

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

\_\_\_\_\_  
In the Matter of: )  
 )  
Buehler United Kingdom )  
Saturn Building )  
101 Lockhurst Lane )  
Coventry, UK CV6 5SF )  
 )  
Respondent )  
\_\_\_\_\_

ORDER RELATING TO BUEHLER UNITED KINGDOM

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has notified Buehler United Kingdom (“Buehler UK”) of its intention to initiate an administrative proceeding against Buehler UK pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2007)) (“Regulations”),<sup>1</sup> and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),<sup>2</sup> by issuing a proposed charging letter to Buehler UK that alleged that Buehler UK committed 4 violations of the Regulations. Specifically, the charges are:

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<sup>1</sup>The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2007). The violations alleged occurred in 2001 and 2003. The Regulations governing the allegations at issue are found in the 2001 and 2003 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001-2003)). The 2007 Regulations govern the procedural aspects of the case.

<sup>2</sup> 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)), which has been extended by successive Presidential Notices, the most recent being that of August 15, 2007 (72 Fed. Reg. 46137 (Aug. 16, 2007)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”).

**Charge 1            15 C.F.R. § 764.2(b) - Aiding and Abetting Export to Iran Without the Required U.S. Government Authorization**

On one occasion on or about April 20, 2001, Buehler UK aided and abetted the doing of an act prohibited by the Regulations when it shipped a replacement part (mold closure), an item subject to the Regulations (“EAR 99”<sup>3</sup>) and the Iranian Transactions Regulations<sup>4</sup>, from the UK to a customer in Iran without the required U.S. Government authorization. This part was sent to Buehler UK by its U.S. parent company. It was intended for use in a machine which Buehler UK had previously shipped to the same Iranian customer. Pursuant to Section 746.7 of the Regulations, authorization was required from the Office of Foreign Assets Control, U.S. Department of Treasury (“OFAC”) before the item could be exported to Iran. In so doing, Buehler UK committed one violation of Section 764.2(b) of the Regulations.

**Charge 2            15 C.F.R. § 764.2(a) - Reexporting Item to Iran Without the Required U.S. Government Authorization**

On one occasion on or about November 16, 2001, Buehler UK engaged in conduct prohibited by the Regulations by reexporting an image analysis system containing specialized software(“system”), an item subject to the Regulations (ECCN<sup>5</sup> 5D002), from the UK to Iran without the required U.S. Government authorization. Pursuant to Section 746.7(a)(2)(ii) of the Regulations, the reexport of the system to Iran required a license from BIS. Pursuant to Section 746.7(a)(3), in order to comply with the provisions of the EAR, transactions subject to both the EAR and the Iranian Transactions Regulations maintained by OFAC require OFAC authorization. The reexport of the system to Iran required authorization from OFAC pursuant to 31 C.F.R. Part 560.205 and no such authorization was obtained. In failing to obtain such authorization from OFAC, Buehler UK committed one violation of Section 764.2(a) of the Regulations.

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<sup>5</sup>“ECCN” refers to “Export Control Classification Number.” See Supp. 1 to 15 C.F.R. § 774.

**Charge 3                    15 C.F.R. § 764.2(a) - Reexporting Item to Iran Without the Required U.S. Government Authorization**

On one occasion in June 2003, Buehler UK engaged in conduct prohibited by the Regulations by reexporting an image analysis system containing specialized software (“system”), an item subject to the Regulations (ECCN 5D002), from the UK to Iran without the required U.S. Government authorization. Pursuant to Section 746.7(a)(2)(ii) of the Regulations, the reexport of the system to Iran required a license from BIS. Pursuant to Section 746.7(a)(3), in order to comply with the provisions of the EAR, transactions subject to both the EAR and the Iranian Transactions Regulations maintained by OFAC require OFAC authorization. The reexport of the system to Iran required authorization from OFAC pursuant to 31 C.F.R. Part 560.205, and no such authorization was obtained. In failing to obtain such authorization from OFAC, Buehler UK committed one violation of Section 764.2(a) of the Regulations.

