

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Massive International Incorporated
409 Camino Del Rio South
San Diego, California 92108

Attention: Sameer Trehan
President

Dear Mr. Trehan:

The Bureau of Industry and Security, United States Department of Commerce (“BIS”) has been notified that on April 22, 2002, Massive International Incorporated (“M.I.I.”) was convicted of violating the Export Administration Act of 1979 (the “Act”)¹.

The facts that were the basis of that conviction are the further basis of the following violations:

Charge 1 15 C.F.R. §764.2(c) - Unlicensed export to Entity List organization

On or about December 15, 2000, Massive International Incorporated attempted to export items subject to the EAR (hydraulic stud tensioners) to Bharat Heavy Electrical Limited of Tiruchirapalli, India (BHED), an organization on the Entity List, Supplement No. 4 to Part 744 of the Export Administration Regulations (the “Regulations”),² without the license required by the then Section 744.11 of the Regulations. In so doing, M.I.I. committed one violation of Section 764.2(c) of 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 - 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. The Act expired on 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 7, 2003 (68 Fed. Reg. 47833, August 11, 2003), continues the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)).

² The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2003) and establish the procedures that apply to this matter.

Charge 2 15 C.F.R. § 764.2(e) - Acting with Knowledge of a Violation

On or about December 15, 2000, Massive International Incorporated attempted to export items subject to the EAR (hydraulic stud tensioners) to Bharat Heavy Electricals Limited of Tiruchirapalli, India (BHED), an organization on the Entity List, Supplement No. 4 to Part 744 of the Regulations with knowledge that a violation of the EAR would occur in connection with the export of those items. In so doing, M.I.I. committed one violation of Section 764.2(e) of the Regulations.

Accordingly, M.I.I. 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 M.I.I. fails to answer the charge 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 M.I.I. defaults, the Administrative Law Judge may find the charge alleged in this letter is true without hearing or further notice to M.I.I. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on the charge in this letter.

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

³ See 15 C.F.R. §6.4(a)(2).

Massive International Incorporated
Proposed Charging Letter
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The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, M.I.I.'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 M.I.I.'s answer must be served on BIS at the following address:

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

Philip Ankel is the attorney representing BIS in this case. Any communications that you may wish to have concerning this matter should occur through him. He may be contacted by telephone at (202) 482-5301.

Sincerely,

Mark D. Menefee
Director
Office of Export Enforcement

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

In the Matter of:)
)
Massive International Incorporated)
409 Camino Del Rio South)
San Diego, California 92108)
)
Respondent.)
)

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between Respondent, Massive International Incorporated ("M.I.I.") 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"),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. The Regulations governing the violations at issue are found in the 2000 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000)). The Regulations define the violations that BIS alleges occurred and 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 7, 2003 (68 *Fed. Reg.* 47833, August 11, 2003), has continued the Regulations in effect under IEEPA. The Act and Regulations are available on the Government Printing Office website at: <http://w3.access.gpo.gov/bis/>.

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

WHEREAS, BIS has issued a proposed charging letter to M.I.I. that alleged that M.I.I. committed two violations of the Regulations, specifically:

1. *One Violation of 15 C.F.R. § 764.2(a) - Unlicensed Export to Entity List*
Organization: On or about December 15, 2000, M.I.I. attempted to export items subject to the Regulations (hydraulic stud tensioners) to Bharat Heavy Electrical Limited of Tiruchirapalli, India (BHED), an organization on the Entity List, Supplement No. 4 to Part 744 of the Regulations, without the license required by the then Section 744.11 of the Regulations.
2. *15 C.F.R. § 764.2(e) - Acting with Knowledge of a Violation:* On or about December 15, 2000, M.I.I. attempted to export items subject to the Regulations (hydraulic stud tensioners) to Bharat Heavy Electricals Limited of Tiruchirapalli, India (BHED), an organization on the Entity List, Supplement No. 4 to Part 744 of the Regulations with knowledge that a violation of the Regulations would occur in connection with the export of those items.

