

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

In the Matter of:)
)
Prime Technology Corporation)
305 Northern Boulevard)
#305)
Great Neck, NY 11021)
)
Respondent)

ORDER RELATING TO
PRIME TECHNOLOGY CORPORATION

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Prime Technology Corporation of Great Neck, New York (“Prime Technology”), of its intention to initiate an administrative proceeding against Prime Technology 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 Prime Technology that alleges that Prime Technology committed one violation of the Regulations. Specifically, the charge is:

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2011). The violations alleged occurred in 2007 and 2008. The Regulations governing the violations at issue are found in the 2007 and 2008 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2007- 08)). The 2011 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)), 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.*).

Charge 1 15 C.F.R. § 764.2(d) – Conspiracy to Export Items from the United States to China without the Required Licenses

Beginning at least in or around February 2007, and continuing through at least in or around April 2008, Prime Technology conspired or acted in concert with others, known and unknown, to violate the Regulations or to bring about an act that constitutes a violation of the Regulations. The purpose of the conspiracy was to export items subject to the Regulations from the United States to the People's Republic of China ("China"), without the required U.S. Government authorization. Specifically, Prime Technology and others conspired to export Toray M40JB-6000-50B carbon fiber ("Toray M40") and Toray M60JB-6000-50B carbon fiber ("Toray M60") from the United States to China Academy of Space Technology ("CAST") in China without a license. The Toray M40 was subject to the Regulations, classified under Export Control Classification Number ("ECCN") 1C010.b, controlled for export to China for nuclear proliferation and national security reasons and valued at approximately \$91,800. The Toray M60 was an item subject to the Regulations, classified under ECCN 1C210.a, controlled for export to China for nuclear proliferation reasons and valued at approximately \$223,600. These exports required a license pursuant to Sections 742.3 and 742.4 of the Regulations.

In furtherance of the conspiracy to export Toray carbon fiber to CAST, Jianwei Ding, a.k.a. Will Ting, a representative of the entity procuring items for CAST directed Prime Technology to inspect the Toray M60 and Toray M40 materials to determine whether the materials were genuine. On or about May 18, 2007, Prime Technology's director Ping Cheng, acting on these instructions, traveled from New York to the items' location in Minnesota to inspect a lot of 104 kilograms of Toray M60 material. During the inspection of the Toray M60 material, Cheng was handed a letter on BIS letterhead, which stated in part:

[T]his [Toray M60] has been classified under Export Control Classification Number (ECCN) 1C210.a. It is controlled for export for Nuclear Non-Proliferation and Anti-Terrorism reasons. As such, a license would be required to export this item to most destinations, including China and Singapore.

Despite the warning, on behalf of the entity procuring items for CAST, Cheng, working on Prime Technology's behalf, drafted an inspection report regarding the authenticity of the Toray M60 material. On or about May 20, 2007, Cheng, working on Prime Technology's behalf, sent the Toray M60 inspection report, as well as pictures taken of the items during the inspection, to contacts at the entity procuring items for CAST.

On a second occasion, on or about July 13, 2007, Cheng, working on Prime Technology's behalf, after again having traveled from New York to the items' location in Minnesota on behalf of the entity procuring items for CAST, inspected a lot of 211 kilograms of Toray M40 material to determine whether those items were genuine. During this inspection, Prime Technology was verbally told of the export control requirements regarding the

Toray M40 material. Again, despite this warning, and on behalf of the entity procuring items for CAST, Cheng, working on Prime Technology's behalf, drafted an inspection report regarding the authenticity of the Toray M40 material. On or about July 18, 2007, Cheng, on Prime Technology's behalf, sent the Toray M40 inspection report, as well as pictures he had taken of the items during the inspection, to his contacts at the entity procuring items for CAST.

