

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Saint Gobain Performance Plastics Corporation  
7301 Oranewood Avenue  
Garden Grove, California 92841

Attention: *John S. Pettibone*  
*Corporate Counsel*

Dear Mr. Pettibone:

The Bureau of Industry and Security, United States Department of Commerce ("BIS"), has reason to believe that the Saint Gobain Performance Plastics Corporation ("Saint Gobain") of Garden Grove, California, has committed 189 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 Saint Gobain committed the following violations:

---

<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 between November 1998 and September 2000. The Regulations governing the violations at issue are found in the 1997 - 1999 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1997-1999)). 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. 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.

**Charges 1-113 (15 C.F.R. § 764.2(a) - Exports of Valves and Pumps without Authorization)**

On 111 occasions between on or about January 26, 1999 and on or about September 6, 2000, Saint Gobain exported various valves and pumps, items subject to the Regulations and covered by Export Control Classification Number (“ECCN”) 2B350, to Israel and Taiwan without the licenses from the Department of Commerce required by Section 742.2 of the Regulations. The exports are further described in Schedule A, which is enclosed herewith and incorporated herein by reference. In doing so, Saint Gobain committed 113 violations of Section 764.2(a) of the Regulations.

**Charges 114-156 (15 C.F.R. § 764.2(a) - Failing to File Shipper’s Export Declarations)**

With respect to 43 of the shipments described in charges 1-113 above and described in Schedule A, Saint Gobain failed to file the Shippers’ Export Declarations (SEDs) required by Section 758.1 of the Regulations because the value of the goods exceeded \$2,500 and a Department of Commerce license was required for the export of the goods. *See* Schedule A, which is enclosed herewith and incorporated herein by reference. In doing so, Saint Gobain committed 43 violations of Section 764.2(a) of the Regulations.

**Charges 157-186 (15 C.F.R. § 764.2(g) - False or Misleading Representations as to Authority to Export on Shipper’s Export Declarations)**

With respect to 30 of the shipments described in charges 1-113 above and as described in Schedule A, Saint Gobain submitted to the U.S. Government SEDs, export control documents as defined in Part 772 of the Regulations, that represented that the exports were eligible for export as NLR (no license required) when, in fact, the exports required licenses from the Department of Commerce. *See* Schedule A, which is enclosed herewith and incorporated herein by reference. In doing so, Saint Gobain committed 30 violations of Section 764.2(g) of the Regulations.

**Charges 187-189 (15 C.F.R. § 764.2(a) - Failing to Properly Complete SEDs)**

With respect to three of the shipments described in charges 1-113 above and as described in Schedule A, Saint Gobain filed or caused to be filed SEDs in which Block 27, “License No./License Exception Symbol/Authorization,” was left blank. Section 758.1 of the Regulations requires that the appropriate license authority be listed in Block 27 of each SED filed. By failing to fill in the appropriate license authority on its SEDs, Saint Gobain committed three violations of Section 764.2(a) of the Regulations.

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

Saint Gobain is further notified that it is entitled to an agency hearing on the record if Saint Gobain files a written demand for one with its answer. (Regulations, Section 766.6). Saint Gobain 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 Saint Gobain have a proposal to settle this case, Saint Gobain or its representative should transmit it to me through 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, Saint Gobain'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

---

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

Saint Gobain Performance Plastics Corporation  
Charging Letter  
Page 4

In addition, a copy of Saint Gobain'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

