

BLS/RO

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

.....
In the Matter of:)
)
Sirchie Fingerprint Laboratories, Inc.)
100 Hunter Place)
Youngsville, North Carolina 27956)
)
Respondent)
.....

ORDER RELATING TO SIRCHIE FINGERPRINT LABORATORIES, INC.

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS") has notified Sirchie Fingerprint Laboratories, Inc. ("Sirchie") of its intention to initiate an administrative proceeding against it pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2005)) ("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 by issuing a proposed charging letter issued to Sirchie that alleged that it committed 181 violations of the Regulations. Specifically, the charges are:

¹ The charged violations occurred from 1999 to 2004. The Regulations governing the violations at issue are found in the 1999 to 2004 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1999-2004)). The 2005 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 2, 2005, (70 Fed. Reg. 45273 (August 5, 2005)), has continued the Regulations in effect under IEEPA.

1. *One Violation of 15 C.F.R. §764.2(d) - Conspiracy to Violate the Regulations:*
Beginning in or about September 2000 and continuing through in or about March 2004, Sirchie conspired and acted in concert with others, known and unknown, to do or bring about an act that violates the Regulations. The purpose of the conspiracy was to export fingerprint imaging equipment and fingerprint ink and powder, items subject to the Regulations, from the United States to the Hong Kong Special Administrative Region ("Hong Kong") through Italy without the U.S. Department of Commerce licenses required by Section 742.7 of the Regulations. Fingerprint imaging equipment is classified under Export Control Classification Number ("ECCN") 3A981, and fingerprint ink and powder is classified under ECCN 1A985. Sirchie and its co-conspirators took acts in furtherance of the conspiracy by exporting fingerprint imaging equipment and fingerprint ink and powder from the United States to Hong Kong through Italy without the required license.
2. *25 Violations of 15 C.F.R. §764.2(a) - Exporting Fingerprint Imaging Equipment without the Required Licenses:* On 25 occasions, between on or about September 29, 2000 and on or about March 31, 2004, Sirchie engaged in conduct prohibited by the Regulations by exporting or causing to be exported fingerprint imaging equipment, items classified under ECCN 3A981, to Hong Kong through Italy without the licenses required by Section 742.7 of the Regulations.
3. *25 Violations of 15 C.F.R. § 764.2(e) - Selling Fingerprint Imaging Equipment with Knowledge of a Violation of the Regulations:* On the same 25 occasions described above, Sirchie sold fingerprint imaging equipment, items classified under ECCN 3A981, to Hong Kong through Italy with knowledge that a violation

of the Regulations was about to occur in connection with the items. At all times relevant hereto, Sirchie knew or should have known that a Department of Commerce license was required to export the fingerprint imaging equipment and Sirchie sold the items knowing that the required license had not or would not be obtained.

4. *25 Violations of 15 C.F.R. §764.2(h) - Taking Actions with Intent to Evade the Regulations:* On the same 25 occasions described above, Sirchie took actions with the intention of evading the Regulations. Specifically, Sirchie sold and shipped fingerprint imaging equipment to a distributor in Italy for transshipment to Hong Kong with the intent of evading the license requirements of Section 742.7 of the Regulations. This was done to conceal the ultimate destination of the items.
5. *25 Violations of 15 C.F.R. §764.2(g) - False Statements of Fact on Export Control Documents:* On the same 25 occasions described above, Sirchie filed or caused to be filed Shippers' Export Declarations ("SEDs"), export control documents as defined in Section 772.1 of the Regulations, with the U.S. Government through the Automated Export System ("AES") stating that no license was required for the exports. These statements were false because, as described in charges 2-26, licenses were required for the export of fingerprint imaging equipment to Hong Kong.
6. *Nine Violations of 15 C.F.R. § 764.2(a) -Exporting Fingerprint Ink and Powder without the Required Licenses:* On nine occasions, between on or about April 14, 2001 and on or about March 2, 2004, Sirchie engaged in conduct prohibited by the Regulations by exporting or causing to be exported fingerprint ink and powder,

items classified under ECCN 1A985, to Hong Kong through Italy without the licenses required by Section 742.7 of the Regulations.