Thereafter, acting on instructions from Ding, Prime Technology made preparations for the export of the Toray M40 and Toray M60 from the United States. On or about June 4, 2007 and on or about August 3, 2007, Prime Technology directed a freight forwarder to transport the Toray M60 and Toray M40 material, respectively, from Minnesota to New York to be stored by the freight forwarder in preparation of the unlicensed export of those items. Subsequently, on or about October 12, 2007, Ding requested that Prime Technology make a test export of one box of the Toray M40 materials from the United States, and Ding provided to Prime Technology the name of a specific individual at a specific company that would facilitate the export. When the efforts of Prime Technology to reach the specific individual provided by Ding were unsuccessful, on or about November 17, 2007, Cheng, working as a representative for Prime Technology, asked Ding to provide additional instructions and inform Ding that "had to make up the story I call for [a] rate quote." On or about November 22, 2007, Ding advised to try again and "only say 'a customer do have one box goods ship to Taiwan' she will know."

Acting on instructions from Ding, Prime Technology then directed a freight forwarder to export the Toray M40 and Toray M60 materials from the United States. Specifically, on or about April 13, 2008, Prime Technology instructed the freight forwarder to export the Toray M40 material to New Bluesky Technology Co. Ltd. in Hong Kong, and, on or about April 16, 2008, Prime Technology instructed the freight forwarder to export the Toray M60 material to Jowa Globaltech Ptd Ltd., a.k.a. FirmSpace Pte Ltd., in Singapore. These items were destined for CAST in China. Neither the Toray M40 materials nor the Toray M60 materials had the required export licenses. On the Shipper's Letters of Instruction associated with these shipments, Prime Technology's name was included as the U.S. Principal Party in Interest.

In so doing, Prime Technology committed one violation of Section 764.2(d) of the Regulations.

WHEREAS, BIS and Prime Technology 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, Prime Technology shall be assessed a civil penalty in the amount of \$125,000. Prime Technology shall pay the U.S. Department of Commerce in two installments of: \$25,000 not later than April 2, 2012; and \$25,000 not later than September 4, 2012. Payment shall be made in the manner specified in the attached instructions. If either of the two installment payments is not fully and timely made, any remaining scheduled installment payments and any suspended penalty shall become due and owing immediately. Payment of the remaining \$75,000 shall be suspended for a period of two years from the date of the Order, and thereafter shall be waived, provided that during this two-year probationary period under the Order, Prime Technology has committed no violation of the Act, or any regulation, order, license or authorization issued thereunder and has made full and timely payment of \$50,000 as set forth above.

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, Prime Technology 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, Prime Technology shall complete two external audits of its export controls compliance program, as set forth in this paragraph. Prime Technology shall hire an unaffiliated third party consultant with expertise in U.S. export control laws to conduct the external audits 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 audits, including any relevant supporting materials,

shall be submitted to the Department of Commerce, Bureau of Industry and Security, Office of Export Enforcement, One Oakbrook Terrace, Suite 804, Oakbrook Terrace, IL 60181 (“BIS Chicago Field Office”). The audits shall cover (1) the 12-month period beginning on the date of the Order, and (2) the 12-month period immediately following the first audit period. Reports on the results of the two audits shall be due to the BIS Chicago Field Office no later than fifteen (15) months and thirty (30) months, respectively, from the date of the Order. Said audits shall be in substantial compliance with the EMS sample audit module, and shall include an assessment of Prime Technology’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. In addition, where said either audit identifies actual or potential violations of the Regulations, Prime Technology must promptly provide copies of the pertinent air waybills and other export control documents and supporting documentation to the BIS Chicago Field Office.

FOURTH, that Prime Technology’s president, all other Prime Technology officer(s), and any Prime Technology employee(s) responsible for export control compliance shall complete export controls compliance training programs on the Regulations within twelve months of issuance of this Order. Before each individual attends such training course or program, Prime Technology shall notify the Office of Export Enforcement, Special Agent in Charge of the Chicago Field Office, of the course or program each individual plans to attend. No later than one month after each individual attends his or her compliance course or program, Prime Technology shall submit to the Office of Export Enforcement, Office of Export Enforcement, Special Agent in Charge of

the Chicago Field Office, a certification of attendance for the individual issued by the training provider.

FIFTH, for a period of two (2) years from the date of entry of this Order, Prime Technology will retain an Item Classification Sheet, such as the one found at Attachment A of the Settlement Agreement, for every item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including those activities specified in subparagraphs .A - .C of the Seventh numbered Paragraph of this Order.

