

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

In the Matters of:

Xiaoming (“Sam”) Wang  
9995 Ashley Manor Court, Suite 200  
Fairfax, VA 22032

and

Qualitech Enviro-Instrument Company  
9995 Ashley Manor Court, Suite 200  
Fairfax, VA 22032

Respondents

ORDER RELATING TO  
XIAOMING (“SAM”) WANG AND  
QUALITECH ENVIRO-INSTRUMENT COMPANY

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Xiaoming (“Sam”) Wang, of Fairfax, Virginia (“Wang”), and Qualitech Enviro-Instruments Company, of Fairfax, Virginia (“Qualitech”), of its intention to initiate an administrative proceeding against Wang and Qualitech 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 Proposed

---

<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2012). The violation alleged occurred in the 2007. The Regulations governing the violation at issue are found in the 2007 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2007)). The 2012 Regulations govern the procedural aspects of this case.

<sup>2</sup> 50 U.S.C. app. §§ 2401-2420 (2000) (2006 & Supp. IV 2010). 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 15, 2012 (77 Fed. Reg. 49699 (Aug. 16, 2012)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*).

Charging Letters to Wang and Qualitech that alleges that Wang and Qualitech each committed one violation of the Regulations. Specifically, the charge against Wang is:

**Charge 1      15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct by Exporting Items Controlled for National Security Reasons to China**

On one occasion on or about April 25, 2007, Wang engaged in conduct prohibited by the Regulations by exporting from the United States to the People's Republic of China ("China") two Wavetek 650 Precision 2MHz Variable Phase Synthesizers ("Phase Synthesizers"), items subject to the Regulations, classified under Export Control Classification Number ("ECCN") 3A002.b and controlled for national security reasons, without the Department of Commerce license required by Section 742.4 of the Regulations. As President of Qualitech Enviro-Instrument Company, Wang signed an air waybill stating that he authorized shipping the two Phase Synthesizers to China. Wang stated on the air waybill that the Phase Synthesizers were valued at \$480, though publicly available information indicates that the shipment had a total value of around \$8,000. In so doing, Wang committed one violation of Section 764.2(a) of the Regulations.

The charge against Qualitech is:

**Charge 1      15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct by Exporting Items Controlled for National Security Reasons to China**

On one occasion on or about April 25, 2007, Qualitech engaged in conduct prohibited by the Regulations by exporting from the United States to the People's Republic of China ("China") two Wavetek 650 Precision 2MHz Variable Phase Synthesizers ("Phase Synthesizers"), items subject to the Regulations, classified under Export Control Classification Number ("ECCN") 3A002.b, and controlled for national security reasons, without the Department of Commerce license required by Section 742.4 of the Regulations. Qualitech's President Xiaoming ("Sam") Wang ("Wang") stated on an air waybill that the Phase Synthesizers were valued at \$480, though publicly available information indicates that the shipment had a total value of around \$8,000. In so doing, Qualitech committed one violation of Section 764.2(a) of the Regulations.

WHEREAS, BIS, Wang and Qualitech 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, Wang and Qualitech shall be jointly and severally assessed a civil penalty in the amount of \$35,000, all of which shall be suspended for a period of five years from the date of the Order, and thereafter shall be waived, provided that during this five-year probationary period under the Order, neither Wang nor Qualitech have committed any violations of the Act, or any regulation, order, license, or authorization issued thereunder. If Wang and/or Qualitech commits a violation of the Act or any regulation, order, license, or authorization issued thereunder, during the probationary period under this Order, the suspension of the civil penalty may be modified or revoked by BIS and the \$35,000 made due and owing immediately. If the civil penalty is activated, Wang and Qualitech will be jointly and severally liable for payment of the penalty that may come due.

SECOND, that for a period of five (5) years from the date of this Order, Wang and Qualitech, both with a last known address of 9995 Ashley Manor Court, Suite 200, Fairfax, VA 22032, and when acting for or on behalf of Wang and/or Qualitech, their successors, assigns, representatives, agents, or employees (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.

THIRD, 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.

FOURTH, 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.

