



UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Industry and Security
Washington, D.C. 20230

REGISTERED MAIL - RETURN RECEIPT REQUESTED

DRAFT

Sigma Enterprises Limited
3 Lion Yard
Tremadoc Road
Clapham, London
England SW4 7NQ

Attn: *Peter Fleming*
Managing Director

Dear Mr. Fleming:

The Bureau of Industry and Security, United States Department of Commerce ("BIS") has reason to believe that Sigma Enterprises Limited ("Sigma Enterprises") 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 two occasions. Specifically, BIS charges that Sigma Enterprises committed the following violations:

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

Beginning in or about September 2001 and continuing through in or about June 2002, Sigma Enterprises conspired and acted in concert with others, known and unknown, to violate the Regulations. The purpose of the conspiracy was to export spare parts for hydraulic shears, items subject to the Regulations, from the United States to Libya without prior authorization from BIS as required by Section 746.4 of the Regulations. To accomplish the conspiracy, the conspirators,

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2002). The violations charged occurred in 2001 and 2002. The Regulations governing the violations at issue are found in 15 C.F.R. Parts 730-774 (2001-2002) and the 2001 and 2002 Regulations are substantially the same. The procedural aspects of this case are governed by the 2002 Regulations.

² 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 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 website at: <http://w3.access.gpo.gov/bis/>.



including Sigma Enterprises, participated in a scheme to buy parts for hydraulic shears from the U.S. manufacturer of the spare parts and then to export the parts from the United States through the United Kingdom and Germany to their ultimate destination in Libya. In doing so, Sigma Enterprises committed one violation of Section 764.2(d) of the Regulations.

Charge 2 (15 C.F.R. §764.2(h) - Actions to Evade the Export Administration Regulations Requirements for Exports to Libya)

In connection with conspiracy referenced in Charge 1, from in or about September 2001 through in or about on June 2002, Sigma Enterprises took actions to evade the Regulations. Specifically, Sigma Enterprises enlisted and paid a co-conspirator in Florida a fee to receive the spare parts from the U.S. manufacturer of the spare parts and then to export the spare parts from the United States to Libya through the United Kingdom and Germany. These actions were taken to conceal the ultimate destination of the spare parts. In doing so, Sigma Enterprises committed one violation of Section 764.2(h) of the Regulations.

Accordingly, Sigma Enterprises 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 \$12,000 per violation;³

Denial of export privileges; and/or

Exclusion from practice before BIS.

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

Sigma Enterprises is further notified that it is entitled to an agency hearing on the record if Sigma Enterprises files a written demand for one with its answer. (Regulations, Section 766.6). Sigma

³ See 15 C.F.R. §6.4(a)(2) (2002).

Sigma Enterprises Corporation
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Enterprises 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 is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Sigma Enterprises'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 Sigma Enterprises's answer must be served on BIS at the following address:

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

Melissa B. Mannino is the attorney representing BIS in this case; any communications that you may wish to have concerning this matter should occur through her. She 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:)
)
Sigma Enterprises Limited)
3 Lion Yard)
Tremadoc Road)
Clapham, London)
England SW4 7NQ,)
)
Respondent.)
)

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between Respondent, Sigma Enterprises Limited ("Sigma Enterprises"), 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 (2002)) ("Regulations"),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) ("Act"),² and which are currently maintained in force under the International Emergency Economic Powers Act (50 U.S.C. §§1701 - 1706 (2000)).

¹ The violations charged occurred in 2001 and 2002. The Regulations governing the violations at issue are found in 15 C.F.R. Parts 730-774 (2001-2002) and the 2001 and 2002 Regulations are substantially the same. The procedural aspects of this case are governed by the 2002 Regulations.

² 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 website at: <http://w3.access.gpo.gov/bis/>.

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

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

- 1. *One Violation of 15 C.F.R. §764.2(d)- Conspiracy:* Beginning in or about September 2001 and continuing through in or about June 2002, Sigma Enterprises conspired and acted in concert with others, known and unknown, to violate the Regulations. The purpose of the conspiracy was to export spare parts for hydraulic shears, items subject to the Regulations, from the United States to Libya without prior authorization from BIS as required by Section 746.4 of the Regulations. To accomplish the conspiracy, the conspirators, including Sigma Enterprises, participated in a scheme to buy parts for hydraulic shears from the U.S. manufacturer of the spare parts and then to export the parts from the United States through the United Kingdom and Germany to their ultimate destination in Libya.**
- 2. *One Violation of 15 C.F.R. §764.2(h)- Evasion:* In connection with conspiracy referenced above, from in or about September 2001 through in or about on June 2002, Sigma Enterprises took actions to evade the Regulations. Specifically, Sigma Enterprises enlisted and paid a co-conspirator in Florida a fee to receive the spare parts from the U.S. manufacturer of the spare parts and then to export the spare parts from**

**Sigma Enterprises Limited
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the United States to Libya through the United Kingdom and Germany. These actions were taken to conceal the ultimate destination of the spare parts.

