



UNITED STATES DEPARTMENT OF COMMERCE  
Bureau of Export Administration  
Washington, D C 20230

**CERTIFIED MAIL - RETURN RECEIPT REQUESTED**

Trane Export, Inc.  
3600 Pammel Creek Road  
La Crosse, Wisconsin 54601

The Bureau of Export Administration, United States Department of Commerce (“BXA”), has reason to believe that Trane Export, Inc. (“Trane”) violated 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> on one occasion. Specifically, **BXA** charges that Trane committed the following violation:

**Charge 1: Acting Contrary to the Terms of a Denial Order: EAR § 764.2 (k)**

On or about December 11, 1996, Trane violated the terms of an order denying all of the U.S. export privileges of Realtek Semiconductors Co., Ltd. (“Realtek”) by participating in a transaction with Realtek involving commodities that were subject to the Export Administration Regulations and that were exported from the United States. Trane exported commercial air-conditioning machinery from the United States to Realtek, in Taiwan. At the time, Realtek was a person denied all U.S. export privileges by an order of the Bureau of Export Administration dated August 3, 1995, and published in the Federal Register on August 9, 1995 (60 Fed. Reg. 40565-40566) that was effective for five years. BXA alleges that, by taking an action prohibited by a denial order, Trane committed one violation of Section 764.2(k) 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 (2001). The violation charged occurred in 1996. The Regulations governing the violation are codified at 15 C.F.R. Parts 730-774 (1996). They are substantially the same as the 2001 version of the Regulations which govern the procedural aspects of this case.

<sup>2</sup> 50 U.S.C. app. §§ 2401-2420 (1994 & Supp. IV 1998), as reauthorized by Act of November 13, 2000, Pub. L. No. 106-508, 114 Stat. 2360. The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (1994 & Supp. IV 1998)) until the Act was reauthorized on November 13, 2000. The Act and Regulations are available on the Government Printing Office website at: <http://w3.access.gpo.gov/hxa/>.



Accordingly, Trane 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:

A civil penalty of up to **\$11,000** for each violation<sup>3</sup>;

A denial of export privileges; and/or

Exclusion from practice before BXA.

If Trane fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of the letter, that failure will be treated as a default. (Regulations, Section 766.6 and 766.7). If Trane defaults, the Administrative Law Judge may find the charges alleged in this letter are true without hearing or further notice to Trane. The Under Secretary for Export Administration may impose up to the maximum penalty on each of the charges in this letter.

Trane is further notified that it is entitled to an agency hearing on the record if Trane files a written demand for one with its answer. (Regulation, Section 766.6). Trane 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 you have a proposal to settle this case, you or your representative should transmit it to me through the attorney representing BXA named below.

The **U.S.** Coast Guard provides administrative law judges service in connection with the matters set forth in this letter. Accordingly, Trane's answer should be filed pursuant to 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**

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<sup>3</sup> The maximum civil penalty for any violation committed after October **23, 1996** is **\$11,000** per violation. See **15 C.F.R. § 6.4(a)(3) (2001)**.

A copy of Trane's answer must be served on BXA at:

Chief Counsel for Export Administration  
Attention: Lairold M. Street, Esq.  
Room **H-3839**  
**U.S.** Department of Commerce  
**14"** Street and Constitution Avenue, **NW**  
Washington, D.C. **20230**

Lairold M. Street is the attorney representing the Bureau of Export Administration on this case.  
He may be contacted by telephone at **(202) 482-5311**.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark D. Menefee". The signature is fluid and cursive, with a large initial "M" and "D".

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 )  
 )  
TRANE EXPORT LLC )  
3600 Pammel Creek Road )  
La Crosse, Wisconsin 54601-7599, )  
 )  
Respondent. )  
\_\_\_\_\_ )

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Respondent, Trane Export LLC (“Trane Export”), 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 (2003)) (“Regulations”), issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”).<sup>1</sup>

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

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<sup>1</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 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 - 1707 (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 renewed by the Notice of August 14, 2002 (67 Fed. Reg. 53721 (August 16, 2002)), has continued the Regulations in effect under IEEPA.