FIFTH, that, as authorized by Section 766.18(c) of the Regulations, the five-year denial period set forth above shall be suspended during a probationary period of five years under the Order, and shall thereafter be waived, provided that Wang and Qualitech have committed no other violation of the Act or the Regulations or any order, license or authorization issued thereunder. If Wang and/or Qualitech commit another violation of the Act or the Regulations or any order, license or authorization issued thereunder, during the five-year probationary period under the Order, the suspension may be modified or revoked by BIS and a denial order including a five-year denial period activated against Wang and/or Qualitech.

SIXTH, Wang and Qualitech shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegations in the Proposed Charging Letters or the Order. The foregoing does not affect Wang's or Qualitech's testimonial obligations in any proceeding, nor does it affect his or its right to take legal or

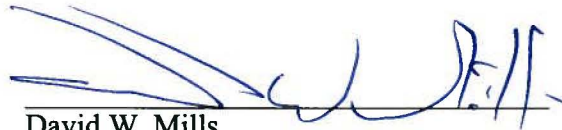
Xiaoming ("Sam") Wang  
Qualitech Enviro-Instrument Company  
Order  
Page 6 of 6

factual positions in civil litigation or other civil proceedings in which the U.S.

Department of Commerce is not a party.

SEVENTH, that the Proposed Charging Letters, 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 22 day of March, 2013.

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

In the Matters of:

Xiaoming (“Sam”) Wang  
9995 Ashley Manor Court, Suite 200  
Fairfax, VA 22032

and

Qualitech Enviro-Instrument Company  
9995 Ashley Manor Court, Suite 200  
Fairfax, VA 22032

Respondents

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Xiaoming (“Sam”) Wang, of Fairfax, Virginia (“Wang”), Qualitech Enviro-Instruments Company, of Fairfax, Virginia (“Qualitech”), 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>

---

<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2012). The violation alleged occurred in the 2007. The Regulations governing the violation at issue are found in the 2007 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2007)). The 2012 Regulations govern the procedural aspects of this case.

<sup>2</sup> 50 U.S.C. app. §§ 2401-2420 (2000) (2006 & Supp. IV 2010). 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 15, 2012 (77 Fed. Reg. 49699 (Aug. 16, 2012)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*).

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

WHEREAS, BIS has issued a Proposed Charging Letter to Wang that alleges that Wang committed one violation of the Regulations, specifically:

**Charge 1     15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct by Exporting Items Controlled for National Security Reasons to China**

On one occasion on or about April 25, 2007, Wang engaged in conduct prohibited by the Regulations by exporting from the United States to the People's Republic of China ("China") two Wavetek 650 Precision 2MHz Variable Phase Synthesizers ("Phase Synthesizers"), items subject to the Regulations, classified under Export Control Classification Number ("ECCN") 3A002.b and controlled for national security reasons, without the Department of Commerce license required by Section 742.4 of the Regulations. As President of Qualitech Enviro-Instrument Company, Wang signed an air waybill stating that he authorized shipping the two Phase Synthesizers to China. Wang stated on the air waybill that the Phase Synthesizers were valued at \$480, though publicly available information indicates that the shipment had a total value of around \$8,000. In so doing, Wang committed one violation of Section 764.2(a) of the Regulations.

WHEREAS, BIS has issued a Proposed Charging Letter to Qualitech that alleges that Qualitech committed one violation of the Regulations, specifically:

**Charge 1     15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct by Exporting Items Controlled for National Security Reasons to China**

On one occasion on or about April 25, 2007, Qualitech engaged in conduct prohibited by the Regulations by exporting from the United States to the People's Republic of China ("China") two Wavetek 650 Precision 2MHz Variable Phase Synthesizers ("Phase Synthesizers"), items subject to the Regulations, classified under Export Control Classification Number ("ECCN") 3A002.b, and controlled for national security reasons, without the Department of Commerce license required by Section 742.4 of the Regulations. Qualitech's President Xiaoming ("Sam") Wang ("Wang") stated on an air waybill that the Phase Synthesizers were valued at \$480, though publicly available information indicates that the shipment had a total value of around \$8,000. In so doing, Qualitech committed one violation of Section 764.2(a) of the Regulations.