WHEREAS, M.I.I. has reviewed the proposed charging letter and is aware of the allegations made against it and the administrative sanctions that could be imposed against it if the allegations are found to be true;

WHEREAS, M.I.I. 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, M.I.I. enters into this Agreement voluntarily and with full knowledge of its rights;

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

WHEREAS, M.I.I. neither admits nor denies the allegations contained in the proposed charging letter;

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

WHEREAS, M.I.I. agrees to be bound by the Order, if entered;

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over M.I.I., under the Regulations, in connection with the matters alleged in the proposed charging letter.
2. The following sanction shall be imposed against M.I.I. in complete settlement of the violations of the Regulations set forth in the proposed charging letter:
 - a. M.I.I. shall be assessed a civil penalty in the amount of \$13,000 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, license exception, permission, or privilege granted, or to be granted, to M.I.I. Failure to make timely payment of the civil penalty set forth above shall result in the denial of all of M.I.I.'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, M.I.I. 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 and timely payment of the \$13,000 civil penalty, BIS will not initiate any further administrative proceeding against M.I.I. 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.

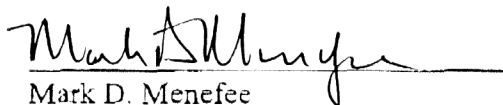
6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial 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.

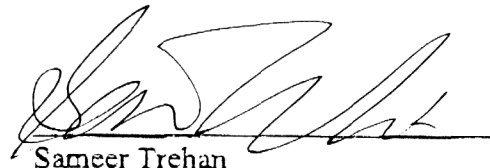
8. This Agreement shall become binding on BIS only if the Assistant Secretary of Commerce for Export Enforcement approves it by entering the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

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


Mark D. Menefee
Director
Office of Export Enforcement

MASSIVE INTERNATIONAL INCORPORATE


Sameer Trehan
President

Date: 1/5/04

Date: December 10, 2003

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

In the Matter of:)
)
Massive International Incorporated)
409 Camino Del Rio South)
San Diego, California 92108)
)
Respondent.)
_____)

ORDER

The Bureau of Industry and Security, United States Department of Commerce (“BIS”) having notified Massive International Incorporated (“M.I.I.”) of its intention to initiate an administrative proceeding against M.I.I. pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2003)) (“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 based on the proposed charging letter issued to M.I.I. that alleged that M.I.I. committed two violations of the Regulations. Specifically, the charges are:

¹ The violations charged occurred in 2000. The Regulations governing the violations at issue are found in the 2000 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000)). The Regulations define the violations that BIS alleges occurred and 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 7, 2003 (68 *Fed. Reg.* 47833, August 11, 2003), has continued the Regulations in effect under IEEPA. The Act and Regulations are available on the Government Printing Office website at: <http://w3.access.gpo.gov/bis/>.

1. *One Violation of 15 C.F.R. § 764.2(a) - Unlicensed Export to Entity List*
Organization: On or about December 15, 2000, M.I.I. attempted to export items subject to the Regulations (hydraulic stud tensioners) to Bharat Heavy Electrical Limited of Tiruchirapalli, India (BHED), an organization on the Entity List, Supplement No. 4 to Part 744 of the Regulations, without the license required by the then Section 744.11 of the Regulations.
2. *15 C.F.R. § 764.2(e) - Acting with Knowledge of a Violation:* On or about December 15, 2000, M.I.I. attempted to export items subject to the Regulations (hydraulic stud tensioners) to Bharat Heavy Electricals Limited of Tiruchirapalli, India (BHED), an organization on the Entity List, Supplement No. 4 to Part 744 of the Regulations with knowledge that a violation of the Regulations would occur in connection with the export of those items.

BIS and M.I.I. 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 \$13,000 is assessed against M.I.I., 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,

M.I.I. 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 M.I.I. Accordingly, if M.I.I. should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of M.I.I.'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.


Julie L. Myers
Assistant Secretary of Commerce
for Export Enforcement

Entered this 15th day of January 2004.