

PROPOSED CHARGING LETTER

FEDERAL EXPRESS - OVERNIGHT

Berkeley Nucleonics Corporation
3060 Kerner Boulevard #2
San Rafael, California 94901

Attention: Melvin Brown
President

Dear Mr. Brown:

The Bureau of Industry and Security, United States Department of Commerce (BIS), has reason to believe that Berkeley Nucleonics Corporation (BNC) violated the Export Administration Regulations (15 C.F.R. Parts 730-774 (2003)) (the Regulations),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. § 2401-2420 (2000)) (the Act),² on 14 occasions. Specifically, BIS charges that BNC committed the following violations:

Charge 1 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct - Export Without the Required License

On or about December 31, 1998, BNC exported a pulse generator (EAR99) from the United States to the Directorate of Purchase and Stores, Department of Atomic Energy (DPS) in India, a government organization on the Department of Commerce Entity List, Supplement No. 4 to Part

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2003). The Regulations governing the violations at issue are found in the 1999, 2000 and 2001 versions of the Code of Federal Regulations. These Regulations are codified at 15 C.F.R. Parts 730-774 (1999-2001) and, to the degree to which they pertain to this matter, are substantially the same as the 2003 version.

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.

744 of the Regulations, without obtaining a license from the Department of Commerce as required by then Section 744.11 of the Regulations. In doing so, BNC committed one violation of Section 764.2(a) of the Regulations.

Charge 2 15 C.F.R. § 764.2(e) - Acting with Knowledge of a Violation - Export Without the Required License When BNC Knew or Had Reason to Know that a License Was Required

On or about December 31, 1998, in connection with the export referenced in Charge 1 above, BNC sold and transferred a pulse generator that was exported from the United States with knowledge that a violation of the Act, the Regulations, or any order, license or authorization issued thereunder was about to occur, that is, the item would be exported without the license required by then Section 744.11 of the Regulations. In doing so, BNC committed one violation of Section 764.2(e) of the Regulations.

Charge 3 15 C.F.R. § 764.2(g) - Misrepresentation and Concealment of Facts - False or Misleading Representation on Export Control Document

On or about December 29, 1998, in connection with the export referenced in Charge 1 above, BNC submitted a Shipper's Export Declaration, an export control document as defined in Part 772 of the Regulations, that represented that the export was eligible for export as NLR ("no license required") when, in fact, the export required a license from BIS. BIS alleges that, by making a false or misleading statement of material fact in connection with the preparation and submission of an export control document, BNC committed one violation of Section 764.2(g) of the Regulations.

Charge 4 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct - Export Without the Required License

On or about May 28, 1999, BNC exported a pulse generator (EAR99) from the United States to the DPS in India, a government organization on the Department of Commerce Entity List, Supplement No. 4 to Part 744 of the Regulations, without obtaining a license from the Department of Commerce as required by then Section 744.11 of the Regulations. In doing so, BNC committed one violation of Section 764.2(a) of the Regulations.

Charge 5 15 C.F.R. § 764.2(e) - Acting with Knowledge of a Violation - Export Without the Required License When BNC Knew or Had Reason to Know that a License Was Required

On or about May 28, 1999, in connection with the export referenced in Charge 4 above, BNC sold and transferred a pulse generator that was exported from the United States with knowledge

that a violation of the Act, the Regulations, or any order, license or authorization issued thereunder was about to occur, that is, the item would be exported without the license required by then Section 744.11 of the Regulations. In doing so, BNC committed one violation of Section 764.2(e) of the Regulations.

Charge 6 15 C.F.R. § 764.2(g) - Misrepresentation and Concealment of Facts - False or Misleading Representation on Export Control Document

On or about May 28, 1999, in connection with the export referenced in Charge 4 above, BNC submitted a Shipper's Export Declaration, an export control document as defined in Part 772 of the Regulations, that represented that the export was eligible for export as NLR ("no license required") when, in fact, the export required a license from BIS. BIS alleges that, by making a false or misleading statement of material fact in connection with the preparation and submission of an export control document, BNC committed one violation of Section 764.2(g) of the Regulations.

Charge 7 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct - Export Without the Required License

On or about November 19, 1999, BNC exported a pulse generator (EAR99) from the United States to the DPS in India, a government organization on the Department of Commerce Entity List, Supplement No. 4 to Part 744 of the Regulations, without obtaining a license from the Department of Commerce as required by then Section 744.11 of the Regulations. In doing so, BNC committed one violation of Section 764.2(a) of the Regulations.

