



UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Industry and Security
Washington, D.C. 20230

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Ebara International Corporation
350 Salomon Circle
Sparks, Nevada 89434

Attn: *Martin Perlmutter*
President

Dear Mr. Perlmutter:

The Bureau of Industry and Security, United States Department of Commerce ("BIS") has reason to believe that Ebara International Corporation ("EIC") has committed 11 violations of the Export Administration Regulations (the "Regulations"),¹ which are issued under the authority of the Export Administration Act of 1979 (the "Act").² Specifically, BIS charges that EIC committed the following violations:

Charge 1 (15 C.F.R. §764.2(d) - Conspiracy to Export Cryogenic Pumps to Iran without the Required U.S. Government Authorization)

Beginning in 2000 and continuing through in or about August 2003, EIC conspired and acted in concert with others, known and unknown, to bring about an act that constitutes a violation of the Regulations by agreeing to export cryogenic pumps from the United States to Iran without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, authorization was required from the Office of Foreign Assets Control, U.S. Department of Treasury ("OFAC") before the cryogenic

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2004). The violations charged occurred from 2000 through 2003. The Regulations governing the violations at issue are found in the 2000 through 2003 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2003)). The 2004 Regulations establish the procedures that apply to this matter.

² 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 (114 Stat. 2360 (2000)) and it remained in effect through August 20, 2001. 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 6, 2004, (69 Fed. Reg. 48763, August 10, 2004), continues the Regulations in effect under IEEPA. The Act and Regulations are available on the Government Printing Office website at: <http://w3.access.gpo.gov/hq>



pumps, items subject to the Regulations and the Iranian Transactions Regulations, could be exported from the United States to Iran. In furtherance of the conspiracy, EIC and its co-conspirators devised and employed a scheme under which EIC would sell the pumps to a co-conspirator in France, which would then resell the pumps to another co-conspirator in France, which would then forward the pumps to a petrochemical company in Iran. In so doing, EIC committed one violation of Section 764.2(d) of the Regulations.

Charge 2 (15 C.F.R. §764.2(a) - Exporting Cryogenic Pumps to Iran Without the Required U.S. Government Authorization)

On or about January 27, 2003, EIC engaged in conduct prohibited by Regulations when it exported cryogenic pumps from the United States to Iran without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, authorization from OFAC was required for the export of cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran. EIC did not have OFAC authorization for the export. In so doing, EIC committed one violation of Section 764.2(a) of the Regulations.

Charge 3 (15 C.F.R. § 764.2(e) - Selling Cryogenic Pumps with Knowledge that A Violation of the Regulations was to Occur)

In connection with export referenced in Charge 2, in or about March 2002, EIC sold cryogenic pumps with knowledge that a violation of the Regulations would occur. At all times relevant hereto, EIC knew that prior authorization was required from OFAC to export the cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran. EIC sold the pumps knowing that they would be exported to Iran without the required U.S. Government authorization. In so doing, EIC committed one violation of Section 764.2(e) of the Regulations.

Charge 4 (15 C.F.R. §764.2(a) - Failure to File a Shipper's Export Declaration)

In connection with the export referenced in Charge 2, on or about January 27, 2003, EIC engaged in conduct prohibited by Regulations when it failed to file a Shipper's Export Declaration ("SED") with the U.S. Government. Pursuant to Section 758.1(b) of the Regulations, an SED must be filed with the U.S. Government for an export to Iran of any item subject to the Regulations. The cryogenic pumps were items subject to the Regulations. In failing to file an SED, EIC committed one violation of Section 764.2(a) of the Regulations.

Charge 5 (15 C.F.R. §764.2(c) - Attempted Export of Cryogenic Pumps to Iran without the Required U.S. Government Authorization)

On or about August 25, 2003, EIC attempted a violation of the Regulations when it tried to export cryogenic pumps from the United States to Iran without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, OFAC authorization was required for the export of cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran. EIC did not have authorization from OFAC to export the cryogenic pumps to Iran. In so doing, EIC committed one violation of section 764.2(c) of the Regulations.

