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

_____)	
In the Matter of:)	
)	
Exel North American Logistics, Inc.)	Docket. No: 05-BIS-06
7651 Esters Blvd., Suite 200)	
Irving, Texas 75063)	
)	
Respondent)	

ORDER RELATING TO EXEL NORTH AMERICAN LOGISTICS, INC

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has initiated an administrative proceeding against Exel North American Logistics, Inc (“Exel”) as successor corporation to MSAS Global Logistics (“MSAS”)¹, pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2005)) (“Regulations”),² and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),³ through issuance of a charging letter to Exel that alleged that Exel committed one violation of the Regulations. Specifically, the charge is:

¹ In 2000, MSAS was a division of Ocean Group, PLC based in the United Kingdom and its U.S. headquarters were located in Burlingame, California. Ocean Group PLC subsequently merged with Exel PLC. On June 1, 2001, MSAS changed its legal name to Exel and continues to operate as such today.

² The violation charged occurred in 2000. The regulations governing the violation at issue are found in the 2000 version of the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2000). The 2005 Regulations govern the procedures that apply to this matter.

³ 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 2, 2005 (70 Fed. Reg. 45273, August 5, 2005), has continued the Regulations in effect under IEEPA.

1. *One Violation of 15 C.F.R. § 764.2(b) - Causing the Export of Medical Defibrillators to Iran Without the Required U.S. Government Authorization:* On or about July 3, 2000, MSAS caused the export of medical defibrillators, items subject to both the Regulations (EAR99)⁴ and the Iranian Transactions Regulations of the Treasury Department's Office of Foreign Assets Control ("OFAC"),⁵ from the United States through South Africa, to Iran when authorization from OFAC as required by Section 746.7 of the Regulations had not been obtained. Specifically, MSAS forwarded the defibrillators to its South Africa division which then transshipped them to Iran.

WHEREAS, BIS and Exel 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, that a civil penalty of \$8,000 is assessed against Exel, 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,

⁴ 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).

⁵ *See* 31 C.F.R. § 560.204.

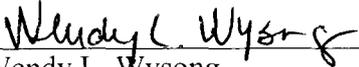
Exel will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

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 Exel. Accordingly, if Exel should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Exel's export privileges for a period of one year from the date of entry of this Order.

FOURTH, 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.

FIFTH, 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 immediately.



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

Entered this 11th day of October 2005.

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

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Exel North American Logistics, Inc.)	Docket. No: 05-BIS-06
7651 Esters Blvd., Suite 200)	
Irving, Texas 75063)	
)	
<u>Respondent</u>)	

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Exel North American Logistics, Inc. (“Exel”) as successor corporation to MSAS Global Logistics (“MSAS”)¹, 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 (2005)) (“Regulations”),² issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),³

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

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

1. *One Violation of 15 C.F.R. § 764.2(b) - Causing the Export of Medical Defibrillators to Iran Without the Required U.S. Government Authorization:* On or about July 3, 2000, MSAS caused the export of medical defibrillators, items subject to both the Regulations (EAR99)⁴ and the Iranian Transactions Regulations of the Treasury Department’s Office of Foreign Assets Control

(“OFAC”),⁵ from the United States through South Africa, to Iran when authorization from OFAC as required by Section 746.7 of the Regulations had not been obtained. Specifically, MSAS forwarded the defibrillators to its South Africa division which then transshipped them to Iran.

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over Exel, under the Regulations, in connection with the matters alleged in the charging letter.
2. The following sanction shall be imposed against Exel in complete settlement of the

violation of the Regulations relating to the transaction specifically detailed in the charging letter:

- a. Exel shall be assessed a civil penalty in the amount of \$8,000 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 Exel. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of Exel'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, Exel 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 and timely payment of the \$8,000 civil penalty, BIS will not initiate any further administrative proceeding against Exel 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, and the Order, if entered, and the record of the case as described 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 BIS 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.

