

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

In the Matter of:

MULTIWIRE LABORATORIES, LTD.  
95 Brown Road  
Ithaca, NY 14850

Respondent

ORDER RELATING TO  
MULTIWIRE LABORATORIES, LTD.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Multiwire Laboratories, Ltd., of Ithaca, New York (“Multiwire”), of its intention to initiate an administrative proceeding against Multiwire pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),<sup>1</sup> through the issuance of a Proposed Charging Letter to Multiwire that alleges that Multiwire committed two violations of the Regulations.<sup>2</sup> Specifically, the charges are:

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<sup>1</sup> The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“the EAA”), which lapsed on August 21, 2001. 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 8, 2018 (83 Fed. Reg. 39,871 (Aug. 13, 2018)), continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, Title XVII, Subtitle B of Pub. L. 115-232, 132 Stat. 2208 (“ECRA”). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect according to their terms until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

<sup>2</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2018). The charged violations occurred in 2014 and 2015. The Regulations governing the violations at issue are found in the 2014 and 2015 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2018 Regulations set forth the procedures that apply to this matter.

**Charges 1-2            15 C.F.R. § 764.2(a): Engaging in Prohibited Conduct**

On two occasions, on or about February 12, 2014, and on or about August 12, 2015, respectively, Multiwire engaged in conduct prohibited by the Regulations when it exported Real-Time Back Reflection Laue Camera Detectors and Accessories, items subject to the Regulations, designated EAR99, and valued at \$177,156, to the University of Electronic Science and Technology of China ("UESTC") in Chengdu, People's Republic of China, without the required BIS licenses. At all relevant times, UESTC was listed on the Entity List, Supplement No. 4 to Part 744 of the Regulations, and a BIS license was required to export any item subject to the Regulations to that entity. *See* 15 C.F.R. § 744.11 and Supp. No. 4 to 15 C.F.R. Part 744 (2014-2015).<sup>3</sup> However, Multiwire did not seek or obtain a license for either export of the items to UESTC.

Although an experienced exporter, Multiwire did not have an export control compliance program in place at any relevant time to screen foreign customers against the BIS Entity List (or other BIS or U.S. Government export controls lists), either when Multiwire first unlawfully exported the items to UESTC on or about February 12, 2014, or when it unlawfully exported the same items back to UESTC on or about August 12, 2015, after the items had been returned to Multiwire for warranty service.

By twice exporting items subject to the Regulations to UESTC without the required BIS licenses, Multiwire committed two violations of Section 764.2(a) of the Regulations.

WHEREAS, BIS and Multiwire 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, Multiwire shall be assessed a civil penalty in the amount of \$80,000.

Multiwire shall pay the U.S. Department of Commerce in four installments as follows:

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<sup>3</sup> Each Entity List entry includes a "license requirement" column. A BIS license is required to export, reexport, or transfer in-country any item specified in the "license requirement" column to the listed entity. Each entry also states a license review policy under which such license applications will be evaluated. The license review policy for UESTC is and was at all relevant times "case-by-case basis," and the license requirement applied to all items subject to the EAR. UESTC, which remains on the Entity List, was added to the Entity List as a separate entity on September 19, 2012. *See* 77 Fed. Reg. 58,006 (Sept. 19, 2012).

\$20,000 not later than January 31, 2019; \$20,000 not later than April 30, 2019; \$20,000 not later than July 31, 2019; and \$20,000 not later than October 31, 2019. If any of the four installment payments is not fully or timely made, any remaining scheduled installment payments may become due and owing immediately.

SECOND, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2012)), 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, Multiwire 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, the full and timely payment of the civil penalty in accordance with the payment schedule set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Multiwire. Accordingly, if Multiwire should fail to fully or timely make a payment, the undersigned may issue an order denying all of Multiwire's export privileges under the Regulations for a period of one year from the date BIS determines that Multiwire has failed to fully or timely make a payment.

FOURTH, Multiwire 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 Letter or this Order. The foregoing does not affect Multiwire's testimonial obligations in any proceeding, nor does it affect its 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.

FIFTH, 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.



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Douglas R. Hassebrock  
Director, Office of Export Enforcement,  
performing the non-exclusive functions  
and duties of the Assistant Secretary of  
Commerce for Export Enforcement

Issued this 16<sup>th</sup> day of January, 2019.

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

In the Matter of:

MULTIWIRE LABORATORIES, LTD.  
95 Brown Road  
Ithaca, NY 14850

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Multiwire Laboratories, Ltd., of Ithaca, New York (“Multiwire”), 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>

WHEREAS, BIS has notified Multiwire of its intentions to initiate an administrative proceeding against Multiwire pursuant to the Regulations;<sup>2</sup>

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<sup>1</sup> The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“the EAA”), which lapsed on August 21, 2001. 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 8, 2018 (83 Fed. Reg. 39,871 (Aug. 13, 2018)), continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, Title XVII, Subtitle B of Pub. L. 115-232, 132 Stat. 2208 (“ECRA”). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect according to their terms until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

<sup>2</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2018). The charged violations occurred in 2014 and 2015. The Regulations governing the violations at issue are found in the 2014 and 2015 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2018 Regulations set forth the procedures that apply to this matter.

