



CERTIFIED MAIL - RETURN RECEIPT REQUESTED

SCP Global Technologies, Inc.
8455 Westpark Street
Boise, ID 83704

Attention: *Mr. Keith O'Leary*
President and CEO

DRAFT

Dear Mr. O'Leary:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that SCP Global Technologies, Inc., of Boise, Idaho ("SCP"), has committed 60 violations of the Export Administration Regulations (the "Regulations"),¹ which are issued under the authority of the Export Administration Act of 1979, as amended (the "Act").² Specifically, BIS charges that SCP committed the following violations:

Charges 1-15 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct

As described in greater detail in the attached Schedule of Violations, which is incorporated herein, on 15 occasions between on or about May 15, 2003 and on or about November 10, 2004, SCP engaged in conduct prohibited by the Regulations by exporting to Taiwan, pumps and valves, items subject to the Regulations and classified under Export Control Classification Number ("ECCN") 2B350, without the Department of Commerce licenses required by Section 742.2 of the Regulations. In so doing, SCP committed 15 violations of Section 764.2(a) of the Regulations.

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2006). The violations charged occurred from 2002 through 2005. The Regulations governing the violations at issue are found in the 2002 - 2005 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002-2005)). The 2006 Regulations govern the procedural aspects of this case.

² 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)), as extended most recently by the Notice of August 3, 2006, (71 Fed. Reg. 44551 (August 7, 2006)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) ("IEEPA").



Charges 16-30 15 C.F.R. § 764.2(e) - Acting With Knowledge of a Violation

On 15 occasions between on or about May 15, 2003 and on or about November 10, 2004, in connection with the transactions described in Charges 1-15 above, SCP sold and/or forwarded pumps and valves with knowledge that a violation of the Regulations would occur in connection with the items. At all times relevant hereto, SCP knew or should have known that an export license was required to ship pumps and valves, items subject to the Regulations and classified under ECCN 2B350, from the United States to Taiwan. SCP had reason to know that a license was required for this export since, *inter alia*, SCP had sought commodity classifications and licenses for similar products in the past. Additionally, SCP previously received a warning letter for the unlicensed export of ECCN 2B350 pumps. In so doing, SCP committed 15 violations of Section 764.2(e) of the Regulations.

Charges 31-45 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct

As described in greater detail in the attached Schedule of Violations, which is incorporated herein, on 15 occasions between on or about August 8, 2002 and on or about November 22, 2004, SCP engaged in conduct prohibited by the Regulations by exporting to the Peoples Republic of China ("China"), spare parts to include pumps and valves, items subject to the Regulations and classified under Export Control Classification Number ("ECCN") 2B350, without the Department of Commerce licenses required by Section 742.2 of the Regulations. In this case the Servicing and Replacement of Parts and Equipment ("RPL") License Exception³ did not apply since the items were maintained in a bonded warehouse in China rather than being exported as one-for-one replacements as required by the Regulations⁴. In so doing, SCP committed 15 violations of Section 764.2(a) of the Regulations.

DRAFT

³ 15 C.F.R. § 740.10

⁴ 15 C.F.R. § 740.10(a)(1)

Charges 46-60 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct

As described in greater detail in the attached Schedule of Violations, which is incorporated herein, on 15 occasions between on or about June 24, 2002 and on or about January 28, 2005, SCP engaged in conduct prohibited by the Regulations by exporting to Israel, spare parts to include pumps and valves, items subject to the Regulations and classified under Export Control Classification Number ("ECCN") 2B350, without the Department of Commerce licenses required by Section 742.2 of the Regulations. The RPL License Exception did not apply since the items were maintained in consignment at the customer's site in Israel rather than being exported as one-for-one replacements as required by the Regulations. In so doing, SCP committed 15 violations of Section 764.2(a) of the Regulations.

* * * * *

Accordingly, SCP 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 up to \$11,000 per violation;⁵

Denial of export privileges; and/or

Exclusion from practice before BIS.

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

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

⁵ See 15 C.F.R. § 6.4 (2002-2005), as supplemented by 68 Fed. Reg. 4,380 (Jan. 29, 2003), and 68 Fed. Reg. 69,001 (Dec. 11, 2003).

