



CERTIFIED MAIL - RETURN RECEIPT REQUESTED

EVI, Inc.,  
formerly known as Energy Ventures, Inc.  
5 Post Oak Park, Suite #1760  
Houston, Texas 77027

Attention: Bernard Duroc-Danner  
President

Dear Mr. Duroc-Danner:

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), hereby charges that, as described in detail below, EVI, Inc. (EVI) has violated the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (1997)) (the Regulations),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1997)) (the Act).<sup>2</sup>

Facts constituting the violations:

CHARGES 1-2

On two separate occasions, on or about October 24, 1992 and on or about November 23, 1992, EVI, through its former subsidiary, Energy Ventures Mid-East, Inc., exported oil field equipment from the United States to Iran without obtaining from BXA the validated export license required by Section 774.1(b) of the former Regulations. BXA alleges that, by exporting oil field equipment to any person or destination or for any use in violation of or contrary to the terms of the Act, or any

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<sup>1</sup> The alleged violations occurred in 1992. The Regulations governing the violations at issue are found in the 1992 version of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1992)). Those Regulations define the violations that BXA alleges occurred and are referred to hereinafter as the former Regulations. Since that time, the Regulations have been reorganized and restructured; the restructured Regulations, 15 C.F.R. Part 730-774, establish the procedures that apply to the matters set forth in this charging letter.

<sup>2</sup> The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)), August 14, 1996 (3 C.F.R., Comp. 298 (1997)), and August 13, 1997 (62 Fed. Reg. 43629, August 15, 1997), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1997)).



regulation, order, or license issued thereunder, EVI violated Section 787.6 of the former Regulations on two separate occasions.

CHARGES 3-4

In connection with each of the two exports, EVI, through its former subsidiary, Energy Venture Mid-East, Inc., prepared or caused to be prepared a Shipper's Export Declaration, an export control document as defined in Section 770.2 of the former Regulations, on which it represented that the commodity described thereon, oil field equipment, qualified for export from the United States to Iran under general license G-DEST. In fact, the commodity required a validated license for export from the United States to Iran. BXA alleges that, by making a false or misleading misrepresentation, statement, or certification of a material fact directly or indirectly to a U.S. government agency in connection with the preparation, submission, issuance, use, or maintenance of an export control document, EVI violated Section 787.5(a)(1) of the former Regulations on two separate occasions.

BXA alleges that EVI committed two violations of Section 787.5(a)(1) and two violations of Section 787.6, for a total of four violations of the former Regulations.

Accordingly, EVI 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 of \$10,000 per violation (see Section 764.3(a)(1) of the Regulations);

Denial of export privileges (see Section 764.3(a)(2) of the Regulations); and/or

Exclusion from practice (see Section 764.3(a)(3) of the Regulations).

Copies of relevant Parts of the Regulations are enclosed.

If EVI fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter as provided in Section 766.6 of the Regulations, that failure will be treated as a default under Section 766.7. EVI is further notified that it is entitled to an agency hearing on the record as provided by Section 13(c) of the Act and Section 766.6 of the Regulations, if a written demand for one is filed with its answer, to be represented by counsel, and to seek a settlement.

Pursuant to an Interagency Agreement between BXA and the U.S. Coast Guard, the U.S. Coast Guard is providing administrative law judge services, to the extent that such services are required under the Regulations, in connection with the matters set forth in this letter. Accordingly, EVI's answer should be filed with the U.S. Coast Guard ALJ Docketing Center, 40 S. Gay Street, Baltimore, Maryland 21202-4022, in accordance with the instructions in Section 766.5(a) of the Regulations. In addition, a copy of EVI's answer should be served on BXA at the address set forth in Section 766.5(b), adding "ATTENTION: Lairold M. Street, Esq." below the address. Mr. Street may be contacted by telephone at (202) 482-5311.