SIXTH, the full and timely payment of the civil penalty in accordance with the payment schedule set forth above, the timely completion and submission of the results of the audits as set forth above, the timely completion and submission of verification of attendance at an export compliance training as set forth above, and the entry and retention of the Item Classification Sheets as 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 Prime Technology. Accordingly, if Prime Technology should fail to pay the civil penalty in a full and timely manner, fail to complete and submit the results of the audit, fail to complete and submit verification of attendance of an export compliance training, or fail to enter and retain the Item Classification Sheets as set forth above, the undersigned may issue an Order denying all of Prime Technology' export privileges under the Regulations for a period of one year from the date of failure to make such payment.

SEVENTH, that for a period of two (2) years from the date of entry of the Order, Prime Technology, with a last known address of 305 Northern Boulevard, #305, Great Neck, NY 11021, and when acting for or on its behalf, its successors, assigns, directors,

officers, employees, representatives, or agents (hereinafter collectively referred to as “Denied Person”), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as “item”) exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- A. Applying for, obtaining, or using any license, License Exception, or export control document;
- B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or
- C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

EIGHTH, that no person may, directly or indirectly, do any of the following:

- A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations;
- B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a

transaction whereby the Denied Person acquires or attempts to acquire such ownership, possession or control;

- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States;
- D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or
- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by the Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by the Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

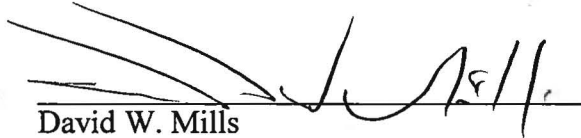
NINTH, that, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to the Denied Person by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of the Order.

TENTH, that, as authorized by Section 766.18(c) of the Regulations, the two-year denial period set forth above shall be suspended, and shall thereafter be waived at the conclusion of the two-year denial period, provided that Prime Technology has made full

and timely payment as set forth above, has timely completed and submitted results of the audits as set forth above, has timely completed and submitted verification of attendance at an export compliance training as set forth above, has entered and retained the Item Classification Sheets as set forth above, and has committed no other violation of the Act or any regulation, order, license or authorization issued thereunder during the two-year denial period. If Prime Technology does not make full and timely payment in as set forth above, has not timely completed and submitted results of the audits as set forth above, has not timely completed and submitted verification of attendance at an export compliance training as set forth above, or has not entered and retained the Item Classification Sheets as set forth above the suspension may be modified or revoked by BIS.

ELEVENTH, 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 19th day of March, 2012.

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

In the Matter of:)
)
Prime Technology Corporation)
305 Northern Boulevard)
#305)
Great Neck, NY 11021)
)
Respondent)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Prime Technology Corporation (“Prime Technology”) 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, BIS has notified Prime Technology of its intention to initiate an administrative proceeding against it, pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a Proposed Charging Letter to Prime Technology that alleged that Prime Technology committed one violation of the Regulations, specifically:

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2011). The charged violation occurred in 2007 and 2008. The Regulations governing the violation at issue are found in the 2007 and 2008 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2007-08)). 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. 50661 (Aug. 16, 2011)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*).

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In so doing, Prime Technology committed one violation of Section 764.2(d) of the Regulations.

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

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

WHEREAS, Prime Technology neither admits nor denies the allegations contained in the Proposed Charging Letter;

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

WHEREAS, Prime Technology 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 Prime Technology, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.
2. The following sanction shall be imposed against Prime Technology in complete settlement of the alleged violation of the Regulations relating to the transaction specifically detailed in the Proposed Charging Letter:
 - a. Prime Technology shall be assessed a civil penalty in the amount of \$125,000. Prime Technology shall pay the U.S. Department of Commerce in two installments of: \$25,000 not later than April 2, 2012; and \$25,000 not later than September 4, 2012. Payment shall be made in the manner specified in the accompanying instructions. If either of the two installment payments is not fully and timely made, any remaining scheduled installment payments and any suspended penalty shall become due and owing immediately. Payment of the

remaining \$75,000 shall be suspended for a period of two years from the date of the Order, and thereafter shall be waived, provided that during this two-year probationary period under the Order, Prime Technology has committed no violation of the Act, or any regulation, order, license or authorization issued thereunder and has made full and timely payment of \$50,000 as set forth above.