Charge 6 15 C.F.R. § 764.2(e) - Selling Cryogenic Pumps with Knowledge that a Violation of the Regulations was Intended to Occur)

In connection with the attempted export referenced in Charge 5, in or about September 2002, EIC sold cryogenic pumps with the knowledge that a violation of the Regulations was intended to occur. At all times relevant hereto, EIC knew that OFAC authorization was required to export cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran. EIC sold cryogenic pumps believing that they would be exported to Iran without the required U.S. Government authorization. In so doing, EIC committed one violation of Section 764.2(e) of the Regulations.

Charge 7 (15 C.F.R. §764.2(h) - Actions to Evade the Requirements of the Regulations)

In connection with the exports referenced in Charges 2 through 6 above, EIC took actions to evade the U.S. Government's licensing requirements for the export of cryogenic pumps to Iran. Specifically, EIC falsified documents by placing EIC documents, including, but not limited, to engineering documents, correspondence, and inspection reports, on the letterhead of a co-conspirator in France. This falsification of documents was done to conceal the fact that the cryogenic pumps originated from the United States. In so doing, EIC committed one violation of Section 764.2(h) of the Regulations.

Charge 8 (15 C.F.R. §764.2(h) - Actions to Evade the Requirements of the Regulations)

In connection with the exports referenced in Charges 2 through 6 above, EIC took actions to evade the U.S. Government's licensing requirements for the export of cryogenic pumps to Iran. Specifically, EIC, in its London office, deleted all references to Iran in the documents concerning the export of the cryogenic pumps to Iran. These actions, which were taken before the documents were sent to EIC's office in Nevada, were done to conceal the fact that Iran was the ultimate destination of the pumps. In doing so, EIC committed one violation of Section 764.2(h) of the Regulations.

Charge 9 (15 C.F.R. §764.2(h) - Actions to Evade the Requirements of the Regulations)

In connection with the exports referenced in Charges 2 through 6 above, EIC took actions to evade the U.S. Government's licensing requirements for the export of cryogenic pumps to Iran. Specifically, EIC obtained parts for the cryogenic pumps from outside of the United States and did not mark the parts with EIC stamps or identification numbers. These actions were taken in order to avoid disclosure that the pumps supplied to Iran were of U.S.-origin. In so doing, EIC committed one violation of section 764.2(h) of the Regulations.

Charge 10 (15 C.F.R. §764.2(h) - Actions to Evade the Requirements of the Regulations)

In connection with the exports referenced in Charges 2 through 6 above, EIC took actions to evade the U.S. Government's licensing requirements for the export of cryogenic pumps to Iran. Specifically, after learning of the Department of Commerce's investigation into the unauthorized export of the cryogenic pumps to Iran, EIC exchanged correspondence with a co-conspirator in France that falsely provided that the ultimate destination of the cryogenic pumps was France. This exchange of documents was done in an effort to conceal from the U.S. Government that the cryogenic pumps had been exported to Iran. In so doing, EIC committed one violation of Section 764.2(h) of the Regulations.

Charge 11 (15 C.F.R. §764.2(g) - False Statement to an Office of Export Enforcement Special Agent in the Course of an Investigation)

On or about August 25, 2003, in connection with an ongoing BIS, Office of Export Enforcement ("OEE") investigation into the unauthorized export of cryogenic pumps, items subject to the Regulations, to Iran, EIC employees represented to an OEE Special Agent that EIC did not make any sales or do any business in Iran. This statement was false as EIC had sold pumps to a petrochemical company in Iran. In doing so, EIC committed one violation of Section 764.2(g) of the Regulations.

Accordingly, EIC 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 \$11,000 per violation;³

Denial of export privileges; and/or

Exclusion from practice before BIS.

³ See 15 C.F.R. §6.4(a)(2) (2003).

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

In the Matter of:)
)
Ebara International Corporation)
350 Salomon Circle)
Sparks, Nevada 89434)
)

Respondent)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Ebara International Corporation (“EIC”), 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”),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),²

¹ The violations charged occurred from 2000 through 2003. The Regulations governing the violations at issue are found in the 2000 through 2003 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2003)). The 2004 Regulations establish the procedures that apply to this matter.

