

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

\_\_\_\_\_  
In the Matter of: )  
)  
Syrvet, Inc. )  
P.O. Box 490 )  
1100 SE Westbrook Drive )  
Waukee, IA 50263 )  
)  
Respondent )  
\_\_\_\_\_

ORDER RELATING TO SYRVET, INC.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has notified Syrvet, Inc. (“Syrvet”), of its intention to initiate an administrative proceeding against Syrvet pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2008)) (the “Regulations”),<sup>1</sup> and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”),<sup>2</sup> through issuance of a proposed charging letter to Syrvet that alleged that Syrvet committed 38 violations of the Regulations. Specifically, the charges are:

**Charges 1-12            15 C.F.R. § 764.2(a) - Export of Electric Cattle Prods without the Required Government Authorization**

On 12 occasions between on or about March 31, 2005 and on or about December 27, 2005, Syrvet engaged in conduct prohibited by the Regulations by exporting electric cattle prods, items subject to the Regulations and classified under Export Control Classification Number (“ECCN”) 0A985, without the Department of Commerce licenses required by Section 742.7(a)(4) of the Regulations. Specifically, the export licenses for these end-users had expired prior to these exports. In so doing, Syrvet committed 12 violations of Section 764.2(a) of the Regulations

<sup>1</sup> The violations alleged to have been committed occurred between 2003 and 2006. The Regulations governing the violations at issue are found in the 2003 through 2006 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2003-2006)). The 2008 Regulations establish the procedures that apply to this matter.

<sup>2</sup> 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 July 23, 2008 (73 Fed. Reg. 43,606 (Jul 25, 2008)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”).



**.Charges 13-24      15 C.F.R. § 764.2(e) - Acting With Knowledge of a Violation**

On 12 occasions between on or about March 31, 2005 and on or about December 27, 2005, in connections with the transactions described in Charges 1-12 above, Syrvet sold and/or forwarded electric cattle prods with knowledge that violations of the Regulations would occur. At all times relevant hereto, Syrvet knew or should have known that an export license was required to ship electric cattle prods, items subject to the Regulations, from the United States to end-users in Mexico, Chile, South Africa and the Dominican Republic. Specifically, Syrvet had received export licenses for the export of electric cattle prods to these end-users but exported the items after the expiration of the license. In so doing, Syrvet committed 12 violations of the Section 764.2(e) of the Regulations.

**Charges 25-28      15 C.F.R. § 764.2(a) - Export of Electric Cattle Prods without the Required Government Authorization**

On four occasions between on or about July 31, 2003 and on or about January 5, 2006, Syrvet engaged in conduct prohibited by the Regulations by exporting electric cattle prods, items subject to the Regulations and classified under Export Control Classification Number ("ECCN") 0A985, without the Department of Commerce licenses required by Section 742.7(a)(4) of the Regulations. In so doing, Syrvet committed four violations of Section 764.2(a) of the Regulations.

**Charges 29-32      15 C.F.R. § 764.2(e) - Acting With Knowledge of a Violation**

On four occasions between on or about July 31, 2003 and on or about January 5, 2006, in connection with the transactions described in Charges 25-28 above, Syrvet sold and forwarded electric cattle prods with knowledge that a violation of the Regulations would occur in connection with the items. At all times relevant hereto, Syrvet knew or should have know that an export license was required to ship electric cattle prods, items subject to the Regulations, from the United States to Columbia and El Salvador. Syrvet had reason to know that a license was required for these exports since, *inter alia*, they were sent a letter in October 2000 from a manufacturer of electric cattle prods which were sold by Syrvet, informing Syrvet that the items required a Department of Commerce ("DOC") license to be exported. Additionally, Office of Export Enforcement ("OEE") special agents conducted an outreach visit to Syrvet in August 2001, where they informed Syrvet employees of the licensing requirements for electric cattle prods. In so doing, Syrvet committed four violations of Section 764.2(e) of the Regulations.

**Charges 33-38      15 C.F.R. § 764.2(g) False Statements on Shipper's Export Declarations**

On six occasions between on or about April 10, 2005 and on or about January 6, 2006, in connection with the transactions described in Charges 1,3,4,8,9,26 above, Syrvet made false statements to the U.S. Government in connection with the submission of export control documents. Specifically, Syrvet filed

Shipper's Export Declarations (SEDs) with the U.S. Government stating that the items that were the subject of the SEDs qualified for export as "NLR," i.e., that no license was required. These representations were false, as licenses were required for electric cattle prods being exported to the Dominican Republic, Chile, South Africa and El Salvador. In so doing, Syrvet committed six violations of Section 764.2(g) of the Regulations.

