

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

In the Matter of:)
)
3M Attenti, Ltd.)
2 Habarezel Street, P.O. Box 13236)
Tel-Aviv, Tel Aviv 61132)
Israel)
)
Respondent.)
)

ORDER RELATING TO 3M ATTENTI, LTD.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified 3M Attenti, Ltd. (“3M Attenti”) of its intention to initiate an administrative proceeding against 3M Attenti pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (the “Act”),² through the issuance of a Proposed Charging Letter to 3M Attenti that alleges that 3M Attenti committed 21 violations of the Regulations.

Specifically, the charges are:

**Charges 1-14 15 C.F.R. § 764.2(a) – Exporting Crime Control Commodities
to China Without the Required License**

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on 14 occasions between on or about April 29, 2008

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2011). The charged violations occurred in 2007-2010. The Regulations governing the violations at issue are found in the 2007-2010 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2007-2010)). The 2011 Regulations set forth the procedures that apply to this matter.

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)), 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.*).

and on or about May 18, 2010, 3M Attenti engaged in conduct prohibited by the Regulations when it exported items subject to the Regulations to China without the required Department of Commerce authorization. Specifically, 3M Attenti exported electronic monitoring devices and related parts, items subject to the Regulations, classified under Export Control Classification Number (“ECCN”) 3A981, with a total value of \$357,436, and controlled for export to China for crime control reasons, without the export licenses required by Section 742.7 of the Regulations. In exporting these items without a license, 3M Attenti committed 14 violations of Section 764.2(a) of the Regulations.

Charges 15-20 15 C.F.R. § 764.2(a) – Exporting Crime Control Software and Technology to China Without the Required License

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on six occasions between in or about April, 2007 and in or about March, 2010, 3M Attenti engaged in conduct prohibited by the Regulations when it exported items subject to the Regulations to China without the required Department of Commerce authorization. Specifically, 3M Attenti exported software and technology specially designed for the development, production or use of electronic monitoring devices, items subject to the Regulations, classified under ECCNs 3D980 and 3E980, and controlled for export to China for crime control reasons, without the export licenses required by Section 742.7 of the Regulations. In exporting these items without a license, 3M Attenti committed six violations of Section 764.2(a) of the Regulations.

Charge 21 15 C.F.R. § 764.2(a) – Exporting Crime Control Technology to an Israeli National Without the Required License

As described in greater detail in the Schedule of Violations, which is incorporated herein by reference, on one occasion in or about July, 2009, 3M Attenti engaged in conduct prohibited by the Regulations by exporting technology specially designed for the development, production or use of electronic monitoring restraint devices classified under ECCN 3E980, an item subject to the Regulations and controlled for export to Israel for crime control reasons, to an employee who was a national of Israel, without the Department of Commerce license required by Section 742.7 of the Regulations. Pursuant to Section 734.2(b)(2)(ii) of the Regulations, the release of technology to a foreign national is deemed to be the export of the technology to the home country of the foreign national. In providing the controlled technology to an Israeli national without a license, 3M Attenti committed one violation of Section 764.2(a) of the Regulations.

WHEREAS, BIS and 3M Attenti 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:

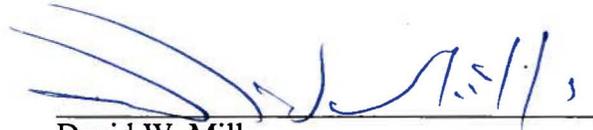
FIRST, 3M Attenti shall be assessed a civil penalty in the amount of \$230,000, the payment of which shall be made to the U.S. Department of Commerce within 30 days of the date of the Order.

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, 3M Attenti 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 full and timely payment of the civil penalty in accordance with the payment schedule 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 3M Attenti. Accordingly, if 3M Attenti should fail to pay the civil penalty in a full and timely manner, the undersigned may issue an Order denying all of 3M Attenti's export privileges under the Regulations for a period of one year from the date of failure to make such payment.

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.

A handwritten signature in blue 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 14th day of February, 2012.

