\_\_\_\_\_ )

ORDER

The Bureau of Industry and Security, United States Department of Commerce (“BIS”) having notified Dunmore Corporation (“Dunmore”) of its intention to initiate an administrative proceeding against Dunmore pursuant to Section 766.3 of the Export Administration Regulations (“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)) (“Act”),<sup>2</sup> based on the proposed charging letter issued to Dunmore that alleged that Dunmore 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 (2003). The violations charged occurred in 1998 and 2001. The Regulations governing the violations at issue are found in the 1998 and 2001 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1998 and 2001)). The Regulations establish the procedures that apply to this matter.

<sup>2</sup> From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was issued on August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. The Act expired on August 20, 2001. 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 7, 2003 (68 Fed. Reg. 47833, August 11, 2003), continues the Regulations in effect under IEEPA.

1. *Four Violations of 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct - Exporting Metallized Film to India without a License:* On four occasions, between on or about March 19, 1998 and on or about December 7, 2001, Dunmore exported metallized polyimide films, classified under Export Control Classification Number (“ECCN”) 1A003.b, to India without obtaining authorization from BIS, as required by Section 742.4 of the Regulations.

BIS and Dunmore having 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 the terms of the Settlement Agreement having been approved by me;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$27,000 is assessed against Dunmore, of which \$9,000 shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order; \$9,000 shall be paid to the U.S. Department of Commerce within 60 days from the date of entry of this Order; and the remaining \$9,000 shall be paid to the U.S. Department of Commerce within 90 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, Dunmore 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 Dunmore. Accordingly, if Dunmore should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Dunmore's export privileges 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.

  
Julie L. Myers  
Assistant Secretary of Commerce  
for Export Enforcement

Entered this 26<sup>th</sup> day of February 2004.