

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

In the Matter of:

Walter Anders
10701 Huntersville Commons Drive
Suite C
Huntersville, NC 28078

Terand, Inc.
10701 Huntersville Commons Drive
Suite C
Huntersville, NC 28078

Respondents

ORDER RELATING TO
WALTER ANDERS AND TERAND, INC.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Walter Anders (“Anders”) and Terand, Inc. (“Terand”) (collectively, referred to as “Terand/Anders” or the “Respondents”) of its intention to initiate an administrative proceeding against Respondents pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (the “Act”),² through the issuance of a Proposed Charging Letter to Respondents that alleges that Respondents committed eight violations of the Regulations. Specifically, the charges are:

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2016). The violations alleged occurred in 2012. The Regulations governing the violations at issue are found in the 2012 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2016 Regulations set forth the procedures that apply to this matter.

² 50 U.S.C. §§ 4601-4623 (available at <http://uscode.house.gov/>). 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 4, 2016 (81 Fed. Reg. 52587 (Aug. 8, 2016)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, et seq. (2012)).

Charges 1 - 8 15 C.F.R. § 764.2(b) – Causing, Aiding, and/or Abetting Unlicensed Exports of Controlled Carbon Fiber

On at least eight occasions between on or about April 5, 2012, and on or about December 1, 2012, Terand/Anders caused, aided, and/or abetted the export of approximately 6,557 kg of U.S.-origin T300 carbon fiber to Singapore without the required BIS licenses. The T300 carbon fiber is subject to the Regulations, classified under Export Control Classification Number (“ECCN”) 1C210.a, and controlled for nuclear proliferation reasons, and was valued at approximately \$288,736. Each of the eight exports required a license pursuant to Section 742.3 of the Regulations.

Terand/Anders’ involvement in the transactions began soon after Performance Engineered Nonwovens, of Middletown, NY, was informed by BIS that its license to export T300 carbon fiber to Singapore was revoked based on concerns regarding the recipients of the items. Performance Engineered Nonwovens thereafter sought to camouflage its involvement in unlicensed exports of the carbon fiber to Singapore. Within weeks of the license revocation, Terand/Anders had agreed--following discussions between Anders, Terand’s president and sole employee, and Performance Engineered Nonwovens’ president, Peter Gromacki--that Terand would falsely act as the U.S. exporter of record for exports of the items to Singapore in return for a \$1,400 commission for each successful export on Performance Engineered Nonwovens’ behalf.

Aware of the license requirement, Terand/Anders took various actions to cause, aid, and abet unlicensed exports of the items to Singapore, while seeking to minimize the risk that the U.S. Government would learn of Performance Engineered Nonwovens’ involvement in the transactions. Terand/Anders created and issued commercial invoices on Terand letterhead that falsely named Terand as the exporter and falsely stated that: “This commodity technology exported from the United States is in accordance with the Export Administration Regulations.”

Terand/Anders also acted as the intermediary between Performance Engineered Nonwovens/ Gromacki and the freight forwarder, providing instructions to the forwarder, signing any required shipping documents, and receiving status reports on the progress of exports to Singapore. In addition, Terand’s name appeared as the U.S. Principal Party in Interest on each of the Shippers Export Declarations filed with the U.S. Government in connection with the eight exports at issue, including after the customer in Singapore refused to place additional purchase orders through Terand after the first five of the exports. On or about September 28, 2012, Performance Engineered Nonwovens/ Gromacki assured Terand/Anders that their crucial role in facilitating the unlawful exports, and their compensation for doing so, could nonetheless continue:

Starting with today’s shipment, I accepted [the purchase order] under PEN [Performance Engineered Nonwovens] name but Terand can continue to serve as exporter of record as you have been doing.... You continue to play a crucial role. I cannot export without your help and hence the commission checks will continue to flow in your direction. I shall forward you a copy of each PO.

Terand/Anders did, in fact, continue to falsely act as the U.S. exporter of record for the remaining three exports at issue.

In so causing, aiding, and/or abetting eight exports of the items without the required BIS export licenses, Terand and Anders committed eight violations of Section 764.2(b) of the Regulations, for which they are jointly and severally liable.

