

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

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In the Matter of: )  
)  
Flowserve GB Ltd. )  
P.O. Box 17 )  
Lowfield Works )  
Newark, Notts NG24 3EN )  
United Kingdom )  
)  
Respondent )

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ORDER RELATING TO FLOWSERVE GB LTD.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Flowserve GB Ltd. (“Flowserve UK”) of its intention to initiate an administrative proceeding against Flowserve UK pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),<sup>1</sup> and Section 13(c) of the Export Administration Act of 1979, as amended (the “Act”),<sup>2</sup> through the issuance of a Proposed Charging Letter to Flowserve UK that alleged that Flowserve UK committed 26 violations of the Regulations. Specifically, these charges are:

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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 (2011). The charged violations occurred between 2003 and 2007. The Regulations governing the violations at issue are found in the 2003-2007 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2003-2007)). The 2011 Regulations set forth the procedures that apply to this matter.

<sup>2</sup> 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)), which has been extended by successive Presidential Notices, the most recent being that of August 12, 2011 (76 Fed. Reg. 50,661 (Aug. 16, 2011)), continues the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*).

**Charges 1-23            15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct by Reexporting Pumps and Pump Components Controlled for Chemical and Biological Weapons Proliferation Reasons without the Required Government Authorization**

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on 23 occasions between on or about March 19, 2003 and August 30, 2007, Flowsolve UK engaged in conduct prohibited by the Regulations by reexporting pumps and pump components, items subject to the Regulations, classified under Export Control Classification Number (“ECCN”) 2B350, controlled for Chemical and Biological Weapons Proliferation reasons and valued at approximately \$282,623, from the United Kingdom to Egypt, Morocco, Pakistan, Russia, Saudi Arabia, South Africa and Taiwan without the Department of Commerce licenses required by Section 742.2(a) of the Regulations. In so doing, Flowsolve UK committed 23 violations of Section 764.2(a) of the Regulations.

**Charges 24-25            15 C.F.R. 764.2(b): Causing, Aiding or Abetting Unlicensed Exports to Iran without the Required U.S. Government Authorization**

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on two occasions, on or about December 20, 2003 and on or about February 15, 2006, respectively, Flowsolve UK caused, aided or abetted the doing of an act prohibited by the Regulations. Specifically, Flowsolve UK ordered valves and valve components, items subject to the Regulations and the Iranian Transactions Regulations (“ITR”),<sup>3</sup> designated EAR99,<sup>4</sup> and valued at approximately \$17,686, from the United States for transshipment through the United Kingdom to Iran. Once the items arrived in the United Kingdom, Flowsolve UK arranged for their transshipment to Iran. Pursuant to Section 560.204 of the ITR, maintained by the Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), an export to a third country intended for transshipment to Iran is a transaction subject to the ITR and requires OFAC authorization. Pursuant to Section 746.7 of the Regulations, no person may engage in the exportation of an item subject to both the Regulations and the ITR without authorization from OFAC. No OFAC authorization was obtained for the exports described herein. In so doing, Flowsolve UK committed two violations of Section 764.2(b) of the Regulations.

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<sup>3</sup> 31 C.F.R. § 560 (2003-2007).

<sup>4</sup> EAR99 is a designation for items subject to the Regulations, but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c) (2003-2007).

**Charge 26**                    **15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct by Reexporting a Pump to Syria without the Required Government Authorization**

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on or about August 12, 2005, Flowserve UK engaged in conduct prohibited by the Regulations by reexporting a pump, an item subject to the Regulations, designated EAR99 and valued at approximately \$454, from the United Kingdom to Syria. Pursuant to General Order No. 2 of May 14, 2004, set forth in Supplement No. 1 to Part 736 of the Regulations, BIS authorization was required before the pump could be reexported to Syria. No such authorization was obtained for the reexport described herein. In so doing, Flowserve UK committed one violation of Section 764.2(a) of the Regulations.