WHEREAS, BIS has issued a Proposed Charging Letter to Multiwire that alleges that Multiwire committed two violations of the Regulations, specifically:

**Charges 1-2            15 C.F.R. § 764.2(a): Engaging in Prohibited Conduct**

On two occasions, on or about February 12, 2014, and on or about August 12, 2015, respectively, Multiwire engaged in conduct prohibited by the Regulations when it exported Real-Time Back Reflection Laue Camera Detectors and Accessories, items subject to the Regulations, designated EAR99, and valued at \$177,156, to the University of Electronic Science and Technology of China (“UESTC”) in Chengdu, People’s Republic of China, without the required BIS licenses. At all relevant times, UESTC was listed on the Entity List, Supplement No. 4 to Part 744 of the Regulations, and a BIS license was required to export any item subject to the Regulations to that entity. *See* 15 C.F.R. § 744.11 and Supp. No. 4 to 15 C.F.R. Part 744 (2014-2015).<sup>3</sup> However, Multiwire did not seek or obtain a license for either export of the items to UESTC.

Although an experienced exporter, Multiwire did not have an export control compliance program in place at any relevant time to screen foreign customers against the BIS Entity List (or other BIS or U.S. Government export controls lists), either when Multiwire first unlawfully exported the items to UESTC on or about February 12, 2014, or when it unlawfully exported the same items back to UESTC on or about August 12, 2015, after the items had been returned to Multiwire for warranty service.

By twice exporting items subject to the Regulations to UESTC without the required BIS licenses, Multiwire committed two violations of Section 764.2(a) of the Regulations.

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

WHEREAS, Multiwire 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;

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<sup>3</sup> Each Entity List entry includes a “license requirement” column. A BIS license is required to export, reexport, or transfer in-country any item specified in the “license requirement” column to the listed entity. Each entry also states a license review policy under which such license applications will be evaluated. The license review policy for UESTC is and was at all relevant times “case-by-case basis,” and the license requirement applied to all items subject to the EAR. UESTC, which remains on the Entity List, was added to the Entity List as a separate entity on September 19, 2012. *See* 77 Fed. Reg. 58,006 (Sept. 19, 2012).

WHEREAS, Multiwire enters into this Agreement voluntarily and with full knowledge of its rights;

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

WHEREAS, Multiwire neither admits nor denies the allegations contained in the Proposed Charging Letter; and

WHEREAS, Multiwire 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 Multiwire, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.
2. The following sanctions shall be imposed against Multiwire:
  - a. Multiwire shall be assessed a civil penalty in the amount of \$80,000. Multiwire shall pay the U.S. Department of Commerce in four installments as follows: \$20,000 not later than January 31, 2019; \$20,000 not later than April 30, 2019; \$20,000 not later than July 31, 2019; and \$20,000 not later than October 31, 2019. Payment shall be made in the manner specified in the attached instructions. If any of the four installment payments is not fully or timely made, any remaining scheduled installment payments may become due and owing immediately.
  - b. The full and timely payment of the civil penalty as agreed to and set forth in Paragraph 2.a 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 Multiwire. The failure to fully or timely make a payment may result in the denial of all of Multiwire's export privileges under the Regulations for a period of one year from the date BIS determines that Multiwire has failed to fully or timely make a payment.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, Multiwire hereby waives all rights to further procedural steps in this matter (except the procedural steps set forth in Sections 766.17(c) and 766.18(c) of the Regulations with respect to the possible activation of suspended sanctions due to a violation or violations of this Agreement or the Order, if issued), including, without limitation, any right to: (a) receive 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. Multiwire 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 Export Control Reform Act of 2018 ("ECRA")<sup>4</sup> or the Regulations arising out of the transactions identified in the Proposed Charging Letter or in connection with collection of the civil penalty or enforcement of this Agreement and the Order, if issued, from the date of the Order until Multiwire pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement.

4. Multiwire 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 Letter or the Order. The foregoing does not affect Multiwire's testimonial obligations in

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<sup>4</sup> See note 1, *supra*.



any proceeding, nor does it affect its 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. BIS agrees that upon full and timely payment of the civil penalty as set forth in Paragraph 2.a above, BIS will not initiate any further administrative proceeding against Multiwire in connection with any violation of the Regulations arising out of the transactions specifically detailed in the Proposed Charging Letter.

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.

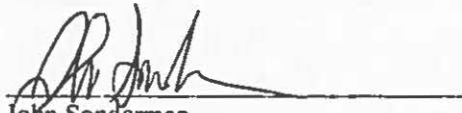
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if issued; nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department 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. If the Order issues, BIS will make the Proposed Charging Letter, this Agreement, and the Order available to the public.

