

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

In the Matter of:)
)
3M Imtec Corporation)
2401 North Commerce)
Ardmore, OK 73401)
)
Respondent)

ORDER RELATING TO 3M IMTEC CORPORATION

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified 3M Imtec Corporation (“3M Imtec”), as successor to the Imtec Corporation,¹ of its intention to initiate an administrative proceeding against 3M Imtec pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2010)) (the “Regulations”),² and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”),³ through issuance of a proposed charging letter to 3M Imtec that alleges that 3M Imtec is liable for eight violations of the Regulations (the Proposed Charging Letter”). Specifically:

¹ 3M Company acquired Imtec Corporation on or about July 2, 2008, after the alleged violations occurred. The successor company was subsequently renamed “3M Imtec Corporation.”

² The charged violations occurred between in or around December 2004 and in or around March 2007. The Regulations governing the violations at issue are found in the 2004-2007 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2004-2007)). The 2010 Regulations establish the procedures that apply to this matter.

³ 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 13, 2009 (74 Fed. Reg. 41,325 (Aug. 14, 2009)), continues the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*).

Charges 1-8 15 C.F.R. §764.2(e) - Acting with Knowledge of a Violation

On eight occasions, between on or about December 6, 2004 and on or about March 5, 2007, 3M Imtec sold, forwarded and otherwise serviced dental equipment, items subject to the Regulations⁴ and exported or to be exported from the United States to Iran via the United Arab Emirates (“U.A.E.”), with knowledge that violations of the Regulations had occurred or were about to occur in connection with the items. Specifically, 3M Imtec knew that the items would be exported to Iran, through the U.A.E., without U.S. Government authorization as required by Section 746.7 of the Regulations and Section 560.204 of the Iranian Transactions Regulations (“ITR”).⁵ 3M Imtec knew or should have known that U.S. Government authorization was required and had not been obtained because, *inter alia*, in August 2004, 3M Imtec concluded that a license was necessary to export the items to Iran via the U.A.E. Nonetheless, on eight occasions, 3M Imtec exported the items, valued at more than approximately \$81,000, without the required U.S. Government authorization. In so doing, 3M Imtec committed eight violations of Section 764.2(e) of the Regulations.

WHEREAS, BIS and 3M Imtec have entered into a Settlement Agreement pursuant to Section 766.18 of the EAR, whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein;⁶ and

WHEREAS, I have approved of the terms of the Settlement Agreement;⁷

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$125,000 is assessed against 3M Imtec, which shall be paid to the U.S. Department of Treasury within 30 days from the date of this Order.

⁴ These items were designated as EAR99, which is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c).

⁵ 31 CFR Part 560.

⁶ The Settlement Agreement also resolves allegations by the U.S. Department of the Treasury, Office of Foreign Assets Control (“OFAC”), which is also a party to the Settlement Agreement, of apparent violations of the ITR.

⁷ This Order signifies my approval of the Settlement Agreement based on the violations alleged in BIS’s Proposed Charging Letter.

Payment shall be made in the manner specified in the Settlement Agreement.⁸

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(s) specified herein, 3M Imtec 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 timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to 3M Imtec.

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 BIS action in this matter, is effective immediately.



David W. Mills
Assistant Secretary of Commerce for Export
Enforcement

Issued this 22 day of July, 2010.

⁸ This penalty amount is being paid as part of the resolution of both the charges alleged by BIS in the Proposed Charging Letter and the OFAC allegations as defined in the Settlement Agreement and referenced in note 6, *supra*.

SETTLEMENT AGREEMENT

This settlement agreement (the "Agreement") is made by and among the Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), the Office of Foreign Assets Control, U.S. Department of the Treasury ("OFAC"), and 3M Imtec Corporation¹ ("3M Imtec") of Ardmore, Oklahoma. BIS, OFAC, and 3M Imtec are hereinafter collectively referred to as the "Parties."