WHEREAS, BIS and Flowserve UK 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, Flowserve UK shall be assessed a civil penalty in the amount of \$405,000, which shall be paid to the U.S. Department of Commerce within 30 days of the date 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, Flowserve UK 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.

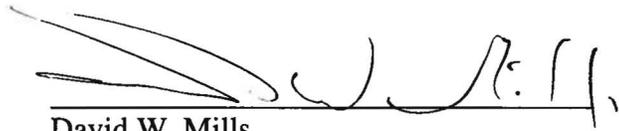
THIRD, Flowserve UK shall complete an external audit of its export controls compliance program, as set forth in this paragraph. Flowserve UK shall hire an unaffiliated third party consultant with expertise in U.S. export control laws to conduct the external audit of its

compliance with U.S. export control laws (including recordkeeping requirements), with respect to all exports or re-exports that are subject to the Regulations. The results of the audit, including any relevant supporting materials, shall be submitted to the Department of Commerce, Bureau of Industry and Security, Office of Export Enforcement, 525 South Griffin Street, Room 622, Dallas, TX 75202 (“BIS Dallas Field Office”). The audit shall cover the 12-month period beginning on the date of this Order, and the related report shall be due to the BIS Dallas Field Office no later than nineteen (19) months from the date of this Order. Said audit shall be in substantial compliance with the EMS sample audit module, and shall include an assessment of Flowserve UK’s compliance with the Regulations. The EMS sample audit module is available on the BIS web site at [http://www.bis.doc.gov/complianceandenforcement/revise\\_d\\_emcp\\_audit.pdf](http://www.bis.doc.gov/complianceandenforcement/revise_d_emcp_audit.pdf). In addition, where said audit identifies actual or potential violations of the Regulations, Flowserve UK must promptly provide copies of the pertinent air waybills and other export control documents and supporting documentation to the BIS Dallas Field Office.

FOURTH, that the full and timely payment of the civil penalty in accordance with the payment schedule set forth above, and the timely completion and submission of the results of the audit set forth above, are hereby made conditions to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Flowserve UK. Accordingly, if Flowserve UK should fail to pay the civil penalty in full or in a timely manner or fail to complete and submit the results of the audit in a timely manner, the undersigned may issue an Order denying all of Flowserve UK’s export privileges under the Regulations for a period of one year from, respectively, the date the penalty payment is due or the date by which the results of the completed audit are to be submitted.

FIFTH, 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.

A handwritten signature in black ink, appearing to read 'D. W. Mills', is written over a horizontal line.

David W. Mills  
Assistant Secretary of Commerce  
for Export Enforcement

Issued this 28 day of September, 2011.

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

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Flowserve GB Ltd. )  
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Lowfield Works )  
Newark, Notts NG24 3EN )  
United Kingdom )  
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Respondent )  
\_\_\_\_\_

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Flowserve GB Ltd. (“Flowserve UK”), 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 (the “Regulations”),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (the “Act”).<sup>2</sup>

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

<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2011). The charged violations occurred between 2003 and 2007. The Regulations governing the violations at issue are found in the 2003-2007 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2003-2007)). The 2011 Regulations set forth the procedures that apply to this matter.

<sup>2</sup> 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)), which has been extended by successive Presidential Notices, the most recent being that of August 12, 2011 (76 Fed. Reg. 50,661 (Aug. 16, 2011)), continues the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*).

WHEREAS, BIS has issued a Proposed Charging Letter to Flowserve UK that alleges that Flowserve UK committed 26 violations of the Regulations, specifically:

**Charges 1-23            15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct by Reexporting Pumps and Pump Components Controlled for Chemical and Biological Weapons Proliferation Reasons without the Required Government Authorization**

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on 23 occasions between on or about March 19, 2003 and August 30, 2007, Flowserve UK engaged in conduct prohibited by the Regulations by reexporting pumps and pump components, items subject to the Regulations, classified under ECCN 2B350, controlled for Chemical and Biological Weapons Proliferation reasons and valued at approximately \$282,623, from the United Kingdom to Egypt, Morocco, Pakistan, Russia, Saudi Arabia, South Africa and Taiwan without the Department of Commerce licenses required by Section 742.2(a) of the Regulations. In so doing, Flowserve UK committed 23 violations of Section 764.2(a) of the Regulations.