² 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 6, 2004, (69 Fed. Reg. 48763 (August 10, 2004)), has continued the Regulations in effect under IEEPA.

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

WHEREAS, BIS has issued a proposed charging letter to EIC that alleged that EIC committed 11 violations of the Regulations, specifically:

1. *One Violation of 15 C.F.R. §764.2(d) - Conspiracy to Export Cryogenic Pumps to Iran without the Required U.S. Government Authorization:* Beginning in 2000 and continuing through in or about August 2003, EIC conspired and acted in concert with others, known and unknown, to bring about an act that constitutes a violation of the Regulations by agreeing to export cryogenic pumps from the United States to Iran without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, authorization was required from the Office of Foreign Assets Control, U.S. Department of Treasury ("OFAC") before the cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, could be exported from the United States to Iran. In furtherance of the conspiracy, EIC and its co-conspirators devised and employed a scheme under which EIC would sell the pumps to a co-conspirator in France, which would then resell the pumps to another co-conspirator in France, which would then forward the pumps to a petrochemical company in Iran.
2. *One Violation of 15 C.F.R. §764.2(a) - Exporting Cryogenic Pumps to Iran Without the Required U.S. Government Authorization:* On or about January 27, 2003, EIC engaged in conduct prohibited by Regulations when it exported

cryogenic pumps from the United States to Iran without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, authorization from OFAC was required for the export of cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran. EIC did not have OFAC authorization for the export.

3. *One Violation of 15 C.F.R. § 764.2(e) - Selling Cryogenic Pumps with Knowledge that A Violation of the Regulations was to Occur:* In connection with export referenced in Charge 2, in or about March 2002, EIC sold cryogenic pumps with knowledge that a violation of the Regulations would occur. At all times relevant hereto, EIC knew that prior authorization was required from OFAC to export the cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran. EIC sold the pumps knowing that they would be exported to Iran without the required U.S. Government authorization.
4. *One Violation of 15 C.F.R. §764.2(a) - Failure to File a Shipper's Export Declaration:* In connection with the export referenced in Charge 2, on or about January 27, 2003, EIC engaged in conduct prohibited by Regulations when it failed to file a Shipper's Export Declaration ("SED") with the U.S. Government. Pursuant to Section 758.1(b) of the Regulations, an SED must be filed with the U.S. Government for an export to Iran of any item subject to the Regulations. The cryogenic pumps were items subject to the Regulations.

5. *One Violation of 15 C.F.R. §764.2(c) - Attempted Export of Cryogenic Pumps to Iran without the Required U.S. Government Authorization:* On or about August 25, 2003, EIC attempted a violation of the Regulations when it tried to export cryogenic pumps from the United States to Iran without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, OFAC authorization was required for the export of cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran. EIC did not have authorization from OFAC to export the cryogenic pumps to Iran.
6. *One Violation of 15 C.F.R. § 764.2(e) - Selling Cryogenic Pumps with Knowledge that a Violation of the Regulations was Intended to Occur:* In connection with the attempted export referenced in Charge 5, in or about September 2002, EIC sold cryogenic pumps with the knowledge that a violation of the Regulations was intended to occur. At all times relevant hereto, EIC knew that OFAC authorization was required to export cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran. EIC sold cryogenic pumps believing that they would be exported to Iran without the required U.S. Government authorization.
7. *One Violation of 15 C.F.R. §764.2(h) - Actions to Evade the Requirements of the Regulations:* In connection with the exports referenced in Charges 2 through 6 above, EIC took actions to evade the U.S. Government's licensing requirements

for the export of cryogenic pumps to Iran. Specifically, EIC falsified documents by placing EIC documents, including, but not limited, to engineering documents, correspondence, and inspection reports, on the letterhead of a co-conspirator in France. This falsification of documents was done to conceal the fact that the cryogenic pumps originated from the United States.