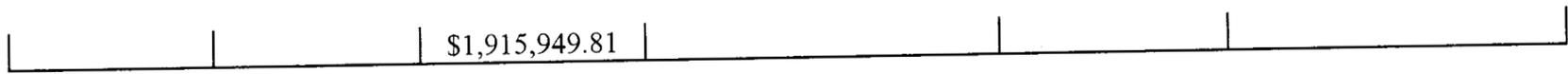
## SCHEDULE A

| CHARGE NUMBERS | DATE OF VIOLATION | DESTINATION | COMMODITY EXPORTED         | VALUE       | VIOLATIONS CHARGED        |
|----------------|-------------------|-------------|----------------------------|-------------|---------------------------|
| 1              | 11/6/98           | Israel      | Teflon-coated valves/pumps | \$213.60    | 15 C.F.R. § 764.2(a)      |
| 2              | 12/7/98           | Israel      | Teflon-coated valves/pumps | \$428.00    | 15 C.F.R. § 764.2(a)      |
| 3              | 1/26/99           | Israel      | Teflon-coated valves/pumps | \$597.60    | 15 C.F.R. § 764.2(a)      |
| 4              | 2/16/99           | Israel      | Teflon-coated valves/pumps | \$666.40    | 15 C.F.R. § 764.2(a)      |
| 5, 157         | 3/25/99           | Israel      | Teflon-coated valves/pumps | \$9,144.00  | 15 C.F.R. § 764.2(a), (g) |
| 6, 158         | 4/1/99            | Israel      | Teflon-coated valves/pumps | \$640.80    | 15 C.F.R. § 764.2(a), (g) |
| 7, 159         | 4/19/99           | Taiwan      | Teflon-coated valves/pumps | \$1,350.00  | 15 C.F.R. § 764.2(a), (g) |
| 8, 160         | 4/26/99           | Taiwan      | Teflon-coated valves/pumps | \$22,739.75 | 15 C.F.R. § 764.2(a), (g) |
| 9, 161         | 4/26/99           | Taiwan      | Teflon-coated valves/pumps | \$1,333.75  | 15 C.F.R. § 764.2(a), (g) |
| 10, 162        | 4/30/99           | Taiwan      | Teflon-coated valves/pumps | \$3,675.00  | 15 C.F.R. § 764.2(a), (g) |
| 11, 114        | 5/1/99            | Taiwan      | Teflon-coated valves/pumps | \$67,709.56 | 15 C.F.R. § 764.2(a), (a) |
| 12, 163        | 5/13/99           | Israel      | Teflon-coated valves/pumps | \$657.60    | 15 C.F.R. § 764.2(a), (g) |
| 13, 164        | 5/21/99           | Taiwan      | Teflon-coated valves/pumps | \$3,098.70  | 15 C.F.R. § 764.2(a), (g) |
| 14, 165        | 5/27/99           | Israel      | Teflon-coated valves/pumps | \$177.00    | 15 C.F.R. § 764.2(a), (g) |
| 15             | 6/10/99           | Taiwan      | Teflon-coated valves/pumps | \$420.75    | 15 C.F.R. § 764.2(a)      |
| 16, 166        | 6/11/99           | Taiwan      | Teflon-coated valves/pumps | \$5,707.80  | 15 C.F.R. § 764.2(a), (g) |
| 17, 167        | 6/18/99           | Israel      | Teflon-coated valves/pumps | \$600.75    | 15 C.F.R. § 764.2(a), (g) |
| 18             | 6/18/99           | Taiwan      | Teflon-coated valves/pumps | \$1,602.00  | 15 C.F.R. § 764.2(a)      |
| 19, 168        | 6/21/99           | Taiwan      | Teflon-coated valves/pumps | \$12,711.41 | 15 C.F.R. § 764.2(a), (g) |
| 20             | 6/23/99           | Taiwan      | Teflon-coated valves/pumps | \$621.09    | 15 C.F.R. § 764.2(a)      |
| 21, 115        | 6/24/99           | Taiwan      | Teflon-coated valves/pumps | \$5,222.63  | 15 C.F.R. § 764.2(a), (a) |
| 22, 169        | 6/28/99           | Israel      | Teflon-coated valves/pumps | \$1,959.12  | 15 C.F.R. § 764.2(a), (g) |
| 23, 116        | 6/30/99           | Taiwan      | Teflon-coated valves/pumps | \$5,431.29  | 15 C.F.R. § 764.2(a), (a) |

