

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

In the Matter of:

Dresser, Inc.  
10343 Sam Houston Park Drive  
Suite 210  
Houston, TX 77064

Respondent

ORDER RELATING TO  
DRESSER, INC.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Dresser, Inc. of Houston, Texas (“Dresser”), of its intention to initiate an administrative proceeding against Dresser 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 Dresser that alleges that Dresser committed twenty violations of the Regulations. Specifically, the 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 2002 and 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). 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)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*).

**Charges 1 – 10    15 C.F.R. § 764.2(a): Unlicensed Exports of Items Controlled for Reasons of Chemical and Biological Weapons Proliferation**

On ten occasions between on or about June 17, 2002, and on or about December 15, 2005, Dresser engaged in conduct prohibited by the Regulations. Specifically, Dresser exported control valves, items classified under Export Classification Control Number (ECCN) 2B350, controlled for reasons of chemical and biological weapons proliferation, and with a total value of approximately \$164,912, to various destinations without the Department of Commerce licenses required by Section 742.2 of the Regulations. In so doing, Dresser committed ten violations of Section 764.2(a) of the Regulations.

**Charge 11                    15 C.F.R. § 764.2(g) - Misrepresentation of Facts on Shipper's Export Declaration**

On or about June 17, 2002, in connection with the transaction described in Charge 1, above, Dresser made a false statement to the U.S. Government in connection with the submission of an export control document. Specifically, Dresser filed a Shipper's Export Declaration ("SED") with the U.S. Government that failed to state that the items that were the subject of the SEDs required a license and failed to state the appropriate Export Control Classification Number, as required by 15 C.F.R. § 30.3(e)(1). This representation was false, as licenses were required for the shipment. SEDs are export control documents, as defined in Part 772 of the Regulations. In filing an SED containing false statements of fact, Dresser committed one violation of Section 764.2(g) of the Regulations.

**Charges 12 - 20            15 C.F.R. § 764.2(g) - Misrepresentation of Facts through False Statement on Shipper's Export Declarations**

On nine occasions between on or about October 15, 2002, and on or about December 15, 2005, in connection with the transactions described in Charges 2-10, above, Dresser made false statements to the U.S. Government in connection with the submission of export control documents. Specifically, on nine occasions between on or about October 15, 2002 and on or about December 15, 2005, Dresser filed SEDs with the U.S. Government stating that the items that were the subject of the SEDs qualified for export as "NLR," i.e., that no license was required. These representations were false, as licenses were required for the control valves included in the shipments. SEDs are export control documents, as defined in Part 772 of the Regulations. In filing SEDs containing false statements of fact, Dresser committed nine violations of Section 764.2(g) of the Regulations.

WHEREAS, BIS and Dresser 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, Dresser shall be assessed a civil penalty in the amount of \$88,000, 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, Dresser 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 Dresser. Accordingly, if Dresser should fail to pay the civil penalty in a full and timely manner, the undersigned may issue an Order denying all of Dresser'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.



David W. Mills  
Assistant Secretary of Commerce  
for Export Enforcement

Issued this 28<sup>th</sup> day of March, 2012.

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

In the Matter of:

Dresser, Inc.  
10343 Sam Houston Park Drive  
Suite 210  
Houston, TX 77064

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between Dresser, Inc. of Houston, Texas ("Dresser"), 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, Dresser 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;

WHEREAS, BIS has notified Dresser of its intentions to initiate an administrative proceeding against Dresser, 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 2002 and 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). 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)), has continued 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 Dresser that alleges that

Dresser committed twenty violations of the Regulations, specifically:

**Charges 1 – 10 15 C.F.R. § 764.2(a): Unlicensed Exports of Items Controlled for Reasons of Chemical and Biological Weapons Proliferation**

On ten occasions between on or about June 17, 2002, and on or about December 15, 2005, Dresser engaged in conduct prohibited by the Regulations. Specifically, Dresser exported control valves, items classified under Export Classification Control Number (ECCN) 2B350, controlled for reasons of chemical and biological weapons proliferation, and with a total value of approximately \$164,912, to various destinations without the Department of Commerce licenses required by Section 742.2 of the Regulations. In so doing, Dresser committed ten violations of Section 764.2(a) of the Regulations.

**Charge 11 15 C.F.R. § 764.2(g) - Misrepresentation of Facts on Shipper's Export Declaration**

On or about June 17, 2002, in connection with the transaction described in Charge 1, above, Dresser made a false statement to the U.S. Government in connection with the submission of an export control document. Specifically, Dresser filed a Shipper's Export Declaration ("SED") with the U.S. Government that failed to state that the items that were the subject of the SEDs required a license and failed to state the appropriate Export Control Classification Number, as required by 15 C.F.R. § 30.3(e)(1). This representation was false, as licenses were required for the shipment. SEDs are export control documents, as defined in Part 772 of the Regulations. In filing an SED containing false statements of fact, Dresser committed one violation of Section 764.2(g) of the Regulations.

**Charges 12 - 20 15 C.F.R. § 764.2(g) - Misrepresentation of Facts through False Statement on Shipper's Export Declarations**

On nine occasions between on or about October 15, 2002, and on or about December 15, 2005, in connection with the transactions described in Charges 2-10, above, Dresser made false statements to the U.S. Government in connection with the submission of export control documents. Specifically, on nine occasions between on or about October 15, 2002 and on or about December 15, 2005, Dresser filed SEDs with the U.S. Government stating that the items that were the subject of the SEDs qualified for export as "NLR," i.e., that no license was required. These representations were false, as licenses were required for the control valves included in the shipments. SEDs are export control documents, as defined in Part 772 of the Regulations. In filing SEDs containing false statements of fact, Dresser committed nine violations of Section 764.2(g) of the Regulations.