**Charge 4                    15 C.F.R. § 764.2(e) - Unlicensed Transfer of Item to Iran Knowing that a Violation of the Regulations Would Occur**

In connection with the June 2003 reexport transaction described above, Buehler UK transferred a system, an item subject to the Regulations, from the UK to Iran knowing that a violation of the Regulations would occur. At all times relevant thereto, Buehler UK knew that the system required authorization from the U.S. Government and that authorization for the reexport would not be obtained. Specifically, Buehler UK received instructions in 2002 from its parent company, Buehler Limited, that items such as the system which contain specialized software could not be sold to Iran from any Buehler locations. It was also made aware that selling such items to Iran was barred by U.S. law. In so doing, Buehler UK committed one violation of Section 764.2(e) of the Regulations

WHEREAS, BIS and Buehler UK 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 \$ 29,000 is assessed against Buehler UK, which shall be

paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order.

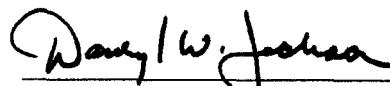
Payment shall be made in the manner specified in the attached instructions.

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, Buehler UK 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 Buehler UK. Accordingly, if Buehler UK should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Buehler UK's export privileges for a period of one year from the date of entry 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.



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Darryl W. Jackson  
Assistant Secretary of Commerce  
for Export Enforcement

Entered this 10<sup>th</sup> day of October 2007.

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

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Coventry, UK CV6 5SF )  
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Respondent )  
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SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Buehler United Kingdom (“Buehler UK”), and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively, the “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2007)) (the “Regulations”),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”).<sup>2</sup>

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

<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2007). The alleged violations occurred in 2001 and 2003. The Regulations governing the allegations at issue are found in the 2001 and 2003 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001-2003)). The 2007 Regulations govern the procedural aspects of the case.

<sup>2</sup> 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)), which has been extended by successive Presidential Notices, the most recent being that of August 15, 2007 (72 Fed. Reg. 46137 (Aug. 16, 2007)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”).

WHEREAS, BIS has issued a proposed charging letter to Buehler UK that alleged that Buehler UK committed 4 violations of the Regulations, specifically:

**Charge 1                    15 C.F.R. § 764.2(b) - Aiding and Abetting Export to Iran  
Without the Required U.S. Government Authorization**

On one occasion on or about April 20, 2001, Buehler UK aided and abetted the doing of an act prohibited by the Regulations when it shipped a replacement part (mold closure), an item subject to the Regulations ("EAR 99"<sup>3</sup>) and the Iranian Transactions Regulations<sup>4</sup>, from the UK to a customer in Iran without the required U.S. Government authorization. This part was sent to Buehler UK by its U.S. parent company. It was intended for use in a machine which Buehler UK had previously shipped to the same Iranian customer. Pursuant to Section 746.7 of the Regulations, authorization was required from the Office of Foreign Assets Control, U.S. Department of Treasury ("OFAC") before the item could be exported to Iran. In so doing, Buehler UK committed one violation of Section 764.2(b) of the Regulations.

**Charge 2                    15 C.F.R. § 764.2(a) - Reexporting Item to Iran Without the  
Required U.S. Government Authorization**

On one occasion on or about November 16, 2001, Buehler UK engaged in conduct prohibited by the Regulations by reexporting an image analysis system containing specialized software ("system"), an item subject to the Regulations (ECCN<sup>5</sup> 5D002), from the UK to Iran without the required U.S. Government authorization. Pursuant to Section 746.7(a)(2)(ii) of the Regulations, the reexport of the system to Iran required a license from BIS. Pursuant to Section 746.7(a)(3), in order to comply with the provisions of the EAR, transactions subject to both the EAR and the Iranian Transactions Regulations maintained by OFAC require OFAC authorization. The reexport of the system to Iran required authorization from OFAC pursuant to 31 C.F.R. Part 560.205 and no such authorization was obtained. In failing to obtain such authorization from OFAC, Buehler UK committed one violation of Section 764.2(a) of the Regulations.

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<sup>3</sup>EAR 99 is a designation for items subject to the Regulations that are not listed on the Commerce Control List.

<sup>4</sup>The Iranian Transactions Regulations are currently codified in the Code of Federal Regulations at 31 C.F.R. Part 560 (2007).

<sup>5</sup>"ECCN" refers to "Export Control Classification Number." See Supp. 1 to 15 C.F.R. § 774.

