



PROPOSED CHARGING LETTER

November 5, 2001

Dodge International,  
A Division of Reliance Electric Company  
P O Box 499  
Greenville, SC 29602

Case No. 95-16

Gentlemen/Ladies:

We have reason to believe and charge that you, Dodge International, have committed two violations of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2001)) (the "Regulations"),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (1991 & Supp. 2001)) (the "Act").<sup>2</sup>

We charge that you, on one occasion, in violation of Section 769.6 of the former Regulations, failed to report to the Department your receipt of requests to engage in restrictive trade practices or boycotts.

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<sup>1</sup> The alleged violations occurred in 1994. The Regulations governing the violations at issue are found in the 1994 version of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1994)). Those Regulations define the violations that we allege occurred and are referred to hereinafter as the former Regulations. Since that time, the Regulations have been reorganized and restructured; the restructured Regulations established the procedures that apply to the matters in this letter.

<sup>2</sup> 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 most recent 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.A. §§ 1701-1706 (1991 & Supp. 2001)) (IEEPA). On November 12, 2000, the Act was reauthorized and 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 (66 Fed. Reg. 44025 (August 22, 2001)), has continued the Regulations in effect under IEEPA.



We also charge that you, on one occasion, failed to maintain records containing information relating to reportable boycott requests for a three-year period after your receipt of the requests, as directed by Sections 769.6(b)(8) and 787.13(e) of the former Regulations.

We allege that:

1. Reliance Electric Company is, and at all times relevant was, a domestic concern incorporated in the State of Delaware and resident in the State of Ohio and, as such, is a United States person as defined in Section 760.1 (b) of the Regulations.

2. You, Dodge International, are, and at all times relevant were, a company doing business in the State of South Carolina and a division of Reliance Electric Company. Accordingly, you are a United States person as defined in Section 760.1 (b) of the former Regulations

3. During 1994, you engaged in a transaction involving the sale of United States-origin goods to Kuwait, an activity in the interstate or foreign commerce of the United States as defined in Section 769.1 (d) of the former Regulations.

4. In connection with the activity described in paragraph 3 above, on or about July 30, 1994, you received shipping instructions which contained, *inter nlia*, the following requests to engage in restrictive trade practices or boycotts:

**AIR WAYBILL (AWB)**

. . . .the supplier should make sure that the carrier whether by sea or by air abides by the laws, rules and regulations concerning Israel Boycott and provide a written statement... that the vessel or aircraft is not Israeli owned or blacklisted.

**COMMERCIAL INVOICE.....**

All commercial invoices should contain the following declaration.

Quote

“We the manufacturers (suppliers.. distributors.. as the case may be) hereby certify that the goods are neither of Israeli or South African origin nor do they contain any Israeli or South African materials, parts or components.

. . . .We further declare that we are not a parent or a branch or a subsidiary or an affiliate of any Israeli boycotted or blacklisted company.”

Unquote.....

**CERTIFICATE OF ORIGIN**

The Certificate of Origin should fully comply with all the requirements of the laws, rules and regulations concerning the Boycott of Israel.....

You failed to report to the Department your' receipt of these requests to engage in restrictive trade practices or boycotts as directed by Section 769.6 of the former Regulations. We, therefore, charge you with one violation of Section 769.6 of the former Regulations.

5. In correspondence dated October 23, 1996, April 23, 1997, and October 7, 1997, the Department's Office of Antiboycott Compliance requested, *inter alia*, you to produce and make available documents made or obtained by you in connection with the activity described in paragraph 3, above. Sections 769.6(b)(8) and 787.13(e) of the former Regulations required you to maintain records containing information relating to reportable boycott requests for a three year period. You failed to produce any records in response. We, therefore, charge you with one violation of Sections 769.6(b)(8) and 787.13(e) of the former Regulations.

Accordingly, administrative proceedings are instituted against you pursuant to Part 766 of the Regulations for the purpose of obtaining an Order imposing administrative sanctions.'

You are entitled to a hearing on the record as provided in Section 766.6 of the Regulations. If you wish to have a hearing on the record, you must file a written demand for it with your answer. You are entitled to be represented by counsel: and under Section 766.18 of the Regulations, to seek a settlement agreement.

If you fail to answer the allegations contained in this letter within thirty (30) days after service as provided in Section 766.6, such failure will be treated as a default under Section 766.7.