WHEREAS, Wang and Qualitech have reviewed the Proposed Charging Letters and are aware of the allegations made against them and the administrative sanctions that could be imposed against them if the allegations are found to be true;

WHEREAS, Wang and Qualitech wish to settle this matter and fully understand 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, Wang and Qualitech enter into this Agreement voluntarily and with full knowledge of their rights;

WHEREAS, Wang and Qualitech state that no promises or representations have been made to them other than the agreements and considerations herein expressed;

WHEREAS, Wang and Qualitech neither admit nor deny the allegations contained in the Proposed Charging Letters; and

WHEREAS, Wang and Qualitech agree 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 Wang and Qualitech, under the Regulations, in connection with the matters alleged in the Proposed Charging Letters.
2. The following sanctions shall be imposed against Wang and Qualitech in complete settlement of the alleged violations of the Regulations relating to the transaction specifically detailed in the Proposed Charging Letters:
  - a. Wang and Qualitech shall be jointly and severally assessed a civil penalty in the amount of \$35,000, all of which shall be suspended for a period of

five years from the date of the Order, and thereafter shall be waived, provided that during this five-year probationary period under the Order, neither Wang nor Qualitech have committed any violations of the Act, or any regulation, order, license, or authorization issued thereunder. If Wang and/or Qualitech commits a violation of the Act or any regulation, order, license, or authorization issued thereunder, during the probationary period under the Order, the suspension of the civil penalty may be modified or revoked by BIS and the \$35,000 made due and owing immediately. If the civil penalty is activated, Wang and Qualitech will be jointly and severally liable for payment of the penalty that may come due.

b. For a period of five (5) years from the date of the Order, Wang and Qualitech, both with a last known address of 9995 Ashley Manor Court, Suite 200, Fairfax, VA 22032, and when acting for or on behalf of Wang and/or Qualitech, their successors, assigns, representatives, agents, or employees (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.

c. BIS agrees that, as authorized by Section 766.18(c) of the Regulations, the five-year denial period set forth in Paragraph 2.b shall be suspended during a probationary period of five years under the Order, and shall thereafter be waived, provided that Wang and Qualitech have committed no other violation of the Act or the Regulations or any order, license or authorization issued thereunder.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, Wang and Qualitech hereby waive 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. Wang and Qualitech also waive 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 Letters or in

connection with collection of any civil penalty or enforcement of this Agreement and the Order, if issued, from the date of the Order.

4. Wang or Qualitech shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegations in the Proposed Charging Letters or the Order. The foregoing does not affect Wang's and Qualitech's testimonial obligations in any proceeding, nor does it affect their right to take legal or factual positions in civil litigation or other civil proceedings in which the U.S. Department of Commerce is not a party.

5. Upon issuance of the Order, BIS will not initiate any further administrative proceeding against Wang and Qualitech in connection with any violation of the Act or the Regulations arising out of the transaction specifically detailed in the Proposed Charging Letters.

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

10. 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.

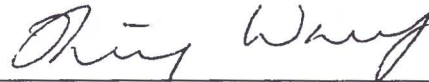
BUREAU OF INDUSTRY AND  
SECURITY  
U.S. DEPARTMENT OF COMMERCE



Douglas R. Hassebrock  
Director of Export Enforcement

Date: 3/19/15

XIAOMING ("SAM") WANG



Xiaoming ("Sam") Wang

Date: 3/15/2013

QUALITECH ENVIRO-INSTRUMENT  
COMPANY



Xiaoming ("Sam") Wang  
President, Qualitech Enviro-Instrument  
Company

Date: 3/15/2013

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Xiaoming (“Sam”) Wang  
9995 Ashley Manor Court, Suite 200  
Fairfax, VA 22032

Dear Mr. Wang:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Xiaoming (“Sam”) Wang, of Fairfax, Virginia (“Wang”), has committed one violation 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 alleges that Wang committed the following violation:

**Charge 1      15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct by Exporting Items Controlled for National Security Reasons to China**

On one occasion on or about April 25, 2007, Wang engaged in conduct prohibited by the Regulations by exporting from the United States to the People’s Republic of China (“China”) two Wavetek 650 Precision 2MHz Variable Phase Synthesizers (“Phase Synthesizers”), items subject to the Regulations, classified under Export Control Classification Number (“ECCN”) 3A002.b and controlled for national security reasons, without the Department of Commerce license required by Section 742.4 of the Regulations. As President of Qualitech Enviro-Instrument Company, Wang signed an air waybill stating that he authorized shipping the two Phase Synthesizers to China. Wang stated on the air waybill that the Phase Synthesizers were valued at \$480, though publicly available information indicates that the shipment had a total value of around \$8,000. In so doing, Wang committed one violation of Section 764.2(a) of the Regulations.

