

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Uti, United States, Inc.
900 Cummings Center–Suite 403T
Beverly, MA 01915

Attention: *Steven Savarese*
Vice-President and General Counsel

Dear Mr. Savarese:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Uti, United States, Inc. (“UTI”)¹ of Beverly, MA, has committed four 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 UTI has committed the following violations:

Charge 1 (15 C.F.R. §764.2(b) - Aiding and Abetting the Unlicensed Export of Items to an Entity List Organization in China)

On one occasion on or about February 22, 2002, UTI, a freight forwarder, aided and abetted the unlicensed export of computer switches, items subject to the Regulations (ECCN⁴ 5A991), from the United States to the Beijing University of Aeronautics and Astronautics (“BUAA”), in China without the Department of Commerce license required by Section 744.1 of the Regulations.

¹During the period in which the transactions at issue occurred, UTI was doing business as Union Transport Corporation, Inc.

² The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2005). The charged violations occurred during the 2002 period. The Regulations governing the violation at issue are found in the 2002 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002)). The 2005 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 and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 2, 2005, (70 Fed. Reg. 45273 (August 5, 2005)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)).

⁴“ECCN” refers to “Export Control Classification Number.” See Supp. 1 to 15 C.F.R. § 774.

Specifically, UTI arranged for the items to be shipped from Hong Kong to Beijing, China. At all times relevant hereto, BUAA was an organization listed on the Entity List set forth at Supplement No. 4 to Part 744 of the Regulations. In so doing, UTI committed one violation of Section 764.2(b) of the Regulations.

Charge 2 (15 C.F.R. §764.2(b) - Aiding and Abetting the Filing of a False Statement on Shipper's Export Declaration Concerning Ultimate Destination)

On one occasion on or about February 22, 2002, in connection with the unlicensed export of items subject to the Regulations from the United States to China described in Charge 1 above, UTI aided and abetted the filing of a false statement on a Shipper's Export Declaration ("SED"), an export control document, with the U.S. Government. Specifically, UTI prepared a SED for the export that listed the country of ultimate destination as Hong Kong. This representation was false, as the actual country of ultimate destination for the items described in the SED was China. In so doing, UTI committed one violation of Section 764.2(b) of the Regulations.

Charge 3 (15 C.F.R. §764.2(g) - False Statement on Shipper's Export Declaration as to Export Control Classification Number)

On one occasion on or about February 22, 2002, in connection with the unlicensed export of items subject to the Regulations from the United States to China described in Charge 1 above, UTI made a false statement to the U.S. Government. Specifically, UTI filed or caused to be filed a SED for the items that classified them as "EAR99"⁵. This representation was false, as the items were classified as ECCN 5A991. In so doing, UTI committed one violation of Section 764.2(g) of the Regulations.

Charge 4 (15 C.F.R. § 764.2(e) - Transferring Items to China with Knowledge that a Violation of The Regulations Had Occurred)

On or about February 22, 2002, in connection with the unlicensed export of items subject to the Regulations from the United States to China described in Charge 1 above, UTI transferred items subject to the Regulations from Hong Kong to Beijing, China with knowledge that a violation of the Regulations had occurred. Specifically, UTI had filed an SED on Feb. 20, 2002 in which it stated that the country of ultimate destination for the export was Hong Kong. UTI knew the statement was false as it knew that China was the country of ultimate destination. By transferring the items knowing that a false statement had been made to the U.S. Government in connection with the export, UTI committed one violation of Section 764.2(e) of the Regulations.

⁵EAR 99 is a designation for items subject to the Regulations that are not listed on the Commerce Control List.

Accordingly, UTI 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 \$11,000 per violation;⁶

Denial of export privileges; and/or

Exclusion from practice before BIS.

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

UTI is further notified that it is entitled to an agency hearing on the record if UTI files a written demand for one with its answer. (Regulations, Section 766.6). UTI 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.)

The Regulations provide for settlement without a hearing. (Regulations, Section 766.18.) Should UTI have a proposal to settle this case, UTI or its 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, UTI'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 UTI's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security
Attention: Parvin Huda, Esq.

⁶ See 15 C.F.R. § 6.4(a)(2).

Uti, United States, Inc.

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Room H-3839
United States Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Parvin Huda is the attorney representing BIS in this case. Any communications that UTI may wish to have concerning this matter should occur through her. She may be contacted by telephone at (202) 482-5301.

Sincerely,

Michael D. Turner
Director
Office of Export Enforcement

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

In the Matter of:)
)
UTi, United States, Inc.)
19500 Rancho Way)
Rancho Dominguez, CA 90220)
Respondent)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Respondent, UTi, United States, Inc. (“UTi”),¹ and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively referred to as “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (“Regulations”)¹, issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”);²

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

WHEREAS, BIS has issued a proposed charging letter to UTi that alleged that UTi committed four violations of the Regulations, specifically:

¹During the period in which the transactions at issue occurred, UTi was doing business as Union Transport Corporation, Inc.

¹ The charged violations occurred in 2002. The Regulations governing the violations at issue are found in the 2002 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002)). The 2006 Regulations establish the procedures that apply to this matter.

² 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)).