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

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2 Habarezel Street, P.O. Box 13236)
Tel-Aviv, Tel Aviv 61132)
Israel)
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Respondent.)
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SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between 3M Attenti Ltd. (“3M Attenti”) 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”),¹ issued pursuant to the Export Administration Act of 1979, as amended (the “Act”).²

WHEREAS, 3M Attenti filed a voluntary self-disclosure with BIS’s Office of Export Enforcement in accordance with Section 764.5 of the Regulations concerning the transactions at issue herein;

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2011). The charged violations occurred in 2007-2010. The Regulations governing the violations at issue are found in the 2007-2010 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2007-2010)). The 2011 Regulations set forth the procedures that apply to this matter.

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)), 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.*).

WHEREAS, BIS has notified 3M Attenti of its intentions to initiate an administrative proceeding against 3M Attenti, pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a Proposed Charging Letter to 3M Attenti that alleges that 3M Attenti committed 21 violations of the Regulations, specifically:

Charges 1-14 15 C.F.R. § 764.2(a) – Exporting Crime Control Commodities to China Without the Required License

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on 14 occasions between on or about April 29, 2008 and on or about May 18, 2010, 3M Attenti engaged in conduct prohibited by the Regulations when it exported items subject to the Regulations to China without the required Department of Commerce authorization. Specifically, 3M Attenti exported electronic monitoring devices and related parts, items subject to the Regulations, classified under Export Control Classification Number (“ECCN”) 3A981, with a total value of \$357,436, and controlled for export to China for crime control reasons, without the export licenses required by Section 742.7 of the Regulations. In exporting these items without a license, 3M Attenti committed 14 violations of Section 764.2(a) of the Regulations.

Charges 15-20 15 C.F.R. § 764.2(a) – Exporting Crime Control Software and Technology to China Without the Required License

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on six occasions between in or about April, 2007 and in or about March, 2010, 3M Attenti engaged in conduct prohibited by the Regulations when it exported items subject to the Regulations to China without the required Department of Commerce authorization. Specifically, 3M Attenti exported software and technology specially designed for the development, production or use of electronic monitoring devices, items subject to the Regulations, classified under ECCNs 3D980 and 3E980, and controlled for export to China for crime control reasons, without the export licenses required by Section 742.7 of the Regulations. In exporting these items without a license, 3M Attenti committed six violations of Section 764.2(a) of the Regulations.

Charge 21 15 C.F.R. § 764.2(a) – Exporting Crime Control Technology to an Israeli National Without the Required License

As described in greater detail in the Schedule of Violations, which is incorporated herein by reference, on one occasion in or about July, 2009, 3M Attenti engaged in conduct prohibited by the Regulations by exporting technology specially designed for the development, production or use of electronic monitoring restraint devices classified under ECCN 3E980, an item subject to the Regulations and controlled for export to Israel for

crime control reasons, to an employee who was a national of Israel, without the Department of Commerce license required by Section 742.7 of the Regulations. Pursuant to Section 734.2(b)(2)(ii) of the Regulations, the release of technology to a foreign national is deemed to be the export of the technology to the home country of the foreign national. In providing the controlled technology to an Israeli national without a license, 3M Attenti committed one violation of Section 764.2(a) of the Regulations.

WHEREAS, 3M Attenti has reviewed the Proposed Charging Letter and is aware of the allegations made against it and the administrative sanctions that could be imposed against it if the allegations are found to be true;

WHEREAS, 3M Attenti 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, 3M Attenti enters into this Agreement voluntarily and with full knowledge of its rights, after having consulted with counsel;

WHEREAS, 3M Attenti states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

WHEREAS, 3M Attenti neither admits nor denies the allegations contained in the Proposed Charging Letter;

WHEREAS, 3M Attenti wishes to settle and dispose of all matters alleged in the Proposed Charging Letter by entering into this Agreement; and

WHEREAS, 3M Attenti agrees to be bound by the Order, if issued;

NOW THEREFORE, the Parties hereby agree, for purposes of this Settlement Agreement, as follows:

1. BIS has jurisdiction over 3M Attenti, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.

2. The following sanctions shall be imposed against 3M Attenti in complete settlement of the alleged violations of the Regulations relating to the transactions specifically detailed in the Proposed Charging Letter:

a. 3M Attenti shall be assessed a civil penalty in the amount of \$230,000, 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. The full and 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, license exception, permission, or privilege granted, or to be granted, to 3M Attenti. Failure to make full and timely payment of the civil penalty set forth above may result in the denial of all of 3M Attenti's export privileges under the Regulations for one year from the date of the failure to make such payment.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, 3M Attenti 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 issued; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if issued. 3M Attenti also waives and will not assert any Statute of Limitations defense, and the Statute of Limitations will be tolled, in connection with any violations 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 this Agreement and the Order, if issued, from the date of the Order until 3M Attenti pays in full the civil penalty agreed to in Paragraph 2.a.