|         |          |        |                            |             |                           |
|---------|----------|--------|----------------------------|-------------|---------------------------|
| 24      | 6/30/99  | Taiwan | Teflon-coated valves/pumps | \$305.28    | 15 C.F.R. § 764.2(a)      |
| 25      | 6/30/99  | Taiwan | Teflon-coated valves/pumps | \$456.92    | 15 C.F.R. § 764.2(a)      |
| 26, 170 | 7/1/99   | Taiwan | Teflon-coated valves/pumps | \$6,012.24  | 15 C.F.R. § 764.2(a), (g) |
| 27, 117 | 7/3/99   | Taiwan | Teflon-coated valves/pumps | \$14,466.60 | 15 C.F.R. § 764.2(a), (a) |
| 28, 118 | 7/12/99  | Taiwan | Teflon-coated valves/pumps | \$12,485.16 | 15 C.F.R. § 764.2(a), (a) |
| 29, 119 | 7/16/99  | Taiwan | Teflon-coated valves/pumps | \$24,339.60 | 15 C.F.R. § 764.2(a), (a) |
| 30, 120 | 7/21/99  | Taiwan | Teflon-coated valves/pumps | \$26,489.33 | 15 C.F.R. § 764.2(a), (a) |
| 31, 171 | 7/22/99  | Israel | Teflon-coated valves/pumps | \$1,839.00  | 15 C.F.R. § 764.2(a), (g) |
| 32, 121 | 7/22/99  | Taiwan | Teflon-coated valves/pumps | \$21,060.00 | 15 C.F.R. § 764.2(a), (a) |
| 33, 122 | 7/29/99  | Taiwan | Teflon-coated valves/pumps | \$57,504.21 | 15 C.F.R. § 764.2(a), (a) |
| 34      | 8/2/99   | Taiwan | Teflon-coated valves/pumps | \$513.60    | 15 C.F.R. § 764.2(a)      |
| 35, 123 | 8/3/99   | Taiwan | Teflon-coated valves/pumps | \$8,861.40  | 15 C.F.R. § 764.2(a), (a) |
| 36, 124 | 8/4/99   | Taiwan | Teflon-coated valves/pumps | \$2,522.75  | 15 C.F.R. § 764.2(a), (a) |
| 37, 125 | 8/9/99   | Taiwan | Teflon-coated valves/pumps | \$5,953.50  | 15 C.F.R. § 764.2(a), (a) |
| 38, 126 | 8/13/99  | Taiwan | Teflon-coated valves/pumps | \$7,904.40  | 15 C.F.R. § 764.2(a), (a) |
| 39, 172 | 8/16/99  | Israel | Teflon-coated valves/pumps | \$972.00    | 15 C.F.R. § 764.2(a), (g) |
| 40, 127 | 8/20/99  | Taiwan | Teflon-coated valves/pumps | \$21,063.50 | 15 C.F.R. § 764.2(a), (a) |
| 41, 128 | 8/27/99  | Taiwan | Teflon-coated valves/pumps | \$3,548.80  | 15 C.F.R. § 764.2(a), (a) |
| 42, 129 | 9/3/99   | Taiwan | Teflon-coated valves/pumps | \$6,474.00  | 15 C.F.R. § 764.2(a), (a) |
| 43      | 9/3/99   | Israel | Teflon-coated valves/pumps | \$481.50    | 15 C.F.R. § 764.2(a)      |
| 44, 173 | 9/8/99   | Israel | Teflon-coated valves/pumps | \$1,320.75  | 15 C.F.R. § 764.2(a), (g) |
| 45, 130 | 9/10/99  | Taiwan | Teflon-coated valves/pumps | \$11,220.17 | 15 C.F.R. § 764.2(a), (a) |
| 46      | 9/14/99  | Taiwan | Teflon-coated valves/pumps | \$1,478.00  | 15 C.F.R. § 764.2(a)      |
| 47, 174 | 9/23/99  | Israel | Teflon-coated valves/pumps | \$240.75    | 15 C.F.R. § 764.2(a), (g) |
| 48, 131 | 10/1/99  | Taiwan | Teflon-coated valves/pumps | \$31,072.02 | 15 C.F.R. § 764.2(a), (a) |
| 49, 132 | 10/8/99  | Taiwan | Teflon-coated valves/pumps | \$46,423.94 | 15 C.F.R. § 764.2(a), (a) |
| 50      | 10/15/99 | Taiwan | Teflon-coated valves/pumps | \$148.50    | 15 C.F.R. § 764.2(a)      |
| 51, 133 | 10/22/99 | Taiwan | Teflon-coated valves/pumps | \$8,690.10  | 15 C.F.R. § 764.2(a), (a) |
| 52      | 10/22/99 | Israel | Teflon-coated valves/pumps | \$280.00    | 15 C.F.R. § 764.2(a)      |
| 53      | 10/29/99 | Taiwan | Teflon-coated valves/pumps | \$731.04    | 15 C.F.R. § 764.2(a)      |

