



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

Proposed Charging Letter

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Nozzle Manufacturing Company
301 East Rochester Avenue, Unit 410
Wildwood Crest, NJ 08260

Attn: Robert Onraet
Chief Executive Officer

Dear Mr. Onraet:

The Bureau of Industry and Security, United States Department of Commerce (“BIS”), has reason to believe that Nozzle Manufacturing of Swedesboro, New Jersey, formerly known as JEP Manufacturing, Inc., and formerly known as Newton Tool & Manufacturing, (“Nozzle Manufacturing”) committed one violation 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 Nozzle Manufacturing committed the following violation:

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2004). The charged violation occurred in 1999. The Regulations governing the violation at issue are found in the 1999 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1999)). The 2004 Regulations establish the procedures that apply to this matter.

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. Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 6, 2004 (69 Fed. Reg. 48763 (August 10, 2004)), continues the Regulations in effect under the IEEPA.



**Charge 1 15 C.F.R. § 764.2(c) - Attempted Export of Items to Iran Without the
Required U.S. Government Authorization**

On or about October 29, 1999, Nozzle Manufacturing attempted to violate the Regulations by trying to export oil burning nozzles, items subject to both the Regulations (EAR99)³ and the Iranian Transactions Regulations of the Treasury Department's Office of Foreign Assets Control ("OFAC"),⁴ through Germany, to Iran without obtaining authorization from OFAC as required by Section 746.7 of the Regulations. In so doing, Nozzle Manufacturing committed one violation of Section 764.2(c) of the Regulations.

Accordingly, Nozzle Manufacturing 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;⁵

Denial of export privileges; and/or

Exclusion from practice before BIS.

If Nozzle Manufacturing 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. *See* 15 C.F.R. §§ 766.6 and 766.7. If Nozzle Manufacturing defaults, the Administrative Law Judge may find the charge alleged in this letter is true without a hearing or further notice to Nozzle Manufacturing. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on the charge in this letter.

Nozzle Manufacturing is further notified that it is entitled to an agency hearing on the record if it files a written demand for one with its answer. *See* 15 C.F.R. § 766.6. Nozzle Manufacturing is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. *See* 15 C.F.R. §§ 766.3(a) and 766.4.

³ The term "EAR99" refers to items subject to the Regulations which are not listed on the Commerce Control List. *See* 15 C.F.R. § 734.3(c).

⁴ *See* 31 C.F.R. § 560.204.

⁵ *See* 15 C.F.R. § 6.4(a)(2).

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Charging Letter
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The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should Nozzle Manufacturing have a proposal to settle this case, Nozzle Manufacturing or its representative should transmit it to 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, Nozzle Manufacturing'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 Nozzle Manufacturing'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 Nozzle Manufacturing may wish to have concerning this matter should occur through her. Ms. Mannino may be contacted by telephone at (202) 482-5301.

Sincerely,

Acting Director
Office of Export Enforcement

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

In the Matter of:)
)
Nozzle Manufacturing Company)
301 East Rochester Avenue, Unit 410)
Wildwood Crest, NJ 08260)
)
Respondent.)
_____)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Respondent, Nozzle Manufacturing Company, formerly known as JEP Manufacturing, Inc., and formerly known as Newton Tool & Manufacturing, (“Nozzle Manufacturing”), and the Bureau of Industry and Security, U.S. 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 charged violation occurred in 1999. The Regulations governing the violation at issue are found in the 1999 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1999)). 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 6, 2004 (69 *Fed. Reg.* 48763, August 10, 2004), has continued the Regulations in effect under the IEEPA.

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

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

1. *One Violation of 15 C.F.R. § 764.2(c) - Attempted Export of Items to Iran Without the Required U.S. Government Authorization:* On or about October 29, 1999, Nozzle Manufacturing attempted to violate the Regulations by trying to export oil burning nozzles, items subject to both the Regulations (EAR99)³ and the Iranian Transactions Regulations of the Treasury Department's Office of Foreign Assets Control ("OFAC"),⁴ through Germany, to Iran without obtaining authorization from OFAC as required by Section 746.7 of the Regulations.