4. Upon full and timely payment of the civil penalty as set forth in Paragraph 2.a above, BIS will not initiate any further administrative proceeding against 3M Attenti in connection with any violation of the Act or the Regulations arising out of the transactions specifically detailed in 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.

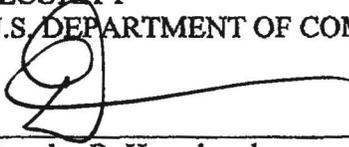
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if issued; nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department 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 she or he has authority to enter into this Settlement Agreement and to bind her or his respective party to the terms and conditions set forth herein.

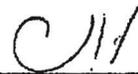
BUREAU OF INDUSTRY AND
SECURITY
U.S. DEPARTMENT OF COMMERCE



Douglas R. Hassebrock
Director
Office of Export Enforcement

Date: 2/14/2012

3M ATTENTI LTD.



Nir Lesham
Chief Operating Officer

Date: 2/12/12



Eyal Sharoni
Chief Financial Officer and Corporate
Secretary

Date: 9-FEB-12

PROPOSED CHARGING LETTER

REGISTERED MAIL - RETURN RECEIPT REQUESTED

3M Attenti, Ltd.
2 Habarezet Street, P.O. Box 13236
Tel-Aviv, Tel Aviv 61132
Israel

Attn: Yoav Reisman, CEO

Dear Mr. Reisman:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that 3M Attenti Ltd., of Tel Aviv, Israel, as the successor to Attenti Ltd., of Tel Aviv, Israel ("3M Attenti"), has committed 21 violations of the Export Administration Regulations (the Regulations),¹ which issued under the authority of the Export Administration Act of 1979, as amended (the "Act").² Specifically, BIS charges that 3M Attenti committed the following violations:

Charges 1-14 15 C.F.R. § 764.2(a) – Exporting Crime Control Commodities to China Without the Required License

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on 14 occasions between on or about April 29, 2008 and on or about May 18, 2010, 3M Attenti engaged in conduct prohibited by the Regulations when it exported items subject to the Regulations to China without the required Department of Commerce authorization. Specifically, 3M Attenti exported electronic monitoring devices and related parts, items subject to the Regulations, classified under Export Control Classification Number ("ECCN") 3A981, with a total value of \$357,436, and controlled for export to China for crime control reasons, without the export licenses required by Section 742.7 of the Regulations. In exporting these items without a license, 3M Attenti committed 14 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 (2011). The charged violations occurred in 2008 through 2010. The Regulations governing the violation at issue are found in the 2008 through 2010 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2008-10)). The 2011 Regulations set forth the procedures that apply to this matter.

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 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended most recently by the Notice of August 12, 2011 (76 Fed. Reg. 50661 (Aug. 16, 2011)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701 *et seq.* (2000)).

Charges 15-20 15 C.F.R. § 764.2(a) – Exporting Crime Control Software and Technology to China Without the Required License

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on six occasions between in or about April, 2007 and in or about March, 2010, 3M Attenti engaged in conduct prohibited by the Regulations when it exported items subject to the Regulations to China without the required Department of Commerce authorization. Specifically, 3M Attenti exported software and technology specially designed for the development, production or use of electronic monitoring devices, items subject to the Regulations, classified under ECCNs 3D980 and 3E980, and controlled for export to China for crime control reasons, without the export licenses required by Section 742.7 of the Regulations. In exporting these items without a license, 3M Attenti committed six violations of Section 764.2(a) of the Regulations.