7. *Nine Violations of 15 C.F.R. §764.2(e) - Selling Fingerprint Ink and Powder with Knowledge of a Violation of the Regulations:* On the same nine occasions described above, Sirchie sold fingerprint ink and powder, items classified under ECCN 1A985, to Hong Kong through Italy with knowledge that a violation of the Regulations was about to occur in connection with the items. At all times relevant hereto, Sirchie knew or should have known that a Department of Commerce license was required to export the fingerprint ink and powder and Sirchie sold the items knowing that the required license had not or would not be obtained.
8. *Nine Violation of 15 C.F.R. §764.2(h) - Taking Actions with Intent to Evade the Regulations:* On the same nine occasions described above, Sirchie took actions with the intention of evading the Regulations. Specifically, Sirchie sold and shipped fingerprint ink and powder to a distributor in Italy for transshipment to Hong Kong with the intent of evading the license requirements of Section 742.7 of the Regulations. This was done to conceal the ultimate destination of the items.
9. *One Violation of 15 C.F.R. §764.2(g) - False Statement of Fact on Export Control Document:* On one of the nine occasions described above, Sirchie filed or caused to be filed a SED, an export control document as defined in Section 772.1 of the Regulations, with the U.S. Government through the Automated Export System ("AES") stating that no license was required for the export. This statement was false because, a license was required for the export of fingerprint ink and powder to Hong Kong.

10. *20 Violations of 15 C.F.R. §764.2(a) - Exporting Fingerprint Imaging Equipment and Fingerprint Powder without the Required License:* On 20 occasions, between on or about November 8, 2000 and on or about January 20, 2004, Sirchie engaged in conduct prohibited by the Regulations by exporting or causing to be exported fingerprint imaging equipment or fingerprint powder, items classified under ECCNs 3A981 or 1A985 respectively, to Hong Kong without the licenses required by Section 742.7 of the Regulations.
11. *20 Violations of 15 C.F.R. §764.2(e) - Selling Fingerprint Imaging Equipment and Fingerprint Powder without the Required License:* On the same 20 occasions described above, Sirchie sold fingerprint imaging equipment or fingerprint powder, items classified under ECCNs 3A981 or 1A985 respectively, to Hong Kong with knowledge that a violation of the Regulations was about to occur in connection with the items. At all times relevant hereto, Sirchie knew or should have known that a Department of Commerce license was required to export the fingerprint imaging equipment and sold the items knowing that the required license had not or would not be obtained.
12. *12 Violations of 15 C.F.R. § 764.2(g) - False Statements of Fact on Export Control Documents:* On 12 of the 20 occasions described above, Sirchie filed or caused to be filed SEDs, export control documents as defined in Section 772.1 of the Regulations, with the U.S. Government through the Automated Export System ("AES") stating that no license was required for the export. These statements were false because, as described in charges 130-149, licenses were required for the export of fingerprint imaging equipment to Hong Kong.

WHEREAS, BIS and Sirchie have 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

WHEREAS, I have approved the terms of the Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$400,000 is assessed against Sirchie, 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, Sirchie 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 Sirchie. Accordingly, if Sirchie should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Sirchie's export privileges for a period of one year from the date of entry of this Order.

FOURTH, for a period five years from the date of entry of the Order, Sirchie Fingerprint Laboratories, Inc., 100 Hunter Place, Youngsville, North Carolina 27956, its successors or assigns, and when acting for or on behalf of Sirchie, 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.

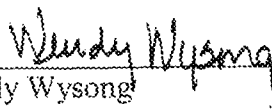
SIXTH, that, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to Sirchie by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be 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 five years from the date of this Order, and shall thereafter be waived, provided that during the period of suspension, Sirchie 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.


Wendy Wysong
Deputy Assistant Secretary of Commerce
for Export Enforcement

Entered this 22d day of September 2005.

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

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In the Matter of:)
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Sirchie Fingerprint Laboratories, Inc.)
100 Hunter Place)
Youngsville, North Carolina 27956)
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Respondent)
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SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between Sirchie Fingerprint Laboratories, Inc. ("Sirchie"), and the Bureau of Industry and Security, U.S. 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 (2005)) ("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 1999 through 2004. The Regulations governing the violations at issue are found in the 1999 through 2004 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1999-2004)). The 2005 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 2, 2005, (70 Fed. Reg. 45273 (August 5, 2005)), has continued the Regulations in effect under IEEPA.