WHEREAS, BIS and Respondents 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;

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

IT IS THEREFORE ORDERED:

FIRST, for a period of eight (8) years from the date of this Order, Walter Anders, with last known address 10701 Huntersville Commons Drive, Suite C, Huntersville, NC 28078, and when acting for or on his behalf, his successors, assigns, employees, representatives, or agents, and Terand, Inc., with a last known address of 10701 Huntersville Commons Drive, Suite C, Huntersville, NC 28078, and when acting for or on its behalf, its successors, assigns, directors, officers, employees, representatives, or agents (each a "Denied Person" and collectively the "Denied Persons"), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- A. Applying for, obtaining, or using any license, License Exception, or export control document;
- B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to

be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or

- C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

SECOND, no person may, directly or indirectly, do any of the following:

- A. Export or reexport to or on behalf of a Denied Person any item subject to the Regulations;
- B. Take any action that facilitates the acquisition or attempted acquisition by a Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby a Denied Person acquires or attempts to acquire such ownership, possession or control;
- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from a Denied Person of any item subject to the Regulations that has been exported from the United States;
- D. Obtain from a Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or
- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by a Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by a Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation,

maintenance, repair, modification or testing.

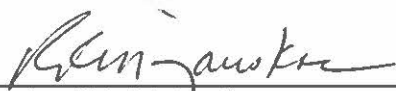
THIRD, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to a Denied Person by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of the Order.

FOURTH, Respondents 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 Respondents' testimonial obligations in any proceeding, nor does it affect their right to take legal or factual positions in civil litigation or other civil proceedings in which the U.S. Department of Commerce is not a party.

FIFTH, the Proposed Charging Letter, the Settlement Agreement, and this Order shall be made available to the public.

SIXTH, this Order shall be served on Respondents, and shall be published in the *Federal Register*.

This Order, which constitutes the final agency action in this matter, is effective immediately.³



Richard R. Majauskas
Deputy Assistant Secretary of Commerce
for Export Enforcement

Issued this 12th day of August, 2016.

³ Review and consideration of this matter has been delegated to the Deputy Assistant Secretary of Commerce for Export Enforcement.

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In the Matter of:

Walter Anders
10701 Huntersville Commons Drive
Suite C
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Terand, Inc.
10701 Huntersville Commons Drive
Suite C
Huntersville, NC 28078

Respondents

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between Walter Anders ("Anders") and Terand, Inc. ("Terand") (collectively, referred to as "Terand/Anders" or the "Respondents"), 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"),¹ issued pursuant to the Export Administration Act of 1979, as amended (the "Act").²

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2016). The violations alleged occurred in 2012. The Regulations governing the violations at issue are found in the 2012 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2016 Regulations set forth the procedures that apply to this matter.

² 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)), which has been extended by successive Presidential Notices, the most recent being that of August 7, 2015 (80 Fed. Reg. 48233 (Aug. 11, 2015)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*) (2006 & Supp. IV 2010).

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

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

**Charges 1 - 8 15 C.F.R. § 764.2(b) – Causing, Aiding, and/or Abetting
Unlicensed Exports of Controlled Carbon Fiber**

On at least eight occasions between on or about April 5, 2012, and on or about December 1, 2012, Terand/Anders caused, aided, and/or abetted the export of approximately 6,557kg of U.S.-origin T300 carbon fiber to Singapore without the required BIS licenses. The T300 carbon fiber is subject to the Regulations, classified under Export Control Classification Number ("ECCN") 1C210.a, and controlled for nuclear proliferation reasons, and was valued at approximately \$288,736. Each of the eight exports required a license pursuant to Section 742.3 of the Regulations.

Terand/Anders' involvement in the transactions began soon after Performance Engineered Nonwovens, of Middletown, NY, was informed by BIS that its license to export T300 carbon fiber to Singapore was revoked based on concerns regarding the recipients of the items. Performance Engineered Nonwovens thereafter sought to camouflage its involvement in unlicensed exports of the carbon fiber to Singapore. Within weeks of the license revocation, Terand/Anders had agreed--following discussions between Anders, Terand's president and sole employee, and Performance Engineered Nonwovens' president, Peter Gromacki--that Terand would falsely act as the U.S. exporter of record for exports of the items to Singapore in return for a \$1,400 commission for each successful export on Performance Engineered Nonwovens' behalf.