WHEREAS, BIS, pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420) ("EAA"),² administers the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2010)) ("EAR" or the "Regulations");³

WHEREAS, OFAC, pursuant to the authority provided under IEEPA, administers the Iranian Transactions Regulations, 31 C.F.R. Part 560 ("ITR" or the "OFAC Regulations");

WHEREAS, 3M Imtec filed a voluntary self-disclosure with BIS's Office of Export Enforcement in accordance with Section 764.5 of the Regulations and filed a voluntary self-disclosure with OFAC (jointly referred to as the "Voluntary Self-Disclosure"⁴) in accordance with OFAC's Economic Sanctions Enforcement Guidelines, 74 Fed. Reg. 57,593 (Nov. 9, 2009) (also available at www.treas.gov/ofac);

WHEREAS, BIS has notified 3M Imtec of its intention to initiate an administrative proceeding against 3M Imtec, pursuant to the EAA and the EAR, and has issued a Proposed Charging Letter to 3M Imtec alleging eight violations by 3M Imtec of the EAR. Specifically, BIS alleged:

Charges 1-8 15 C.F.R. §764.2(e) - Acting with Knowledge of a Violation

On eight occasions, between on or about December 6, 2004 and on or about March 5, 2007, 3M Imtec sold, forwarded and otherwise serviced dental equipment, items subject to the Regulations⁵ and exported or to be exported from the United States to Iran via the United Arab Emirates ("U.A.E."), with knowledge that violations of the Regulations had occurred or were about to occur in connection with the items. Specifically, 3M Imtec knew that the items would be

¹ 3M Company acquired Imtec Corporation ("Imtec") on or about July 2, 2008, after the alleged violations occurred. The successor company was subsequently renamed "3M Imtec Corporation."

² Since August 21, 2001, the EAA has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended most recently by the Notice of August 13, 2009 (74 Fed. Reg. 41,325 (August 14, 2009)), has continued the EAR in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*) ("IEEPA").

³ The charged violations occurred between in or around December 2004 and in or around March 2007. The Regulations governing the violations at issue are found in the 2004-2007 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2004-2007)). The 2010 Regulations establish the procedures that apply to this matter.

⁴ The Voluntary Self-Disclosure refers to 3M Imtec's September 26, 2008 initial notice of voluntary self-disclosure as well as the December 30, 2008 final report of voluntary self-disclosure filed with BIS and OFAC.

⁵ These items were designated as EAR99, which is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c).

exported to Iran, through the U.A.E., without U.S. Government authorization as required by Section 746.7 of the Regulations and Section 560.204 of the ITR. 3M Imtec knew or should have known that U.S. Government authorization was required and had not been obtained because, *inter alia*, in August 2004, 3M Imtec concluded that a license was necessary to export the items to Iran via the U.A.E. Nonetheless, on eight occasions, 3M Imtec exported the items, valued at more than approximately \$81,000, without the required U.S. Government authorization. In so doing, 3M Imtec committed eight violations of Section 764.2(e) of the Regulations.

WHEREAS, OFAC (Enf. No. IA-438292) alleges that 3M Imtec violated §§ 560.203 and 560.206 of the ITR. Specifically, OFAC alleges that, during the approximate period June 29, 2004 – April 16, 2007, 3M Imtec appears to have violated the ITR when it engaged in multiple unlicensed sales and exports of Implants to purchasers in the U.A.E. for delivery to Iran;

WHEREAS, 3M Imtec has reviewed the Proposed Charging Letter issued to 3M Imtec (the “Proposed Charging Letter” or “BIS Allegations”) and the OFAC allegations asserted against 3M Imtec (the “OFAC Allegations”), and is aware of the administrative sanctions that could be imposed against it if such allegations are found to be true, including a civil penalty for each violation of IEPPA not to exceed the greater of \$250,000 or an amount that is twice the value of the transaction that is the basis of the violation with respect to which the penalty is imposed;⁶