Charge 8 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct - Failing to File Shipper's Export Declaration

In connection with the export referenced in Charge 7 above, BNC exported an item subject to the Regulations to DPS in India without filing a Shipper's Export Declaration as required by Section 758 of the Regulations. In doing so, BNC committed one violation of Section 764.2(a) of the Regulations.

Charge 9 15 C.F.R. § 764.2(e) - Acting with Knowledge of a Violation - Export Without the Required License When BNC Knew or Had Reason to Know that a License Was Required

On or about November 19, 1999, in connection with the export referenced in Charge 7 above, BNC sold and transferred a pulse generator that was exported from the United States with knowledge that a violation of the Act, the Regulations, or any order, license or authorization issued thereunder was about to occur, that is, the item would be exported without the license required by then Section 744.11 of the Regulations. In doing so, BNC committed one violation of Section 764.2(e) of the Regulations.

Charge 10 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct - Export Without the Required License

On or about December 10, 1999, BNC exported a pulse generator (EAR99) from the United States to the Nuclear Power Corporation of India, Ltd., in India, a government organization on the Department of Commerce Entity List, Supplement No. 4 to Part 744 of the Regulations, without obtaining a license from the Department of Commerce as required by then Section 744.11 of the Regulations. In doing so, BNC committed one violation of Section 764.2(a) of the Regulations.

Charge 11 15 C.F.R. § 764.2(e) - Acting with Knowledge of a Violation - Export Without the Required License When BNC Knew or Had Reason to Know that a License Was Required

On or about December 10, 1999, in connection with the export referenced in Charge 10 above, BNC sold and transferred a pulse generator that was exported from the United States with knowledge that a violation of the Act, the Regulations, or any order, license or authorization issued thereunder was about to occur, that is, the item would be exported without the license required by then Section 744.11 of the Regulations. In doing so, BNC committed one violation of Section 764.2(e) of the Regulations.

Charge 12 15 C.F.R. § 764.2(g) - Misrepresentation and Concealment of Facts - False or Misleading Representation on Export Control Document

On or about December 16, 1999, in connection with the export referenced in Charge 10 above, BNC submitted a Shipper's Export Declaration, an export control document as defined in Part 772 of the Regulations, that represented that the export was eligible for export as NLR ("no license required") when, in fact, the export required a license from BIS. BIS alleges that, by making a false or misleading statement of material fact in connection with the preparation and submission of an export control document, BNC committed one violation of Section 764.2(g) of the Regulations.

Charge 13 15 C.F.R. § 764.2(c) - Attempted Export of Replacement Parts Without the Required License

On or about July 28, 2000, BNC attempted to export a pulse generator (ECCN 3A999) from the United States to the DPS in India, a government organization on the Department of Commerce Entity List, Supplement No. 4 to Part 744 of the Regulations, without obtaining a license from the Department of Commerce as required by then Section 744.11 of the Regulations. In doing so, BNC committed one violation of Section 764.2(c) of the Regulations.

Charge 14 15 C.F.R. § 764.2(e) - Acting with Knowledge of a Violation - Attempted Export Without the Required License When BNC Knew or Had Reason to Know that a License Was Required

In connection with the attempted export referenced in Charge 13 above, between, on or about July 28, 2000, and between, on or about August 22, 2000, BNC attempted to transfer the pulse generator from the United States with knowledge that a violation of the Act, the Regulations, or any order, license or authorization issued thereunder was about to occur, that is, the item would be exported without the license required by then Section 744.11 of the Regulations. In doing so, BNC committed one violation of Section 764.2(e) of the Regulations.

Each transaction is described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference.

BIS alleges that BNC committed five violations of Section 764.2(a) of the Regulations, one violation of Section 764.2(c) of the Regulations, five violations of Section 764.2(e) of the Regulations, and three violations of Section 764.2(g) of the Regulations, for a total of 14 violations.

Accordingly, BNC 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;³

Denial of export privileges; and/or

Exclusion from practice before BIS.

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

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

³ Pursuant to the Federal Civil Penalties Adjustment Act of 1990 (28 U.S.C. §2461, note (2000)), and 15 C.F.R. §6.4(a)(2) (2003), the maximum penalty for each violation committed after October 23, 1996 and before November 1, 2000 is \$11,000.