As provided in Section 766.3, I am referring this matter to the Administrative Law Judge. Pursuant to an Interagency Agreement between the Bureau of Export Administration and the U.S. Coast Guard, the U.S. Coast Guard is providing administrative law judge services, to the extent that such services are required under the Regulations, in connection with the matter set forth in this letter. Therefore, in accordance with the instructions in Section 766.5(a) of the Regulations, your answer should be filed with:

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<sup>3</sup> Administrative sanctions may include any or all the following:

- a. A civil penalty of \$10,000 per violation (see § 764.3(a)(1) of the Regulations);
- b. Denial of export privileges (see § 764.3(a)(2) of the Regulations); and/or
- c. Exclusion from practice (see § 764.3(a)(3) of the Regulations).

U.S. Coast Guard ALJ Docketing Center  
40 South Gay Street  
Baltimore, Maryland 21202-4022  
/

Attention: Administrative Law Judge

Also, in accordance with the instructions in Section 766.5(b) of the Regulations, a copy of your answer should also be served on the Bureau of Export Administration at:

Office of the Chief Counsel for Export Administration  
U.S. Department of Commerce  
Room H-3 839  
14th Street & Constitution Avenue, N.W.  
Washington, D.C. 20230

Sincerely,

Dexter M. Price  
Director  
Office of Antiboycott Compliance

UNITED STATES OF AMERICA  
DEPARTMENT OF COMMERCE

\_\_\_\_\_) )  
) )  
In the Matter of ) )  
) ) Case No. 95-16  
Rockwell Automation Inc. ) )  
) )  
\_\_\_\_\_) )

ORDER

The Office of Antiboycott Compliance, Bureau of Industry and Security', U.S. Department of Commerce ("Department"), having determined to initiate an administrative proceeding pursuant to Section 11 (c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (1994 & Supp. V 1999)) (the "Act")<sup>2</sup> and the Export Administration Regulations (currently codified at 15 C.F.R Parts 730-774 (2002)) (the "Regulations"), against Rockwell Automation Inc. ("Rockwell"), successor to Reliance Electric Company ("Reliance"),

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<sup>1</sup> On April 18, 2002, the Department of Commerce announced that the name of the Bureau of Export Administration ("BXA") had been changed to the Bureau of Industry and Security ("BIS") and made conforming changes in the Export Administration Regulations. *Fed. Reg.* 20630-32 (April 26, 2002). This change does not affect the substantive activities or responsibilities of BIS. All actions taken before, on or after April 18 under the name of BXA will be deemed to have been taken under the name BIS and all references to BXA are deemed to be to BIS.

<sup>2</sup> The Act expired on August 20, 2001. Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 14, 2002 (67 *Fed. Reg.* 53721 (August 16, 2002)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1994 & supp. v 1999)).

a domestic concern, resident in the State of Wisconsin, based on allegations set forth in the Proposed Charging Letter, dated November 5, 2001, a copy of which is attached hereto and incorporated herein by this reference, for ~~alleged~~ violations of the Regulations committed by Dodge International, a Division of Reliance prior to its acquisition by Rockwell;

The Department and Rockwell having entered into a Settlement Agreement, incorporated herein by this reference, whereby the parties have agreed to settle this matter; and

I, the Assistant Secretary for Export Enforcement, having approved the terms of the Settlement Agreement:

IT IS ORDERED THAT,

FIRST, a civil penalty of \$5,000 is assessed against Rockwell;

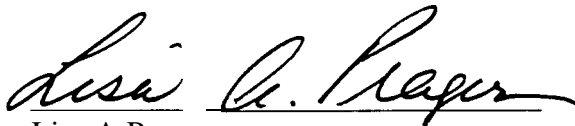
SECOND, Rockwell shall pay to the Department the sum of \$5,000 within thirty days of the date of this Order, as specified in the attached instructions;

THIRD, pursuant to the Debt Collections Act of 1982, as amended (31 U.S.C.A. §§ 3701-3720E (1983 and Supp. 2001)), 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, Rockwell may be assessed, in addition to interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

FOURTH, as authorized by Section 1 l(d) of the Act, the timely payment of the sum of \$5,000 is hereby made a condition to the granting, restoration or continuing validity of any export license, permission, or privilege granted, or to be granted, to Rockwell. Accordingly, if Rockwell should fail to pay the sum of \$5,000 in the manner prescribed by this Order, I will enter an Order under the authority of Section 1 l(d) of the Act denying all of Rockwell's export privileges for a period of one year from the date of the entry of this Order; and

FIFTH, the Proposed Charging Letter, the Settlement Agreement and this Order shall be made available to the public, and a copy of this Order shall be served upon Rockwell.

This Order is effective immediately.