b. Prime Technology shall complete two external audits of its export controls compliance program. Prime Technology shall hire an unaffiliated third party consultant with expertise in U.S. export control laws to conduct the external audits of its compliance with U.S. export control laws (including recordkeeping requirements and the requirements of this settlement agreement), with respect to all exports or reexports that are subject to the Regulations. The results of the audits, including any relevant supporting materials, shall be submitted to the Department of Commerce, Bureau of Industry and Security, Office of Export Enforcement, One Oakbrook Terrace, Suite 804, Oakbrook Terrace, IL 60181 (“BIS Chicago Field Office”). The audits shall cover (1) the 12-month period beginning on the date of the Order, and (2) the 12-month period immediately following the first audit period. Reports on the results of the two audits shall be due to the BIS Chicago Field Office no later than fifteen (15) months and thirty (30) months, respectively, from the date of the Order. Said audits shall be in substantial compliance with the EMS sample audit module, and shall include an assessment of Prime Technology’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_emcp_audit.pdf. In addition, where said either audit identifies actual or potential violations of the

Regulations, Prime Technology must promptly provide copies of the pertinent air waybills and other export control documents and supporting documentation to the BIS Chicago Field Office.

c. Prime Technology's president, all other Prime Technology officer(s), and any Prime Technology employee(s) responsible for export control compliance shall complete export compliance training programs on the Regulations within twelve months from the date of the Order. Before each individual attends such training course or program, Prime Technology shall notify the Office of Export Enforcement, Special Agent in Charge of the Chicago Field Office, of the course or program each individual plans to attend. No later than one month after each individual attends his or her compliance course or program, Prime Technology shall submit to the Office of Export Enforcement, Office of Export Enforcement, Special Agent in Charge of the Chicago Field Office, a certification of attendance for the individual issued by the training provider.

d. For a period of two (2) years from the date of the Order, Prime Technology shall complete and retain an "Item Classification Sheet," based on the template in Attachment A, for any item exported or intended to be exported from the United States and is the subject of a transaction in which Prime Technology has an interest.

e. The full and timely payment of the civil penalty agreed to in Paragraph 2. a, the timely completion and submission of the results of the audits in Paragraph 2.b, the timely completion and submission of verification of attendance at an export compliance training in Paragraph 2.c, and completion and retention of Item Classification Sheets as described in Paragraph 2.d 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 Prime Technology. Failure to make full and timely payment of the civil penalty, to complete and submit the results of the audits, to complete and submit verification of attendance at export compliance training programs as set forth above, or to complete and retain Item Classification Sheets may result in the denial of all of Prime Technology's export privileges under the Regulations for one year from the date of the failure to make such payment, to complete and submit the results of the audits, or to complete and submit verification of attendance at export compliance training programs.

f. For a period of two (2) years from the date of the Order, Prime Technology, with a last known address of 305 Northern Boulevard, #305, Great Neck, NY 11021, and when acting for or on its behalf, its successors, assigns, directors, officers, employees, representatives, or agents (hereinafter collectively referred to as "Denied Person"), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- i. Applying for, obtaining, or using any license, License Exception, or export control document;
- ii. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way,

any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or

iii. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

g. BIS agrees that, as authorized by Section 766.18(c) of the Regulations, the two-year denial period set forth in Paragraph 2.f shall be suspended, provided that Prime Technology has made full and timely payment in accordance with Paragraph 2.a above, has completed and submitted the results of the audits in Paragraph 2.b, has completed and submitted verification of attendance at export compliance training programs in Paragraph 2.c, has completed and retained Item Classification Sheets as described in Paragraph 2.d, and has committed no other violation of the Act or any regulation, order, license or authorization issued thereunder during the two-year denial period. If Prime Technology does not make full and timely payment in accordance with Paragraph 2.a above, has not completed and submitted the results of the audits in Paragraph 2.b, has not completed and submitted verification of attendance at export compliance training programs in Paragraph 2.c, has not completed and retained Item Classification Sheets described in Paragraph 2.d, the suspension may be modified or revoked by BIS.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, Prime Technology 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. Prime Technology 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, if issued, until the later of the date Prime Technology pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement, has completed and submitted the results of the second completed compliance audits agreed to in Paragraph 2.b of this Agreement, or has completed and submitted verification of attendance at an export compliance training agreed to in Paragraph 2.c of this Agreement.