8. *One Violation of 15 C.F.R. §764.2(h) - Actions to Evade the Requirements of the Regulations:* In connection with the exports referenced in Charges 2 through 6 above, EIC took actions to evade the U.S. Government's licensing requirements for the export of cryogenic pumps to Iran. Specifically, EIC, in its London office, deleted all references to Iran in the documents concerning the export of the cryogenic pumps to Iran. These actions, which were taken before the documents were sent to EIC's office in Nevada, were done to conceal the fact that Iran was the ultimate destination of the pumps.
9. *One Violation of 15 C.F.R. §764.2(h) - Actions to Evade the Requirements of the Regulations:* In connection with the exports referenced in Charges 2 through 6 above, EIC took actions to evade the U.S. Government's licensing requirements for the export of cryogenic pumps to Iran. Specifically, EIC obtained parts for the cryogenic pumps from outside of the United States and did not mark the parts with EIC stamps or identification numbers. These actions were taken in order to avoid disclosure that the pumps supplied to Iran were of U.S.-origin.

10. *One Violation of 15 C.F.R. §764.2(h) - Actions to Evade the Requirements of the Regulations:* In connection with the exports referenced in Charges 2 through 6 above, EIC took actions to evade the U.S. Government's licensing requirements for the export of cryogenic pumps to Iran. Specifically, after learning of the Department of Commerce's investigation into the unauthorized export of the cryogenic pumps to Iran, EIC exchanged correspondence with a co-conspirator in France that falsely provided that the ultimate destination of the cryogenic pumps was France. This exchange of documents was done in an effort to conceal from the U.S. Government that the cryogenic pumps had been exported to Iran.
11. *One Violation of 15 C.F.R. §764.2(g) - False Statement to an Office of Export Enforcement Special Agent in the Course of an Investigation:* On or about August 25, 2003, in connection with an ongoing BIS, Office of Export Enforcement ("OEE") investigation into the unauthorized export of cryogenic pumps, items subject to the Regulations, to Iran, EIC employees represented to an OEE Special Agent that EIC did not make any sales or do any business in Iran. This statement was false as EIC had sold pumps to a petrochemical company in Iran.

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over EIC, under the Regulations, in connection with the matters alleged in the proposed charging letter.
2. The following sanctions shall be imposed against EIC in complete settlement of the violations of the Regulations set forth in the proposed charging letter:
 - a. EIC shall be assessed a civil penalty in the amount of \$121,000 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 EIC. Failure to make timely payment of the civil penalty set forth above shall result in the denial of all

of EIC's export privileges for a period of one year from the date of imposition of the penalty.

- c. For a period three years from the date of entry of the Order, EIC, its successors or assigns, and, when acting for or on behalf of EIC, its officers, representatives, agents, or employees ("Denied Person") may not participate, directly or indirectly, in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:
- i. Applying for, obtaining, or using any license, License Exception, or export control document;
 - ii. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or
 - iii. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.
- d. BIS agrees that, as authorized by Section 766.18 (c) of the Regulations, the three year denial period set forth in paragraph 2.c. shall be suspended in its entirety for a period of one year from the entry of the appropriate Order, and shall thereafter be

waived, provided that during the period of suspension, EIC has committed no violation of the Act or any regulation, order or license issued thereunder, and, provided further that EIC has made timely payment of the \$121,000 civil penalty assessed pursuant to this Agreement and the Order.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, EIC 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 \$121,000 civil penalty, BIS will not initiate any further administrative proceeding against EIC 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.