Sincerely,

Mark D. Menefee  
Acting Director  
Office of Export Enforcement

Enclosure



Whereas, the Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), has notified EVI of its intention to initiate an administrative proceeding against it pursuant to the Act and the Regulations, based on allegations that:

1. On two separate occasions, on or about October 24, 1992 and on or about November 23, 1992, EVI, through its former subsidiary, Energy Ventures Mid-East, Inc., exported oil field equipment from the United States to Iran without obtaining from BXA the validated licenses required by Section 774.1(b) of the former Regulations, in violation of Section 787.6 of the former Regulations; and

2. In connection with each of the exports identified above, EVI, through its former subsidiary, Energy Ventures Mid-East, Inc., made false or misleading representations of material fact to a United States agency on an export control document, in violation of Section 787.5(a)(1) of the former Regulations;

Whereas, EVI has reviewed the proposed Charging Letter and is aware of the allegations against it and the administrative sanctions which could be imposed against it if the allegations are found to be true; it fully understands the terms of this Settlement Agreement and the proposed Order; it enters into this Settlement Agreement voluntarily and with full knowledge of its rights, and it states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

Whereas, EVI neither admits nor denies the allegations contained in the proposed Charging Letter;

Whereas, EVI wishes to settle and dispose of all matters alleged in the proposed Charging Letter by entering into this Settlement Agreement; and

Whereas, EVI agrees to be bound by an appropriate Order giving effect to the terms of this Settlement Agreement, when entered (appropriate Order);

Now Therefore, EVI and BXA agree as follows:

1. BXA has jurisdiction over EVI, under the Act and the Regulations, in connection with the matters alleged in the proposed Charging Letter.

2. BXA and EVI agree that the following sanction shall be imposed against EVI in complete settlement of all alleged violations of the Act and former Regulations arising out of the transactions set forth in the proposed Charging Letter:

(a) EVI shall be assessed a civil penalty of \$40,000, \$30,000 of which shall be paid within 30 days of the date of entry of an appropriate Order. Payment of the remaining \$10,000 shall be suspended for a period of one year from the date of entry of the appropriate Order and shall thereafter be waived, provided that, during the period of suspension, EVI has committed no violation of the Act, or any regulation, order, or license issued thereunder.

(b) As authorized by Section 11(d) of the Act, 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 EVI. Failure to make timely payment of the civil penalty shall result in the denial of all of EVI's export privileges for a period of one year from the date of entry of the appropriate Order imposing the civil penalty.

3. EVI agrees that, subject to the approval of this Settlement Agreement pursuant to paragraph 8 hereof, it hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Settlement Agreement or the appropriate Order, when entered), including, without limitation, any right: (a) to an administrative hearing regarding the allegations in the proposed Charging Letter; (b) to request a refund of the civil penalty imposed pursuant to this Settlement Agreement and the appropriate Order, when entered; and (c) to seek judicial review or otherwise to contest the validity of this Settlement Agreement or the appropriate Order, when entered.

4. BXA agrees that, upon entry of an appropriate Order, it will not initiate any administrative proceeding against EVI in connection with any violation of the Act or the Regulations

arising out of the transactions identified in the proposed Charging Letter.

5. EVI understands that BXA will make the proposed Charging Letter, this Settlement Agreement, and the appropriate Order, when entered, available to the public.

6. BXA and EVI agree that this Settlement Agreement is for settlement purposes only. Therefore, if this Settlement Agreement is not accepted and an appropriate Order is not issued by the Assistant Secretary for Export Enforcement pursuant to Section 766.18(a) of the Regulations, BXA and EVI agree that they may not use this Settlement Agreement in any administrative or judicial proceeding and that neither party shall be bound by the terms contained in this Settlement Agreement in any subsequent administrative or judicial proceeding.

7. No agreement, understanding, representation or interpretation not contained in this Settlement Agreement may be used to vary or otherwise affect the terms of this Settlement Agreement or the appropriate Order, when entered, nor shall this Settlement 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 Settlement Agreement shall become binding on BXA only when the Assistant Secretary for Export Enforcement approves it by entering an appropriate Order, which will have the same

force and effect as a decision and Order issued after a full administrative hearing on the record.

BUREAU OF EXPORT ADMINISTRATION  
U.S. DEPARTMENT OF COMMERCE

EVI, INC.

Mark D. Menefee  
Mark D. Menefee  
Acting Director  
Office of Export Enforcement

B. Danner  
Bernard Duroc-Danner  
President

Date: 5/7/98

Date: April 28, 1998

UNITED STATES DEPARTMENT OF COMMERCE  
 BUREAU OF EXPORT ADMINISTRATION  
 WASHINGTON, D.C. 20230

In the Matter of: )  
 )  
 EVI, INC., )  
 formerly known as ENERGY VENTURES, INC. )  
 5 Post Oak Park, Suite #1760 )  
 Houston, Texas 77027, )  
 )  
 Respondent )

ORDER

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), having notified EVI, Inc., formerly known as Energy Ventures, Inc. (EVI) of its intention to initiate an administrative proceeding against it pursuant to Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1997)) (the Act),<sup>1</sup> and the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (1997)) (the Regulations),<sup>2</sup> based on allegations that:

<sup>1</sup> The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)), August 14, 1996 (3 C.F.R., 1996 Comp. 298 (1997)), and August 13, 1997 (62 Fed. Reg. 43629, August 15, 1997), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1997)).