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

³ The term "EAR99" refers to items subject to the Regulations which are not listed on the Commerce Control List. See 15 C.F.R. § 734.3(c).

⁴ See 31 C.F.R. § 560.204.

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over Nozzle Manufacturing, under the Regulations, in connection with the matters alleged in the proposed charging letter.
2. The following sanction shall be imposed against Nozzle Manufacturing in complete settlement of the violation of the Regulations relating to the transaction detailed in the proposed charging letter:
 - a. Nozzle Manufacturing shall be assessed a civil penalty in the amount of \$10,000, which shall be paid to the U.S. Department of Commerce no later than the date that Nozzle Manufacturing is sentenced in the related criminal case or March 1, 2005, whichever occurs first. Payment shall be made by wire transfer as specified in the attached instructions.
 - 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 Nozzle Manufacturing. Failure to make timely payment of the civil penalty set forth above

may result in the denial of all of Nozzle Manufacturing's export or reexport 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, Nozzle Manufacturing 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 \$10,000 civil penalty, BIS will not initiate any further administrative proceeding against Nozzle Manufacturing in connection with any violation of the Act or the Regulations arising out of the transactions detailed in the proposed charging letter.

5. BIS will make the proposed charging letter, this Agreement, and the Order, if entered, available to the public.

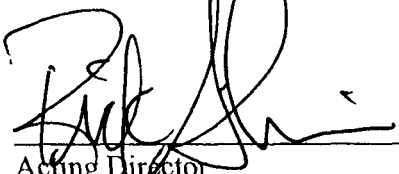
6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial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



Acting Director
Office of Export Enforcement

NOZZLE MANUFACTURING COMPANY



Robert Onraet
Chief Executive Officer

Date: 1/21/05

Date: 1/17/2005

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

In the Matter of:)
)
Nozzle Manufacturing Company)
301 East Rochester Avenue, Unit 410)
Wildwood Crest, NJ 08260)
)
Respondent.)
)

ORDER RELATING TO NOZZLE MANUFACTURING INC.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has notified Nozzle Manufacturing Company, formerly known as JEP Manufacturing, Inc., and formerly known as Newton Tool & Manufacturing, (“Nozzle Manufacturing”), of its intention to initiate an administrative proceeding against Nozzle Manufacturing 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 by issuing a proposed charging letter to Nozzle

¹ The charged violation occurred in 1999. The Regulations governing the violation at issue are found in the 1999 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1999)). 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 6, 2004 (69 *Fed. Reg.* 48763, August 10, 2004), has continued the Regulations in effect under the IEEPA.

Manufacturing that alleged that Nozzle Manufacturing committed one violation of the Regulations. Specifically, the charge is:

1. *One Violation of 15 C.F.R. § 764.2(c) - Attempted Export of Items to Iran Without the Required U.S. Government Authorization:* On or about October 29, 1999, Nozzle Manufacturing attempted to violate the Regulations by trying to export oil burning nozzles, items subject to both the Regulations (EAR99)³ and the Iranian Transactions Regulations of the Treasury Department's Office of Foreign Assets Control ("OFAC"),⁴ through Germany, to Iran without obtaining authorization from OFAC as required by Section 746.7 of the Regulations.

WHEREAS, BIS and Nozzle Manufacturing have 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

WHEREAS I have approved of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$10,000 is assessed against Nozzle Manufacturing, which shall be paid to the U.S. Department of Commerce no later than the date Nozzle Manufacturing is sentenced in the related criminal case or March 1, 2005, whichever occurs first. Payment shall be made by wire transfer as specified in the attached instructions.

³ The term "EAR99" refers to items subject to the Regulations which are not listed on the Commerce Control List. *See* 15 C.F.R. § 734.3(c).

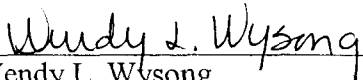
⁴ *See* 31 C.F.R. § 560.204.

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


Wendy L. Wysong
Acting Assistant Secretary of
Commerce for Export Enforcement

Entered this 21st day of January 2005.