|         |          |        |                            |             |                           |
|---------|----------|--------|----------------------------|-------------|---------------------------|
| 54      | 11/10/99 | Israel | Teflon-coated valves/pumps | \$288.14    | 15 C.F.R. § 764.2(a)      |
| 55, 134 | 11/12/99 | Taiwan | Teflon-coated valves/pumps | \$4,898.72  | 15 C.F.R. § 764.2(a), (a) |
| 56      | 11/17/99 | Taiwan | Teflon-coated valves/pumps | \$354.64    | 15 C.F.R. § 764.2(a)      |
| 57, 175 | 11/18/99 | Israel | Teflon-coated valves/pumps | \$3,230.15  | 15 C.F.R. § 764.2(a), (g) |
| 58, 135 | 11/19/99 | Taiwan | Teflon-coated valves/pumps | \$5,479.60  | 15 C.F.R. § 764.2(a), (a) |
| 59, 136 | 11/24/99 | Taiwan | Teflon-coated valves/pumps | \$7,029.00  | 15 C.F.R. § 764.2(a), (a) |
| 60, 137 | 12/1/99  | Taiwan | Teflon-coated valves/pumps | \$2,694.00  | 15 C.F.R. § 764.2(a), (a) |
| 61, 138 | 12/3/99  | Taiwan | Teflon-coated valves/pumps | \$32,714.12 | 15 C.F.R. § 764.2(a), (a) |
| 62      | 12/8/99  | Taiwan | Teflon-coated valves/pumps | \$422.40    | 15 C.F.R. § 764.2(a)      |
| 63, 139 | 12/13/99 | Taiwan | Teflon-coated valves/pumps | \$32,770.16 | 15 C.F.R. § 764.2(a), (a) |
| 64, 140 | 12/14/99 | Taiwan | Teflon-coated valves/pumps | \$12,392.40 | 15 C.F.R. § 764.2(a), (a) |
| 65, 141 | 12/17/99 | Taiwan | Teflon-coated valves/pumps | \$54,477.20 | 15 C.F.R. § 764.2(a), (a) |
| 66      | 12/17/99 | Taiwan | Teflon-coated valves/pumps | \$450.00    | 15 C.F.R. § 764.2(a)      |
| 67, 142 | 12/22/99 | Taiwan | Teflon-coated valves/pumps | \$23,203.00 | 15 C.F.R. § 764.2(a), (a) |
| 68, 143 | 12/23/99 | Taiwan | Teflon-coated valves/pumps | \$56,382.32 | 15 C.F.R. § 764.2(a), (a) |
| 69, 144 | 12/23/99 | Taiwan | Teflon-coated valves/pumps | \$32,941.24 | 15 C.F.R. § 764.2(a), (a) |
| 70, 145 | 12/30/99 | Taiwan | Teflon-coated valves/pumps | \$96,648.44 | 15 C.F.R. § 764.2(a), (a) |
| 71      | 1/1/00   | Israel | Teflon-coated valves/pumps | \$1,153.44  | 15 C.F.R. § 764.2(a)      |
| 72      | 1/10/00  | Israel | Teflon-coated valves/pumps | \$64.32     | 15 C.F.R. § 764.2(a)      |
| 73, 146 | 1/12/00  | Taiwan | Teflon-coated valves/pumps | \$31,440.74 | 15 C.F.R. § 764.2(a), (a) |
| 74, 147 | 1/13/00  | Taiwan | Teflon-coated valves/pumps | \$79,338.14 | 15 C.F.R. § 764.2(a), (a) |
| 75, 176 | 1/13/00  | Israel | Teflon-coated valves/pumps | \$534.96    | 15 C.F.R. § 764.2(a), (g) |
| 76, 148 | 1/17/00  | Taiwan | Teflon-coated valves/pumps | \$46,704.00 | 15 C.F.R. § 764.2(a), (a) |
| 77, 149 | 1/27/00  | Taiwan | Teflon-coated valves/pumps | \$53,480.26 | 15 C.F.R. § 764.2(a), (a) |
| 78, 177 | 2/1/00   | Israel | Teflon-coated valves/pumps | \$42.88     | 15 C.F.R. § 764.2(a), (g) |
| 79, 150 | 2/11/00  | Taiwan | Teflon-coated valves/pumps | \$15,351.04 | 15 C.F.R. § 764.2(a), (a) |
| 80, 178 | 2/11/00  | Israel | Teflon-coated valves/pumps | \$242.58    | 15 C.F.R. § 764.2(a), (g) |
| 81, 151 | 2/17/00  | Taiwan | Teflon-coated valves/pumps | \$12,683.87 | 15 C.F.R. § 764.2(a), (a) |
| 82, 152 | 3/10/00  | Taiwan | Teflon-coated valves/pumps | \$24,096.60 | 15 C.F.R. § 764.2(a), (a) |
| 83, 153 | 3/10/00  | Israel | Teflon-coated valves/pumps | \$6,096.00  | 15 C.F.R. § 764.2(a), (a) |