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

WHEREAS, BIS has issued a proposed charging letter to Sirchie that alleged that Sirchie committed 181 violations of the Regulations, specifically:

1. *One Violation of 15 C.F.R. §764.2(d) - Conspiracy to Violate the Regulations:*

Beginning in or about September 2000 and continuing through in or about March 2004, Sirchie conspired and acted in concert with others, known and unknown, to do or bring about an act that violates the Regulations. The purpose of the conspiracy was to export fingerprint imaging equipment and fingerprint ink and powder, items subject to the Regulations, from the United States to the Hong Kong Special Administrative Region ("Hong Kong") through Italy without the U.S. Department of Commerce licenses required by Section 742.7 of the Regulations. Fingerprint imaging equipment is classified under Export Control Classification Number ("ECCN") 3A981, and fingerprint ink and powder is classified under ECCN 1A985. Sirchie and its co-conspirators took acts in furtherance of the conspiracy by exporting fingerprint imaging equipment and fingerprint ink and powder from the United States to Hong Kong through Italy without the required license.

2. *25 Violations of 15 C.F.R. §764.2(a) - Exporting Fingerprint Imaging Equipment without the Required Licenses:* On 25 occasions, between on or about September 29, 2000 and on or about March 31, 2004, Sirchie engaged in conduct prohibited

by the Regulations by exporting or causing to be exported fingerprint imaging equipment, items classified under ECCN 3A981, to Hong Kong through Italy without the licenses required by Section 742.7 of the Regulations.

3. *25 Violations of 15 C.F.R. § 764.2(e) - Selling Fingerprint Imaging Equipment with Knowledge of a Violation of the Regulations:* On the same 25 occasions described above, Sirchie sold fingerprint imaging equipment, items classified under ECCN 3A981, to Hong Kong through Italy with knowledge that a violation of the Regulations was about to occur in connection with the items. At all times relevant hereto, Sirchie knew or should have known that a Department of Commerce license was required to export the fingerprint imaging equipment and Sirchie sold the items knowing that the required license had not or would not be obtained.
4. *25 Violations of 15 C.F.R. §764.2(h) - Taking Actions with Intent to Evade the Regulations:* On the same 25 occasions described above, Sirchie took actions with the intention of evading the Regulations. Specifically, Sirchie sold and shipped fingerprint imaging equipment to a distributor in Italy for transshipment to Hong Kong with the intent of evading the license requirements of Section 742.7 of the Regulations. This was done to conceal the ultimate destination of the items.
5. *25 Violations of 15 C.F.R. §764.2(g) - False Statements of Fact on Export Control Documents:* On the same 25 occasions described above, Sirchie filed or

caused to be filed Shippers' Export Declarations ("SEDs"), export control documents as defined in Section 772.1 of the Regulations, with the U.S. Government through the Automated Export System ("AES") stating that no license was required for the exports. These statements were false because, as described in charges 2-26, licenses were required for the export of fingerprint imaging equipment to Hong Kong.

6. *Nine Violations of 15 C.F.R. § 764.2(a) -Exporting Fingerprint Ink and Powder without the Required Licenses:* On nine occasions, between on or about April 14, 2001 and on or about March 2, 2004, Sirchie engaged in conduct prohibited by the Regulations by exporting or causing to be exported fingerprint ink and powder, items classified under ECCN 1A985, to Hong Kong through Italy without the licenses required by Section 742.7 of the Regulations.
7. *Nine Violations of 15 C.F.R. §764.2(e) - Selling Fingerprint Ink and Powder with Knowledge of a Violation of the Regulations:* On the same nine occasions described above, Sirchie sold fingerprint ink and powder, items classified under ECCN 1A985, to Hong Kong through Italy with knowledge that a violation of the Regulations was about to occur in connection with the items. At all times relevant hereto, Sirchie knew or should have known that a Department of Commerce license was required to export the fingerprint ink and powder and Sirchie sold the items knowing that the required license had not or would not be obtained.