**Charges 24-25            15 C.F.R. 764.2(b): Causing, Aiding or Abetting Unlicensed Exports to Iran without the Required U.S. Government Authorization**

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on two occasions, on or about December 20, 2003, and on or about February 15, 2006, respectively, Flowserve UK caused, aided or abetted the doing of an act prohibited by the Regulations. Specifically, Flowserve UK ordered valves and valve components, items subject to the Regulations and the Iranian Transactions Regulations (“ITR”),<sup>3</sup> designated EAR99,<sup>4</sup> and valued at approximately \$17,686, from the United States for transshipment through the United Kingdom to Iran. Once the items arrived in the United Kingdom, Flowserve UK arranged for their transshipment to Iran. Pursuant to Section 560.204 of the ITR, maintained by the Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), an export to a third country intended for transshipment to Iran is a transaction subject to the ITR and requires OFAC authorization. Pursuant to Section 746.7 of the Regulations, no person may engage in the exportation of an item subject to both the Regulations and the ITR without authorization from OFAC. No OFAC authorization was obtained for the exports described herein. In so doing, Flowserve UK committed two violations of Section 764.2(b) of the Regulations.

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<sup>3</sup> 31 C.F.R. § 560 (2003-2007).

<sup>4</sup> EAR99 is a designation for items subject to the Regulations, but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c) (2003-2007).

**Charge 26**                    **15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct by Reexporting a Pump to Syria without the Required Government Authorization**

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on or about August 12, 2005, Flowserve UK engaged in conduct prohibited by the Regulations by reexporting a pump, an item subject to the Regulations, designated EAR99 and valued at approximately \$454, from the United Kingdom to Syria. Pursuant to General Order No. 2 of May 14, 2004, set forth in Supplement No. 1 to Part 736 of the Regulations, BIS authorization was required before the pump could be reexported to Syria. No such authorization was obtained for the reexport described herein. In so doing, Flowserve UK committed one violation of Section 764.2(a) of the Regulations.

WHEREAS, Flowserve UK filed a voluntary self-disclosure with BIS's Office of Export Enforcement;

WHEREAS, Flowserve UK 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, Flowserve UK 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;

WHEREAS, Flowserve UK enters into this Agreement voluntarily and with full knowledge of its rights after having consulted with counsel;

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

WHEREAS, Flowserve UK neither admits nor denies the allegations contained in the Proposed Charging Letter;

WHEREAS, Flowserve UK wishes to settle and dispose of all matters alleged in the Proposed Charging Letter by entering into this Agreement; and

WHEREAS, Flowserve UK agrees to be bound by the Order, if issued;

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction under the Regulations in connection with the matters alleged in the Proposed Charging Letter.

2. The following sanctions shall be imposed against Flowserve UK in complete settlement of the alleged violations of the Regulations relating to the transactions specifically detailed in the Proposed Charging Letter:

a. Flowserve UK shall be assessed a civil penalty in the amount of \$405,000 the payment of which shall be made to the U.S. Department of Commerce within 30 days of the date of the Order. Payment shall be made in the manner specified in the attached instructions.