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

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

DRAFT

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

Sincerely,

Michael Turner
Director
Office of Export Enforcement

Enclosure

**SCP Global Technologies, Inc.
Schedule of Violations**

Charge(s)	Export Date	Commodity	ECCN	Value/Item	Destination	Order #	Violation(s)
1, 18	5/15/2003	White Knight AP 200 Pump	2B350	\$5,025.31	Taiwan	2048306	15 CFR 764.2(a)(5)
2, 17	8/30/2003	Valve Pneumatic Diaphragm	2B350	\$316.12	Taiwan	5082032	15 CFR 764.2(a)(5)
3, 18	8/1/2003	Pneumatic Valve	2B350	\$184.93	Taiwan	2048300	15 CFR 764.2(a)(5)
4, 19	10/9/2003	BECD Valve	2B350	\$163.28	Taiwan	2047423	15 CFR 764.2(a)(5)
5, 20	1/15/2004	Integra Diaphragm Valve	2B350	\$410.00	Taiwan	2048647	15 CFR 764.2(a)(5)
6, 21	5/29/2003	Pneumatic Valve	2B350	\$1,800.13	Taiwan	2048109	15 CFR 764.2(a)(5)
7, 22	6/7/2004	White Knight AT 300 Pump	2B350	\$8,214.81	Taiwan	5082899	15 CFR 764.2(a)(5)
8, 23	6/18/2004	Cleanstar C80 Valve	2B350	\$140.25	Taiwan	5082858	15 CFR 764.2(a)(5)
9, 24	6/23/2004	White Knight AP 200 Pump	2B350	\$5,078.58	Taiwan	2054752	15 CFR 764.2(a)(5)
10, 25	8/21/2003	Integra Diaphragm Valve	2B350	\$410.00	Taiwan	5082157	15 CFR 764.2(a)(5)
11, 26	12/17/2003	Valve Check	2B350	\$188.31	Taiwan	2048648	15 CFR 764.2(a)(5)
12, 27	3/30/2004	Pump Bellows	2B350	\$8,214.81	Taiwan	5082701	15 CFR 764.2(a)(5)
13, 28	6/2/2004	Pump	2B350	\$5,025.31	Taiwan	2053205	15 CFR 764.2(a)(5)
14, 29	10/21/2004	Valve	2B350	\$715.09	Taiwan	2057301	15 CFR 764.2(a)(5)
15, 30	11/10/2004	DI Water Valve	2B350	\$1,341.98	Taiwan	1204094	15 CFR 764.2(a)(5)
31	8/8/2002	Air-Op-3 Way	2B350	\$634.85	China	2042822	15 CFR 764.2(a)
32	10/17/2002	Valve Air Op Diaph.	2B350	\$378.36	China	2042916	15 CFR 764.2(a)
33	1/15/2003	Valve Air-Op, Diaph	2B350	\$378.36	China	2045317	15 CFR 764.2(a)
34	8/9/2002	Valve Air-Op, Diaph	2B350	\$363.09	China	2041487	15 CFR 764.2(a)
35	5/8/2003	Valve Assembly	2B350	\$447.60	China	5081767	15 CFR 764.2(a)
36	8/17/2003	Pump Assy 3 Phase Motor	2B360	\$2,178.00	China	2046751	15 CFR 764.2(a)
37	9/25/2003	White Knight AT 100 Pump	2B350	\$3,419.87	China	2047350	15 CFR 764.2(a)
38	5/4/2004	Air-Op Valve	2B350	\$458.68	China	2053113	15 CFR 764.2(a)
39	5/5/2004	Valve Air Op Diaph	2B350	\$815.00	China	1201948	15 CFR 764.2(a)
40	5/12/2004	White Knight AT 100 Pump	2B350	\$3,419.87	China	2053105	15 CFR 764.2(a)
41	5/14/2004	Valve Air Op	2B350	\$836.82	China	1201972	15 CFR 764.2(a)
42	5/19/2004	Pump Bellows	2B350	\$11,410.31	China	2053096	15 CFR 764.2(a)
43	9/1/2004	Israeli FW-40HT Pump	2B350	\$10,070.13	China	2056320/5083025	15 CFR 764.2(a)
44	11/8/2004	Valve Air OP	2B350	\$796.35	China	5083337	15 CFR 764.2(a)
45	11/22/2004	BECD CR Valve	2B350	\$634.85	China	2058211	15 CFR 764.2(a)
46	1/28/2006	Pump Bellows	2B360	\$7,019.62	Israel	7000081	15 CFR 764.2(a)
47	6/24/2002	Valve Air-OP Diaph	2B360	\$180.60	Israel	7000010	15 CFR 764.2(a)
48	7/30/2002	Valve Air-OP Diaph	2B360	\$180.60	Israel	7000012	15 CFR 764.2(a)
49	5/9/2003	Valve Air-OP, Diaph	2B350	\$182.09	Israel	7000033	15 CFR 764.2(a)
50	11/15/2002	Pump Bellows	2B350	\$12,309.16	Israel	7000019	15 CFR 764.2(a)
51	12/10/2002	Valve Air-Op, Diaph	2B350	\$180.60	Israel	7000020	15 CFR 764.2(a)
52	2/12/2003	Heat Exchanger Assy.	2B350	\$2,980.88	Israel	1197238	15 CFR 764.2(a)
53	6/2/2004	Pump Pneumatic	2B350	\$3,419.87	Israel	5082881	15 CFR 764.2(a)
54	4/21/2003	Valve Air Op	2B350	\$287.50	Israel	1197883	15 CFR 764.2(a)
55	4/28/2003	Pump Bellows	2B360	\$11,410.31	Israel	7000033	15 CFR 764.2(a)
56	5/5/2003	Pump Kit W/Motor	2B360	\$1,434.70	Israel	5081808	15 CFR 764.2(a)
57	7/14/2003	Valve Air-Op, Diaph	2B360	\$491.70	Israel	7000036	15 CFR 764.2(a)
58	9/8/2004	Integra Valve	2B350	\$182.26	Israel	7000069	15 CFR 764.2(a)
59	1/14/2005	Integra Valve	2B350	\$182.26	Israel	7000080	15 CFR 764.2(a)
60	12/3/2003	Integra Valve	2B350	\$182.26	Israel	7000046	15 CFR 764.2(a)

