



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

MAR 19 2000

REGISTERED MAIL - RETURN RECEIPT REQUESTED

Reweld AG
Oberfeldstrasse 12
8302 Kloten
Switzerland

Attention: Urs Buchi
Director

Dear Mr. Buchi:

The Bureau of Export Administration, United States Department of Commerce ("BXA"), has reason to believe that Reweld AG ("Reweld") violated the Export Administration Regulations (the "Regulations"),¹ which are issued under the authority of the Export Administration Act of 1979 (the "act"),² on two occasions. Specifically, BXA charges that Reweld committed the following violation:

Charge 1 (§ 764.2(d) Conspiracy – Conspiracy to Export in Violation of the Regulations)

In or about February 2000, Reweld conspired with Oerlikon-Welding Ltd., and others both known and unknown to BXA, to bring about an act prohibited by the Regulations. The purpose

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2001). The violations charged occurred in 2000. The Regulations governing the violations are codified at 15 C.F.R. Parts 730-774 (2000). They are substantially the same as the 2001 version of the Regulations that govern the procedural aspects of this case.

² 50 U.S.C. app. 2401- 2420 (1994 & Supp. V. 1999). 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 (1994 & Supp. V 1999)) ("IEEPA"). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508 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 (66 *Fed. Reg.* 44025 (August 22, 2001)), has continued the Regulations in effect under IEEPA. The Act and Regulations are available on the Government Printing Office website at: <http://w3.access.gpo.gov/bxa/>.



of the conspiracy was to export 30,000 pounds of Cellulose Solka-Floe, an item subject to the Regulations and subject to the Iranian Transactions Regulations,³ from the United States to the Islamic Republic of Iran without prior authorization from the Office of Foreign Assets Control, Department of the Treasury, as required by Section 746.7 of the Regulations. To accomplish their purpose, the conspirators placed an order for the abovementioned goods without identifying the Iran as the ultimate destination of the export and attempted to export the goods to Iran. In doing so, Reweld violated Section 764.2(d) of the Regulations.

Charge 2 (§ 764.2(c) Attempt - Attempted Exportation in Violation of the Regulations)

On or about February 25, 2000, Reweld attempted to export the goods referred to in Charge 1 to Iran via Switzerland. These goods were subject to the Regulations and the Iranian Transactions Regulations, and they did not have prior authorization from the Office of Foreign Assets Control, Department of the Treasury, as required by Section 746.7 of the Regulations. In so doing, Reweld violated Section 764.2(c) of the Regulations.

Accordingly, Reweld 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 violation⁴;

A denial of export privileges; and

Exclusion from practice before BXA.

If Reweld 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 Reweld defaults, the Administrative Law Judge may find the charges alleged in this letter are true without hearing or further notice to Reweld. The Under Secretary for Export Administration may then impose up to the maximum penalty on each of the charges in this letter.

Reweld is further notified that it is entitled to an agency hearing on the record if Reweld files a written demand for one with its answer. (Regulations, Section 766.6). Reweld 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).

³ 31 C.F.R. Part 560 (2001).

⁴ Pursuant to the Federal Civil Penalties Adjustment Act of 1990, (28 U.S.C. 2461, note (1994 & Supp. V 1999)) and 15 C.F.R. § 6.4(a)(2), the maximum penalty for each violation committed after October 23, 1996 and before November 1, 2000 is \$11,000.

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 judge services in connection with the matters set forth in this letter. Accordingly, Reweld'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

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

Chief Counsel for Export Administration
Attention: Peter R. Klason
Room H-3839
U.S. Department of Commerce
14th and Constitution Avenue, N. W.
Washington, D.C. 20230

Peter R. Klason is the attorney representing the Bureau of Export Administration on this case. He may be contacted by telephone at (202) 482-5304.

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:)
)
Reweld AG)
Oberfeldstrasse 12)
8302 Kloten)
Switzerland,)
)

Respondent

Case No. 02-BXA-08

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Reweld AG (“Reweld”) and the Bureau of Industry and Security, United States Department of Commerce (“BIS”), pursuant to Section 766.1 S(b) of the Export Administration Regulations (15 C.F.R. Parts 730-774 (2001)) (the “Regulations”),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (1994 & Supp. V 1999)) (“Act”),² and which are currently maintained in force under the International Emergency Economic Powers Act (50 U.S.C. §§1701 - 1706 (1994 & Supp. V 1999)).

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2002). The violations charged occurred in 2000. The Regulations governing the violations are codified at 15 C.F.R. Parts 730-774 (2000). They are substantially the same as the 2002 version of the Regulations which govern the procedural aspects of this case.

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 (1994 & Supp. V 1999)) (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 14, 2002 (67 *Fed. Reg.* 53721 (August 16, 2002)), has continued the Regulations in effect under IEEPA.



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

WHEREAS, BIS has issued a charging letter to Reweld that alleged that Reweld committed two violations of the Regulations. Specifically, the charges are that Reweld violated Sections 764.2(b) and 764.2(d) of the Regulations by attempting to export cellulose from the U.S. to Iran and conspiring to export cellulose from the U.S. to Iran without the required authorization from the Office of Foreign Assets Control, Department of the Treasury, as required by the Regulations.

