

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Chyron Corporation
5 Hub Drive
Melville, NY 11747

Attention: James Paul
President

Dear Mr. Paul:

The Bureau of Industry and Security, United States Department of Commerce (“BIS”) has reason to believe that Chyron Corporation of Melville, New York (“Chyron”) has committed three violations of the Export Administration Regulations (the “Regulations”),¹ which are issued under the authority of the Export Administration Act of 1979 (the “Act”)². Specifically, BIS charges that Chyron committed the following violations:

Charge 1 (15 C.F.R. §764.2(a) - Unlicensed Export to an Entity List Organization)

On or about May 31, 2002, Chyron engaged in conduct prohibited by the Regulations when it exported an animation system, an item subject to the Regulations and covered by export control classification EAR99, from the United States to the Space Application Center in Ahmedabad, India, without the Department of Commerce license required by then Section 744.1 of the Regulations. At all times relevant thereto, the Space Application Center was an organization listed on the Entity List set forth at Supplement No. 4 to Part 744 of the

¹ 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. The violations charged occurred in 2002. The Regulations governing these violations are found in the 2002 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002)).

² 50 U.S.C. app. §§ 2401-2420 (2000). 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 (114 Stat. 2360 (2000)) 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 IEEPA.

Regulations. In doing so, Chyron committed one violation of Section 764.2(a) of the Regulations.

Charge 2 (15 C.F.R. § 764.2(e) - Unlicensed Transfer of Item Knowing that a Violation of the Regulations was to Occur)

Chyron transferred the animation system, an item subject to the Regulations, from the United States to the Space Application Center in India as described in Charge 1 above knowing that it was to be exported from the United States in violation of the Regulations. At all times relevant thereto, Chyron knew that the animation system required a Department of Commerce export license and that one would not be obtained. In doing so, Chyron committed one violation of Section 764.2(e) of the Regulations.

Charge 3 (15 C.F.R. §764.2(g)(1)(ii)–Misrepresentation on a Shipper’s Export Declaration Concerning Authority to Export)

In connection with the one shipment described in Charge 1 above, Chyron filed or caused to be filed a Shipper’s Export Declaration with the U.S. government for the export of the animation system to the Space Application Center in India that stated that the system qualified for export from the United States as NLR (“No License Required”). This representation was false because the animation system was covered by the Regulations as an EAR99 item and a license was required to export it from the United States to the Space Application Center. In doing so, Chyron committed two violations of Section 764.2(g) of the Regulations.

Accordingly, Chyron 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 Chyron 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 Chyron defaults, the Administrative Law Judge may find the

³ See 15 C.F.R. §6.4(a)(2).

Chyron Corporation
Proposed Charging Letter
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charge alleged in this letter is true without hearing or further notice to Chyron. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on the charge in this letter.

Chyron is further notified that it is entitled to an agency hearing on the record if Chyron files a written demand for one with its answer. (Regulations, Section 766.6). Chyron 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 Chyron have a proposal to settle this case, Chyron or its representative should transmit the offer 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, Chyron'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 Chyron's answer must be served on BIS at the following address:

Office of 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 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:)
)
Chyron Corporation)
5 Hub Drive)
Melville, NY 11747)
)
Respondent)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Chyron Corporation (“Chyron”), 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 in 2002. The Regulations governing the violations at issue are found in the 2002 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002)). 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 IEEPA.

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

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

1. *One Violation of 15 C.F.R. §764.2(a) - - Unlicensed Export to an Entity List Organization:* On or about May 31, 2002, Chyron engaged in conduct prohibited by the Regulations when it exported an animation system, an item subject to the Regulations, from the United States to the Space Applications Center in Ahmedabad, India, without the Department of Commerce license required by then Section 744.1 of the Regulations. At all times relevant thereto, the Space Applications Center was an organization listed on the Entity List set forth at Supplement No. 4 to Part 744 of the Regulations.
2. *One Violation of 15 C.F.R. §764.2(e) - Unlicensed Transfer of Item Knowing that a Violation of the Regulations was to Occur:* Chyron transferred the animation system, an item subject to the Regulations, from the United States to the Space Applications Center in India as described in Charge 1 above knowing that it was to be exported from the United States in violation of the Regulations. At all times relevant thereto, Chyron knew that the animation system required a Department of Commerce export license and that one would not be obtained. In doing so, Chyron committed one violation of Section 764.2(e) of the Regulations.