|          |         |        |                            |              |                           |
|----------|---------|--------|----------------------------|--------------|---------------------------|
| 84, 154  | 3/21/00 | Israel | Teflon-coated valves/pumps | \$4,572.00   | 15 C.F.R. § 764.2(a), (a) |
| 85, 155  | 4/6/00  | Taiwan | Teflon-coated valves/pumps | \$79,518.20  | 15 C.F.R. § 764.2(a), (a) |
| 86, 179  | 4/12/00 | Israel | Teflon-coated valves/pumps | \$740.88     | 15 C.F.R. § 764.2(a), (g) |
| 87, 180  | 4/14/00 | Taiwan | Teflon-coated valves/pumps | \$42,446.92  | 15 C.F.R. § 764.2(a), (g) |
| 88       | 4/22/00 | Taiwan | Teflon-coated valves/pumps | \$1,575.00   | 15 C.F.R. § 764.2(a)      |
| 89       | 4/27/00 | Israel | Teflon-coated valves/pumps | \$427.68     | 15 C.F.R. § 764.2(a)      |
| 90, 181  | 4/29/00 | Taiwan | Teflon-coated valves/pumps | \$1,732.50   | 15 C.F.R. § 764.2(a), (g) |
| 91       | 5/12/00 | Taiwan | Teflon-coated valves/pumps | \$100,980.20 | 15 C.F.R. § 764.2(a)      |
| 92       | 5/18/00 | Taiwan | Teflon-coated valves/pumps | \$35,337.75  | 15 C.F.R. § 764.2(a)      |
| 93       | 5/19/00 | Israel | Teflon-coated valves/pumps | \$576.72     | 15 C.F.R. § 764.2(a)      |
| 94       | 5/26/00 | Taiwan | Teflon-coated valves/pumps | \$22,953.60  | 15 C.F.R. § 764.2(a)      |
| 95, 156  | 6/8/00  | Israel | Teflon-coated valves/pumps | \$3,200.40   | 15 C.F.R. § 764.2(a), (a) |
| 96       | 6/13/00 | Taiwan | Teflon-coated valves/pumps | \$80,482.80  | 15 C.F.R. § 764.2(a)      |
| 97       | 6/19/00 | Israel | Teflon-coated valves/pumps | \$841.50     | 15 C.F.R. § 764.2(a)      |
| 98       | 6/20/00 | Taiwan | Teflon-coated valves/pumps | \$52,514.40  | 15 C.F.R. § 764.2(a)      |
| 99       | 6/22/00 | Israel | Teflon-coated valves/pumps | \$152.40     | 15 C.F.R. § 764.2(a)      |
| 100      | 6/26/00 | Israel | Teflon-coated valves/pumps | \$457.20     | 15 C.F.R. § 764.2(a)      |
| 101      | 7/1/00  | Taiwan | Teflon-coated valves/pumps | \$49,852.80  | 15 C.F.R. § 764.2(a)      |
| 102      | 7/6/00  | Israel | Teflon-coated valves/pumps | \$200.25     | 15 C.F.R. § 764.2(a)      |
| 103      | 7/8/00  | Taiwan | Teflon-coated valves/pumps | \$4,341.60   | 15 C.F.R. § 764.2(a)      |
| 104, 187 | 7/15/00 | Taiwan | Teflon-coated valves/pumps | \$10,458.00  | 15 C.F.R. § 764.2(a), (a) |
| 105, 182 | 7/20/00 | Israel | Teflon-coated valves/pumps | \$231.12     | 15 C.F.R. § 764.2(a), (g) |
| 106, 188 | 7/23/00 | Taiwan | Teflon-coated valves/pumps | \$65,975.40  | 15 C.F.R. § 764.2(a), (a) |
| 107, 183 | 7/24/00 | Israel | Teflon-coated valves/pumps | \$9,144.00   | 15 C.F.R. § 764.2(a), (g) |
| 108      | 7/26/00 | Taiwan | Teflon-coated valves/pumps | \$3,660.00   | 15 C.F.R. § 764.2(a)      |
| 109, 189 | 7/29/00 | Taiwan | Teflon-coated valves/pumps | \$53,699.56  | 15 C.F.R. § 764.2(a), (a) |
| 110, 184 | 7/31/00 | Israel | Teflon-coated valves/pumps | \$226.80     | 15 C.F.R. § 764.2(a), (g) |
| 111, 185 | 8/3/00  | Israel | Teflon-coated valves/pumps | \$401.76     | 15 C.F.R. § 764.2(a), (g) |
| 112, 186 | 8/14/00 | Israel | Teflon-coated valves/pumps | \$237.60     | 15 C.F.R. § 764.2(a), (g) |
| 113      | 9/6/00  | Taiwan | Teflon-coated valves/pumps | \$179,838.75 | 15 C.F.R. § 764.2(a)      |