**Charge 3                    15 C.F.R. § 764.2(a) - Reexporting Item to Iran Without the  
Required U.S. Government Authorization**

On one occasion in June 2003, Buehler UK engaged in conduct prohibited by the Regulations by reexporting an image analysis system containing specialized software ("system"), an item subject to the Regulations (ECCN 5D002), from the UK to Iran without the required U.S. Government authorization. Pursuant to Section 746.7(a)(2)(ii) of the Regulations, the reexport of the system to Iran required a license from BIS. Pursuant to Section 746.7(a)(3), in order to comply with the provisions of the EAR, transactions subject to both the EAR and the Iranian Transactions Regulations maintained by OFAC require OFAC authorization. The reexport of the system to Iran required authorization from OFAC pursuant to 31 C.F.R. Part 560.205, and no such authorization was obtained. In failing to obtain such authorization from OFAC, Buehler UK committed one violation of Section 764.2(a) of the Regulations.

**Charge 4                    15 C.F.R. § 764.2(e) - Unlicensed Transfer of Item to Iran  
Knowing that a Violation of the Regulations Would Occur**

In connection with the June 2003 reexport transaction described above, Buehler UK transferred a system, an item subject to the Regulations, from the UK to Iran knowing that a violation of the Regulations would occur. At all times relevant thereto, Buehler UK knew that the system required authorization from the U.S. Government and that authorization for the reexport would not be obtained. Specifically, Buehler UK received instructions in 2002 from its parent company, Buehler Limited, that items such as the system which contain specialized software could not be sold to Iran from any Buehler locations. It was also made aware that selling such items to Iran was barred by U.S. law. In so doing, Buehler UK committed one violation of Section 764.2(e) of the Regulations.

WHEREAS, Buehler UK 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, Buehler UK fully understands the terms of this Agreement and the Order ("Order") that the Assistant Secretary of Commerce for Export Enforcement will issue if he approves this Agreement as the final resolution of this matter;

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



WHEREAS, Buehler UK states that no promises or representations have been made to it other than the agreements and considerations herein expressed and in the September 18, 2007 letter transmitting this Agreement to its counsel;

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over Buehler UK, under the Regulations, in connection with the matters alleged in the proposed charging letter.
2. The following sanction shall be imposed against Buehler UK in complete settlement of the alleged violations of the Regulations relating to the transactions specifically detailed in the proposed charging letter:
  - a. Buehler UK shall be assessed a civil penalty in the amount of \$29,000, 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 Buehler UK. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of Buehler UK's export privileges for a period of one year from the date of imposition of the penalty.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, Buehler UK 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; and (c) 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 \$29,000 civil penalty, BIS will not initiate any further administrative proceeding against Buehler UK 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.

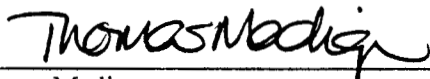
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or

otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on the Parties 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.

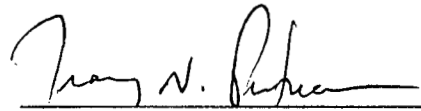
BUREAU OF INDUSTRY AND SECURITY  
U.S. DEPARTMENT OF COMMERCE



Thomas Madigan  
Acting Director  
Office of Export Enforcement

Date: October 4, 2007

BUEHLER UNITED KINGDOM



~~Piers Jones~~ Tracy W. Putnam  
~~Finance and Office Manager~~ President

Date: 27 Sept 2007

PROPOSED CHARGING LETTER

REGISTERED MAIL - RETURN RECEIPT REQUESTED

Buehler United Kingdom  
Saturn Building  
101 Lockhurst Lane  
Coventry, UK CV6 5SF

*Attention:* Piers Jones  
Finance and Office Manager

Dear Mr. Jones:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Buehler United Kingdom (“Buehler UK”) of Coventry, United Kingdom (“UK”), has committed four violations of the Export Administration Regulations (the “Regulations”),<sup>1</sup> which are issued under the authority of the Export Administration Act of 1979, as amended (the “Act”).<sup>2</sup> Specifically, BIS charges that Buehler UK committed the following violations:

**Charge 1                    15 C.F.R. § 764.2(b) - Aiding and Abetting Export to Iran Without the Required U.S. Government Authorization**

On one occasion on or about April 20, 2001, Buehler UK aided and abetted the doing of an act prohibited by the Regulations when it shipped a replacement part (mold closure), an item subject

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<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2007). The violations charged occurred in 2001 and 2003. The Regulations governing the violations at issue are found in the 2001 and 2003 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001-2003)). The 2007 Regulations govern the procedural aspects of the case.