4. BIS agrees that upon full and timely payment of the civil penalty as set forth in Paragraph 2.a above, full and timely completion and submission of the results of the audits as set forth in Paragraph 2.b above, completion and submission of verification of attendance at export compliance training set forth in Paragraph 2.c above, and the completion and retention of Item Classification Sheets as described in Paragraph 2.d, BIS will not initiate any further administrative proceeding against Prime Technology 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.

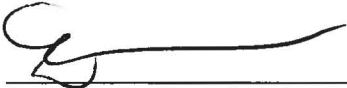
6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial 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.

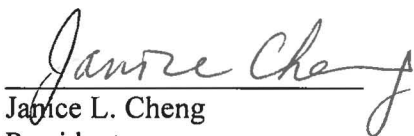
9. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

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



Douglas R. Hassebrock
Director
Office of Export Enforcement

Date: 3/16/, 2012



Janice L. Cheng
President
Prime Technology Corporation

Date: 3/7, 2012

Reviewed and approved by:



John C. Dibble
Attorney at Law
Counsel for Prime Technology Corporation

Date: 3/9, 2012

Attachment A

ITEM CLASSIFICATION SHEET

Item Description	
Technical Specifications	
Agency Jurisdiction	
ECCN Classification Decision	
Contacts Made to Determine Item Classification	
Name/Title of Technical Decision Maker (Engineer)/Date	
Name/Title of Approving Manager/Date	
End-Use of the Item (Civilian or Military?)	
Request for Evaluation Due to EAR Change Made	
Evaluation Decision Date Name/Title of Product Engineer	

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Prime Technology Corporation
305 Northern Boulevard
#305
Great Neck, NY 11021

*Attention: Ping Cheng
Director*

Dear Mr. Cheng:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Prime Technology Corporation (“Prime Technology”), of Great Neck, New York, has committed one violation 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 Prime Technology committed the following violation:

Charge 1 15 C.F.R. § 764.2(d) – Conspiracy to Export Items from the United States to China without the Required Licenses

Beginning at least in or around February 2007, and continuing through at least in or around April 2008, Prime Technology conspired or acted in concert with others, known and unknown, to violate the Regulations or to bring about an act that constitutes a violation of the Regulations. The purpose of the conspiracy was to export items subject to the Regulations from the United States to the People’s Republic of China (“China”), without the required U.S. Government authorization. Specifically, Prime Technology and others conspired to export Toray M40JB-6000-50B carbon fiber (“Toray M40”) and Toray M60JB-6000-50B carbon fiber (“Toray M60”) from the United States to China Academy of Space Technology (“CAST”) in China without a license. The Toray M40 was subject to the Regulations, classified under Export Control

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2010). The charged violation occurred in 2007 and 2008. The Regulations governing the violation at issue are found in the 2007 through 2008 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2007, 2008)). The 2010 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)) which has been extended by successive Presidential Notices, the most recent being that of August 12, 2010 (75 Fed. Reg. 50,681 (Aug. 16, 2010)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*). The Act and the Regulations are available on the Government Printing Office website at: <http://www.access.gpo.gov/bis/>.

Classification Number ("ECCN") 1C010.b, controlled for export to China for nuclear proliferation and national security reasons and valued at approximately \$91,800. The Toray M60 was an item subject to the Regulations, classified under ECCN 1C210.a, controlled for export to China for nuclear proliferation reasons and valued at approximately \$223,600. These exports required a license pursuant to Sections 742.3 and 742.4 of the Regulations.