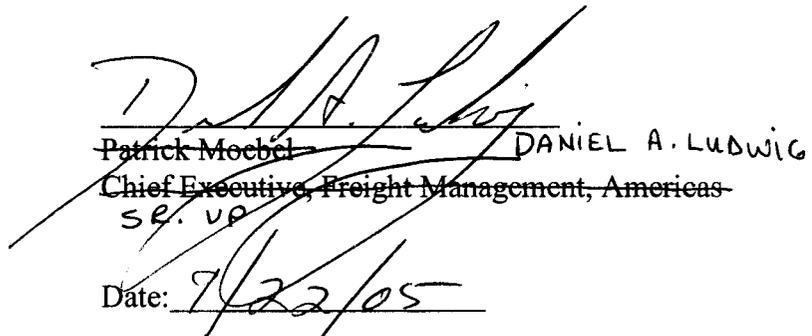
BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE

EXEL NORTH AMERICAN LOGISTICS, INC.



Craig S. Burkhardt
Acting Chief Counsel

Date: 10-5-05



~~Patrick Moebel~~ DANIEL A. LUDWIG
~~Chief Executive, Freight Management, Americas~~
~~SE. VP~~

Date: 7/22/05

¹ In 2000, MSAS was a division of Ocean Group, PLC based in the United Kingdom and its U.S. headquarters were located in Burlingame, California. Ocean Group PLC subsequently merged with Exel PLC. On June 1, 2001, MSAS changed its legal name to Exel and continues to operate as such today.

² The violation charged occurred in 2000. The regulations governing the violation at issue are found in the 2000 version of the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2000). The 2005 Regulations govern the procedures that apply to this matter.

³ 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 2, 2005 (70 Fed. Reg. 45273, August 5, 2005), has continued the Regulations in effect under IEEPA.

⁴ 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).

⁵ *See* 31 C.F.R. § 560.204.



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

JUN 23 2005

VIA: FEDEX

Exel North American Logistics, Inc.
7651 Esters Blvd., Suite 200
Irving, Texas 75063

Attn: Patrick Moebel
Chief Executive, Freight Management, Americas

Dear Mr. Moebel:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that Exel North American Logistics, Inc. of Irving, Texas ("Exel"), as successor corporation to MSAS Global Logistics ("MSAS"),¹ is liable for one violation of the Export Administration Regulations (the "Regulations")² committed by MSAS. The Regulations are issued under the authority of the Export Administration Act of 1979 (the "Act").³ Specifically, BIS charges that MSAS committed the following violation:

¹ In 2000, MSAS was a division of Ocean Group, PLC based in the United Kingdom and its U.S. headquarters were located in California. Ocean Group PLC subsequently merged with Exel PLC. On June 1, 2001, MSAS changed its legal name to Exel and continues to operate as such today.

² The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2005). The charged violation occurred in 2000. The Regulations governing the violation at issue are found in the 2000 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2000)). The 2005 Regulations set forth the procedures that apply to this matter.

³ 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. 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 6, 2004 (69 Fed. Reg. 48763 (August 10, 2004)), has continued the Regulations in effect under the IEEPA.



**Charge 1 15 C.F.R. § 764.2(b) - Causing the Export of Medical Defibrillators to Iran
Without the Required U.S. Government Authorization**

On or about July 3, 2000, MSAS caused the doing of an act prohibited by the Regulations when it caused the export of medical defibrillators, items subject to both the Regulations (EAR99)⁴ and the Iranian Transactions Regulations of the Treasury Department's Office of Foreign Assets Control ("OFAC"),⁵ from the United States through South Africa, to Iran when authorization from OFAC as required by Section 746.7 of the Regulations had not been obtained. Specifically, MSAS forwarded the defibrillators to its South Africa division and then transshipped them to Iran. In so doing, MSAS committed one violation of Section 764.2(b) of the Regulations.

Exel 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;⁶

Denial of export privileges; and/or

Exclusion from practice before BIS.

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

Exel 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. Exel 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.

⁴ 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).

⁵ *See* 31 C.F.R. § 560.204.

⁶ *See* 15 C.F.R. § 6.4(a)(2).

Exel North American Logistics, Inc.
Charging Letter
Page 3 of 3

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should Exel have a proposal to settle this case, Exel 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, Exel'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 Exel's answer must be served on BIS at the following address:

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

David C. Recker is the attorney representing BIS in this case; any communications that Exel may wish to have concerning this matter should occur through him. Mr. Recker may be contacted by telephone at (202) 482-5301.

Sincerely,



Michael D. Turner
Director
Office of Export Enforcement