

JAN - 4 2006



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

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Edsons Worldwide Services, Inc.  
7133 Valley View Road  
Edina, MN 55439

*Attn: Eduard Mendelevich Yamnik*  
*President*

Dear Mr. Yamnik:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS") has reason to believe that Edsons Worldwide Services, Inc. (hereinafter, "Edsons"), of Edina, MN, has committed two violations of the Export Administration Regulations (the "Regulations"),<sup>1</sup> which are issued under the authority of the Export Administration Act of 1979 (the "Act").<sup>2</sup> Specifically, BIS charges that Edsons committed the following violations:

**Charge 1      15 C.F.R. §764.2(a) - Exporting an item subject to the Regulations without a license.**

On or about January 6, 2001, Edsons engaged in conduct prohibited by the Regulations when it exported fingerprint powders classified under Export Control Classification Number (ECCN) 1A985 on the Commerce Control List (CCL) to Belarus without the license required by the U.S. Department of Commerce. Under Section 742.7 of the Regulations, a BIS export license was required for this export, but no such license was obtained. In engaging in such prohibited conduct, Edsons committed one violation of Section 764.2(a) of the Regulations.

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<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2005). The violations charged occurred during 2001. The Regulations governing the violations at issue are found in the 2001 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001)). The 2005 Regulations establish the procedures that apply to this matter.

<sup>2</sup> 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)), which has been extended by successive Presidential Notices, the most recent being that of August 2, 2005 (70 Fed. Reg. 45273, August 5, 2005), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)).



**Charge 2      15 C.F.R. § 764.2(e) - Transfer of an item with knowledge that a violation would subsequently occur.**

On or about January 6, 2001, Edsons transferred fingerprint powders classified under ECCN 1A985 on the CCL to Belarus with knowledge that a violation of the Regulations would occur in connection with the items. Specifically, Edsons transferred the fingerprint powders to Belarus without the license required by the U.S. Department of Commerce despite knowing that such license was required under the Regulations, and that such license would not be obtained. Edsons transferred the items after being notified by the U.S. Department of Commerce that Edsons' application for a license to export the items had been denied. In engaging in such prohibited conduct, Edsons committed one violation of Section 764.2(e) of the Regulations.

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Accordingly, Edsons 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;<sup>3</sup>

Denial of export privileges; and/or

Exclusion from practice before BIS.

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

Edsons 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. (Regulations, Section 766.6). Edsons 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 Edsons have a proposal to settle this case, Edsons or its representative should transmit the offer to me through the attorney representing BIS named below.

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<sup>3</sup> See 15 C.F.R. § 6.4(a)(4) (2005).

Edsons Worldwide Services, Inc.  
Charging Letter  
Page 3

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Edsons' 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 Edsons' answer must be served on BIS at the following address:

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

Charles Wall is the attorney representing BIS in this case; any communications that Edsons may wish to have concerning this matter should occur through him. He may be contacted by telephone at (202) 482-5301.

Sincerely,



Michael D. Turner  
Director  
Office of Export Enforcement

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

In the Matter of:	)	
	)	
Edsons Worldwide Services, Inc.	)	Docket No. 06-BIS-05
7133 Valley View Road	)	
Edina, MN 55439	)	
	)	
Respondent.	)	

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Respondent, Edsons Worldwide Services, Inc. (“Edsons”), and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively referred to as “Parties”), pursuant to Section 766.18(b) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (“Regulations”).<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”).<sup>2</sup>

WHEREAS, BIS has initiated an administrative proceeding against Edsons, pursuant to the Act and the Regulations;

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<sup>1</sup> The violations charged occurred during 2001. The Regulations governing the violations at issue are found in the 2001 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001)). The 2006 Regulations establish the procedures that apply to this matter.

<sup>2</sup> 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 2, 2005 (70 Fed. Reg. 45273, August 5, 2005), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)).

WHEREAS, BIS issued a charging letter to Edsons that alleged that Edsons committed two violations of the Regulations, specifically:

1. *One Violation of 15 C.F.R. § 764.2(a) - Exporting an item subject to the Regulations without a license:* On or about January 6, 2001, Edsons engaged in conduct prohibited by the Regulations when it exported fingerprint powders classified under Export Control Classification Number (“ECCN”) 1A985 on the Commerce Control List (“CCL”) to Belarus without the license required by the U.S. Department of Commerce. Under Section 742.7 of the Regulations, a BIS export license was required for this export, but no such license was obtained.
2. *One Violation of 15 C.F.R. § 764.2(e) - Transfer of an item with knowledge that a violation would subsequently occur:* On or about January 6, 2001, Edsons transferred fingerprint powders classified under ECCN 1A985 on the CCL to Belarus with knowledge that a violation of the Regulations would occur in connection with the items. Specifically, Edsons transferred the fingerprint powders to Belarus without the license required by the U.S. Department of Commerce despite knowing that such license was required under the Regulations, and that such license would not be obtained. Edsons transferred the items after being notified by the U.S. Department of Commerce that Edsons' application for a license to export the items had been denied.