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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, BNC'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 BNC's answer must be served on BIS at the following address:

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

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

Sincerely,

Mark D. Menefee
Director
Office of Export Enforcement

Enclosure

**SCHEDULE OF VIOLATIONS
EXPORTS BY
BERKELEY NUCLEONICS CORPORATION**

Charge No.	Export Date (on or about)	Commodity	Air Waybill No. or Bill of Lading No.	Invoice No.	Destination
1-3	12/31/98	pulse generator	1133683	00017159	Directorate of Purchase and Stores, Department of Atomic Energy, India (DPS)
4-6	5/28/99	pulse generator	2126996	00017324	DPS
7-9	11/19/99	pulse generator	1200100	00017523	DPS
10-12	12/10/99	pulse generator	1200263	00017560	Nuclear Power Corporation of India, Ltd.
13, 14	7/25/00	pulse generator		00017882	DPS

SCHEDULE A

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

In the Matter of:)
)
BNC Corp.)
a.k.a. Berkeley Nucleonics Corporation)
3060 Kerner Boulevard #2)
San Rafael, California 94901)
)
Respondent.)
_____)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Respondent, BNC Corp., also known as Berkeley Nucleonics Corporation (“BNC”), 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 (2004) (“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 from 1998 to 2000. The Regulations governing the violations at issue are found in the 1998-2000 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1998-2000)). The 2004 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 7, 2003 (3 C.F.R., 2003 Comp. 328 (2004)), has continued the Regulations in effect under the IEEPA.

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

WHEREAS, BIS has issued a proposed charging letter to BNC that alleged that BNC committed five violations of the Regulations, specifically:

1. *Three Violations of 15 C.F.R. § 764.2(a) - Unlicensed exports to Entity List organization:* On three occasions between on or about December 31, 1998, and on or about November 19, 1999, BNC exported pulse generators, items subject to the Regulations, to the Directorate of Purchase and Stores, Department of Atomic Energy (“DPS”) in Mumbai, India without the licenses required by then Section 744.11 of the Regulations. At all times relevant hereto, DPS was an organization on the BIS Entity List.
2. *One Violation of 15 C.F.R. §764.2(a) - Unlicensed export to Entity List organization:* On or about December 10, 1999, BNC exported a pulse generator, an item subject to the Regulations, to the Nuclear Power Corporation of India, Ltd., in Mumbai, India without the license required by then Section 744.11 of the Regulations. At all times relevant hereto, the Nuclear Power Corporation of India, Ltd. was an organization on the BIS Entity List.
3. *One Violation of 15 C.F.R. § 764.2(c) - Attempted unlicensed export to Entity List organization:* On or about July 28, 2000, BNC attempted to export a pulse generator, an item subject to the Regulations, to DPS without the license required

by then Section 744.11 of the Regulations. At all times relevant hereto, DPS was an organization on the BIS Entity List.

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

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

2. The following sanctions shall be imposed against BNC in complete settlement of the violations of the Regulations set forth in the proposed charging letter:

- a. BNC shall be assessed a civil penalty in the amount of \$55,000 of which \$25,000 shall be paid to the U.S. Department of Commerce within six months from the date of entry of the Order and the remaining \$30,000 shall be paid to the U.S. Department of Commerce within one year 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 BNC. Failure to make timely payment of the civil penalty set forth above shall result in the denial of all of BNC's export privileges for a period of one year from the date of imposition of the penalty.
- c. For a period five years from the date of entry of the Order, BNC, its successors or assigns, and, when acting for or on behalf of BNC, its officers, representatives, agents, or employees ("Denied Person") may not participate, directly or indirectly, in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- i. Applying for, obtaining, or using any license, License Exception, or export control document;
 - ii. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or
 - iii. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.
- d. BIS agrees that, as authorized by Section 766.18 (c) of the Regulations, the five year denial period set forth in paragraph 2.c. shall be suspended in its entirety for a period of one year from the entry of the appropriate Order, and shall thereafter be waived, provided that during the period of suspension, BNC has committed no violation of the Act or any regulation, order or license issued thereunder, and, provided further that BNC has made timely payment of the \$55,000 civil penalty assessed pursuant to this Agreement and the Order.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, BNC 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 \$55,000 civil penalty, BIS will not initiate any further administrative proceeding against BNC in connection with any violations 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.

