



REGISTERED MAIL - RETURN RECEIPT REQUESTED

Dow Benelux N.V.
Hebert H. Dowweg 5
P.O. Box 48
Terneuzen,
The Netherlands

Attention: Mr. Wilhelm C. Vrijland
Corporate Director, Supply Chain Technology Center

Dear Mr. Vrijland:

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), hereby charges that, as described below, Dow Benelux N.V. (hereinafter "Benelux N.V.") has violated the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2000)) (the Regulations),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 2000)) (the Act).²

Facts constituting violations:

Charges 1-4

On four separate occasions between on or about January 28, 1997 and on or about January 14, 1998, Benelux N.V. reexported U.S.-origin chemicals from the Netherlands to the Ivory Coast and Turkey without obtaining from BXA the reexport authorization required by Section 742.2(a) of the Regulations. BXA alleges

¹ The Regulations governing the violations at issue are found in the 1997 and 1998 versions of the Code of Federal Regulations. Those Regulations are codified at 15 C.F.R. Parts 730-774 (1997 and 1998) and, to the degree to which they pertain to this matter, are substantially the same as the 2000 version.

² The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), which has been extended by successive Presidential Notices, the most recent being that of August 3, 2000 (65 Fed. Reg. 48347, August 8, 2000), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 2000)).

that, by engaging in conduct prohibited by or contrary to the Act, the Regulations, or any order, license or authorization issued thereunder, Benelux N.V. committed four violations of Section 764.2(a) of the Regulations. Accordingly, Benelux N.V. 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:

- a. The maximum civil penalty of \$10,000 per violation (see Section 764.3(a) (1) of the Regulations);³
- b. Denial of export privileges (see Section 764.3(a)(2) of the Regulations); and/or
- c. Exclusion from practice (see Section 764.3(a)(3) of the Regulations).

Copies of relevant Parts of the Regulations are enclosed.

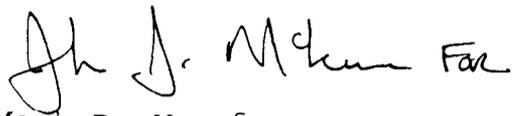
If Benelux N.V. fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter as provided in Section 766.6 of the Regulations, that failure will be treated as a default under Section 766.7. Benelux N.V. is further notified that it is entitled 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, Benelux N.V.'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 Benelux N.V.'s answer should be served on BXA at the address set forth in Section 766.5(b), adding "ATTENTION:

³ The maximum civil penalty for any violation committed after October 23, 1996 is \$11,000 per violation. See 15 C.F.R. § 6.4(a) (3) (2000).

Lairoid M. Street, Esq." below the address. Mr. Street may be contacted by telephone at (202) 482-5311.

Sincerely,

A handwritten signature in cursive script that reads "Mark D. Menefee". The signature is written in dark ink and is positioned above the typed name.

Mark D. Menefee
Director
Office of Export Enforcement

Enclosures

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

In the Matter of:)
)
DOW BENELUX N.V.)
Hebert H. Dowweg 5)
P.O. Box 48)
Terneuzen,)
The Netherlands)
)
Respondent)

SETTLEMENT AGREEMENT

This Agreement is made by and between Dow Benelux N.V. (hereinafter "Benelux") and the Bureau of Export Administration, United States Department of Commerce, pursuant to Section 766.18(b) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2000)) (the "Regulations"),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 2000 and Pub. L. No. 106-508, November 13, 2000)) (the "Act").'

¹ The Regulations governing the violations at issue are found in the 1997 and 1998 versions of the Code of Federal Regulations. Those Regulations are codified at 15 C.F.R. Parts 730-774 (1997 and 1998) and, to the degree to which they pertain to this matter, are substantially the same as the 2000 version.

² The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), which had been extended by successive Presidential Notices, the most recent being that of August 3, 2000 (65 Fed. Reg. 48347, August 8, 2000), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 2000)) until November 13, 2000 when the Act was reauthorized. See Pub. L. No. 106-508.

WHEREAS, on November 1, 2000, the Office of Export Enforcement, Bureau of Export Administration ("BXA"), initiated an administrative proceeding against Benelux pursuant to the Act and the Regulations by issuing a Charging Letter based on allegations that: on or about January 28, 1997 and on or about January 14, 1998, Benelux N.V. reexported U.S.-origin chemicals from the Netherlands to the Ivory Coast and Turkey without obtaining from BXA the reexport authorization required by Section 742.2(a) of the Regulations, in violation of Sections 764.2(a) of the Regulations, for a total of four violations of the Regulations; and

WHEREAS, Benelux received notice of issuance of the Charging Letter pursuant to Section 766.3(b) of the Regulations;

WHEREAS, Benelux has reviewed the 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, Benelux fully understands the terms of this Settlement Agreement and the proposed Order;