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

\_\_\_\_\_  
In the Matter of: )  
)  
Saint-Gobain Performance Plastics Corporation )  
7301 Orangewood Avenue )  
Garden Grove, California 92841 )  
)  
Respondent. )  
\_\_\_\_\_ )

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Respondent, Saint-Gobain Performance Plastics Corporation (“SGPPL”), 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 (currently codified at 15 C.F.R. Parts 730-774 (2004)) (“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>

---

<sup>1</sup> The violations charged occurred between November 1998 and September 2000. The Regulations governing the violations at issue are found in the 1998 - 2000 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1998-2000)). The 2004 Regulations set forth 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 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 (3 C.F.R., 2003 Comp. 328 (2004)), has continued the Regulations in effect under the IEEPA.

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

WHEREAS, BIS has issued a proposed charging letter to SGPPL that alleged that SGPPL committed 189 violations of the Regulations, of which 123 violations were alleged to have been committed before the merger of SGPPL and the Furon Company in 1999, specifically:

1. *113 Violations of 15 C.F.R. § 764.2(a) - Exports of Valves and Pumps without Authorization:* On 113 occasions between on or about January 26, 1999 and on or about September 6, 2000, SGPPL exported various valves and pumps, items subject to the Regulations and covered by Export Control Classification Number (“ECCN”) 2B350, to Israel and Taiwan without the licenses from the Department of Commerce required by Section 742.2 of the Regulations.
2. *43 Violations of 15 C.F.R. § 764.2(a) - Failing to File Shipper's Export Declarations:* With respect to 43 of the shipments described in charges 1-113 above, SGPPL failed to file the Shipper's Export Declarations (“SEDs”) required by Section 758.1 of the Regulations because the value of the goods exceeded \$2,500 and a Department of Commerce license was required for the export of the goods.
3. *30 Violations of 15 C.F.R. § 764.2(g) - False or Misleading Representations as to Authority to Export on Shipper's Export Declarations:* With respect to 30 of the shipments described in charges 1-113 above, SGPPL submitted to the U.S.

Government SEDs, export control documents as defined in Part 772 of the Regulations, that represented that the exports were eligible for export as NLR (“no license required”) when, in fact, the exports required licenses from the Department of Commerce.

4. *Three Violations of 15 C.F.R. § 764.2(a) - Failing to Properly Complete SEDs:*

With respect to three of the shipments described in charges 1-113 above, SGPPL filed or caused to be filed SEDs in which Block 27, “License No./License Exception Symbol/Authorization,” was left blank. Section 758.1 of the Regulations requires that the appropriate license authority be listed in Block 27 of each SED filed.