Lisa A Prager  
Acting Assistant Secretary for Export Enforcement

Entered this 23<sup>rd</sup> day of May, 2003

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INSTRUCTIONS FOR PAYMENT OF SETTLEMENT AMOUNT

1. The check should be made payable to:

U.S. DEPARTMENT OF COMMERCE

2. The check should be mailed to:

U.S. Department of Commerce  
Bureau of Industry and Security  
Room 6881  
14th & Constitution Avenue, N. W.  
Washington, D.C. 20230

Attention: Sharon Gardner



## , NOTICE

The Order to which this Notice is attached describes the reasons for the assessment of the civil monetary penalty and the rights, if any, that respondent may have to seek review, both within the U.S. Department of Commerce and the courts. It also specifies the amount owed and the date by which payment of the civil penalty is due and payable.

Under the Debt Collection Act of 1982, as amended (31 U.S.C.A. §§ 3701-3720E (1983 and Supp. 2001)) and the Federal Claims Collection Standards (65 Fed. Reg. 70390-70406, November 22, 2000 to be codified at 31 C.F.R. Parts 900-904), interest accrues on any and all civil monetary penalties owed and unpaid under the Order, from the date of the Order until paid in full. The rate of interest assessed respondent is the rate of the current value of funds to the U.S. Treasury on the date that the Order was entered. However, interest is waived on any portion paid within 30 days of the date of the Order. See 31 U.S.C.A. § 3717 and 31 C.F.R. § 901.9.

The civil monetary penalty will be delinquent if not paid by the due date specified in the Order. If the penalty becomes delinquent, interest will continue to accrue on the balance remaining due and unpaid, and respondent will also be assessed both an administrative charge to cover the cost of processing and handling the delinquent claim and a penalty charge of six percent per year. However, although the penalty charge will be computed from the date that the civil penalty becomes delinquent, it will be assessed only on sums due and unpaid for over 90 days after that date. See 31 U.S.C.A. § 3717 and 31 C.F.R. § 901.9.

The foregoing constitutes the initial written notice and demand to respondent in accordance with Section 901.2(b) of the Federal Claims Collection Standards (4 C.F.R. § 901.2(b)).

UNITED STATES OF AMERICA

DEPARTMENT OF COMMERCE

\_\_\_\_\_, )  
 )  
In the Matter of )  
 )  
Rockwell Automation Inc. ) Case No. 95-16  
 )  
\_\_\_\_\_ )

SETTLEMENT AGREEMENT

This agreement is made by and between Rockwell Automation Inc. (“Rockwell”), successor to Reliance Electric Company (“Reliance”), a domestic concern, resident in the State of Wisconsin, and the Office of Antiboycott Compliance, Bureau of Industry and Security’, United States Department of Commerce (“Department”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2002)) (the “Regulations”), issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (1994 & Supp. V 1999)) (the “Act”).<sup>2</sup>

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<sup>1</sup> On April 18, 2002, the Department of Commerce announced that the name of the Bureau of Export Administration (“BXA”) had been changed to the Bureau of Industry and Security (“BIS”) and made conforming changes in the Export Administration Regulations. *Fed. Reg.* 20630-32 (April 26, 2002). This change does not affect the substantive activities or responsibilities of BIS. All actions taken before, on or after April 18 under the name of BXA will be deemed to have been taken under the name BIS and all references to BXA are deemed to be to BIS.

<sup>2</sup> The Act expired on August 20, 2001. Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 14, 2002 (67 *Fed. Reg.* 53721 (August 16, 2002)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1994 & Supp. V 1999)).

WHEREAS, the Department has notified Rockwell of its intention to initiate an administrative proceeding against Rockwell, as successor to Reliance, pursuant to Section 11(c) of the Act by issuing the Proposed Charging Letter dated November 5, 2001, a copy of which is attached hereto and incorporated herein by this reference, for alleged violations of the Regulations committed by Dodge International, a Division of Reliance prior to its acquisition by Rockwell; and

WHEREAS, Rockwell has reviewed the Proposed Charging Letter and is aware of the allegations against it and the administrative sanctions which could be imposed against it if the allegations are found to be true; Rockwell fully understands the terms of this Settlement Agreement, and enters into this Settlement Agreement voluntarily and with full knowledge of its rights; and Rockwell states that no promises or representations have been made to it other than the agreements and considerations herein expressed; and

WHEREAS, Rockwell neither admits nor denies the truth of the allegations, but wishes to settle and dispose of the allegations made in the Proposed Charging Letter by entering into this Settlement Agreement; and

WHEREAS, Rockwell agrees to be bound by the appropriate Order ("Order") when entered;

NOW, THEREFORE, Rockwell and the Department agree as follows:

1. Under the Act and the Regulations, the Department has jurisdiction over Rockwell with respect to the matters alleged in the Proposed Charging Letter.
2. In complete settlement of all matters set forth in the Proposed Charging Letter, Rockwell will pay to the Department the amount of \$5,000 within 30 days of the date of the Order, when entered.
3. As authorized by Section 11 (d) of the Act, timely payment of the amount agreed to in paragraph 2 is hereby made a condition of the granting, restoration, or continuing validity of any export license, permission, or privilege granted, or to be granted, to Rockwell. Failure to make payment of this amount shall result in the denial of all of Rockwell's export privileges for a period of one year from the date of entry of the Order.
4. Subject to the approval of this Settlement Agreement pursuant to paragraph 9 hereof, Rockwell hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violation of this Settlement Agreement or the Order, when entered) including, without limitation, any right to:
  - A. An administrative hearing regarding the allegations in the Proposed Charging Letter;
  - B. Request a refund of the funds paid by Rockwell pursuant to this Settlement Agreement and the Order, when entered; or

C. Seek judicial review or otherwise contest the validity of this Settlement Agreement or the Order, when entered.

5. The Department, upon entry of the Order, will not initiate any administrative or judicial proceeding, or make a referral to the Department of Justice or to any other agency of the United States Government for possible enforcement action, against Rockwell or any of its officers, directors or employees, with respect to any violation of Section 8 of the Act or Part 760 of the Regulations arising out of the transactions set forth in the Proposed Charging Letter or any other transaction that was disclosed to or reviewed by the Department in the course of its investigation.

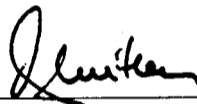
6. Rockwell understands that the Department will disclose publicly the Proposed Charging Letter, this Settlement Agreement, and the Order, when entered.

7. This Settlement Agreement is for settlement purposes only, and does not constitute an admission by Rockwell that it has violated the Regulations or an admission of the truth of any allegation contained in the Proposed Charging Letter or referred to in this Settlement Agreement. Therefore, if this Settlement Agreement is not accepted and the Order not entered by the Assistant Secretary for Export Enforcement, the Department may not use this Settlement Agreement against Rockwell in any administrative or judicial proceeding.

8. No agreement, understanding, representation or interpretation not contained in this Settlement Agreement may be used to vary or otherwise affect the terms of this Settlement Agreement or the Order, when entered, nor shall this Settlement Agreement 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 herein addressed

9. This Settlement Agreement will become binding on the Department only when approved by the Assistant Secretary for Export Enforcement by entering the Order.

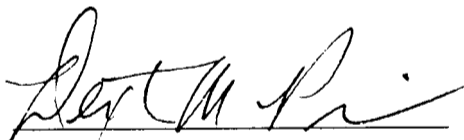
ROCKWELL AUTOMATION INC.



D.N. WHITELY  
ASSOC. GEN. COUNSEL

DATE: 4/22/03

U.S. DEPARTMENT OF COMMERCE



DATE: 5/8/03

Dexter M. Price  
Director  
Office of Antiboycott Compliance



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**Immediate Release**

May 22, 2003

Contact: BIS Public Affairs  
(202) 482-2721

**U.S. Parent Company and Two Subsidiaries Fined for Alleged Antiboycott Violations**

Acting Assistant Secretary for Export Enforcement Lisa A. Prager announced today that the U.S. Department of Commerce has imposed a \$9,000 civil penalty on Rockwell Automation Inc, a Milwaukee, Wisconsin-based corporation and successor company to Reliance Electric Company, and two of Reliance's foreign subsidiaries to settle allegations that the Reliance companies committed four violations of the antiboycott provisions of the Export Administration Regulations (EAR).

The Commerce Department's Bureau of Industry and Security (BIS) alleged that Dodge International, a division of Reliance Electric Company, violated the EAR's antiboycott provisions by failing to report a request from a Kuwaiti purchaser for a declaration from Dodge that the goods at issue did not originate in Israel and that Dodge was not affiliated with any Israeli boycotted or blacklisted company. BIS further alleged that Dodge failed to maintain records containing information relating to a reportable boycott request as required by the EAR's antiboycott provisions.

In addition, BIS alleged that two foreign subsidiaries of Reliance, prior to their acquisition by Rockwell, each committed one violation of the EAR's antiboycott provisions by furnishing prohibited information about their or another company's business relationships. Specifically, BIS alleged that Reliance Electric GmbH furnished information regarding its business relationship with Israel in a transaction involving a sale to the United Arab Emirates, and that Reliance Electric AG furnished information regarding the blacklist status of the aircraft carrying the goods in a transaction involving a sale to Pakistan.

The companies involved voluntarily disclosed the transactions and cooperated fully with the subsequent investigation.

Acting Assistant Secretary Prager commended Senior Compliance Officer Cathleen A. Ryan, who conducted the investigation of this case.