WHEREAS, BIS and Syrvet 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, that a civil penalty of \$250,000 is assessed against Syrvet. Syrvet shall pay \$100,000 to the U.S. Department of Commerce in six equal installments as follows: \$16,666.66 due not later than February 1, 2009; \$16,666.66 due not later than May 1, 2009; \$16,666.66 due not later than August 1, 2009; \$16,666.66 due not later November 1, 2009; \$16,666.66 due not later than February 1, 2010; and \$16,666.66 due not later than May 1, 2010. Payment of the remaining \$150,000 shall be suspended for a period of time starting from the date of this Order through the date the last installment payment is due on May 1, 2010, and thereafter shall be waived, provided that during the period of suspension, Syrvet has committed no violation of the Act, or any regulation, order, or license issued thereunder and has made the payment of \$100,000, in accordance with the payment plan described above. Payment shall be made in the manner specified in the attached instructions.

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, Syrvet will be assessed,

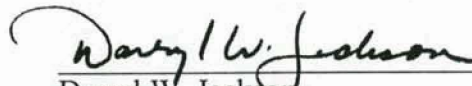


in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

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 Syrvet. Accordingly, if Syrvet should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Syrvet' export privileges for a period of one year from the date of entry of this Order.

FOURTH, that the proposed charging letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.

  
\_\_\_\_\_  
Darryl W. Jackson  
Assistant Secretary of Commerce  
for Export Enforcement

Entered this 24<sup>th</sup> day of December, 2008.

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

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1100 SE Westbrook Drive )  
Waukee, IA 50263 )  
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Respondent )  
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SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Syrvet, Inc. (“Syrvet”), 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 (currently codified at 15 C.F.R. Parts 730-774 (2008)) (the “Regulations”),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”),<sup>2</sup>

WHEREAS, BIS has notified Syrvet of its intention to initiate an administrative proceeding against Syrvet, pursuant to the Act and the Regulations;

<sup>1</sup> The violations alleged to have been committed occurred between 2003 and 2006. The Regulations governing the violations at issue are found in the 2003-2006 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2003-2006)). The 2008 Regulations establish the procedures that apply to this matter.

<sup>2</sup> 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 July 23, 2008 (73 Fed. Reg. 43,606 (July 25, 2008)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”).

WHEREAS, BIS has issued a proposed charging letter to Syrvet that alleged that Syrvet is liable for 38 violations of the Regulations, specifically:

**Charges 1-12            15 C.F.R. § 764.2(a) - Export of Electric Cattle Prods without the Required Government Authorization**

On 12 occasions between on or about March 31, 2005 and on or about December 27, 2005, Syrvet engaged in conduct prohibited by the Regulations by exporting electric cattle prods, items subject to the Regulations and classified under Export Control Classification Number ("ECCN") 0A985, without the Department of Commerce licenses required by Section 742.7(a)(4) of the Regulations. Specifically, the export licenses for these end-users had expired prior to these exports. In so doing, Syrvet committed 12 violations of Section 764.2(a) of the Regulations.

**Charges 13-24        15 C.F.R. § 764.2(e) - Acting With Knowledge of a Violation**

On 12 occasions between on or about March 31, 2005 and on or about December 27, 2005, in connections with the transactions described in Charges 1-12 above, Syrvet sold and/or forwarded electric cattle prods with knowledge that violations of the Regulations would occur. At all times relevant hereto, Syrvet knew or should have known that an export license was required to ship electric cattle prods, items subject to the Regulations, from the United States to end-users in Mexico, Chile, South Africa and the Dominican Republic. Specifically, Syrvet had received export licenses for the export of electric cattle prods to these end-users but exported the items after the expiration of the license. In so doing, Syrvet committed 12 violations of the Section 764.2(e) of the Regulations.

**Charges 25-28        15 C.F.R. § 764.2(a) - Export of Electric Cattle Prods without the Required Government Authorization**

On four occasions between on or about July 31, 2003 and on or about January 5, 2006, Syrvet engaged in conduct prohibited by the Regulations by exporting electric cattle prods, items subject to the Regulations and classified under Export Control Classification Number ("ECCN") 0A985, without the Department of Commerce licenses required by Section 742.7(a)(4) of the Regulations. In so doing, Syrvet committed four violations of Section 764.2(a) of the Regulations.