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

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

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2. BIS and Sigma Enterprises agree that the following sanction shall be imposed against Sigma Enterprises in complete settlement of the violations of the Regulations set forth in the proposed charging letter:

- a. Sigma Enterprises shall be assessed a civil penalty in the amount of \$18,000 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 Sigma Enterprises. Failure to make timely payment of the civil penalty set forth above shall result in the denial of all of Sigma Enterprises's export privileges for a period of one year from the date of imposition of the penalty.**

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

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

5. Sigma Enterprises 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.

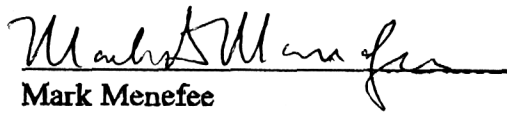
8. This Agreement shall become binding on BIS only when the Assistant Secretary of Commerce for Export Enforcement approves it by entering the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

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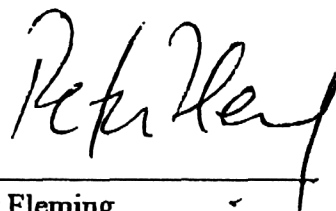
9. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

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

SIGMA ENTERPRISES LIMITED



Mark Menefee
Director
Office of Export Enforcement



Peter Fleming
Managing Director

Date: 1/15/03

Date: 3-JANUARY-2003

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

In the Matter of:)
)
Sigma Enterprises Limited)
3 Lion Yard)
Tremadoc Road)
Clapham, London)
England SW4 7NQ,)
)
Respondent.)

ORDER

The Bureau of Industry and Security, United States Department of Commerce (“BIS”) having notified Sigma Enterprises Limited (“Sigma Enterprises”) of its intention to initiate an administrative proceeding against Sigma Enterprises pursuant to Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),¹ and the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2003)) (“Regulations”),² based on the proposed charging letter issued to Sigma Enterprises that alleged that Sigma Enterprises violated the Export Administration Regulations on two occasions.

Specifically, the charges are:

1. *One Violation of 15 C.F.R. §764.2(d)- Conspiracy:* Beginning in or about September 2001 and continuing through in or about June 2002, Sigma Enterprises conspired and acted in concert with others, known and unknown, to violate the

¹ 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. 478333, August 11, 2003), has continued the Regulations in effect under IEEPA.

² The violations charged occurred in 2001 and 2002. The Regulations governing the violations at issue are found in 15 C.F.R. Parts 730-774 (2001-2002) and the 2001 and 2002 Regulations are substantially the same. The procedural aspects of this case are governed by the 2003 Regulations.

Regulations. The purpose of the conspiracy was to export spare parts for hydraulic shears, items subject to the Regulations, from the United States to Libya without prior authorization from BIS as required by Section 746.4 of the Regulations. To accomplish the conspiracy, the conspirators, including Sigma Enterprises, participated in a scheme to buy parts for hydraulic shears from the U.S. manufacturer of the spare parts and then to export the parts from the United States through the United Kingdom and Germany to their ultimate destination in Libya.

2. *One Violation of 15 C.F.R. §764.2(h)- Evasion:* In connection with conspiracy referenced above, from in or about September 2001 through in or about on June 2002, Sigma Enterprises took actions to evade the Regulations. Specifically, Sigma Enterprises enlisted and paid a co-conspirator in Florida a fee to receive the spare parts from the U.S. manufacturer of the spare parts and then to export the spare parts from the United States to Libya through the United Kingdom and Germany.

These actions were taken to conceal the ultimate destination of the spare parts.

BIS and Sigma Enterprises 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 \$18,000 is assessed against Sigma Enterprises, 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.

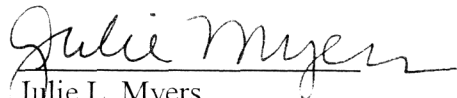
SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C.

§§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, Sigma Enterprises 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 Sigma Enterprises. Accordingly, if Sigma Enterprises should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Sigma Enterprises'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 4th day of November 2003.