3. *One Violation of 15 C.F.R. § 764.2(g) - Misrepresentation on a Shipper's Export Declaration Concerning Authority to Export:* In connection with the one shipment described in Charge 1 above, Chyron filed or caused to be filed a Shipper's Export Declaration with the U.S. government for the export of the animation system to the Space Applications Center in India that stated that the system qualified for export from the United States as NLR ("No License Required"). This representation was false because the animation system was covered by the Regulations and a license was required to export it from the United States to the Space Applications Center.

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

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

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, Chyron 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 \$15,300 civil penalty, BIS will not initiate any further administrative proceeding against Chyron 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

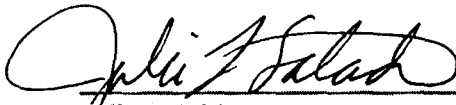
other agency or department of the United States Government with respect to the facts and circumstances addressed herein.

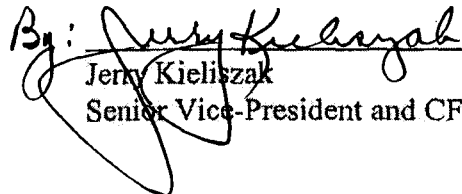
8. This Agreement shall become binding on BIS only if the Assistant Secretary of Commerce for Export Enforcement approves it by entering the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

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

Joe
CHYRON CORPORATION


Julie Salcido
Acting Director
Office of Export Enforcement

By: 
Jerry Kieliszak
Senior Vice-President and CFO

Date: 19 August 2004

Date: 10 August 2004

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

In the Matter of:)
)
Chyron Corporation)
5 Hub Drive)
Melville, NY 11747)
)
Respondent)

ORDER.

The Bureau of Industry and Security, United States Department of Commerce (“BIS”) having notified Chyron Corporation (“Chyron”) of its intention to initiate an administrative proceeding against Chyron 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 Chyron that alleged that Chyron committed three violations of the Regulations. Specifically, the charges are:

1. *One Violation of 15 C.F.R. §764.2(a) - - Unlicensed Export to an Entity List*

Organization: On or about May 31, 2002, Chyron engaged in conduct prohibited by the Regulations when it exported an animation system, an item subject to the

¹ The violations charged occurred in 2002. The Regulations governing the violations at issue are found in the 2002 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002)). 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.

Regulations, from the United States to the Space Applications Center in Ahmedabad, India, without the Department of Commerce license required by then Section 744.1 of the Regulations. At all times relevant thereto, the Space Applications Center was an organization listed on the Entity List set forth at Supplement No. 4 to Part 744 of the Regulations.

2. *One Violation of 15 C.F.R. §764.2(e) - Unlicensed Transfer of Item Knowing that a Violation of the Regulations was to Occur:* Chyron transferred the animation system, an item subject to the Regulations, from the United States to the Space Applications Center in India as described in Charge 1 above knowing that it was to be exported from the United States in violation of the Regulations. At all times relevant thereto, Chyron knew that the animation system required a Department of Commerce export license and that one would not be obtained.
3. *One Violation of 15 C.F.R. § 764.2(g) - Misrepresentation on a Shipper's Export Declaration Concerning Authority to Export:* In connection with the one shipment described in Charge 1 above, Chyron filed or caused to be filed a Shipper's Export Declaration with the U.S. government for the export of the animation system to the Space Applications Center in India that stated that the system qualified for export from the United States as NLR ("No License Required"). This representation was false because the animation system was covered by the Regulations and a license was required to export it from the United States to the Space Applications Center.

BIS and Chyron 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 \$15,300 is assessed against Chyron 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, Chyron 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 Chyron. Accordingly, if Chyron should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Chyron'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.

Order
Chyron
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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 30th day of August 2004.