Attachment A

DRAFT

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

.....
In the Matter of:)
)
SCP Global Technologies, Inc.)
(now known as Piper Holdings, Inc.))
8455 Westpark Street)
Boise, ID 83704)
)
..... Respondent)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between SCP Global Technologies, Inc. (now known as Piper Holdings, Inc.) (“SCP”)¹, and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively, the “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (the “Regulations”),² issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”),³

¹ On December 14, 2006, following a sale of selected assets, SCP filed a certificate of dissolution with the Secretary of State of the State of Delaware. SCP’s dissolution was effective as of November 21, 2006. Under Delaware General Corporation Law, SCP has three years from the date of dissolution to wind up its affairs.

² The violations alleged to have been committed occurred between 2002 and 2005. The Regulations governing the violations at issue are found in the 2002 through 2005 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002-2005)). The 2006 Regulations establish the procedures that apply to this matter.

³ 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, 2006 (71 Fed. Reg. 44,551 (Aug. 7, 2006)), has continued the Regulations in effect under the

WHEREAS, SCP filed a voluntary self-disclosure with BIS's Office of Export Enforcement in accordance with Section 764.5 of the Regulations concerning certain transactions at issue herein;

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

WHEREAS, BIS has issued a proposed charging letter to SCP that alleged that SCP committed 60 violations of the Regulations, specifically:

Charges 1-15 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct

As described in greater detail in the attached Schedule of Violations, which is incorporated herein, on 15 occasions between on or about May 15, 2003 and on or about November 10, 2004, SCP engaged in conduct prohibited by the Regulations by exporting to Taiwan, pumps and valves, items subject to the Regulations and classified under Export Control Classification Number ("ECCN") 2B350, without the Department of Commerce licenses required by Section 742.2 of the Regulations. In so doing, SCP committed 15 violations of Section 764.2(a) of the Regulations.

Charges 16-30 15 C.F.R. § 764.2(e) - Acting With Knowledge of a Violation

On 15 occasions between on or about May 15, 2003 and on or about November 10, 2004, in connection with the transactions described in Charges 1-15 above, SCP sold and/or forwarded pumps and valves with knowledge that a violation of the Regulations would occur in connection with the items. At all times relevant hereto, SCP knew or should have known that an export license was required to ship pumps and valves, items subject to the Regulations and classified under ECCN 2B350, from the United States to Taiwan. SCP had reason to know that a license was required for this export since, *inter alia*, SCP had sought commodity classifications and licenses for similar products in the past. Additionally, SCP previously received a warning letter for the unlicensed export of ECCN 2B350 pumps. In so doing, SCP committed 15 violations of Section 764.2(e) of the Regulations.