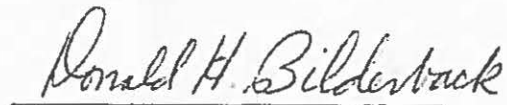
10. Each signatory affirms that he/she has authority to enter into this Settlement Agreement and to bind his/her respective party to the terms and conditions set forth herein.

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



John Sonderman  
Deputy Director of Export Enforcement

MULTIWIRE LABORATORIES, LTD.



Donald H. Bilderback  
President and CEO

Date: ~~December~~ January 16, 2018  
JAS

Date: December 29<sup>th</sup>, 2018

PROPOSED CHARGING LETTER

CERTIFIED MAIL- RETURN RECEIPT REQUESTED

Multiwire Laboratories, Ltd.  
95 Brown Road  
Ithaca, NY 14850

*Attention: Donald H. Bilderback, President and CEO*

Dear Dr. Bilderback,

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Multiwire Laboratories Ltd., of Ithaca, New York (“Multiwire”), has violated the Export Administration Regulations (“the Regulations” or “the EAR”).<sup>1</sup> Specifically, BIS charges that Multiwire committed the following violations:

**Charges 1-2 15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct**

On two occasions, on or about February 12, 2014, and on or about August 12, 2015, respectively, Multiwire engaged in conduct prohibited by the Regulations when it exported Real-Time Back Reflection Laue Camera Detectors and Accessories, items subject to the Regulations, designated EAR99, and valued at \$177,156, to the University of Electronic Science and Technology of China (“UESTC”) in Chengdu, People’s Republic of China, without the required BIS licenses. At all relevant times, UESTC was listed on the Entity List, Supplement No. 4 to Part 744 of the Regulations, and a BIS

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<sup>1</sup> The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“the EAA”), which lapsed on August 21, 2001. 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 8, 2018 (83 Fed. Reg. 39,871 (Aug. 13, 2018)), continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, Pub. L. 115-232, which includes the Export Control Reform Act of 2018 in Title XVII, Subtitle B (“ECRA”). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect according to their terms until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2018). The violations alleged occurred in 2014 and 2015. The Regulations governing the violation at issue are found in the 2014 and 2015 versions of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2014 - 2015). The 2018 Regulations govern the procedural aspects of this case.

license was required to export any item subject to the Regulations to that entity. *See* 15 C.F.R. § 744.11 and Supp. No. 4 to 15 C.F.R. Part 744 (2014-2015).<sup>2</sup> However, Multiwire did not seek or obtain a license for either export of the items to UESTC.

Although an experienced exporter, Multiwire did not have an export control compliance program in place at any relevant time to screen foreign customers against the BIS Entity List (or other BIS or U.S. Government export controls lists), either when Multiwire first unlawfully exported the items to UESTC on or about February 12, 2014, or when it unlawfully exported the same items back to UESTC on or about August 12, 2015, after the items had been returned to Multiwire for warranty service.

By twice exporting items subject to the Regulations to UESTC without the required BIS licenses, Multiwire committed two violations of Section 764.2(a) of the Regulations.

\* \* \* \* \*

Accordingly, Multiwire 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, but not limited to, any or all of the following:

- The maximum civil penalty allowed by law of up to the greater of \$295,141 per violation,<sup>3</sup> or twice the value of the transaction that is the basis of the violation;<sup>4</sup>
- Denial of export privileges;
- Exclusion from practice before BIS; and/or
- Any other liability, sanction, or penalty available under law.

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<sup>2</sup> Each Entity List entry includes a “license requirement” column. A BIS license is required to export, reexport, or transfer in-country any item specified in the “license requirement” column to the listed entity. Each entry also states a license review policy under which such license applications will be evaluated. The license review policy for UESTC is and was at all relevant times “case-by-case basis,” and the license requirement applied to all items subject to the EAR. UESTC, which remains on the Entity List, was added to the Entity List as a separate entity on September 19, 2012. *See* 77 Fed. Reg. 58,006 (Sept. 19, 2012).

<sup>3</sup> *See* 15 C.F.R. §§ 6.3(b)(4), 6.4. This amount is subject to annual increases pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Sec. 701 of Public Law 114-74, enacted on November 2, 2015. *See also* note 1, *supra*.

<sup>4</sup> *See* International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007). *See also* note 1, *supra*.

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

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

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

Office of Chief Counsel for Industry and Security  
14th Street and Constitution Avenue, N.W.  
Room H-3839  
Washington, D.C. 20230  
Attention: Zachary Klein, Esq.

Multiwire Laboratories, Ltd.  
Proposed Charging Letter  
Page 4 of 3

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

Sincerely,

John Sonderman  
Deputy Director  
Office of Export Enforcement