WHEREAS, 3M Imtec fully understands the terms of this Agreement and the proposed Order that the Assistant Secretary of Commerce for Export Enforcement will issue if he approves this Agreement as the final resolution of this matter (“BIS Order”),⁷ and fully understands that this Agreement shall serve as the final resolution of the BIS Allegations and the OFAC Allegations;

WHEREAS, 3M Imtec enters into this Agreement voluntarily and with full knowledge of its rights;

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

WHEREAS, 3M Imtec neither admits nor denies the allegations contained in the Proposed Charging Letter and the OFAC Allegations; and

WHEREAS, 3M Imtec desires to settle the BIS Allegations and the OFAC Allegations and agrees to be bound by this Agreement and the BIS Order, if issued;

NOW THEREFORE, pursuant to the authority under Section 766.18 of the EAR and under regulations administered OFAC, the Parties hereby agree as follows:

⁶ See International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

⁷ The BIS Order, if issued, would signify the approval of the Assistant Secretary of Commerce for Export Enforcement of the Agreement based on the violations alleged in the Proposed Charging Letter.

1. BIS has jurisdiction, pursuant to the EAR, over 3M Imtec in connection with the matters alleged in the Proposed Charging Letter, and OFAC has jurisdiction over 3M Imtec and the transactions described in the OFAC Allegations.
2. The following sanctions shall be imposed against 3M Imtec in complete settlement of the BIS Allegations, the OFAC Allegations and the transactions specifically detailed in the Voluntary Self-Disclosure:
 - a. 3M Imtec shall be assessed a civil penalty of \$125,000, which shall be paid to the U.S. Department of the Treasury within 30 days of the date the BIS Order is issued by the Assistant Secretary of Commerce for Export Enforcement. Payment must be made either by an electronic funds transfer in accordance with the attached "Electronic Funds Transfer (EFT) Instructions," or in accordance with the attached instructions for payment by cashier's or certified check or money order payable to the "U.S. Treasury."
 - 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 BIS export license, permission, or privilege granted, or to be granted, to 3M Imtec.
3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, 3M Imtec hereby waives any claims by or on behalf of 3M Imtec, whether asserted or unasserted, against BIS, the U.S. Department of Commerce and/or its officials and employees, and/or against OFAC, the U.S. Department of the Treasury, and/or its officials and employees, arising out of the facts and circumstances giving rise to the matters that resulted in this Agreement, including, but not limited to, BIS's investigation of the facts and circumstances giving rise to the BIS Allegations and BIS's issuance of the Proposed Charging Letter, as well as OFAC's investigation of the facts and circumstances giving rise to the OFAC Allegations. 3M Imtec also hereby waives any possible legal objections to this Agreement at any future date and all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the BIS Order, if issued), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in any proposed 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 BIS Order, if issued.
4. Upon issuance of the BIS Order, (a) BIS will not initiate any further administrative proceeding against 3M Imtec in connection with any violation of the EAA or the EAR arising out of the transactions specifically detailed in the Proposed Charging Letter and the Voluntary Self-Disclosure; and (b) OFAC will not initiate any enforcement action or further administrative proceeding against 3M Imtec in connection with any violation of the ITR arising out of the transactions specifically detailed in the OFAC Allegations and the Voluntary Self-Disclosure.
5. This Agreement expresses the complete understanding of the Parties regarding resolution of the BIS Allegations and the OFAC Allegations. 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 BIS Order, if issued. This Agreement shall not 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.

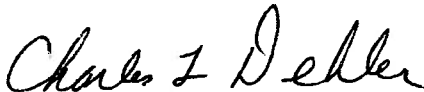
6. BIS will make the Proposed Charging Letter, this Agreement, and the BIS Order, if issued, available to the public. OFAC may, in its sole discretion, post this entire agreement and/or the facts of this Agreement (including the identity of any entity involved, the settlement amount, and a brief description of the OFAC Allegations) on OFAC's Web site. BIS and OFAC may also issue a joint press release or separate press releases relating to this matter, the contents of which will be determined by BIS and OFAC in their discretion.

7. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the BIS Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the EAR, 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.

8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement approves it by issuing the BIS Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record. If the Agreement is so approved and the BIS Order so issued, this Agreement shall inure to the benefit of and be binding on each party, as well as its respective successors or assigns.

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.

Respondent 3M Imtec accepts the terms of this Settlement Agreement this 6th day of July, 2010.

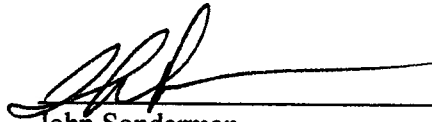


Charles L. Dehler
President
3M Imtec Corporation

Please check this box if you have not enclosed payment with this Agreement and will instead be paying or have paid by electronic funds transfer (see paragraph 2(a) and the electronic funds transfer instructions attached to the Agreement).

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

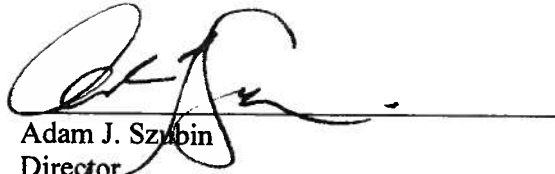
Date: 7/7/10



John Sonderman
Acting Director
Office of Export Enforcement
Bureau of Industry and Security
U.S. Department of Commerce

OFFICE OF FOREIGN ASSETS CONTROL
U.S. DEPARTMENT OF THE TREASURY

Date: 7/13/10



Adam J. Szybin
Director
Office of Foreign Assets Control
U.S. Department of the Treasury



Enforcement Division II
Office of Foreign Assets Control
1500 Pennsylvania Avenue, NW
Washington, DC 20220

Telephone 202-622-6140
Facsimile: 202-622-5445

ELECTRONIC FUNDS TRANSFER (EFT) INSTRUCTIONS

When remitting funds to the Department of the Treasury through an Electronic Funds Transfer (EFT), please provide the following information:

ABA #: _____ **021030004 TREAS NYC**
Number that identifies the financial institution associated with funds transfer collection.

ALC #: _____ **20010001**
Internal account number for the Department of Treasury's Departmental Offices.

Comments:
ENF No. IA-438292 3M Imtec Corporation

Information that identifies the case associated with funds transfer.

Questions may be directed to:

April Tishkevich
Telephone 202-622-8992
ofm-cmp@do.treas.gov

U.S. Treasury Department
Office of Financial Management
1500 Pennsylvania Ave., NW
Attn: Met Square, 6th Floor
Washington, DC 20220

Please FAX a copy of EFT payment confirmation advices to: (202)622-5445.

Please comply with any additional terms set by OFM. Thank you for your cooperation in this matter.

PROPOSED CHARGING LETTER
CERTIFIED MAIL - RETURN RECEIPT REQUESTED

3M Imtec Corporation
2401 North Commerce
Ardmore, OK 73401

Attention: Charles L. Dehler
President

Dear Mr. Dehler:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that 3M Imtec Corporation, of Ardmore, Oklahoma (“3M Imtec”), as successor to Imtec Corporation,¹ is liable for eight violations of the Export Administration Regulations (the “Regulations”),² which are issued under the authority of the Export Administration Act of 1979, as amended (the “Act”).³ Specifically, BIS charges that 3M Imtec committed the following violations:

Charges 1-8 15 C.F.R. §764.2(e) - Acting with Knowledge of a Violation

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on eight occasions, between on or about December 6, 2004 and on or about March 5, 2007, 3M Imtec sold, forwarded and otherwise serviced dental equipment, items subject to the Regulations⁴ and exported or to be exported from the United States to Iran via the United Arab Emirates (“U.A.E.”), with knowledge that violations of the Regulations had

¹ 3M Company acquired Imtec Corporation on or about July 2, 2008, after the alleged violations occurred. The successor company was subsequently renamed “3M Imtec Corporation.”