Charge 21 15 C.F.R. § 764.2(a) – Exporting Crime Control Technology to an Israeli National Without the Required License

As described in greater detail in the Schedule of Violations, which is incorporated herein by reference, on one occasion in or about July, 2009, 3M Attenti engaged in conduct prohibited by the Regulations by exporting technology specially designed for the development, production or use of electronic monitoring restraint devices classified under ECCN 3E980, an item subject to the Regulations and controlled for export to Israel for crime control reasons, to an employee who was a national of Israel, without the Department of Commerce license required by Section 742.7 of the Regulations. Pursuant to Section 734.2(b)(2)(ii) of the Regulations, the release of technology to a foreign national is deemed to be the export of the technology to the home country of the foreign national. In providing the controlled technology to an Israeli national without a license, 3M Attenti committed one violation of Section 764.2(a) of the Regulations.

* * * * *

Accordingly, 3M Attenti 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 the greater of \$250,000 per violation or twice the value of the transaction that is the basis of the violation;³
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

³ International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

If 3M Attenti 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. If 3M Attenti defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to 3M Attenti. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charges in this letter.

3M Attenti 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. 3M Attenti 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.

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should 3M Attenti have a proposal to settle this case, 3M Attenti or its representative should transmit it to the attorney representing BIS named below.

3M Attenti is further notified that under the Small Business Regulatory Enforcement Flexibility Act, 3M Attenti 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 U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, 3M Attenti'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 3M Attenti's answer must be served on BIS at the following address:

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

3M Attenti Ltd.
Proposed Charging Letter
Page 4 of 5

Eric Clark is the attorney representing BIS in this case; any communications that 3M Attenti may wish to have concerning this matter should occur through him. Mr. Clark may be contacted by telephone at (202) 482-5301.

Sincerely,

Douglas R. Hassebrock
Director
Office of Export Enforcement

Schedule of Violations

Charge	Date of Export	Item / ECCN	Value	Destination	Violation
1	4/29/2008	Electronic monitoring restraint devices and related parts / 3A981	\$288,000	China	15CFR 764.2(a)
2	6/24/2008	Electronic monitoring restraint devices and related parts / 3A981	\$800	China	15CFR 764.2(a)
3	10/21/2008	Electronic monitoring restraint devices and related parts / 3A981	\$800	China	15CFR 764.2(a)
4	10/31/2008	Electronic monitoring restraint devices and related parts / 3A981	\$1,200	China	15CFR 764.2(a)
5	11/12/2008	Electronic monitoring restraint devices and related parts / 3A981	\$2,400	China	15CFR 764.2(a)
6	12/5/2008	Electronic monitoring restraint devices and related parts / 3A981	\$11,200	China	15CFR 764.2(a)
7	3/5/2009	Electronic monitoring restraint devices and related parts / 3A981	\$400	China	15CFR 764.2(a)
8	4/29/2009	Electronic monitoring restraint devices and related parts / 3A981	\$24,400	China	15CFR 764.2(a)
9	5/20/2009	Electronic monitoring restraint devices and related parts / 3A981	\$8,800	China	15CFR 764.2(a)
10	6/4/2009	Electronic monitoring restraint devices and related parts / 3A981	\$9,600	China	15CFR 764.2(a)
11	2/26/2010	Electronic monitoring restraint devices and related parts / 3A981	\$2,480	China	15CFR 764.2(a)
12	3/12/2010	Electronic monitoring restraint devices and related parts / 3A981	\$5,200	China	15CFR 764.2(a)
13	3/16/2010	Electronic monitoring restraint devices and related parts / 3A981	\$956.40	China	15CFR 764.2(a)
14	5/18/2010	Electronic monitoring restraint devices and related parts / 3A981	\$1,200	China	15CFR 764.2(a)
15	4/2007	Technology for electronic monitoring restraint devices / 3E980	N/A	China	15CFR 764.2(a)
16	7/2007	Software for electronic monitoring restraint devices /3D980	N/A	China	15CFR 764.2(a)
17	8/2007	Technology for electronic monitoring restraint devices / 3E980	N/A	China	15CFR 764.2(a)
18	1/2008	Software for electronic monitoring restraint devices /3D980	N/A	China	15CFR 764.2(a)
19	12/2009	Technology for electronic monitoring restraint devices / 3E980	N/A	China	15CFR 764.2(a)
20	03/2010	Software for electronic monitoring restraint devices /3D980	N/A	China	15CFR 764.2(a)
21	07/2009	Technology for electronic monitoring restraint devices / 3E980	N/A	Israel	15CFR 764.2(a)