In furtherance of the conspiracy to export Toray carbon fiber to CAST, Jianwei Ding, a.k.a. Will Ting, a representative of the entity procuring items for CAST directed Prime Technology to inspect the Toray M60 and Toray M40 materials to determine whether the materials were genuine. On or about May 18, 2007, Prime Technology's director Ping Cheng, acting on these instructions, traveled from New York to the items' location in Minnesota to inspect a lot of 104 kilograms of Toray M60 material. During the inspection of the Toray M60 material, Cheng was handed a letter on BIS letterhead, which stated in part:

[T]his [Toray M60] has been classified under Export Control Classification Number (ECCN) 1C210.a. It is controlled for export for Nuclear Non-Proliferation and Anti-Terrorism reasons. As such, a license would be required to export this item to most destinations, including China and Singapore.

Despite the warning, on behalf of the entity procuring items for CAST, Cheng, working on Prime Technology's behalf, drafted an inspection report regarding the authenticity of the Toray M60 material. On or about May 20, 2007, Cheng, working on Prime Technology's behalf, sent the Toray M60 inspection report, as well as pictures taken of the items during the inspection, to contacts at the entity procuring items for CAST.

On a second occasion, on or about July 13, 2007, Cheng, working on Prime Technology's behalf, after again having traveled from New York to the items' location in Minnesota on behalf of the entity procuring items for CAST, inspected a lot of 211 kilograms of Toray M40 material to determine whether those items were genuine. During this inspection, Prime Technology was verbally told of the export control requirements regarding the Toray M40 material. Again, despite this warning, and on behalf of the entity procuring items for CAST, Cheng, working on Prime Technology's behalf, drafted an inspection report regarding the authenticity of the Toray M40 material. On or about July 18, 2007, Cheng, on Prime Technology's behalf, sent the Toray M40 inspection report, as well as pictures he had taken of the items during the inspection, to his contacts at the entity procuring items for CAST.

Thereafter, acting on instructions from Ding, Prime Technology made preparations for the export of the Toray M40 and Toray M60 from the United States. On or about June 4, 2007 and on or about August 3, 2007, Prime Technology directed a freight forwarder to transport the Toray M60 and Toray M40 material, respectively, from Minnesota to New York to be stored by the freight forwarder in preparation of the unlicensed export of those items. Subsequently, on or about October 12, 2007, Ding requested that Prime Technology make a test export of one box of the Toray M40 materials from the United States, and Ding provided to Prime Technology the name of a specific individual at a specific company that would facilitate the export. When the efforts of Prime Technology to reach the specific individual provided by Ding were unsuccessful, on or

about November 17, 2007, Cheng, working as a representative for Prime Technology, asked Ding to provide additional instructions and inform Ding that “had to make up the story I call for [a] rate quote.” On or about November 22, 2007, Ding advised to try again and “only say ‘a customer do have one box goods ship to Taiwan’ she will know.”

Acting on instructions from Ding, Prime Technology then directed a freight forwarder to export the Toray M40 and Toray M60 materials from the United States. Specifically, on or about April 13, 2008, Prime Technology instructed the freight forwarder to export the Toray M40 material to New Bluesky Technology Co. Ltd. in Hong Kong, and, on or about April 16, 2008, Prime Technology instructed the freight forwarder to export the Toray M60 material to Jowa Globaltech Ptd Ltd., a.k.a. FirmSpace Pte Ltd., in Singapore. These items were destined for CAST in China. Neither the Toray M40 materials nor the Toray M60 materials had the required export licenses. On the Shipper’s Letters of Instruction associated with these shipments, Prime Technology’s name was included as the U.S. Principal Party in Interest.

In so doing, Prime Technology committed one violation of Section 764.2(d) of the Regulations.

* * * * *

Accordingly, Prime Technology 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.

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

Prime Technology 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. Prime Technology 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.

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

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

Prime Technology is further notified that under the Small Business Regulatory Enforcement Flexibility Act, Prime Technology 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, Prime Technology'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 Prime Technology'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 Prime Technology may wish to have concerning this matter should occur through her. Ms. Frazier may be contacted by telephone at (202) 482-5301.

Sincerely,

Douglas R. Hassebrock
Director
Office of Export Enforcement