8. *Nine Violation of 15 C.F.R. §764.2(h) - Taking Actions with Intent to Evade the Regulations:* On the same nine occasions described above, Sirchie took actions with the intention of evading the Regulations. Specifically, Sirchie sold and shipped fingerprint ink and powder to a distributor in Italy for transshipment to Hong Kong with the intent of evading the license requirements of Section 742.7 of the Regulations. This was done to conceal the ultimate destination of the items.
9. *One Violation of 15 C.F.R. §764.2(g) - False Statement of Fact on Export Control Document:* On one of the nine occasions described above, Sirchie filed or caused to be filed a SED, an export control document as defined in Section 772.1 of the Regulations, with the U.S. Government through the Automated Export System ("AES") stating that no license was required for the export. This statement was false because, a license was required for the export of fingerprint ink and powder to Hong Kong.
10. *20 Violations of 15 C.F.R. §764.2(a) - Exporting Fingerprint Imaging Equipment and Fingerprint Powder without the Required License:* On 20 occasions, between on or about November 8, 2000 and on or about January 20, 2004, Sirchie engaged in conduct prohibited by the Regulations by exporting or causing to be exported fingerprint imaging equipment or fingerprint powder, items classified under ECCNs 3A981 or 1A985 respectively, to Hong Kong without the licenses required by Section 742.7 of the Regulations.



11. *20 Violations of 15 C.F.R. §764.2(e) - Selling Fingerprint Imaging Equipment and Fingerprint Powder without the Required License:* On the same 20 occasions described above, Sirchie sold fingerprint imaging equipment or fingerprint powder, items classified under ECCNs 3A981 or 1A985 respectively, to Hong Kong with knowledge that a violation of the Regulations was about to occur in connection with the items. At all times relevant hereto, Sirchie knew or should have known that a Department of Commerce license was required to export the fingerprint imaging equipment and sold the items knowing that the required license had not or would not be obtained.
12. *12 Violations of 15 C.F.R. § 764.2(g) - False Statements of Fact on Export Control Documents:* On 12 of the 20 occasions described above, Sirchie filed or caused to be filed SEDs, export control documents as defined in Section 772.1 of the Regulations, with the U.S. Government through the Automated Export System ("AES") stating that no license was required for the export. These statements were false because, as described in charges 130-149, licenses were required for the export of fingerprint imaging equipment to Hong Kong.

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over Sirchie, under the Regulations, in connection with the matters alleged in the proposed charging letter.
2. The following sanctions shall be imposed against Sirchie in complete settlement of the violations of the Regulations set forth in the proposed charging letter:
 - a. Sirchie shall be assessed a civil penalty in the amount of \$400,000 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 Sirchie. Failure to make timely payment of the civil penalty set forth above shall result in the denial

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

- c. For a period five years from the date of entry of the Order, Sirchie, its successors or assigns, and, when acting for or on behalf of Sirchie, 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 five year denial period set forth in paragraph 2.a. shall be suspended in its entirety for a period of five years from the entry of the appropriate Order, and shall thereafter be

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waived, provided that during the period of suspension, Sirchie has committed no violation of the Act or any regulation, order or license issued thereunder.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, Sirchie 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, BIS will not initiate any further administrative proceeding against Sirchie 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

SIRCHIE FINGERPRINT
LABORATORIES, INC.



Michael D. Turner
Director
Office of Export Enforcement



Scott E. Carrington
President

Date: 9/21/05

Date: SEPT. 16, 2005

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Sirchie Fingerprint Laboratories, Inc.
100 Hunter Place
Youngsville, North Carolina 27956

Attention: *John H. Carrington*
President

Dear Mr. Carrington:

The Bureau of Industry and Security, United States Department of Commerce ("BIS"), has reason to believe that Sirchie Fingerprint Laboratories, Inc. ("Sirchie"), of Youngsville, North Carolina, has committed 181 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 Sirchie committed the following violations:

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 1999 through 2004. The Regulations governing the violations at issue are found in the 1999 - 2004 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1999-2004)). The 2004 Regulations govern the procedural aspects of this case.

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 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 6, 2004 (69 *Fed. Reg.* 48763 (Aug. 10, 2004)), continues the Regulations in effect under IEEPA.

Charge 1 (15 C.F.R. § 764.2(d) - Conspiracy to Violate the Regulations)

Beginning in or about September 2000 and continuing through in or about March 2004, Sirchie conspired and acted in concert with others, known and unknown, to do or bring about an act that violates the Regulations. The purpose of the conspiracy was to export fingerprint imaging equipment and fingerprint powder, items subject to the Regulations, from the United States to Hong Kong through Italy without the U.S. Department of Commerce licenses required by Section 742.7 of the Regulations. Fingerprint imaging equipment is classified under Export Control Classification Number ("ECCN") 3A981, and fingerprint ink and dye is classified under ECCN 1A985. Sirchie and its co-conspirators took acts in furtherance of the conspiracy by exporting fingerprint imaging equipment and fingerprint powder from the United States to Hong Kong through Italy without the required license. In so doing, Sirchie committed one violation of Section 764.2(d) of the Regulations.