**Charges 29-32        15 C.F.R. § 764.2(e) - Acting With Knowledge of a Violation**

On four occasions between on or about July 31, 2003 and on or about January 5, 2006, in connection with the transactions described in Charges 25-28 above, Syrvet sold and forwarded electric cattle prods with knowledge that a violation of the Regulations would occur in connection with the items. At all times relevant hereto, Syrvet knew or should have know that an export license was required to ship electric cattle prods, items subject to the Regulations, from



the United States to Columbia and El Salvador. Syrvet had reason to know that a license was required for these exports since, *inter alia*, they were sent a letter in October 2000 from a manufacturer of electric cattle prods which were sold by Syrvet, informing Syrvet that the items required a Department of Commerce ("DOC") license to be exported. Additionally, Office of Export Enforcement ("OEE") special agents conducted an outreach visit to Syrvet in August 2001, where they informed Syrvet employees of the licensing requirements for electric cattle prods. In so doing, Syrvet committed four violations of Section 764.2(e) of the Regulations.

**Charges 33-38      15 C.F.R. § 764.2(g) False Statements on Shipper's Export Declarations**

On six occasions between on or about April 10, 2005 and on or about January 6, 2006, in connection with the transactions described in Charges 1,3,4,8,9,26 above, Syrvet made false statements to the U.S. Government in connection with the submission of export control documents. Specifically, Syrvet filed Shipper's Export Declarations (SEDs) with the U.S. Government stating that the items that were the subject of the SEDs qualified for export as "NLR," i.e., that no license was required. These representations were false, as licenses were required for electric cattle prods being exported to the Dominican Republic, Chile, South Africa and El Salvador. In so doing, Syrvet committed six violations of Section 764.2(g) of the Regulations.

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

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

WHEREAS, Syrvet neither admits nor denies the allegations contained in the proposed charging letter;

WHEREAS, Syrvet wishes to settle and dispose of all matters alleged in the proposed charging letter by entering into this Agreement; and

WHEREAS, Syrvet agrees to be bound by the Order, if entered;

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over Syrvet, under the Regulations, in connection with the matters alleged in the proposed charging letter.
  
2. The following sanction shall be imposed against Syrvet in complete settlement of the alleged violations of the Regulations relating to the transactions specifically detailed in the proposed charging letter:
  - a. Syrvet shall be assessed a civil penalty in the amount of \$250,000. Syrvet shall pay \$100,000 to the U.S. Department of Commerce in six equal installments as follows: \$16,666.66 due not later than February 1, 2009; \$16,666.66 due not later than May 1, 2009; \$16,666.66 due not later than August 1, 2009; \$16,666.66 due not later than November 1, 2009; \$16,666.66 due not later than February 1, 2010; and \$16,666.66 due not later than May 1, 2010. Payment of the remaining \$150,000 shall be suspended for a period of time starting from the date of entry of the Order through the date the last installment payment is due on May 1, 2010 and thereafter shall be waived, provided that during the period of suspension, Syrvet has committed no violation of the Act, or any regulation, order, or license issued thereunder and has made timely payments of the \$100,000 penalty, in accordance with the payment plan described above.
  
  - b. The timely payment of the civil penalty agreed to in paragraph 2.a is hereby made a condition to the granting, restoration, or continuing validity of any export license, permission, or privilege granted, or to be granted, to Syrvet. Failure to make

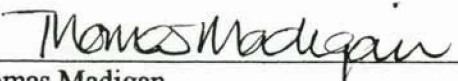


other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

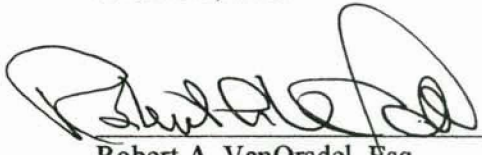
8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement approves it by entering the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

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

  
\_\_\_\_\_  
Thomas Madigan  
Director  
Office of Export Enforcement

SYRVET, INC.

  
\_\_\_\_\_  
Robert A. VanOrsdel, Esq.  
Nyemaster Goode Law Firm  
Attorney for Syrvet, Inc.

