

DRAFT

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Kamino International Transport, Inc.
Airport Industrial Office Park, Bldg B4b
145 th Ave & Hook Creek Blvd.
Valley Stream, New York 11581

Attention: Joseph Bamao, Vice President

Dear Mr. Bamao:

The Bureau of Industry and Security, United States Department of Commerce (“BIS”), has reason to believe that Kamino International Transport, Inc. (“Kamino”) violated the Export Administration Regulations (the “Regulations”),¹ which are issued under the authority of the Export Administration Act of 1979 (the “Act”),² on one occasion. Specifically, BIS charges that Kamino committed the following violation:

Charge §764.2(g) – Misrepresentation of Facts

On or about March 22, 2001, Kamino made a false or misleading statement of a material fact to BIS in the course of an investigation. An employee of Kamino told a BIS Office of Export Enforcement investigator that export control documents, which the Regulations required Kamino to keep and which the BIS investigator had requested Kamino to produce, were missing and had been disposed of. In fact, Kamino was in possession of the records and had not disposed of them. In so doing, Kamino committed one violation of Section 764.2(g) of the Regulations.

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts **730-774 (2003)**.

² 50 U.S.C. app. §§ 2401-2420 (1994 & Supp. IV 1998), as reauthorized by Act of November 13, 2000, Pub. L. No. 106-508, 114 Stat. 2360. 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. §§ 1701-1707 (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 14, 2002 (67 Fed. Reg. 53721 (August 16, 2002)), has continued the Regulations in effect under IEEPA. The Act and Regulations are available on the Government Printing Office Web site at: <http://w3.access.gpo.gov/bxa/>.

Accordingly, Kamino is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including any or all of the following:

A civil penalty of up to \$11,000 for each violation;³

A denial of export privileges; and

Exclusion from practice before BIS.

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

Kamino is further notified that it is entitled to an agency hearing on the record if Kamino files a written demand for one with its answer. (Regulations, Section 766.6). Kamino 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 you have a proposal to settle this case, you or your representative should transmit it to me through the attorney representing BIS named below.

The U.S. Coast Guard provides administrative law judge services in connection with the matters set forth in this letter. Accordingly, Kamino's answer should be filed pursuant to 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)(6).

A copy of Kamino's answer must be served on BIS at:

Chief Counsel for Industry and Security
Attention: Anstruther Davidson
Room H-3839
U.S. Department of Commerce
14th and Constitution Avenue, N.W.
Washington, D.C. 20230

Anstruther Davidson is the attorney representing the BIS on this case. He may be contacted by telephone at (202) 482-5301.

Sincerely,

Mark D. Menefee
Director
Office of Export Enforcement

DRAFT

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

In the Matter of:)
)
Kamino International Transport, Inc.)
Airport Industrial Office Park, Bldg B4b)
145th Ave & Hook Creek Blvd.)
Valley Stream, New York 1158 1,)
)
Respondent.)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Respondent, Kamino International Transport, Inc., (“Kamino”) and the Bureau of Industry and Security, United States 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 (2003)) (“Regulations”), issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”).’

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

¹ 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-I 707 (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 14, 2002 (67 Fed. Reg. 53721 (August 16, 2002)), has continued the Regulations in effect under IEEPA.

WHEREAS, BIS has issued a proposed charging letter to Kamino that alleged that Kamino committed one violation of the Regulations, specifically:

1. *One violation of §764.2(g) – Misrepresentation of Facts* – On or about March 22, 2001, Kamino made a false or misleading statement of a material fact to BIS in the course of an investigation. An employee of Kamino told a BIS, Office of Export Enforcement investigator that export control documents, which the Regulations required Kamino to keep and which the BIS investigator had requested Kamino to produce, were missing and had been disposed of. In fact, Kamino was in possession of the records and had not disposed of them.

WHEREAS, Kamino has reviewed the proposed charging letter and is aware of the allegation made against it and the administrative sanctions which could be imposed against it if the allegation is found to be true;

WHEREAS, Kamino fully understands the terms of this Agreement and the Order of the Assistant Secretary of Commerce for Export Enforcement that will implement this Agreement (“Order”);

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

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

WHEREAS, Kamino neither admits nor denies the allegation contained in the proposed charging letter;

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

WHEREAS, Kamino agrees to be bound by the Order, when entered;

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over Kamino, under the Regulations, in connection with the matters alleged in the proposed charging letter.

2. The following sanction shall be imposed against Kamino in complete settlement of the violation of the Regulations set forth in the proposed charging letter:

- a. Kamino shall be assessed a civil penalty in the amount of \$5,000 which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this 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 Kamino. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of Kamino's export privileges for a period of one year from the date of imposition of the penalty.

3. Kamino agrees that, subject to the approval of this Agreement pursuant to paragraph 8 hereof, it hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violation of this Agreement or the Order, when entered), including, without limitation, any right to: (a) an administrative hearing regarding the allegation in the proposed charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, when entered;

and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, when entered.

4. Upon entry of the Order, BIS will not initiate any further administrative proceeding against Kamino in connection with any violation of the Act or the Regulations arising out the matters identified in the proposed charging letter.

5. Kamino understands that BIS will make the proposed charging letter, this Agreement, and the Order, when 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.

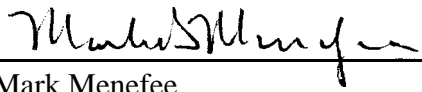
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, when entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on BIS only when 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.

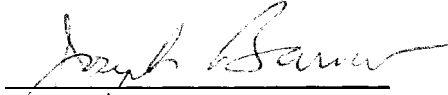
9. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

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

KAMINO INTERNATIONAL TRANSPORT, INC.



Mark Menefee
Director
Office of Export Enforcement



Joseph Barnao
Vice President
Kamino International Transport, Inc.

Date: 5/13/03

Date: 5-05-03

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

In the Matter of)
)
Kamino International Transport, Inc.)
Airport Industrial Office Park, Bldg B4b)
145th Ave & Hook Creek Blvd.)
Valley Stream, New York 11581,)
)
Respondent.)

ORDER

The Bureau of Industry and Security, United States Department of Commerce (“BIS”) notified Kamino International Transport, Inc., (“Kamino”) of its intention to initiate an administrative proceeding against Kamino pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2003)) (“Regulations”), and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),⁴ based on the proposed charging letter issued to Kamino that alleged that Kamino violated the Regulations on one occasion. Specifically, the charge is:

1. *One violation of §764.2(g) – Misrepresentation of Facts* – On or about March 22, 2001, Kamino made a false or misleading statement of a material fact to BIS in the

⁴ 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. §§ 1701-1707 (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 14, 2002 (67 *Fed. Reg.* 53721 (August 16, 2002)), has continued the Regulations in effect under IEEPA.

course of an investigation. An employee of Kamino told a BIS, Office of Export Enforcement investigator that export control documents, which the Regulations required Kamino to keep and which the BIS investigator had requested Kamino to produce, were missing and had been disposed of. In fact, Kamino was in possession of the records and had not disposed of them.

BIS and Kamino having 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 the terms of the Settlement Agreement having been approved by me;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$5,000 is assessed against Kamino, 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, Kamino 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 Kamino. Accordingly, if Kamino should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Kamino'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.



Lisa A. Prager
Acting Assistant Secretary of Commerce
for Export Enforcement

Entered this 10th day of June 2003.