<sup>2</sup> The alleged violations occurred in 1992. The Regulations governing the violations at issue are found in the 1992 version of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1992)). Those Regulations define the violations that BXA alleges occurred and are referred to hereinafter as the former Regulations. Since that time, the Regulations have been reorganized and restructured; the restructured Regulations establish the procedures that apply to the matters set forth in this Order.

1. On two separate occasions, on or about October 24, 1992 and on or about November 23, 1992, EVI, through its former subsidiary, Energy Ventures Mid-East, Inc., exported oil field equipment from the United States to Iran without obtaining from BXA the validated licenses required by Section 774.1(b) of the former Regulations, in violation of Section 787.6 of the former Regulations; and

2. In connection with each of the exports identified above, EVI, through its former subsidiary, Energy Ventures Mid-East, Inc., made false or misleading representations of material fact to a United States agency on an export control document, in violation of Section 787.5(a)(1) of the former Regulations;

BXA and EVI having entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby they have 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:

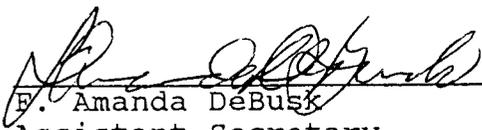
FIRST, that a civil penalty of \$40,000 is assessed against EVI, \$30,000 of which shall be paid within 30 days of the date of this Order. Payment of the remaining \$10,000 shall be suspended for a period of one year from the date of entry of this Order and shall thereafter be waived, provided that, during the period of suspension, EVI has committed no violation of the Act, or any regulation, order, or license issued thereunder. Payment shall be made in the manner specified in the attached instructions.

SECOND, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C.A. §§ 3701-3720E (1983 and Supp. 1997)), 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, EVI will be assessed, in addition to interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, that, as authorized by Section 11(d) of the Act, 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, permission, or privilege granted, or to be granted, to EVI. Accordingly, if EVI should fail to pay in a timely manner the civil penalty set forth above, the undersigned will enter an Order under the authority of Section 11(d) of the Act denying all of EVI's export privileges for a period of one year from the date of this Order.

FOURTH, that the proposed Charging Letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.

  
F. Amanda DeBusk  
Assistant Secretary  
for Export Enforcement

Entered this 30<sup>th</sup> day of June, 1998.

E590-13

UNITED STATES DEPARTMENT OF  
**COMMERCE**  
**NEWS**

WASHINGTON, D.C. 20230

BUREAU OF  
EXPORT  
ADMINISTRATION

FOR IMMEDIATE RELEASE:

June 30, 1998

[www.bxa.doc.gov](http://www.bxa.doc.gov)

CONTACTS: Susan Hofer

Eugene Cottilli

(202) 482-2721

**HOUSTON FIRM RECEIVES \$40,000 CIVIL PENALTY TO SETTLE CHARGES OF  
EXPORTING OIL FIELD EQUIPMENT TO IRAN**

(WASHINGTON) -- The Commerce Department's Bureau of Export Administration (BXA) today imposed a \$40,000 civil penalty on EVI, Inc., a Houston, Tex. oil field equipment supplier, for allegedly violating U.S. export regulations when it shipped oil field equipment to Iran, Assistant Secretary for Export Enforcement F. Amanda DeBusk announced.

The Department alleged that on two separate occasions in October and November 1992, EVI, Inc., through its former subsidiary, Energy Ventures Mid-East, Inc., exported oil field equipment without obtaining the required export licenses. The Department also alleged that, in connection with each export, EVI, through its former subsidiary, Energy Ventures Mid-East, Inc., made false and misleading statements of material fact on export control documents. At the time, the products were controlled for export to Iran for foreign policy reasons. The Office of Export Enforcement Dallas Field Office investigated the case.

The Department agreed to suspend, for one year, payment of \$10,000 of the \$40,000 penalty and then to waive that payment provided EVI complies with export control regulations during the one year probation period.

The Department of Commerce, through its Bureau of Export Administration, administers and enforces export controls for reasons of national security, foreign policy, nonproliferation and short supply. Criminal penalties, as well as administrative sanctions, can be imposed for violations of the Regulations.