b. Flowserve UK shall complete an external audit of its export controls compliance program. Flowserve UK shall hire an unaffiliated third party consultant with expertise in U.S. export control laws to conduct the external audit of its compliance with U.S. export control laws (including recordkeeping requirements), with respect to all exports or re-exports that are subject to the Regulations. The results of the audit, including any relevant supporting materials, shall be submitted to the Department of Commerce, Bureau of Industry and Security, Office of Export Enforcement, 525 South Griffin Street, Room 622, Dallas, TX 75202 ("BIS Dallas Field Office"). The audit shall cover the 12-month period beginning on the date of the Order, and the related report shall be due to the BIS Dallas Field Office no later than nineteen (19) months from the date of the Order. Said audit shall be in substantial compliance with the EMS

sample audit module, and shall include an assessment of Flowserve UK's compliance with the Regulations. The EMS sample audit module is available on the BIS web site at [http://www.bis.doc.gov/complianceand enforcement/ revised\\_emcp\\_audit.pdf](http://www.bis.doc.gov/complianceand enforcement/ revised_emcp_audit.pdf). In addition, where said audit identifies actual or potential violations of the Regulations, Flowserve UK must promptly provide copies of the pertinent air waybills and other export control documents and supporting documentation to the BIS Dallas Field Office.

c. The full and timely payment of the civil penalty agreed to in paragraph 2.a, above, and the timely completion and submission of the results of the audit agreed to in paragraph 2.b, above, are hereby made conditions to the granting, restoration, or continuing validity of any export license, permission, or privilege granted, or to be granted, to Flowserve UK. Failure to make full or timely payment of the civil penalty set forth above may result in the denial of all of Flowserve UK's export privileges for a period of one year from the date the penalty payment is due. Failure to complete and submit the results of the audit agreed to in paragraph 2.b, above, within the deadline established in that paragraph also may result in the denial of all of Flowserve UK's export privileges for a period of one year from the date on which the results of the completed audit are to be submitted.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, Flowserve UK 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 issued), 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 issued. Flowsolve UK also waives and will not assert any Statute of Limitations defense, and the Statute of Limitations will be tolled, for the time period from the date of the Order, if issued, until the later of the date Flowsolve UK pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement or the date Flowsolve UK submits the results of the completed compliance audit agreed to in Paragraph 2.b of this Agreement, in connection with any violation of the Act or the Regulations arising out of the transactions identified in the Proposed Charging Letter, or in connection with collection of the civil penalty or enforcement of the Agreement and Order, if issued.

4. BIS agrees that upon full and timely payment of the civil penalty as set forth in Paragraph 2.a above, and timely completion and submission of the results of the audit as set forth in Paragraph 2.b above, BIS will not initiate any further administrative proceedings against Flowsolve UK in connection with any violation of the Act or the Regulations arising out of the transactions specifically detailed in the voluntary self-disclosure and the Proposed Charging Letter.

5. BIS will make the Proposed Charging Letter, this Agreement, and the Order, if issued, 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

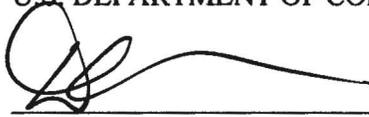
Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

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 issued; 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 issuing 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



Douglas R. Hassebrock  
Director  
Office of Export Enforcement

Date: 9/27/11

FLOWSERVE GB LTD.



John M. Nanos  
Director

Date: 9-21-11

PROPOSED CHARGING LETTER

REGISTERED MAIL - RETURN RECEIPT REQUESTED

Flowserve GB Ltd.  
P.O. Box 17  
Lowfield Works  
Newark, Notts NG24 3EN  
United Kingdom

*Attention: John M. Nanos, Director*

Dear Mr. Nanos:

The Bureau of Industry and Security, United States Department of Commerce (“BIS”), has reason to believe that Flowserve GB Ltd., of West Sussex, United Kingdom (“Flowserve UK”), committed 26 violations of the Export Administration Regulations (the “Regulations”),<sup>1</sup> which are issued under the authority of the Export Administration Act of 1979, as amended (the “Act”).<sup>2</sup> Specifically, BIS charges that Flowserve UK committed the following violations:

**Charges 1-23            15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct by Reexporting Pumps and Pump Components Controlled for Chemical and Biological Weapons Proliferation Reasons without the Required Government Authorization**