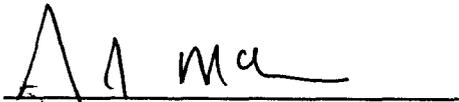
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department 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

EBARA INTERNATIONAL CORPORATION



Acting Director
Office of Export Enforcement



Martin Perlmutter
President

Date: 9/23/04

Date: 9/17/04

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

In the Matter of:)
)
Ebara International Corporation)
350 Salomon Circle)
Sparks, Nevada 89434)
)
Respondent)

ORDER

The Bureau of Industry and Security, United States Department of Commerce (“BIS”) having notified Ebara International Corporation (“EIC”) of its intention to initiate an administrative proceeding against EIC pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2004)) (“Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),² based on the proposed charging letter issued to EIC that alleged that EIC committed 11 violations of the Regulations. Specifically, the charges are:

1. *One Violation of 15 C.F.R. §764.2(d) - Conspiracy to Export Cryogenic Pumps to Iran without the Required U.S. Government Authorization: Beginning in 2000*

¹ The violations charged occurred from 2000 through 2003. The Regulations governing the violations at issue are found in the 2000 through 2003 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2003)). The 2004 Regulations establish the procedures that apply to this matter.

² 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 6, 2004, (69 Fed. Reg. 48763 (August 10, 2004)), has continued the Regulations in effect under IEEPA.

and continuing through in or about August 2003, EIC conspired and acted in concert with others, known and unknown, to bring about an act that constitutes a violation of the Regulations by agreeing to export cryogenic pumps from the United States to Iran without the required U.S. Government authorization.

Pursuant to Section 746.7 of the Regulations, authorization was required from the Office of Foreign Assets Control, U.S. Department of Treasury (“OFAC”) before the cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, could be exported from the United States to Iran. In furtherance of the conspiracy, EIC and its co-conspirators devised and employed a scheme under which EIC would sell the pumps to a co-conspirator in France, which would then resell the pumps to another co-conspirator in France, which would then forward the pumps to a petrochemical company in Iran.

2. *One Violation of 15 C.F.R. §764.2(a) - Exporting Cryogenic Pumps to Iran Without the Required U.S. Government Authorization:* On or about January 27, 2003, EIC engaged in conduct prohibited by Regulations when it exported cryogenic pumps from the United States to Iran without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, authorization from OFAC was required for the export of cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran. EIC did not have OFAC authorization for the export.
3. *One Violation of 15 C.F.R. § 764.2(e) - Selling Cryogenic Pumps with Knowledge that A Violation of the Regulations was to Occur:* In connection with export referenced in Charge 2, in or about March 2002, EIC sold cryogenic pumps with

knowledge that a violation of the Regulations would occur. At all times relevant hereto, EIC knew that prior authorization was required from OFAC to export the cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran. EIC sold the pumps knowing that they would be exported to Iran without the required U.S. Government authorization.

4. *One Violation of 15 C.F.R. §764.2(a) - Failure to File a Shipper's Export*

Declaration: In connection with the export referenced in Charge 2, on or about January 27, 2003, EIC engaged in conduct prohibited by Regulations when it failed to file a Shipper's Export Declaration ("SED") with the U.S. Government. Pursuant to Section 758.1(b) of the Regulations, an SED must be filed with the U.S. Government for an export to Iran of any item subject to the Regulations. The cryogenic pumps were items subject to the Regulations.

5. *One Violation of 15 C.F.R. §764.2(c) - Attempted Export of Cryogenic Pumps to*

Iran without the Required U.S. Government Authorization: On or about August 25, 2003, EIC attempted a violation of the Regulations when it tried to export cryogenic pumps from the United States to Iran without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, OFAC authorization was required for the export of cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran. EIC did not have authorization from OFAC to export the cryogenic pumps to Iran.

6. *One Violation of 15 C.F.R. § 764.2(e) - Selling Cryogenic Pumps with Knowledge that a Violation of the Regulations was Intended to Occur:* In connection with the attempted export referenced in Charge 5, in or about September 2002, EIC sold cryogenic pumps with the knowledge that a violation of the Regulations was intended to occur. At all times relevant hereto, EIC knew that OFAC authorization was required to export cryogenic pumps, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran. EIC sold cryogenic pumps believing that they would be exported to Iran without the required U.S. Government authorization.
7. *One Violation of 15 C.F.R. § 764.2(h) - Actions to Evade the Requirements of the Regulations:* In connection with the exports referenced in Charges 2 through 6 above, EIC took actions to evade the U.S. Government's licensing requirements for the export of cryogenic pumps to Iran. Specifically, EIC falsified documents by placing EIC documents, including, but not limited, to engineering documents, correspondence, and inspection reports, on the letterhead of a co-conspirator in France. This falsification of documents was done to conceal the fact that the cryogenic pumps originated from the United States.
8. *One Violation of 15 C.F.R. § 764.2(h) - Actions to Evade the Requirements of the Regulations:* In connection with the exports referenced in Charges 2 through 6 above, EIC took actions to evade the U.S. Government's licensing requirements for the export of cryogenic pumps to Iran. Specifically, EIC, in its London office, deleted all references to Iran in the documents concerning the export of the cryogenic pumps to Iran. These actions, which were taken before the documents