WHEREAS, Reweld 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, Reweld fully understands the terms of this Agreement and the Order that will be issued to give effect to this Settlement Agreement ("Order");

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

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

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

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

A handwritten signature in black ink, appearing to be "A.P.", is located in the bottom right corner of the page.

WHEREAS, Reweld agrees to be bound by the Order, when entered;

NOW THEREFORE, Reweld and BIS agree as follows:

1. BIS has jurisdiction over Reweld, under the Regulations, in connection with the matters alleged in the charging letter.
2. BIS and Reweld agree that the following sanction shall be imposed against Reweld in complete settlement of the alleged violations of the Regulations set forth in the charging letter:
 - a. Reweld shall be assessed a civil penalty in the amount of \$22,000.
 - b. The timely payment of the civil penalty agreed to in paragraph 2a. 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 Reweld. Failure to make timely payment of the civil penalty set forth above shall result in the denial of all of Reweld's export privileges for a period of one year from the date of entry of the Order imposing the civil penalty.
3. Reweld agrees that, subject to the approval of this Agreement pursuant to paragraph 8 hereof, it hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, when 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, when entered; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, when entered.

A handwritten signature in black ink, appearing to be "A. J. J.", located in the bottom right corner of the page.

4. BIS agrees that, upon entry of the Order, it will not initiate any administrative proceeding against Reweld in connection with any violation of the Act or the Regulations arising out the transactions identified in the charging letter. BIS additionally agrees that it will withdraw the pending charging letter against Reweld in case number 02-BXA-08 from adjudication by the administrative law judge.

5. Reweld understands that BIS will make the charging letter, this Agreement, and the Order, when entered, available to the public.

6. BIS and Reweld agree that 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, BIS and Reweld agree that they may not use this Agreement in any administrative or judicial proceeding and that the parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

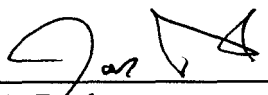
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, when entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department 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.

A handwritten signature in black ink, appearing to be the initials 'AQ' or similar, located in the bottom right corner of the page.

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.

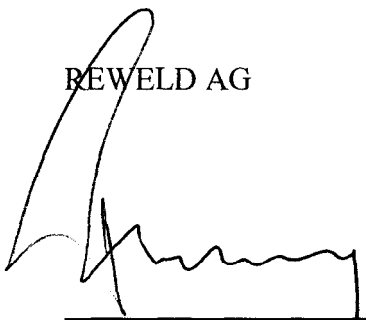
BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE



Jon A. Dyck
Chief Counsel for
Industry and Security

Date: 10/28/02

REWELD AG



Petr Führlinger

REWELD AG
Bungertwiesweg 10
8302 Kloten
Tel. 01/814 26 26+29
Fax 01/814 15 40

Date: 12.10.2002

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

In the Matter of:)
)
Reweld AG)
Oberfeldstrasse 12) Case No. 02-BXA-08
8302 Kloten)
Switzerland,)
)

Respondent)

ORDER

The Bureau of Industry and Security, United States Department of Commerce (“BIS”), has notified Reweld AG (“Reweld”), of its intention to initiate an administrative proceeding against it pursuant to Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (1994 & Supp. V 1999)) (“Act”),¹ and the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2002)) (“Regulations”),² based on allegations in a proposed charging letter issued to Reweld that alleged that Reweld committed two violations of the Regulations. Specifically, the charges are that Reweld violated Sections

¹ 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 (1994 & Supp. V 1999)) (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 14, 2002 (67 Fed. Reg. 53721 (August 16, 2002)), has continued the Regulations in effect under IEEPA.

² The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2002). The violations charged occurred in 2000. The Regulations governing the violations are codified at 15 C.F.R. Parts 730-774 (2000). They are substantially the same as the 2002 version of the Regulations which govern the procedural aspects of this case.

764.2(b) and 764.2(d) of the Regulations by attempting to export cellulose from the U.S. to Iran and conspiring to export cellulose from the U.S. to Iran without the required authorization from the Office of Foreign Assets Control, Department of the Treasury, as required by the Regulations.

BIS and Reweld having 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 the terms of the Settlement Agreement having been approved by me;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$22,000 is assessed against Reweld which shall be paid to the U.S. Department of Commerce within thirty 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 (1983 and Supp. 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, Reweld 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.

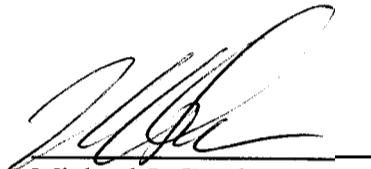
THIRD, that the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Reweld. Accordingly, if Reweld should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order

denying all of Reweld'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.

FIFTH, that a copy of this Order shall be delivered to the United States Coast Guard ALJ Docketing Center, 40 Gay Street, Baltimore, Maryland 21202-4022, notifying that office that case number 02-BXA-08 naming Reweld as a respondent is withdrawn from adjudication, as provided by Section 766.18(b) of the Regulations.

This Order, which constitutes the final agency action in this matter, is effective immediately.



Michael J. Garcia
Assistant Secretary of Commerce
for Export Enforcement

Entered this 12th day of November 2002.