

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

.....
In the Matter of:)
)
Norman, Fox & Co.)
200 Citadel Drive, Suite 150)
Los Angeles, CA 90040-1554)
)
Respondent.)
.....

ORDER RELATING TO NORMAN, FOX & CO.

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS") having notified Norman, Fox & Co. ("Norman") of its intention to initiate an administrative proceeding against Norman 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 Norman that alleged that Norman committed 12 violations of the Regulations. Specifically, the charges are:

¹ The violations charged occurred in 2000 through 2002. The Regulations governing the violation at issue are found in the 2000 through 2002 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2002)). 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 the IEEPA.

1. *12 Violations 15 C.F.R. §764.2(a) - Exporting controlled chemicals to Hong Kong without the required licenses:* On 12 occasions between on or about May 24, 2000 and on or about December 26, 2002 Norman engaged in conduct prohibited by the Regulations when it exported a chemical mixture containing triethanolamine, an item subject to the Regulations, to a destination in Hong Kong without the BIS licenses required by the Regulations. Licenses were required for these exports because the chemical mixture was classified under Export Control Classification Number 1C350 on the Commerce Control List and required a BIS license for export to Hong Kong under Section 742.2 of the Regulations.

WHEREAS, BIS and Norman 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 of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$42,000 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, Norman 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 Norman. Accordingly, if Norman should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Norman's export privileges for a period of one year from the date of entry of this Order.

FOURTH, Norman shall perform an audit of its internal compliance program not less than 12 months from the date of entry of the Order. Said audit shall be in substantial compliance with the Export Management Systems audit module, which is available from the BIS web site at: <http://www.bis.doc.gov/exportmanagementsystems/default.htm> which is incorporated by reference. A copy of said audit shall be transmitted to the Office of Export Enforcement, 2601 Main Street, Suite 310 Irvine, California 92614, not later than 13 months from the date of entry of this Order.

FIFTH, 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 L. Wysong
Deputy Assistant Secretary of
Commerce for Export Enforcement

Entered this 28th day of September 2005.

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

In the Matter of:)
)
Norman, Fox & Co.)
200 Citadel Drive, Suite 150)
Los Angeles, CA 90040-1554)
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Respondent.)
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SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between Norman, Fox & Co. ("Norman"), 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 in 2000 through 2002. The Regulations governing the violations at issue are found in the 2000 through 2002 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2002)). 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 the IEEPA.

WHEREAS, Norman filed a voluntary self-disclosure with BIS's Office of Export Enforcement in accordance with Section 764.5 of the Regulations concerning the transactions at issue herein;

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

WHEREAS, BIS has issued a proposed charging letter to Norman that alleged that Norman committed 12 violations of the Regulations, specifically

1. *12 Violations 15 C.F.R. §764.2(a) - Exporting controlled chemicals to Hong Kong without the required licenses:* On 12 occasions between on or about May 24, 2000 and on or about December 26, 2002 Norman engaged in conduct prohibited by the Regulations when it exported a chemical mixture containing triethanolamine, an item subject to the Regulations, to a destination in Hong Kong without the BIS licenses required by the Regulations. Licenses were required for these exports because the chemical mixture was classified under Export Control Classification Number 1C350 on the Commerce Control List and required a BIS license for export to Hong Kong under Section 742.2 of the Regulations.

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over Norman, under the Regulations, in connection with the matters alleged in the proposed charging letter.
2. The following sanction shall be imposed against Norman in complete settlement of the violations of the Regulations relating to the transactions specifically detailed in the voluntary self-disclosure and the proposed charging letter:
 - a. Norman shall be assessed a civil penalty in the amount of \$42,000, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of

the Order. Payment shall be made in the manner specified in the attached instructions.

- b. The timely payment of the civil penalty agreed to in paragraph 2.a. is hereby made a condition to the granting, restoration, or continuing validity of any export license, License Exception, permission, or privilege granted, or to be granted, to Norman. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of Norman's export privileges for a period of one year from the date of imposition of the penalty.
- c. Norman shall perform an audit of its internal compliance program not less than 12 months from the date of entry of the Order. Said audit shall be in substantial compliance with the Export Management Systems audit module, which is available from the BIS web site at: <http://www.bis.doc.gov/exportmanagementsystems/default.htm> which is incorporated by reference. A copy of said audit shall be transmitted to the Office of Export Enforcement, 2601 Main Street, Suite 310 Irvine, California 92614, not later than 13 months from the date of the entry of the Order.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, Norman 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 any 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 \$42,000 civil penalty and submission of the required audit, BIS will not initiate any further administrative proceeding against Norman in connection with any violation of the Act or the Regulations arising out of the transactions specifically detailed in the voluntary self-disclosure and 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.

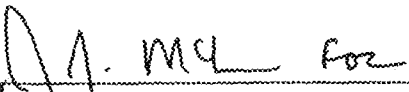
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department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

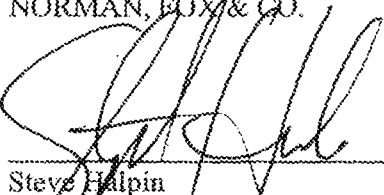
9. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE

NORMAN, FOX & CO.



Michael D. Turner
Director
Office of Export Enforcement



Steve Halpin
General Manager

Date: 9/28/05

Date: 9/26/05

DRAFT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Norman, Fox & Co.
200 Citadel Drive, Suite 150
Los Angeles, CA 90040-1554

*Attn: Mr. Steve Halpin
General Manager*

Dear Mr. Johnson:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS") has reason to believe that Norman, Fox & Co., of Los Angeles, CA (hereinafter, "Norman"), has committed 12 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 Norman committed the following violations:

Charges 1-12 15 C.F.R. §764.2(a) - Exporting controlled chemicals to Hong Kong without the required licenses.

On 12 occasions between on or about May 24, 2000 and on or about December 26, 2002 Norman engaged in conduct prohibited by the Regulations when it exported a chemical mixture containing triethanolamine, an item subject to the Regulations, to a destination in Hong Kong without the BIS license required by the Regulations. A license was required for these exports because the chemical mixture was classified under Export Control Classification Number 1C350 on the Commerce Control List and required a BIS license for export to Hong Kong under Section 742.2 of the Regulations. By

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2005). The violations charged occurred in 2000-2002. The Regulations governing the violation at issue are found in the 2000 through 2002 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000-2002)). The 2005 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.

making these exports without the required BIS licenses, Norman committed 12 violations of Section 764.2(a) of the Regulations. The violations are further described in the Schedule of Violations, which is attached as Exhibit A and incorporated herein by reference.

Accordingly, Norman 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.

If Norman 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 Norman defaults, the Administrative Law Judge may find the charges alleged in this letter to be true without hearing or further notice to Norman. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on each charge in this letter.

Norman is further notified that it is entitled to an agency hearing on the record if it files a written demand for one with its answer. (Regulations, Section 766.6). Norman 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 Norman have a proposal to settle this case, Norman or its representative should transmit the offer 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, Norman's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

³ See 15 C.F.R. §6.4(a)(4) (2005).

Norman, Fox & Co.
Proposed Charging Letter
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U.S. Coast Guard ALJ Docketing Center
40 S. Gay Street
Baltimore, Maryland 21202-4022

In addition, a copy of Norman's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security
Attention: Charles Wall, Esq.
Room H-3839
United States Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Charles Wall is the attorney representing BIS in this case; any communications that Norman may wish to have concerning this matter should occur through him. He may be contacted by telephone at (202) 482-5301.

Sincerely,

Michael D. Turner
Director
Office of Export Enforcement