were sent to EIC's office in Nevada, were done to conceal the fact that Iran was the ultimate destination of the pumps.

9. *One Violation of 15 C.F.R. §764.2(h) - Actions to Evade the Requirements of the Regulations:* In connection with the exports referenced in Charges 2 through 6 above, EIC took actions to evade the U.S. Government's licensing requirements for the export of cryogenic pumps to Iran. Specifically, EIC obtained parts for the cryogenic pumps from outside of the United States and did not mark the parts with EIC stamps or identification numbers. These actions were taken in order to avoid disclosure that the pumps supplied to Iran were of U.S.-origin.
10. *One Violation of 15 C.F.R. §764.2(h) - Actions to Evade the Requirements of the Regulations:* In connection with the exports referenced in Charges 2 through 6 above, EIC took actions to evade the U.S. Government's licensing requirements for the export of cryogenic pumps to Iran. Specifically, after learning of the Department of Commerce's investigation into the unauthorized export of the cryogenic pumps to Iran, EIC exchanged correspondence with a co-conspirator in France that falsely provided that the ultimate destination of the cryogenic pumps was France. This exchange of documents was done in an effort to conceal from the U.S. Government that the cryogenic pumps had been exported to Iran.
11. *One Violation of 15 C.F.R. §764.2(g) - False Statement to an Office of Export Enforcement Special Agent in the Course of an Investigation:* On or about August 25, 2003, in connection with an ongoing BIS, Office of Export Enforcement ("OEE") investigation into the unauthorized export of cryogenic pumps, items subject to the Regulations, to Iran, EIC employees represented to an OEE Special

Agent that EIC did not make any sales or do any business in Iran. This statement was false as EIC had sold pumps to a petrochemical company in Iran.

BIS and EIC 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 \$121,000 is assessed against EIC, 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, EIC 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 EIC. Accordingly, if EIC should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of EIC's export privileges for a period of one year from the date of entry of this Order.

FOURTH, for a period three years from the date of entry of the Order, Ebara International Corporation, 350 Salomon Circle, Sparks, Nevada 89434, its successors or assigns, and when acting for or on behalf of EIC, its officers, representatives, agents, or employees ("Denied Person") may not participate, directly or indirectly, in any way in any transaction involving any

commodity, software or technology (hereinafter collectively referred to as “item”) exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- A. Applying for, obtaining, or using any license, License Exception, or export control document;
- B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or
- C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

FIFTH, that no person may, directly or indirectly, do any of the following:

- A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations;
- B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby the denied person acquires or attempts to acquire such ownership, possession or control;
- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States;

- D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or
- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by the Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by the Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

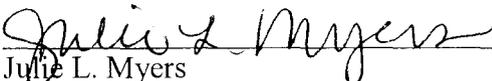
SIXTH, that, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to EIC by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of the Order.

SEVENTH, that this Order does not prohibit any export, reexport, or other transaction subject to the Regulations where the only items involved that are subject to the Regulations are the foreign-produced direct product of U.S.-origin technology.

EIGHTH, that, as authorized by Section 766.18 (c) of the Regulations, the denial period set forth above shall be suspended in its entirety for one year from the date of this Order, and shall thereafter be waived, provided that during the period of suspension, EIC has committed no violation of the Act or any regulation, order or license issued thereunder.

NINTH, 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 23rd day of September 2004.