Charges 2-26 (15 C.F.R. § 764.2(a) - Exporting Fingerprint Imaging Equipment without the Required Licenses)

On 25 occasions, between on or about September 29, 2000 and on or about March 31, 2004, Sirchie engaged in conduct prohibited by the Regulations by exporting or causing to be exported fingerprint imaging equipment, items classified under ECCN 3A981, to Hong Kong through Italy without the licenses required by Section 742.7 of the Regulations. See Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Sirchie committed 25 violations of Section 764.2(a) of the Regulations.

Charges 27-51 (15 C.F.R. § 764.2(e) - Selling Fingerprint Imaging Equipment with Knowledge of a Violation of the Regulations)

On the same 25 occasions described in charges 2-26 above, Sirchie sold fingerprint imaging equipment, items classified under ECCN 3A981, to Hong Kong through Italy with knowledge that a violation of the Regulations was about to occur in connection with the items. At all times relevant hereto, Sirchie knew or should have known that a Department of Commerce license was required to export the fingerprint imaging equipment and Sirchie sold the items knowing that the required license had not or would not be obtained. See Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Sirchie committed 25 violations of Section 764.2(e) of the Regulations.

Charges 52-76 (15 C.F.R. § 764.2(h) - Taking Actions with Intent to Evade the Regulations)

On the same 25 occasions described in charges 2-26 above, Sirchie took actions with the intention of evading the Regulations. Specifically, Sirchie sold and shipped fingerprint imaging equipment to a distributor in Italy for transshipment to Hong Kong with the intent of evading the license requirements of Section 742.7 of the Regulations. This was done to conceal the ultimate destination of the items. *See* Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Sirchie committed 25 violations of Section 764.2(h) of the Regulations.

Charges 77-101 (15 C.F.R. § 764.2(g) - False Statements of Fact on Export Control Documents)

On the same 25 occasions described in charges 2-26 above, Sirchie filed or caused to be filed Shippers' Export Declarations ("SEDs"), export control documents as defined in Section 772.1 of the Regulations, with the U.S. Government through the Automated Export System ("AES") stating that no license was required for the exports. These statements were false because, as described in charges 2-26, licenses were required for the export of fingerprint imaging equipment to Hong Kong. *See* Schedule A, which is enclosed herewith and incorporated herein by reference. In so doing, Sirchie committed 25 violations of Section 764.2(g) of the Regulations.

Charges 102-110 (15 C.F.R. § 764.2(a) - Exporting Fingerprint Ink and Powder without the Required Licenses)

On nine occasions, between on or about April 14, 2001 and on or about March 2, 2004, Sirchie engaged in conduct prohibited by the Regulations by exporting or causing to be exported fingerprint ink and powder, items classified under ECCN 1A985, to Hong Kong through Italy without the licenses required by Section 742.7 of the Regulations. *See* Schedule B, which is enclosed herewith and incorporated herein by reference. In so doing, Sirchie committed nine violations of Section 764.2(a) of the Regulations.

Charges 111-119 (15 C.F.R. § 764.2(e) - Selling Fingerprint Ink and Powder with Knowledge of a Violation of the Regulations)

On the same nine occasions described in charges 102-110 above, Sirchie sold fingerprint ink and powder, items classified under ECCN 1A985, to Hong Kong through Italy with knowledge that a violation of the Regulations was about to occur in connection with the items. At all times relevant hereto, Sirchie knew or should have known that a Department of Commerce license was required to export the fingerprint ink and powder and Sirchie sold the items knowing that the required license had not or would not be obtained. *See* Schedule B, which is enclosed herewith and incorporated herein by reference. In so doing, Sirchie committed nine violations of Section 764.2(e) of the Regulations.

Charges 120-128 (15 C.F.R. § 764.2(h) - Taking Actions with Intent to Evade the Regulations)

On the same nine occasions described in charges 102-110 above, Sirchie took actions with the intention of evading the Regulations. Specifically, Sirchie sold and shipped fingerprint ink and powder to a distributor in Italy for transshipment to Hong Kong with the intent of evading the license requirements of Section 742.7 of the Regulations. This was done to conceal the ultimate destination of the items. See Schedule B, which is enclosed herewith and incorporated herein by reference. In so doing, Sirchie committed nine violations of Section 764.2(h) of the Regulations.