² The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2010). The charged violations occurred between in or around December 2004 and in or around March 2007. The Regulations governing the violations at issue are found in the 2004-2007 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2004-2007)). The 2010 Regulations establish the procedures that apply to this matter.

³ 50 U.S.C. app. §§ 2401- 2420 (2000). Since August 21, 2001 the Act has been in lapse. However, 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 13, 2009 (74 Fed. Reg. 41,325 (Aug. 14, 2009)), continues the Regulations in effect under International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.* (2000)). The Act and the Regulations are available on the Government Printing Office website at: <http://www.access.gpo.gov/bis/>.

⁴ These items were designated as EAR99, which is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c).

occurred or were about to occur in connection with the items. Specifically, 3M Imtec knew that the items would be exported to Iran, through the U.A.E., without U.S. Government authorization as required by Section 746.7 of the Regulations and Section 560.204 of the Iranian Transactions Regulations (“ITR”).⁵ 3M Imtec knew or should have known that U.S. Government authorization was required and had not been obtained because, *inter alia*, in August 2004, 3M Imtec concluded that a license was necessary to export the items to Iran via the U.A.E. Nonetheless, on eight occasions, 3M Imtec exported the items, valued at more than approximately \$81,000, without the required U.S. Government authorization. In so doing, 3M Imtec committed eight violations of Section 764.2(e) of the Regulations.

* * * * *

Accordingly, 3M Imtec 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;⁶
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

If 3M Imtec fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. *See* 15 C.F.R. §§ 766.6 and 766.7. If 3M Imtec defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to 3M Imtec. *See id.* The Under Secretary for Industry and Security may then impose up to the maximum penalty on the charges in this letter. *See id.*

3M Imtec is further notified that it is entitled to an agency hearing on the record if it files a written demand for one with its answer. *See* 15 C.F.R. § 766.6. 3M Imtec 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.

⁵ 31 CFR Part 560.

⁶ *See* International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).
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The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should 3M Imtec have a proposal to settle this case, it or its representative should transmit it to the attorney representing BIS named below.

3M Imtec is further notified that under the Small Business Regulatory Enforcement Flexibility Act, 3M Imtec may be eligible for assistance from the Office of the National Ombudsman of the Small Business Administration in this matter. To determine eligibility and get more information, please see: <http://www.sba.gov/ombudsman/>.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, 3M Imtec'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 3M Imtec's answer must be served on BIS at the following address:

Office of 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 3M Imtec may wish to have concerning this matter should occur through her. She may be contacted by telephone at (202) 482-5301.

Sincerely,

John Sonderman
Acting Director
Office of Export Enforcement

3M Imtec Schedule of Violations

No.	Invoice Number	Order Number	Ship Date	Ultimate Destination	Commodity	Value	ECCN	Violation
1	0064824	0059250	6-Dec-04	Iran	Dental equipment	\$8,945	EAR99	Section 764.2(e)
2	0064408	0059273	10-Dec-04	Iran	Dental equipment	\$91	EAR99	Section 764.2(e)
3	0065264	0059250	27-Dec-04	Iran	Dental equipment	\$4,037	EAR99	Section 764.2(e)
4	0067328	0062247	7-Feb-05	Iran	Dental equipment	\$12,865	EAR99	Section 764.2(e)
5	0050133	0062854	14-Feb-05	Iran	Dental equipment	\$6,781	EAR99	Section 764.2(e)
6	0116581	0108749	22-Nov-06	Iran	Dental equipment	\$19,492	EAR99	Section 764.2(e)
	0116984	0109164						
7	0119194	0108749	18-Dec-06	Iran	Dental equipment	\$670	EAR99	Section 764.2(e)
8	0125341	0111854	5-Mar-07	Iran	Dental equipment	\$28,757	EAR99	Section 764.2(e)
Total Value						\$81,638		