<sup>2</sup> 50 U.S.C. app. §§ 2401-2420 (2000). 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 3, 2006 (71 Fed. Reg. 44551 (August 7, 2006)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)).

to the Regulations (“EAR 99”<sup>3</sup>) and the Iranian Transactions Regulations<sup>4</sup>, from the UK to a customer in Iran without the required U.S. Government authorization. This part was sent to Buehler UK by its U.S. parent company. It was intended for use in a machine which Buehler UK had previously shipped to the same Iranian customer. Pursuant to Section 746.7 of the Regulations, authorization was required from the Office of Foreign Assets Control, U.S. Department of Treasury (“OFAC”) before the item could be exported to Iran. In so doing, Buehler UK committed one violation of Section 764.2(b) of the Regulations.

**Charge 2                    15 C.F.R. § 764.2(a) - Reexporting Item to Iran Without the Required U.S. Government Authorization**

On one occasion on or about November 16, 2001, Buehler UK engaged in conduct prohibited by the Regulations by reexporting an image analysis system containing specialized software (“system”), an item subject to the Regulations (ECCN<sup>5</sup> 5D002), from the UK to Iran without the required U.S. Government authorization. Pursuant to Section 746.7(a)(2)(ii) of the Regulations, the reexport of the system to Iran required a license from BIS. Pursuant to Section 746.7(a)(3), in order to comply with the provisions of the EAR, transactions subject to both the EAR and the Iranian Transactions Regulations maintained by OFAC require OFAC authorization. The reexport of the system to Iran required authorization from OFAC pursuant to 31 C.F.R. Part 560.205 and no such authorization was obtained. In failing to obtain such authorization from OFAC, Buehler UK committed one violation of Section 764.2(a) of the Regulations.

**Charge 3                    15 C.F.R. § 764.2(a) - Reexporting Item to Iran Without the Required U.S. Government Authorization**

On one occasion in June 2003, Buehler UK engaged in conduct prohibited by the Regulations by reexporting a system, an item by reexporting an image analysis system containing specialized software (“system”), an item subject to the Regulations (ECCN 5D002), from the UK to Iran without the required U.S. Government authorization. Pursuant to Section 746.7(a)(2)(ii) of the Regulations, the reexport of the system to Iran required a license from BIS. Pursuant to Section 746.7(a)(3), in order to comply with the provisions of the EAR, transactions subject to both the EAR and the Iranian Transactions Regulations maintained by OFAC require OFAC

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<sup>5</sup>“ECCN” refers to “Export Control Classification Number.” *See* Supp. 1 to 15 C.F.R. § 774.

authorization. The reexport of the system to Iran required authorization from OFAC pursuant to 31 C.F.R. Part 560.205, and no such authorization was obtained. In failing to obtain such authorization from OFAC, Buehler UK committed one violation of Section 764.2(a) of the Regulations.

**Charge 4                    15 C.F.R. § 764.2(e) - Unlicensed Transfer of Item to Iran Knowing  
that a Violation of the Regulations Would Occur**

In connection with the June 2003 reexport transaction described above, Buehler UK transferred a system, an item subject to the Regulations, from the UK to Iran knowing that a violation of the Regulations would occur. At all times relevant thereto, Buehler UK knew that the system required authorization from the U.S. Government and that authorization for the reexport would not be obtained. Specifically, Buehler UK received instructions in 2002 from its parent company, Buehler Limited, that items such as the system which contain specialized software could not be sold to Iran from any Buehler locations. It was also made aware that selling such items to Iran was barred by U.S. law. In so doing, Buehler UK committed one violation of Section 764.2(e) of the Regulations.

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Accordingly, Buehler UK 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;<sup>6</sup>

Denial of export privileges; and/or

Exclusion from practice before BIS.

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

Buehler UK is further notified that it is entitled to an agency hearing on the record if Buehler

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<sup>6</sup>See 15 C.F.R. §6.4(a)(4) (2001-2003).

UK files a written demand for one with its answer. (Regulations, Section 766.6). Buehler UK 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 Buehler UK have a proposal to settle this case, Buehler UK or its representative should transmit it to 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, Buehler UK'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

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

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

Parvin R. Huda is the attorney representing BIS in this case; any communications that Buehler UK may wish to have concerning this matter should occur through her. Ms. Huda may be contacted by telephone at (202) 482-5301.

Sincerely,

Michael D. Turner  
Director  
Office of Export Enforcement