Aware of the license requirement, Terand/Anders took various actions to cause, aid, and abet unlicensed exports of the items to Singapore, while seeking to minimize the risk that the U.S. Government would learn of Performance Engineered Nonwovens' involvement in the transactions. Terand/Anders created and issued commercial invoices on Terand letterhead that falsely named Terand as the exporter and falsely stated that: "This commodity technology exported from the United States is in accordance with the Export Administration Regulations."

Terand/Anders also acted as the intermediary between Performance Engineered Nonwovens/Gromacki and the freight forwarder, providing instructions to the forwarder, signing any required shipping documents, and receiving status reports on the progress of exports to Singapore. In addition, Terand's name appeared as the U.S. Principal Party in Interest on each of the Shippers Export Declarations filed with the U.S. Government in connection with the eight exports at issue, including after the customer in Singapore

refused to place additional purchase orders through Terand after the first five of the exports. On or about September 28, 2012, Performance Engineered Nonwovens/ Gromacki assured Terand/Anders that their crucial role in facilitating the unlawful exports, and their compensation for doing so, could nonetheless continue:

Starting with today's shipment, I accepted [the purchase order] under PEN [Performance Engineered Nonwovens] name but Terand can continue to serve as exporter of record as you have been doing.... You continue to play a crucial role. I cannot export without your help and hence the commission checks will continue to flow in your direction. I shall forward you a copy of each PO.

Terand/Anders did, in fact, continue to falsely act as the U.S. exporter of record for the remaining three exports at issue.

In so causing, aiding, and/or abetting eight exports of the items without the required BIS export licenses, Terand and Anders committed eight violations of Section 764.2(b) of the Regulations, for which they are jointly and severally liable.

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

WHEREAS, Respondents fully understand the terms of this Agreement and the Order ("Order") that the Assistant Secretary of Commerce for Export Enforcement will issue if he approves this Agreement as the final resolution of this matter;

WHEREAS, Respondents enter into this Agreement voluntarily and with full knowledge of their rights, after having consulted with counsel;

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

WHEREAS, Respondents neither admit nor deny the allegations contained in the Proposed Charging Letter; and

WHEREAS, Respondents agree to be bound by the Order, if issued;

NOW THEREFORE, the Parties hereby agree, for purposes of this Settlement Agreement, as follows:

1. BIS has jurisdiction over Respondents, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.
2. The following sanction shall be imposed against Respondents in complete settlement of the alleged violation of the Regulations relating to the transactions specifically detailed in the Proposed Charging Letter:

For a period of eight (8) years from the date of the Order, Walter Anders, with last known address of 10701 Huntersville Commons Drive, Suite C, Huntersville, NC 28078, and when acting for or on his behalf, his successors, assigns, employees, representatives, or agents, and Terand, Inc., with a last known address of 10701 Huntersville Commons Drive, Suite C, Huntersville, NC 28078, and when acting for or on its behalf, its successors, assigns, directors, officers, employees, representatives, or agents (each a "Denied Person" and collectively the "Denied Persons"), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- i. Applying for, obtaining, or using any license, License Exception, or export control document;

ii. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or

iii. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, Respondents hereby waive all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, if issued), including, without limitation, any right to: (a) 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.

4. Respondents 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 Respondents' testimonial obligations in any proceeding, nor does it affect their right to take legal or factual positions in civil litigation or other civil proceedings in which the U.S. Department of Commerce is not a party.

5. 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.

6. Upon issues of the Order, BIS will not initiate any further administrative proceeding against Respondents in connection with any violation of the Act or the Regulations arising out of the transactions specifically detailed in the Proposed Charging Letter.

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

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

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

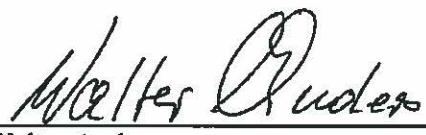
10. Each signatory affirms that he/she has authority to enter into this Settlement Agreement and to bind his/her respective party to the terms and conditions set forth herein.

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


Douglas R. Hassebrock
Director of Export Enforcement

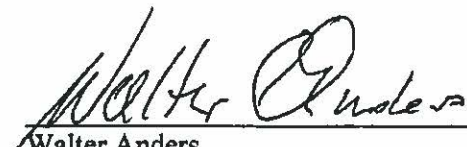
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WALTER ANDERS


Walter Anders

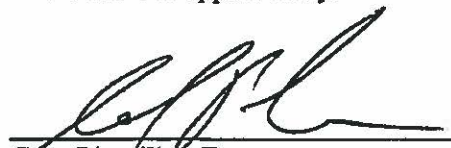
Date: 7-1-16

TERAND, INC.