\*   \*   \*   \*   \*

Accordingly, Wang is hereby notified that an administrative proceeding is instituted against him pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions and any other liability,

---

<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2012). The violation alleged occurred in the 2007. The Regulations governing the violation at issue are found in the 2007 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2007)). The 2012 Regulations govern the procedural aspects of this case.

<sup>2</sup> 50 U.S.C. app. §§ 2401-2420 (2000) (2006 & Supp. IV 2010). 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 15, 2012 (77 Fed. Reg. 49699 (Aug. 16, 2012)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*).

sanction or penalty available under law, including, but not limited to 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>
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

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

Wang is further notified that he is entitled to an agency hearing on the record if he files a written demand for one with his answer. *See* 15 C.F.R. § 766.6. Wang is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent him. *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 Wang have a proposal to settle this case, Wang should transmit it to the attorney representing BIS named below.

Wang is further notified that under the Small Business Regulatory Enforcement Flexibility ACT, he 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, Wang’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 Wang’s answer must be served on BIS at the following address:

---

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



Xiaoming (“Sam”) Wang  
Proposed Charging Letter  
Page 3 of 3

Chief Counsel for Industry and Security  
Attention: R. Elizabeth Abraham  
Room H-3839  
14th Street and Constitution Avenue, N.W.  
Washington, D.C. 20230

R. Elizabeth (“Liz”) Abraham is the attorney representing BIS in this case; any communications that Wang may wish to have concerning this matter should occur through her. Ms. Abraham may be contacted by telephone at (202) 482-5301.

Sincerely,

Douglas R. Hassebrock  
Director  
Office of Export Enforcement

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Qualitech Enviro-Instrument Company  
9995 Ashley Manor Court, Suite 200  
Fairfax, VA 22032

Attention: *Xiaoming ("Sam") Wang*  
*President*

Dear Mr. Wang:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that Qualitech Enviro-Instrument Company, of Fairfax, Virginia ("Qualitech"), has committed one violation 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 alleges that Qualitech committed the following violation:

**Charge 1      15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct by Exporting Items Controlled for National Security Reasons to China**

On one occasion on or about April 25, 2007, Qualitech engaged in conduct prohibited by the Regulations by exporting from the United States to the People's Republic of China ("China") two Wavetek 650 Precision 2MHz Variable Phase Synthesizers ("Phase Synthesizers"), items subject to the Regulations, classified under Export Control Classification Number ("ECCN") 3A002.b, and controlled for national security reasons, without the Department of Commerce license required by Section 742.4 of the Regulations. Qualitech's President Xiaoming ("Sam") Wang ("Wang") stated on an air waybill that the Phase Synthesizers were valued at \$480, though publicly available information indicates that the shipment had a total value of around \$8,000. In so doing, Qualitech committed one violation of Section 764.2(a) of the Regulations.

\*   \*   \*   \*   \*

---

<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2012). The violation alleged occurred in the 2007. The Regulations governing the violation at issue are found in the 2007 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2007)). The 2012 Regulations govern the procedural aspects of this case.

<sup>2</sup> 50 U.S.C. app. §§ 2401-2420 (2000) (2006 & Supp. IV 2010). 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 15, 2012 (77 Fed. Reg. 49699 (Aug. 16, 2012)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*).

Accordingly, Qualitech 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 and any other liability, sanction or penalty available under law, including, but not limited to 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>
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

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

Qualitech 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. Qualitech 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 Qualitech have a proposal to settle this case, Qualitech should transmit it to the attorney representing BIS named below.

Qualitech is further notified that under the Small Business Regulatory Enforcement Flexibility ACT, Qualitech 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, Qualitech'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

---

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

Qualitech Enviro-Instrument Company  
Proposed Charging Letter  
Page 3 of 3

In addition, a copy of Qualitech's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security  
Attention: R. Elizabeth Abraham  
Room H-3839  
14th Street and Constitution Avenue, N.W.  
Washington, D.C. 20230

R. Elizabeth ("Liz") Abraham is the attorney representing BIS in this case; any communications that Qualitech may wish to have concerning this matter should occur through her. Ms. Abraham may be contacted by telephone at (202) 482-5301.

Sincerely,

Douglas R. Hassebrock  
Director  
Office of Export Enforcement