Date: December 22, 2008

Date: 12/8/08

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Syrvet, Inc.  
P.O. Box 490  
1100 SE Westbrook Drive  
Waukee, IA 50263

Attention: *Mr. Daniel Klein*  
*President*

Dear Mr. Klein:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that Syrvet, Inc. ("Syrvet"), of Waukee, Iowa, has committed 38 violations of the Export Administration Regulations (the "Regulations"),<sup>1</sup> which are issued under the authority of the Export Administration Act of 1979, as amended (the "Act").<sup>2</sup> Specifically, BIS charges that Syrvet committed the following violations:

**Charges 1-12            15 C.F.R. § 764.2(a) - Export of Electric Cattle Prods without the Required Government Authorization**

As described in greater detail in the attached Schedule of Violations, which is incorporated herein, on 12 occasions between on or about March 31, 2005 and on or about December 27, 2005, Syrvet engaged in conduct prohibited by the Regulations by exporting electric cattle prods, items subject to the Regulations and classified under Export Control Classification Number ("ECCN") 0A985, without the Department of Commerce licenses required by Section 742.7(a)(4) of the Regulations. Specifically, the export licenses for these end-users had expired prior to these exports. In so doing, Syrvet committed 12 violations of Section 764.2(a) of the Regulations.

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<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2006). The violations charged occurred from 2003 through 2006. The Regulations governing the violations at issue are found in the 2003 - 2006 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2003-2006)). The 2006 Regulations govern the procedural aspects of this case.

<sup>2</sup> 50 U.S.C. app. §§ 2401- 2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended most recently by the Notice of August 3, 2006, (71 Fed. Reg. 44551 (August 7, 2006)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) ("IEEPA").



**Charges 13-24      15 C.F.R. § 764.2(e) - Acting With Knowledge of a Violation**

On 12 occasions between on or about March 31, 2005 and on or about December 27, 2005, in connections with the transactions described in Charges 1-12 above, Syrvet sold and/or forwarded electric cattle prods with knowledge that violations of the Regulations would occur. At all times relevant hereto, Syrvet knew or should have known that an export license was required to ship electric cattle prods, items subject to the Regulations, from the United States to end-users in Mexico, Chile, South Africa and the Dominican Republic. Specifically, Syrvet had received export licenses for the export of electric cattle prods to these end-users but exported the items after the expiration of the license. In so doing, Syrvet committed 12 violations of the Section 764.2(e) of the Regulations.

**Charges 25-28      15 C.F.R. § 764.2(a) - Export of Electric Cattle Prods without the Required Government Authorization**

As described in greater detail in the attached Schedule of Violations, which is incorporated herein, on four occasions between on or about July 31, 2003 and on or about January 5, 2006, Syrvet engaged in conduct prohibited by the Regulations by exporting electric cattle prods, items subject to the Regulations and classified under Export Control Classification Number ("ECCN") 0A985, without the Department of Commerce licenses required by Section 742.7(a)(4) of the Regulations. In so doing, Syrvet committed four violations of Section 764.2(a) of the Regulations.

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**Charges 33-38 15 C.F.R. § 764.2(g) False Statements on Shipper's Export Declarations**

On six occasions between on or about April 10, 2005 and on or about January 6, 2006, in connection with the transactions described in Charges 1,3,4,8,9,26 above, Syrvet made false statements to the U.S. Government in connection with the submission of export control documents. Specifically, Syrvet filed Shipper's Export Declarations (SEDs) with the U.S. Government stating that the items that were the subject of the SEDs qualified for export as "NLR," i.e., that no license was required. These representations were false, as licenses were required for electric cattle prods being exported to the Dominican Republic, Chile, South Africa and El Salvador. In so doing, Syrvet committed six violations of Section 764.2(g) of the Regulations.

\* \* \* \* \*

Accordingly, Syrvet 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 \$11,000 per violation;<sup>3</sup>

Denial of export privileges; and/or

Exclusion from practice before BIS.

If Syrvet 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. (Regulations, Sections 766.6 and 766.7). If Syrvet defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to Syrvet. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on each of the charges in this letter.

Syrvet is further notified that it is entitled to an agency hearing on the record if Syrvet files a written demand for one with its answer. (Regulations, Section 766.6). Syrvet is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. (Regulations, Sections 766.3(a) and 766.4).

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<sup>3</sup> See 15 C.F.R. § 6.4(a)(4) (2003-2005), as supplemented by 68 Fed. Reg. 4,380 (Jan. 29, 2003), and 68 Fed. Reg. 69,001 (Dec. 11, 2003).



Syrvet Inc.  
Proposed Charging Letter  
Page 4

The Regulations provide for settlement without a hearing. (Regulations, Section 766.18). Should Syrvet have a proposal to settle this case, Syrvet's representative should transmit it to the attorney representing BIS named below.

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

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

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

Sincerely,

Michael Turner  
Director  
Office of Export Enforcement

Enclosure