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on 23 occasions between on or about March 19, 2003 and August 30, 2007, Flowserve UK engaged in conduct prohibited by the Regulations by reexporting pumps and pump components, items subject to the Regulations, classified under Export Control Classification Number (“ECCN”) 2B350, controlled for Chemical and Biological Weapons Proliferation reasons and valued at approximately \$282,623, from the United Kingdom to Egypt, Morocco, Pakistan, Russia, Saudi Arabia, South Africa and Taiwan without the Department of Commerce licenses required by Section 742.2(a) of the Regulations. In so doing, Flowserve UK committed 23 violations of Section 764.2(a) 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 (2011). The charged violations occurred between 2003 and 2007. The Regulations governing the violations at issue are found in the 2003 through 2007 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2003-2007)). The 2011 Regulations establish the procedures that apply to this matter.

<sup>2</sup> 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)), which has been extended by successive Presidential Notices, the most recent being that of August 12, 2011 (76 Fed. Reg. 50,661 (Aug. 16, 2011)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*).

**Charges 24-25            15 C.F.R. 764.2(b): Causing, Aiding or Abetting Unlicensed Exports to Iran without the Required U.S. Government Authorization**

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on two occasions, on or about December 20, 2003, and on or about February 15, 2006, respectively, Flowserve UK caused, aided or abetted the doing of an act prohibited by the Regulations. Specifically, Flowserve UK ordered valves and valve components, items subject to the Regulations and the Iranian Transactions Regulations (“ITR”),<sup>3</sup> designated EAR99,<sup>4</sup> and valued at approximately \$17,686, from the United States for transshipment through the United Kingdom to Iran. Once the items arrived in the United Kingdom, Flowserve UK arranged for their transshipment to Iran. Pursuant to Section 560.204 of the ITR, maintained by the Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), an export to a third country intended for transshipment to Iran is a transaction subject to the ITR and requires OFAC authorization. Pursuant to Section 746.7 of the Regulations, no person may engage in the exportation of an item subject to both the Regulations and the ITR without authorization from OFAC. No OFAC authorization was obtained for the exports described herein. In so doing, Flowserve UK committed two violations of Section 764.2(b) of the Regulations.

**Charge 26                    15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct by Reexporting a Pump to Syria without the Required Government Authorization**

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on or about August 12, 2005, Flowserve UK engaged in conduct prohibited by the Regulations by reexporting a pump, an item subject to the Regulations, designated EAR99 and valued at approximately \$454, from the United Kingdom to Syria. Pursuant to General Order No. 2 of May 14, 2004, set forth in Supplement No. 1 to Part 736 of the Regulations, BIS authorization was required before the pump could be reexported to Syria. No such authorization was obtained for the reexport described herein. In so doing, Flowserve UK committed one violation of Section 764.2(a) of the Regulations.

\* \* \* \* \*

Accordingly, Flowserve UK is hereby notified that an administrative proceeding is instituted against it pursuant to Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including any or all of the following:

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<sup>3</sup> 31 C.F.R. § 560 (2003-2007).

<sup>4</sup> EAR99 is a designation for items subject to the Regulations, but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c) (2003-2007).

- The maximum civil penalty allowed by law of up to the greater of \$250,000 per violation, or twice the value of the transaction that is the basis of the violation<sup>5</sup>;
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

If Flowserve UK 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. *See* 15 C.F.R. §§ 766.6 and 766.7 (2011). If Flowserve UK defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to Flowserve UK. The Under Secretary for Industry and Security may then impose up to the maximum penalty on the charges in this letter.

Flowserve UK 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 (2011). Flowserve UK 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 (2011).

Flowserve UK is further notified that under the Small Business Regulatory Enforcement Flexibility Act, Flowserve UK may be eligible for assistance from the Office of the National Ombudsman of the Small Business Administration in this matter. To determine eligibility and get more information, please see: <http://www.sba.gov/ombudsman/>.