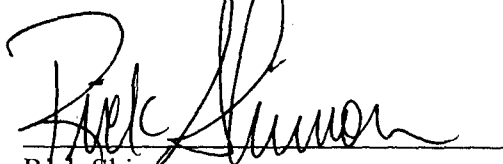
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department 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 his authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

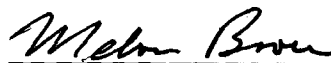
BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE

BNC CORP.



Rick Shimfon
Acting Director
Office of Export Enforcement

JUN 16 2004
Date: _____



Melvin Brown
Chief Financial Officer

6-9-04
Date: _____

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

In the Matter of:)
)
BNC Corp.)
a.k.a. Berkeley Nucleonics Corporation)
3060 Kerner Boulevard #2)
San Rafael, California 94901)
)
Respondent.)
)

ORDER

The Bureau of Industry and Security, United States Department of Commerce (“BIS”) having notified BNC Corp., a.k.a. Berkeley Nucleonics Corporation (“BNC”) of its intention to initiate an administrative proceeding against BNC pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2004)) (“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 BNC that alleged that BNC committed five violations of the Regulations.

¹ The violations charged occurred from 1998 to 2000. The Regulations governing the violations at issue are found in the 1998-2000 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1998-2000)). The 2004 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 issued on 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 (3 C.F.R., 2003 Comp. 328 (2004)), has continued the Regulations in effect under the IEEPA.

Specifically, the charges are:

1. *Three Violations of 15 C.F.R. § 764.2(a) - Unlicensed exports to Entity List organization:* On three occasions between on or about December 31, 1998, and on or about November 19, 1999, BNC exported pulse generators, items subject to the Regulations, to the Directorate of Purchase and Stores, Department of Atomic Energy (“DPS”) in Mumbai, India without the licenses required by then Section 744.11 of the Regulations. At all times relevant hereto, DPS was an organization on the BIS Entity List.
2. *One Violation of 15 C.F.R. §764.2(a) - Unlicensed export to Entity List organization:* On or about December 10, 1999, BNC exported a pulse generator, an item subject to the Regulations, to the Nuclear Power Corporation of India, Ltd., in Mumbai, India without the license required by then Section 744.11 of the Regulations. At all times relevant hereto, the Nuclear Power Corporation of India, Ltd. was an organization on the BIS Entity List.
3. *One Violation of 15 C.F.R. § 764.2(c) - Attempted unlicensed export to Entity List organization:* On or about July 28, 2000, BNC attempted to export a pulse generator, an item subject to the Regulations, to DPS without the license required by then Section 744.11 of the Regulations. At all times relevant hereto, DPS was an organization on the BIS Entity List.

BIS and BNC 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 \$55,000 is assessed against BNC, of which \$25,000 shall be paid to the U.S. Department of Commerce within six months from the date of entry of this Order and the remaining \$30,000 shall be paid to the U.S. Department of Commerce within one year 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, BNC 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 BNC. Accordingly, if BNC should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of BNC's export privileges for a period of one year from the date of entry of this Order.

FOURTH, for a period five years from the date of entry of the Order, Berkeley Nucleonics Corporation, 3060 Kerner Boulevard #2, San Rafael, California 94901, its successors or assigns, and when acting for or on behalf of BNC, its officers, representatives, agents, or employees ("Denied Person") may not participate, directly or indirectly, in any way in any transaction involving any commodity, software or technology (hereinafter collectively

referred to as “item”) exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- A. Applying for, obtaining, or using any license, License Exception, or export control document;
- B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or
- C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

FIFTH, that no person may, directly or indirectly, do any of the following:

- A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations;
- B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby the denied person acquires or attempts to acquire such ownership, possession or control;
- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States;

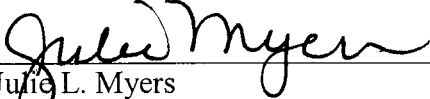
- D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or
- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by the Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by the Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

SIXTH, that, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to BNC by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of the Order.

SEVENTH, that, as authorized by Section 766.18 (c) of the Regulations, the denial period set forth above shall be suspended in its entirety for one year from the date of this Order, and shall thereafter be waived, provided that during the period of suspension, BNC has committed no violation of the Act or any regulation, order or license issued thereunder.

EIGHTH, 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 24th day of June 2004.