Walter Anders
President and Owner

Date: 7-01-16

Reviewed and approved by:


Greg Plumides, Esq.
Plumides Law Office, PC
Counsel for the Respondents

Date: 8-5-16

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Walter Anders
10701 Huntersville Commons Drive
Suite C
Huntersville, NC 28078

Terand, Inc.
10701 Huntersville Commons Drive
Suite C
Huntersville, NC 28078

*Attention: Walter Anders
President and Owner*

Dear Mr. Anders:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that you, Walter Anders ("Anders"), and your company, Terand, Inc. ("Terand"), both of Huntersville, NC (together referred to as "Terand/Anders"), violated the Export Administration Regulations (the "Regulations"),¹ which issued under the authority of the Export Administration Act of 1979, as amended (the "Act").² Specifically, BIS alleges that Terand and Anders committed the following violations:

**Charges 1 - 8 15 C.F.R. § 764.2(b) – Causing, Aiding, and/or Abetting
Unlicensed Exports of Controlled Carbon Fiber**

As set forth in greater detail in the Schedule of Violations attached hereto and incorporated herein, on at least eight occasions between on or about April 5, 2012, and on or about December 1, 2012, Terand/Anders caused, aided, and/or abetted the export of approximately 6,557 kg of U.S.-origin T300 carbon fiber to Singapore without the

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2016). The violations alleged occurred in 2012. The Regulations governing the violation at issue are found in the 2012 version of the Code of Federal Regulations. 15 C.F.R. Parts 730-774 (2012). The 2016 Regulations govern the procedural aspects of this case.

² 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)), which has been extended by successive Presidential Notices, the most recent being that of August 7, 2015 (80 Fed. Reg. 48,233) (August 11, 2015)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*) (2006 & Supp. IV 2010).

required BIS licenses. The T300 carbon fiber is subject to the Regulations, classified under Export Control Classification Number ("ECCN") 1C210.a, and controlled for nuclear proliferation reasons, and was valued at approximately \$288,736. Each of the eight exports required a license pursuant to Section 742.3 of the Regulations.

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Terand/Anders did, in fact, continue to falsely act as the U.S. exporter of record for the remaining three exports at issue.

In so causing, aiding, and/or abetting eight exports of the items without the required BIS export licenses, Terand and Anders committed eight violations of Section 764.2(b) of the Regulations, for which they are jointly and severally liable.

* * * * *

Accordingly, Terand and Anders are hereby notified that an administrative proceeding is instituted against them pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions and any other liability sanction or penalty available under law, including, but not limited to any or all of the following:

- The maximum civil penalty allowed by law of up to the greater of \$250,000 per violation, or twice the value of the transaction that is the basis of the violation;³
- Denial of export privileges;
- Exclusion from practice before BIS; and/or
- Any other liability, sanction, or penalty available under law.

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

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

Terand and Anders are further notified that under the Small Business Regulatory Enforcement Flexibility Act, they may be eligible for assistance from the Office of the

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

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, Terand and Anders' 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 Terand and Anders' answer must be served on BIS at the following address:

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

Adrienne Frazier is the attorney representing BIS in this case; any communications that Terand and Anders may wish to have concerning this matter should occur through her. She may be contacted by telephone at (202) 482-5301.

Sincerely,

Douglas R. Hassebrock
Director
Office of Export Enforcement

Schedule of Violations

Charge No.	Date	Item	Value	Destination
1	4/5/12	T300 Carbon Fiber	\$32,164	Singapore
2	4/30/12	T300 Carbon Fiber	\$31,938	Singapore
3	6/2/12	T300 Carbon Fiber	\$48,316	Singapore
4	7/7/12	T300 Carbon Fiber	\$48,335	Singapore
5	8/11/12	T300 Carbon Fiber	\$32,071	Singapore
6	9/29/12	T300 Carbon Fiber	\$30,344	Singapore
7	11/10/12	T300 Carbon Fiber	\$32,706	Singapore
8	12/1/12	T300 Carbon Fiber	\$32,862	Singapore