Charges 31-45 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct

As described in greater detail in the attached Schedule of Violations, which is incorporated herein, on 15 occasions between on or about August 8, 2002 and on or about November 22, 2004, SCP engaged in conduct prohibited by the Regulations by exporting to the People's Republic of China ("China"), spare parts to include pumps and valves, items subject to the Regulations and classified under Export Control Classification Number ("ECCN") 2B350, without the Department of Commerce licenses required by Section 742.2 of the Regulations. In this case the Servicing and Replacement of Parts and Equipment ("RPL") License Exception³ did not apply since the items were maintained in a bonded warehouse in China rather than being exported as one-for-one replacements as required by the Regulations⁴. In so doing, SCP committed 15 violations of Section 764.2(a) of the Regulations.

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As described in greater detail in the attached Schedule of Violations, which is incorporated herein, on 15 occasions between on or about June 24, 2002 and on or about January 28, 2005, SCP engaged in conduct prohibited by the Regulations by exporting to Israel, spare parts to include pumps and valves, items subject to the Regulations and classified under Export Control Classification Number ("ECCN") 2B350, without the Department of Commerce licenses required by Section 742.2 of the Regulations. The RPL License Exception did not apply since the items were maintained in consignment at the customer's site in Israel rather than being exported as one-for-one replacements as required by the Regulations. In so doing, SCP committed 15 violations of Section 764.2(a) of the Regulations.

WHEREAS, SCP has reviewed the proposed 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, SCP 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;

³ 15 C.F.R. § 740.10

⁴ 15 C.F.R. § 740.10(a)(1)

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

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

2. The following sanction shall be imposed against SCP in complete settlement of the alleged violations of the Regulations relating to the transactions specifically detailed in the voluntary self-disclosure and the proposed charging letter:

a. SCP shall be assessed a civil penalty in the amount of \$264,000, all of 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 SCP.

Failure to make timely payment of the civil penalty set forth above may result in

the denial of all of SCP'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, SCP 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 any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if 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 \$264,000 civil penalty, BIS will not initiate any further administrative proceeding against SCP in connection with any violation of the Act or the Regulations arising out of the transactions identified in the voluntary self-disclosure and 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

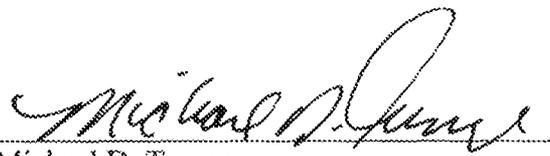
Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

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.

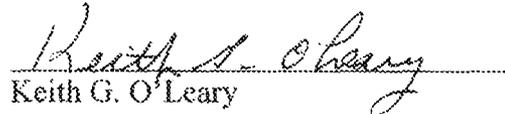
BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE

SCP GLOBAL TECHNOLOGIES, INC.
(NOW KNOWN AS
PIPER HOLDINGS, INC.)



Michael D. Turner
Director
Office of Export Enforcement

Date: 2/8/07



Keith G. O'Leary
President & CEO

Date: 2/2/2007

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

.....
In the Matter of:)
)
SCP Global Technologies, Inc.)
(now known as Piper Holdings, Inc.))
8455 Westpark Street)
Boise, ID 83704)
)
Respondent)
.....

ORDER RELATING TO SCP GLOBAL TECHNOLOGIES, INC.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has notified SCP Global Technologies, Inc. (now known as Piper Holdings, Inc.) (“SCP”)¹, of its intention to initiate an administrative proceeding against SCP pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (the “Regulations”),² and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”),³ through the issuance of a proposed charging

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letter to SCP that alleged that SCP committed 60 violations of the Regulations. Specifically, the charges are:

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On 15 occasions between on or about May 15, 2003 and on or about November 10, 2004, SCP engaged in conduct prohibited by the Regulations by exporting to Taiwan, pumps and valves, items subject to the Regulations and classified under Export Control Classification Number ("ECCN") 2B350, without the Department of Commerce licenses required by Section 742.2 of the Regulations. In so doing, SCP committed 15 violations of Section 764.2(a) of the Regulations.

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⁴ 15 C.F.R. § 740.10

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WHEREAS, BIS and SCP have 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

WHEREAS, I have approved of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$264,000 is assessed against SCP, 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, SCP 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 SCP. Accordingly, if SCP should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of SCP's export privileges under the Regulations 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.



.....
Darryl W. Jackson
Assistant Secretary of Commerce
for Export Enforcement

Entered this 13th day of February, 2007.