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over SGPPL, under the Regulations, in connection with the matters alleged in the proposed charging letter.
2. The following sanction shall be imposed against SGPPL in complete settlement of the violations of the Regulations set forth in the proposed charging letter:
  - a. SGPPL shall be assessed a civil penalty in the amount of \$697,500 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, License Exception, permission, or privilege granted, or to be granted, to SGPPL. Failure to make timely payment of the civil penalty set forth above shall result in the denial of all of SGPPL'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, SGPPL 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 \$697,500 civil penalty, BIS will not initiate any further administrative proceeding against SGPPL 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.

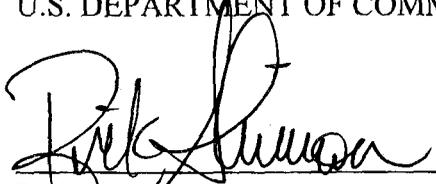
6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

7. No 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



Rick Shimon  
Acting Director  
Office of Export Enforcement

Date: JUN 16 2004

SAINT-GOBAIN PERFORMANCE  
PLASTICS CORPORATION



Donald Stinnett  
General Manager, Microelectronics

Date: 6/6/2004

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

\_\_\_\_\_  
In the Matter of: )  
)  
Saint-Gobain Performance Plastics Corporation )  
7301 Orangewood Avenue )  
Garden Grove, California 92841 )  
)  
Respondent. )  
\_\_\_\_\_ )

ORDER

The Bureau of Industry and Security, United States Department of Commerce (“BIS”) having notified Saint-Gobain Performance Plastics Corporation (“SGPPL”) of its intention to initiate an administrative proceeding against SGPPL pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2004)) (“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 SGPPL that alleged that SGPPL committed 189 violations of the Regulations, of which 123 of

---

<sup>1</sup> The violations charged occurred between November 1998 and September 2000. The Regulations governing the violations at issue are found in the 1998 - 2000 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1998-2000)). The 2004 Regulations set forth 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. 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 (3 C.F.R., 2003 Comp. 328 (2004)), has continued the Regulations in effect under the IEEPA.

the violations were alleged to have occurred before the merger of SGPPL and Furon Company in 1999. Specifically, the charges are:

1. *113 Violations of 15 C.F.R. § 764.2(a) - Exports of Valves and Pumps without Authorization:* On 113 occasions between on or about January 26, 1999 and on or about September 6, 2000, SGPPL exported various valves and pumps, items subject to the Regulations and covered by Export Control Classification Number (“ECCN”) 2B350, to Israel and Taiwan without the licenses from the Department of Commerce required by Section 742.2 of the Regulations.
2. *43 Violations of 15 C.F.R. § 764.2(a) - Failing to File Shipper’s Export Declarations:* With respect to 43 of the shipments described in charges 1-113 above, SGPPL failed to file the Shipper’s Export Declarations (“SEDs”) required by Section 758.1 of the Regulations because the value of the goods exceeded \$2,500 and a Department of Commerce license was required for the export of the goods.
3. *30 Violations of 15 C.F.R. § 764.2(g) - False or Misleading Representations as to Authority to Export on Shipper’s Export Declarations:* With respect to 30 of the shipments described in charges 1-113 above, SGPPL submitted to the U.S. Government SEDs, export control documents as defined in Part 772 of the Regulations, that represented that the exports were eligible for export as NLR (“no license required”) when, in fact, the exports required licenses from the Department of Commerce.
4. *Three Violations of 15 C.F.R. § 764.2(a) - Failing to Properly Complete SEDs:*

With respect to three of the shipments described in charges 1-113 above, SGPPL filed or caused to be filed SEDs in which Block 27, "License No./License Exception Symbol/Authorization," was left blank. Section 758.1 of the Regulations requires that the appropriate license authority be listed in Block 27 of each SED filed.

BIS and SGPPL 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 \$697,500 is assessed against SGPPL, 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, SGPPL 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 SGPPL. Accordingly, if SGPPL should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order

denying all of SGPPL'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 24<sup>th</sup> day of June 2004.