WHEREAS, Edsons has reviewed the 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, Edsons fully understands the terms of this Agreement and the Order (“Order”) that the Assistant Secretary of Commerce for Export Enforcement will issue if he approves this Agreement as the final resolution of this matter;

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

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

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

- a. For a period of ten years from the date on which the Order is published in the Federal Register, Edsons, its successors or assigns, and, when acting for or on behalf of Edsons, its officers, representatives, agents, or employees (“Denied Person”) may not, directly or indirectly, participate 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.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, Edsons 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 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, BIS will not initiate any further administrative proceeding against Edsons in connection with any violation of the Act or the Regulations arising out of the transactions identified in the charging letter.

5. BIS will make the charging letter, this Agreement, the Order, if entered, and the record of the case as defined in Section 766.20 of the Regulations 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(b) 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 U.S. Government with respect to the facts and circumstances addressed herein.

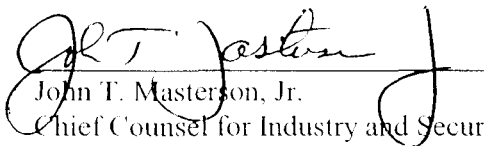


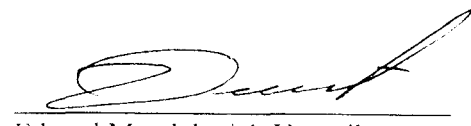
8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement approves it by entering the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

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

EDSONS WORLDWIDE SERVICES, INC.

  
John T. Masterson, Jr.  
Chief Counsel for Industry and Security

  
Eduard Mendelevich Yamnik  
President

Date: 5/24/06

Date: 05/15/06

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

In the Matter of:	)	
	)	
Edsons Worldwide Services, Inc.	)	Docket No. 06-BIS-05
7133 Valley View Road	)	
Edina, MN 55439	)	
	)	
Respondent.	)	
	)	

ORDER RELATING TO EDSONS WORLDWIDE SERVICES, INC.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has initiated an administrative proceeding against Edsons Worldwide Services, Inc. (“Edsons”) pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (“Regulations”),<sup>1</sup> and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),<sup>2</sup> through issuance of a charging letter to Edsons that alleged that Edsons committed two violations of the Regulations. Specifically, the charges are:

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<sup>1</sup> The violations charged occurred during 2001. The Regulations governing the violations at issue are found in the 2001 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001)). The 2006 Regulations establish the procedures that apply to this matter.

<sup>2</sup> 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 2, 2005 (70 Fed. Reg. 45273, August 5, 2005), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)).

1. *One Violation of 15 C.F.R. § 764.2(a) - Exporting an item subject to the Regulations without a license:* On or about January 6, 2001, Edsons engaged in conduct prohibited by the Regulations when it exported fingerprint powders classified under Export Control Classification Number (“ECCN”) 1A985 on the Commerce Control List (“CCL”) to Belarus without the license required by the U.S. Department of Commerce. Under Section 742.7 of the Regulations, a BIS export license was required for this export, but no such license was obtained.
2. *One Violation of 15 C.F.R. § 764.2(e) - Transfer of an item with knowledge that a violation would subsequently occur:* On or about January 6, 2001, Edsons transferred fingerprint powders classified under ECCN 1A985 on the CCL to Belarus with knowledge that a violation of the Regulations would occur in connection with the items. Specifically, Edsons transferred the fingerprint powders to Belarus without the license required by the U.S. Department of Commerce despite knowing that such license was required under the Regulations, and that such license would not be obtained. Edsons transferred the items after being notified by the U.S. Department of Commerce that Edsons' application for a license to export the items had been denied.

WHEREAS, BIS and Edsons have entered into a Settlement Agreement pursuant to Section 766.18(b) 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, for a period of ten years from the date on which this Order is published in the Federal Register, Edsons Worldwide Services, Inc., 7133 Valley View Road, Edina, MN 55439, its successors or assigns, and when acting for or on behalf of Edsons, its officers, representatives, agents, or employees (“Denied Person”) may not, directly or indirectly, participate 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.

SECOND, 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.

THIRD, that, to prevent evasion of this Order, BIS, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, may make any person, firm, corporation, or business organization related to Edsons by affiliation, ownership, control, or

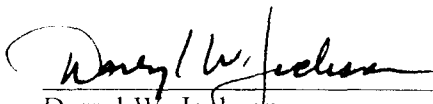
position of responsibility in the conduct of trade or related services subject to the provisions of this Order.

FOURTH, that this Order does not prohibit any export, reexport, or other transaction subject to the Regulations where the only items involved that are subject to the Regulations are the foreign-produced direct product of U.S.-origin technology.

FIFTH, that the charging letter, the Settlement Agreement, this Order, and the record of this case as defined by Section 766.20 of the Regulations shall be made available to the public.

SIXTH, that the administrative law judge shall be notified that this case is withdrawn from adjudication.

This Order, which constitutes the final agency action in this matter, is effective upon publication in the Federal Register.

  
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Darryl W. Jackson  
Assistant Secretary of Commerce  
for Export Enforcement

Entered this 5<sup>th</sup> day of June 2006.