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

1. *One Violation of 15 C.F.R. § 764.2(k) - Acting Contrary to the Terms of a Denial Order:* On or about December 11, 1996, Trane Export violated the terms of an order denying all of the U.S. export privileges of Realtek Semiconductors Co., Ltd. (“Realtek”) by participating in a transaction with Realtek involving commodities that were subject to the Regulations and that were exported from the United States. Trane Export exported commercial air-conditioning machinery from the United States to Realtek, in Taiwan. At the time, Realtek was a person denied all U.S. export privileges by an order of BIS (then known as the Bureau of Export Administration) dated August 3, 1995, and published in the Federal Register on August 9, 1995 (60 Fed. Reg. 40565-40566) that was effective for five years.

WHEREAS, Trane Export has reviewed the proposed charging letter and is aware of the allegation made against it and the administrative sanctions which could be imposed against it if the allegation is found to be true;

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over Trane Export, under the Regulations, in connection with the matters alleged in the proposed charging letter
2. The following sanction shall be imposed against Trane Export in complete settlement of the violations of the Regulations set forth in the proposed charging letter:
  - a. Trane Export shall be assessed a civil penalty in the amount of \$5,000 which shall be paid to the U.S. Department of Commerce within 30 days 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, permission, or privilege granted, or to be granted, to Trane Export.

Failure to make timely payment of the civil penalty set forth above shall result in the denial of all of Trane Export's export 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, Trane Export 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 allegation in the proposed charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, when entered; and (c) 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 \$5,000 civil penalty, BIS will not initiate any further administrative proceeding against Trane Export in connection with any violation of the Act or the Regulations arising out 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.

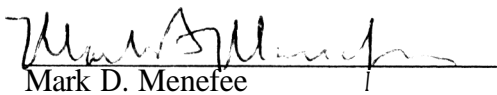
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed herein.

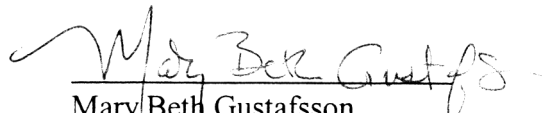
8. This Agreement shall become binding on BIS only when the Assistant Secretary of Commerce for Export Enforcement approves it by entering the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

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

TRANE EXPORT LLC.

  
Mark D. Menefee  
Director  
Office of Export Enforcement

  
Mary Beth Gustafsson  
Vice-President and Secretary

Date: 8/8/03

Date: 8/6/03



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

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In the Matter of: )  
)  
TRANE EXPORT LLC )  
3600 Pammel Creek Road )  
La Crosse, Wisconsin 54601-7599, )  
)  
Respondent. )  
\_\_\_\_\_ )

ORDER

The Bureau of Industry and Security, United States Department of Commerce (“BIS”) having notified Trane Export LLC (“Trane Export”) of its intention to initiate an administrative proceeding against Trane Export pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2003)) (“Regulations”), and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),<sup>1</sup> based on the proposed charging letter issued to Trane Export that alleged Trane Export committed one violation of the Regulations. Specifically, the charge is:

1. *One Violation of 15 C.F.R. § 764.2(k) - Acting Contrary to the Terms of a Denial Order:* On or about December 11, 1996, Trane Export violated the terms of an order denying all of the U.S. export privileges of Realtek Semiconductors Co.,

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<sup>1</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 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 (68 Fed. Reg. 47833 (August 11, 2003)), has continued the Regulations in effect under IEEPA.

Ltd. (“Realtek”) by participating in a transaction with Realtek involving commodities that were subject to the Regulations and that were exported from the United States. Trane Export exported commercial air-conditioning machinery from the United States to Realtek, in Taiwan. At the time, Realtek was a person denied all U.S. export privileges by an order of BIS (then known as the Bureau of Export Administration) dated August 3, 1995, and published in the Federal Register on August 9, 1995 (60 Fed. Reg. 40565-40566) that was effective for five years.

BIS and Trane Export 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 \$5,000 is assessed against Trane Export, 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.

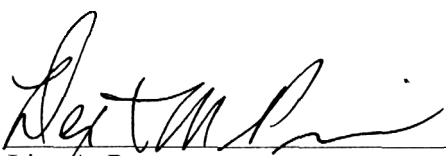
SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due date specified herein, Trane Export will be assessed, 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 Trane Export. Accordingly, if

Trade Export should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Trade Export'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.

  
for Lisa A. Prager  
Acting Assistant Secretary of Commerce  
for Export Enforcement

Entered this 6<sup>th</sup> day of October 2003