Charge 129 (15 C.F.R. § 764.2(g) - False Statement of Fact on Export Control Document)

On one of the nine occasions described in charges 102-110 above, Sirchie filed or caused to be filed a SED, an export control document as defined in Section 772.1 of the Regulations, with the U.S. Government through the Automated Export System ("AES") stating that no license was required for the export. This statement was false because, as described in charges 102-110, licenses were required for the export of fingerprint imaging equipment to Hong Kong. See Schedule B, which is enclosed herewith and incorporated herein by reference. In so doing, Sirchie committed one violation of Section 764.2(g) of the Regulations.

Charges 130-149 (15 C.F.R. § 764.2(a) - Exporting Fingerprint Imaging Equipment and Fingerprint Powder without the Required Licenses)

On 20 occasions, between on or about November 8, 2000 and on or about January 20, 2004, Sirchie engaged in conduct prohibited by the Regulations by exporting or causing to be exported fingerprint imaging equipment or fingerprint powder, items classified under ECCNs 3A981 or 1A985 respectively, to Hong Kong without the licenses required by Section 742.7 of the Regulations. See Schedule C, which is enclosed herewith and incorporated herein by reference. In so doing, Sirchie committed 20 violations of Section 764.2(a) of the Regulations.

Charges 150-169 (15 C.F.R. § 764.2(e) - Selling Fingerprint Imaging Equipment with Knowledge of a Violation of the Regulations)

On the same 20 occasions described in charges 130-149 above, Sirchie sold fingerprint imaging equipment or fingerprint powder, items classified under ECCNs 3A981 or 1A985 respectively, to Hong Kong with knowledge that a violation of the Regulations was about to occur in connection with the items. At all times relevant hereto, Sirchie knew or should have known that a Department of Commerce license was required to export the fingerprint imaging equipment and sold the items knowing that the required license had not or would not be obtained. See Schedule C, which is enclosed herewith and incorporated herein by reference. In so doing, Sirchie committed 20 violations of Section 764.2(e) of the Regulations.

Charges 170-181 (15 C.F.R. § 764.2(g) - False Statements of Fact on Export Control Documents)

On 12 of the 20 occasions described in charges 130-149 above, Sirchie filed or caused to be filed SEDs, export control documents as defined in Section 772.1 of the Regulations, with the U.S. Government through the Automated Export System ("AES") stating that no license was required for the export. These statements were false because, as described in charges 130-149, licenses were required for the export of fingerprint imaging equipment to Hong Kong. *See* Schedule C, which is enclosed herewith and incorporated herein by reference. In so doing, Sirchie committed 12 violations of Section 764.2(g) of the Regulations.

Accordingly, Sirchie 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;³

Denial of export privileges; and/or

Exclusion from practice before BIS.

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

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

³ *See* 15 C.F.R. § 6.4(a)(2).

Sirchie Fingerprint Laboratories, Inc.
Proposed Charging Letter
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In addition, a copy of Sirchie'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 Sirchie may wish to have concerning this matter should occur through him. He may be contacted by telephone at (202) 482-5301.