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18 (2011). Should Flowserve UK have a proposal to settle this case, Flowserve UK 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, Flowserve UK's answer must be filed in accordance with the instructions set forth 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 Flowserve UK's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security  
Attention: Greg Michelsen, Esq., and Elias Wolfberg, Esq.  
Room H-3839

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<sup>5</sup> International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

United States Department of Commerce  
14th Street and Constitution Avenue, N.W.  
Washington, D.C. 20230

Greg Michelsen and Elias Wolfberg are the attorneys representing BIS in this case; any communications that Flowsolve UK may wish to have concerning this matter should occur through them. Mr. Michelsen and Mr. Wolfberg may be contacted by telephone at (202) 482-5301.

Sincerely,

Douglas R. Hassebrock  
Director  
Office of Export Enforcement

Enclosure

<b>Flowserve GB Ltd. Proposed Charging Letter Schedule of Violations</b>					
<b>Violation Number</b>	<b>Export Date</b>	<b>Item</b>	<b>ECCN</b>	<b>Destination</b>	<b>Violation</b>
1	10/3/03	Pump and pump components	2B350	Egypt	15 C.F.R. §764.2(a)
2	12/17/03	Pump and pump components	2B350	Egypt	15 C.F.R. §764.2(a)
3	8/2/07	Pump and pump components	2B350	Morocco	15 C.F.R. §764.2(a)
4	7/11/07	Pump and pump components	2B350	Pakistan	15 C.F.R. §764.2(a)
5	8/30/07	Pump and pump components	2B350	Russia	15 C.F.R. §764.2(a)
6	5/11/05	Pump and pump components	2B350	Saudi Arabia	15 C.F.R. §764.2(a)
7	6/19/06	Pump and pump components	2B350	Saudi Arabia	15 C.F.R. §764.2(a)
8	8/25/06	Pump and pump components	2B350	Saudi Arabia	15 C.F.R. §764.2(a)
9	3/28/07	Pump and pump components	2B350	Saudi Arabia	15 C.F.R. §764.2(a)
10	6/13/07	Pump and pump components	2B350	Saudi Arabia	15 C.F.R. §764.2(a)
11	6/13/07	Pump and pump components	2B350	Saudi Arabia	15 C.F.R. §764.2(a)
12	6/26/07	Pump and pump components	2B350	Saudi Arabia	15 C.F.R. §764.2(a)
13	8/7/07	Pump and pump components	2B350	Saudi Arabia	15 C.F.R. §764.2(a)
14	10/25/05	Pump and pump components	2B350	South Africa	15 C.F.R. §764.2(a)
15	10/28/05	Pump and pump components	2B350	South Africa	15 C.F.R. §764.2(a)
16	5/5/06	Pump and pump components	2B350	South Africa	15 C.F.R. §764.2(a)
17	5/30/06	Pump and pump components	2B350	South Africa	15 C.F.R. §764.2(a)
18	3/28/07	Pump and pump components	2B350	South Africa	15 C.F.R. §764.2(a)
19	4/2/07	Pump and pump components	2B350	South Africa	15 C.F.R. §764.2(a)
20	4/23/07	Pump and pump components	2B350	South Africa	15 C.F.R. §764.2(a)
21	7/17/07	Pump and pump components	2B350	South Africa	15 C.F.R. §764.2(a)
22	8/29/07	Pump and pump components	2B350	South Africa	15 C.F.R. §764.2(a)
23	3/19/03	Pump and pump components	2B350	Taiwan	15 C.F.R. §764.2(a)
24	12/20/03	Valves and valve components	EAR99	Iran	15 C.F.R. §764.2(b)
25	2/15/06	Valves and valve components	EAR99	Iran	15 C.F.R. §764.2(b)
26	8/12/05	Pump and pump components	EAR99	Syria	15 C.F.R. §764.2(a)