WHEREAS, Benelux 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, Benelux neither admits nor denies the allegations contained in the Charging Letter;

WHEREAS, Benelux and BXA wish to settle and dispose of all matters alleged in the Charging Letter by entering into this Settlement Agreement; and

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

NOW THEREFORE, Benelux and BXA agree as follows:

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

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

a. Benelux shall be assessed a civil penalty of \$30,000, \$20,000 of which shall be paid to the U.S. Department of Commerce 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, Benelux 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 2a. is hereby made a condition to the granting, restoration, or continuing validity of any export license, permission, or privilege granted to, or to be granted, to Benelux. Failure to make timely payment of the civil penalty shall result in the denial of all of Benelux's export privileges for a period of one year from the date of entry of the appropriate Order imposing the civil penalty.
3. Benelux 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 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 Benelux in connection with any violation of the Act or the Regulations arising out of the transaction identified in the Charging Letter.

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

6. BXA and Benelux 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(b) of the Regulations, BXA and Benelux 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.

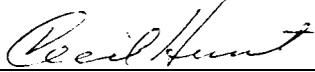
7. No agreement, understanding, representation or interpretation not contained in this Settlement Agreement may be used to vary or otherwise affect the terms of this Settlement Agreement or the appropriate Order, when entered, nor shall this Settlement Agreement serve to bind, constrain, or otherwise 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

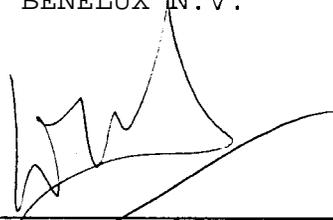
only when the Assistant Secretary for Export Enforcement approves it by entering an appropriate Order, which will have the same force and effect as a decision and Order issued after a full administrative hearing on the record.

BUREAU OF EXPORT ADMINISTRATION
U.S. DEPARTMENT OF COMMERCE

DOW BENELUX N.V.



Cecil Hunt
Acting Chief Counsel
for Export Administration



Wilhelm C. Vrijland
Corporate Director,
Supply Chain Technology
Center

Date: 16 April 2001

Date: 10/04/01

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

In the Matter of:)
)
DOW BENELUX N.V.)
Hebert H. Dowweg 5)
P.O. Box 48)
Terneuzen,)
The Netherlands)
)
)
Respondent)
)
)

ORDER

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce ("BXA"), having initiated an administrative proceeding against Dow Benelux N.V. (hereinafter "Benelux") pursuant to Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 2000 and Pub. L. No. 106-508, November 13, 2000)) (the "Act"),¹ and the Export Administration Regulations (15 C.F.R. Parts 730-774 (2000)) (the "Regulations"),² based on allegations that, on or about January

¹ The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), which had been extended by successive Presidential Notices, the most recent being that of August 3, 2000 (65 Fed. Reg. 48347, August 8, 2000), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 2000)) until November 13, 2000 when the Act was reauthorized. See Pub. L. No. 106-508.

² The Regulations governing the violations at issue are found in the 1997 and 1998 versions of the Code of Federal Regulations.

28, 1997 and on or about January 14, 1998, Benelux N.V. reexported U.S.-origin chemicals from the Netherlands to the Ivory Coast and Turkey without obtaining from BXA the reexport authorization required by Section 742.2(a) of the Regulations, in violation of Section 764.2(a) of the Regulations, for a total of four violations of the Regulations; and

BXA and Benelux having entered into a Settlement Agreement pursuant to Section 766.18(b) of the Regulations whereby BXA and Benelux 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 \$30,000 is assessed against Benelux, \$20,000 of which shall be paid to the U.S. Department of Commerce within 30 days of the date of this Order. Payment shall be made in the manner specified in the attached instructions. 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, Benelux has committed no violation of the Act, or any regulation, order, or license issued thereunder.

SECOND, that, pursuant to the Debt Collection Act of 1982,

Those Regulations are codified at 15 C.F.R. Parts 730-774 (1997 and 1998) and, to the degree to which they pertain to this matter, are substanti-ally the same as the 2000 version.

as amended (31 U.S.C.A. §§ 3701-3720E (1983 and Supp. 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, Benelux 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, License Exception, permission, or privilege granted to, or to be granted, to Benelux. Accordingly, if Benelux should fail to pay the civil penalty in a timely manner, the undersigned will enter an Order under the authority of Section 11(d) of the Act denying all of Benelux's export privileges for a period of one years from the date of entry of this Order.

FOURTH, that a copy of this Order shall be delivered to the United States Coast Guard ALJ Docketing Center, 40 South Gay Street, Baltimore, Maryland 21202-4022, notifying that office that this case is withdrawn from adjudication, as provided by Section 766.18(b) of the Regulations.

FIFTH, that the 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.

Lisa A. Prager

Lisa A. Prager
Acting Assistant Secretary
for Export Enforcement

Entered this 4 day of May, 2001.