Sincerely,

Acting Director
Office of Export Enforcement

Enclosures

SCHEDULE A

Exports of Fingerprint Imaging Equipment to Hong Kong Through Italy

CHARGE NUMBERS	DATE OF VIOLATION	DESTINATION	COMMODITY EXPORTED	ECCN	VALUE	VIOLATIONS CHARGED (15 C.F.R.)
2, 27, 52, 77	9/29/00	Hong Kong	Krimesite Scope Kits	3A981	\$31,880.00	§ 764.2(a), (e), (h), (g)
3, 28, 53, 78	10/4/00	Hong Kong	Krimesite Scope Kits	3A981	\$47,523.33	§ 764.2(a), (e), (h), (g)
4, 29, 54, 79	11/1/00	Hong Kong	UV lens for Krimesite Scope, UV filters for Krimesite Scope	3A981	\$4,591.00	§ 764.2(a), (e), (h), (g)
5, 30, 55, 80	11/28/00	Hong Kong	Krimesite Scope Kits, UV filters for Krimesite Scope	3A981	\$26,725.00	§ 764.2(a), (e), (h), (g)
6, 31, 56, 81	1/10/01	Hong Kong	Krimesite Scope Kits, UV filters for Krimesite Scope	3A981	\$34,974.00	§ 764.2(a), (e), (h), (g)
7, 32, 57, 82	3/1/01	Hong Kong	Krimesite Scope Kits	3A981	\$33,492.00	§ 764.2(a), (e), (h), (g)
8, 33, 58, 83	4/12/01	Hong Kong	Krimesite Scope Kits	3A981	\$40,200.00	§ 764.2(a), (e), (h), (g)
9, 34, 59, 84	4/17/01	Hong Kong	Krimesite Scope Kits	3A981	\$31,880.00	§ 764.2(a), (e), (h), (g)
10, 35, 60, 85	7/2/01	Hong Kong	Krimesite Scope Kits	3A981	\$95,640.00	§ 764.2(a), (e), (h), (g)
11, 36, 61, 86	8/3/01	Hong Kong	Krimesite Scope Kits	3A981	\$51,940.04	§ 764.2(a), (e), (h), (g)
12, 37, 62, 87	9/24/01	Hong Kong	Krimesite Scope Kits	3A981	\$47,167.35	§ 764.2(a), (e), (h), (g)
13, 38, 63, 88	11/9/01	Hong Kong	Krimesite Scope Kits	3A981	\$89,640.00	§ 764.2(a), (e), (h), (g)
14, 39, 64, 89	2/8/02	Hong Kong	Krimesite Scope Kits	3A981	\$136,320.00	§ 764.2(a), (e), (h), (g)
15, 40, 65, 90	3/8/02	Hong Kong	Krimesite Scope Kits	3A981	\$44,920.00	§ 764.2(a), (e), (h), (g)
16, 41, 66, 91	5/1/02	Hong Kong	Krimesite Scope Kits	3A981	\$53,712.25	§ 764.2(a), (e), (h), (g)
17, 42, 67, 92	8/5/02	Hong Kong	Scan-N-Find Imagers	3A981	\$39,000.00	§ 764.2(a), (e), (h), (g)
18, 43, 68, 93	9/27/02	Hong Kong	Krimesite Scope Kits	3A981	\$53,712.25	§ 764.2(a), (e), (h), (g)

Sirchie Fingerprinting
 Schedule of Violations

19, 44, 69, 94	12/2/02	Hong Kong	Krimesite Scope Kits, Scan-N-Find Imager	3A981	\$21,075.00	§ 764.2(a), (e), (h), (g)
20, 45, 70, 95	12/19/02	Hong Kong	Krimesite Scope Kits	3A981	\$53,712.25	§ 764.2(a), (e), (h), (g)
21, 46, 71, 96	1/30/03	Hong Kong	Scan-N-Find Imagers	3A981	\$50,280.00	§ 764.2(a), (e), (h), (g)
22, 47, 72, 97	5/1/03	Hong Kong	Scan-N-Find Imagers	3A981	\$68,400.00	§ 764.2(a), (e), (h), (g)
23, 48, 73, 98	5/29/03	Hong Kong	Krimesite Scope Kits	3A981	\$64,454.70	§ 764.2(a), (e), (h), (g)
24, 49, 74, 99	9/23/03	Hong Kong	Krimesite Scope Kits	3A981	\$23,400.00	§ 764.2(a), (e), (h), (g)
25, 50, 75, 100	12/2/03	Hong Kong	Krimesite Scope Kits	3A981	\$107,384.50	§ 764.2(a), (e), (h), (g)
26, 51, 76, 101	3/31/04	Hong Kong	Krimesite Scope Kit, Scan-N-Find Imagers	3A981	\$32,800.00	§ 764.2(a), (e), (h), (g)