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

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

**WHEREAS, Dresser neither admits nor denies the allegations contained in the Proposed Charging Letter;**

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

**WHEREAS, Dresser 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 Dresser, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.**
- 2. The following sanction shall be imposed against Dresser in complete settlement of the alleged violations of the Regulations relating to the transactions specifically detailed in the Proposed Charging Letter:**

a. Dresser shall be assessed a civil penalty in the amount of \$88,000, 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 Dresser. Failure to make full and timely payment of the civil penalty may result in the denial of all of Dresser'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 7 hereof, Dresser 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. Dresser also waives and will not assert any Statute of Limitations defense, and the Statute of Limitations will be tolled, 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 this Agreement and the Order, if issued, from the date of the Order until Dresser pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement.

4. BIS agrees that 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 Dresser in connection with any violation of the Act or the Regulations arising out of the transactions specifically detailed in the Proposed Charging Letter.

5. 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.

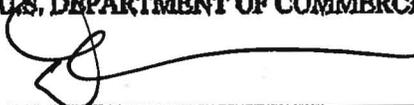
6. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if issued; nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

7. 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.

8. BIS will make the Proposed Charging Letter, this Agreement, and the Order, if issued, available to the public.

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

  
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Douglas R. Hasselbrock  
Director of Export Enforcement

Date: 3/27/2012

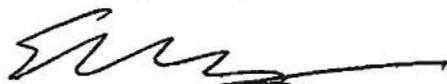
DRESSER, INC.

  
\_\_\_\_\_  
Anne McEntee  
President

APPROVED  
BY  
LEGAL

Date: March 26, 2012

Reviewed and approved by:

  
\_\_\_\_\_  
Eric McClafferty, Esq.  
Kelly Dye & Warren, LLP  
Counsel for Dresser, Inc.

Date: 3/26/2012

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Dresser, Inc.  
10343 Sam Houston Park Drive  
Suite 210  
Houston, TX 77064

*Attn.: Anne McEntee, President*

Dear Ms. McEntee:

The Bureau of Industry and Security, United States Department of Commerce (“BIS”), has reason to believe that Dresser, Inc., of Addison, Texas (“Dresser”), has committed 20 violations of the Export Administration Regulations (the “Regulations”),<sup>1</sup> which issued under the authority of the Export Administration Act of 1979, as amended (the “Act”).<sup>2</sup> Specifically, BIS charges that Dresser committed the following violations:

**Charges 1 – 10 15 C.F.R. § 764.2(a): Unlicensed Exports of Items Controlled for Reasons of Chemical and Biological Weapons Proliferation**

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on ten occasions between on or about June 17, 2002, and on or about December 15, 2005, Dresser engaged in conduct prohibited by the Regulations. Specifically, Dresser exported control valves, items classified under Export Classification Control Number (ECCN) 2B350, controlled for reasons of chemical and biological weapons proliferation, and with a total value of approximately \$164,912, to various destinations without the Department of Commerce licenses required by Section 742.2 of the Regulations. In so doing, Dresser committed ten 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 violation occurred between 2002 and 2005. The Regulations governing the violation at issue are found in the 2002-05 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002-05)). 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. 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)).

**Charge 11                    15 C.F.R. § 764.2(g) - Misrepresentation of Facts on Shipper's Export Declaration**

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on or about June 17, 2002, in connection with the transaction described in Charge 1, above, Dresser made a false statement to the U.S. Government in connection with the submission of an export control document. Specifically, Dresser filed a Shipper's Export Declaration ("SED") with the U.S. Government that failed to state that the items that were the subject of the SEDs required a license and failed to state the appropriate Export Control Classification Number, as required by 15 C.F.R. § 30.3(e)(1). This representation was false, as licenses were required for the shipment. SEDs are export control documents, as defined in Part 772 of the Regulations. In filing an SED containing false statements of fact, Dresser committed one violation of Section 764.2(g) of the Regulations.

**Charges 12 - 20            15 C.F.R. § 764.2(g) - Misrepresentation of Facts through False Statement on Shipper's Export Declarations**

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on nine occasions between on or about October 15, 2002, and on or about December 15, 2005, in connection with the transactions described in Charges 2-10, above, Dresser made false statements to the U.S. Government in connection with the submission of export control documents. Specifically, on nine occasions between on or about October 15, 2002, and on or about December 15, 2005, Dresser filed SEDs with the U.S. Government stating that the items that were the subject of the SEDs qualified for export as "NLR," i.e., that no license was required. These representations were false, as licenses were required for the control valves included in the shipments. SEDs are export control documents, as defined in Part 772 of the Regulations. In filing SEDs containing false statements of fact, Dresser committed nine violations of Section 764.2(g) of the Regulations.

\* \* \* \* \*

Accordingly, Dresser 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:

- 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>3</sup>;

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

- Denial of export privileges; and/or
- Exclusion from practice before BIS.

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

Dresser is further notified that it is entitled to an agency hearing on the record if it files a written demand for one with the company's answer. *See* 15 C.F.R. § 766.6 (2011). Dresser is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent the company. *See* 15 C.F.R. §§ 766.3(a) and 766.4 (2011).

Dresser is further notified that under the Small Business Regulatory Enforcement Flexibility Act, the company 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 Dresser have a proposal to settle this case, a Dresser 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, Dresser'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 Dresser's answer must be served on BIS at the following address:

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

Adrienne Frazier is the attorney representing BIS in this case; any communications that Dresser may wish to have concerning this matter should occur through her. She may be contacted by telephone at (202) 482-5301.

Sincerely,

Douglas R. Hassebrock  
Director  
Office of Export Enforcement