Charge 1 (15 C.F.R. §764.2(b) - Aiding and Abetting the Unlicensed Export of Items to an Entity List Organization in China)

On one occasion on or about February 22, 2002, UTi, a freight forwarder, aided and abetted the unlicensed export of computer switches, items subject to the Regulations (ECCN⁴ 5A991), from the United States to the Beijing University of Aeronautics and Astronautics (“BUAA”), in China without the Department of Commerce license required by Section 744.1 of the Regulations. Specifically, UTi arranged for the items to be shipped from Hong Kong to Beijing, China. At all times relevant hereto, BUAA was an organization listed on the Entity List set forth at Supplement No. 4 to Part 744 of the Regulations. In so doing, UTi committed one violation of Section 764.2(b) of the Regulations.

Charge 2 (15 C.F.R. §764.2(b) - Aiding and Abetting the Filing of a False Statement on Shipper’s Export Declaration Concerning Ultimate Destination)

On one occasion on or about February 22, 2002, in connection with the unlicensed export of items subject to the Regulations from the United States to China described in Charge 1 above, UTi aided and abetted the filing of a false statement on a Shipper’s Export Declaration (“SED”), an export control document, with the U.S. Government. Specifically, UTi prepared a SED for the export that listed the country of ultimate destination as Hong Kong. This representation was false, as the actual country of ultimate destination for the items described in the SED was China. In so doing, UTi committed one violation of Section 764.2(b) of the Regulations.

⁴“ECCN” refers to “Export Control Classification Number.” See Supp. 1 to 15 C.F.R. § 774.

Charge 3 (15 C.F.R. §764.2(g) - False Statement on Shipper's Export Declaration as to Export Control Classification Number)

On one occasion on or about February 22, 2002, in connection with the unlicensed export of items subject to the Regulations from the United States to China described in Charge 1 above, UTi made a false statement to the U.S. Government. Specifically, UTi filed or caused to be filed a SED for the items that classified them as "EAR99"⁵. This representation was false, as the items were classified as ECCN 5A991. In so doing, UTi committed one violation of Section 764.2(g) of the Regulations.

Charge 4 (15 C.F.R. § 764.2(e) - Transferring Items to China with Knowledge that a Violation of The Regulations Had Occurred)

On or about February 22, 2002, in connection with the unlicensed export of items subject to the Regulations from the United States to China described in Charge 1 above, UTi transferred items subject to the Regulations from Hong Kong to Beijing, China with knowledge that a violation of the Regulations had occurred. Specifically, UTi had filed an SED on Feb. 20, 2002 in which it stated that the country of ultimate destination for the export was Hong Kong. UTi knew the statement was false as it knew that China was the country of ultimate destination. By transferring the items knowing that a false statement had been made to the U.S. Government in connection with the export, UTi committed one violation of Section 764.2(e) of the Regulations.

⁵EAR 99 is a designation for items subject to the Regulations that are not listed on the Commerce Control List.

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over UTi, under the Regulations, in connection with the matters alleged in the proposed charging letter.
2. The following sanctions shall be imposed against UTi in complete settlement of the violations of the Regulations set forth in the proposed charging letter:

- a. UTi shall be assessed a civil penalty in the amount of \$33,000, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of the Order.
- 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 UTi. Failure to make timely payment of the civil penalty set forth above shall result in the denial of all of UTi's export privileges under the Regulations for a period of one year from the date of imposition of the penalty.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, UTi hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, if entered), 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 entered; (c) request any relief from the Order, if entered, including without limitation relief from the terms of a denial order under 15 C.F.R. § 764.3(a)(2); and (d) seek judicial review or otherwise contest the validity of this Agreement or the Order, if entered.

4. Upon entry of the Order and timely payment of the \$33,000 civil penalty, BIS will not initiate any further administrative proceeding against UTi in connection with any violation of the Act or the Regulations arising out of the transactions identified in the proposed charging letter.

5. BIS will make the proposed charging letter, this Agreement, and the Order, if entered, available to the public.

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

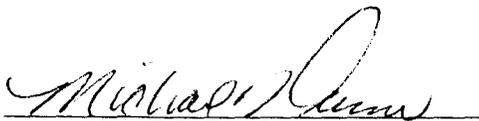
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on BIS 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

UTI, UNITED STATES, INC.



Michael D. Turner
Director
Office of Export Enforcement



Stephen Savarese
Vice President and General Counsel

Date: 9/22/06

Date: 9/18/06

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

In the Matter of:)
)
)
Uti, United States, Inc.)
19500 Rancho Way)
Rancho Dominguez, CA 90220)
Respondent)

ORDER RELATING TO UTi, UNITED STATES, INC.

The Bureau of Industry and Security, U.S. Department of Commerce ('BIS') has notified Uti, United States, Inc. ('UTi')¹ of its intention to initiate an administrative proceeding against UTi pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) ('Regulations'),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) ('Act'),² by issuing a proposed charging letter to UTi that alleged that UTi committed four violations of the Regulations. Specifically, the charges are:

¹During the period in which the transactions at issue occurred, UTi was doing business as Union Transport Corporation, Inc.

¹ The charged violations occurred in 2002. The Regulations governing the violations at issue are found in the 2002 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002)). The 2006 Regulations establish the procedures that apply to this matter.

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SED was China. In so doing, UTi committed one violation of Section 764.2(b) of the Regulations.

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⁵EAR 99 is a designation for items subject to the Regulations that are not listed on the Commerce Control List.

By transferring the items knowing that a false statement had been made to the U.S. Government in connection with the export, UTi committed one violation of Section 764.2(e) of the Regulations.

WHEREAS, BIS and UTi 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 \$33,000 is assessed against UTi, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. 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, UTi 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 UTi. Accordingly, if UTi should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of UTi's export privileges under the Regulations 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 26th day of September 2006.