SCHEDULE B

Exports of Fingerprint Ink and Powder to Hong Kong Through Italy

CHARGE NUMBERS	DATE OF VIOLATION	DESTINATION	COMMODITY EXPORTED	ECCN	VALUE	VIOLATIONS CHARGED (15 C.F.R.)
102, 111, 120	4/14/01	Hong Kong	Fingerprint Powder	1A985	\$ 984.00	§ 764.2(a), (e), (h)
103, 112, 121	12/6/01	Hong Kong	Dye Powder	1A985	\$ 165.80	§ 764.2(a), (e), (h)
104, 113, 122, 129	3/6/02	Hong Kong	Fingerprint Powder	1A985	\$2,998.00	§ 764.2(a), (e), (h), (g)
105, 114, 123	6/11/02	Hong Kong	Fingerprint Powder	1A985	\$1,524.80	§ 764.2(a), (e), (h)
106, 115, 124	6/28/02	Hong Kong	Fingerprint Ink Tubes	1A985	\$1,300.00	§ 764.2(a), (e), (h)
107, 116, 125	9/27/02	Hong Kong	Fingerprint Powder	1A985	\$ 400.90	§ 764.2(a), (e), (h)
108, 117, 126	6/24/03	Hong Kong	Fingerprint Powder	1A985	\$ 702.22	§ 764.2(a), (e), (h)
109, 118, 127	9/17/03	Hong Kong	Fingerprint Powder	1A985	\$5,248.25	§ 764.2(a), (e), (h)
110, 119, 128	3/2/04	Hong Kong	Fingerprint Powder	1A985	\$2,371.60	§ 764.2(a), (e), (h)

SCHEDULE C

Exports Directly to Hong Kong

CHARGE NUMBERS	DATE OF VIOLATION	DESTINATION	COMMODITY EXPORTED	ECCN	VALUE	VIOLATIONS CHARGED (15 C.F.R.)
130, 150	11/8/00	Hong Kong	UV Filters for Krimesite Scope	3A981	\$ 1,428.00	§ 764.2(a), (e)
131, 151	9/11/01	Hong Kong	Fingerprint Kits	1A985	\$ 346.38	§ 764.2(a), (e)
132, 152, 170	11/5/01	Hong Kong	Fingerprint Kits	1A985	\$ 577.30	§ 764.2(a), (e), (g)
133, 153, 171	3/12/02	Hong Kong	Fingerprint Powders	1A985	\$ 6,217.20	§ 764.2(a), (e), (g)
134, 154, 172	6/4/02	Hong Kong	UV Lenses for Krimesite Scopes	3A981	\$ 6,980.00	§ 764.2(a), (e), (g)
135, 155	10/21/02	Hong Kong	Fingerprint Powder	1A985	\$ 263.60	§ 764.2(a), (e)
136, 156, 173	1/9/03	Hong Kong	UV Lenses for Krimesite Scope	3A981	\$52,000.00	§ 764.2(a), (e), (g)
137, 157, 174	1/14/03	Hong Kong	Forensic Comparators	3A981	\$11,500.00	§ 764.2(a), (e), (g)
138, 158, 175	1/22/03	Hong Kong	UV Lenses for Krimesite Scope	3A981	\$22,680.00	§ 764.2(a), (e), (g)
139, 159, 176	2/18/03	Hong Kong	Fingerprint Powder	1A985	\$ 4,385.42	§ 764.2(a), (e), (g)
140, 160, 177	3/26/03	Hong Kong	UV Lenses for Krimesite Scope	3A981	\$22,800.00	§ 764.2(a), (e), (g)
141, 161	4/30/03	Hong Kong	Fingerprint Powder	1A985	\$ 1,870.20	§ 764.2(a), (e)
142, 162	5/6/03	Hong Kong	Fingerprint Powder	1A985	\$ 9,423.11	§ 764.2(a), (e)
143, 163, 178	5/7/03	Hong Kong	Filter for Krimesite Scope	3A981	\$ 260.00	§ 764.2(a), (e), (g)
144, 164	9/30/03	Hong Kong	Fingerprint Powder	1A985	\$ 1,151.35	§ 764.2(a), (e)

Sirchie Fingerprinting
 Schedule of Violations

145, 165	10/30/03	Hong Kong	Fingerprint Ink Tubes	1A985	\$ 951.60	§ 764.2(a), (e)
146, 166, 179	12/3/03	Hong Kong	UV Lenses for Krimesite Scope	3A981	\$11,175.00	§ 764.2(a), (e), (g)
147, 167	12/12/03	Hong Kong	Ink Strips	1A985	\$ 115.20	§ 764.2(a), (e)
148, 168, 180	12/22/03	Hong Kong	Fingerprint Kits	1A985	\$ 2,309.20	§ 764.2(a), (e), (g)
149, 169, 181	1/20/04	Hong Kong	UV Lenses for Krimesite Scope	3A981	\$ 2,590.00	§ 764.2(a), (e), (g)