

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

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In the Matter of: )  
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DeepSouth Hardware Solutions, Inc. )  
42367 Deluxe Plaza )  
Suite 29 )  
Hammond, LA 70403 )  
 )  
Respondent )  
\_\_\_\_\_

ORDER RELATING TO DEEPSOUTH HARDWARE SOLUTIONS, INC.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified DeepSouth Hardware Solutions, Inc. (“DeepSouth”), of its intention to initiate an administrative proceeding against (“DeepSouth”) pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2009)) (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 DeepSouth that alleged that DeepSouth committed one violation of the Regulations. Specifically, this charge is:

<sup>1</sup> The violations alleged occurred in 2007. The Regulations governing the violation at issue are found in the 2007 version of the Code of Federal Regulations. 15 C.F.R. Parts 730-774 (2007). The 2009 Regulations govern the procedural aspects of this case.

<sup>2</sup> Since August 21, 2001, the Act has been in lapse and 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 13, 2009 (74 Fed. Reg. 41,325 (Aug. 14, 2009)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701*et seq.*) (2000)).

**Charge 1      15 C.F.R. §764.2(a) – Unlicensed Export to an Entity List  
Organization**

On or about July 27, 2007, Deepsouth engaged in conduct prohibited by the Regulations when it exported parts and accessories for automatic regulating and controlling instruments, items subject to the Regulations and classified under Export Control Classification Number<sup>3</sup> 1B999, to the Pakistan Atomic Energy Commission's Chashma Nuclear Power Plant, an entity on the Entity List set forth in Supplement No. 4 to Part 744 of the Regulations, without the Department of Commerce licenses required by Section 744.1 of the Regulations. Specifically, Deepsouth exported a data highway controller, a relay output card, a digital output card, a contact input card, an analog input point card and an analog high level input point card, with a total value of approximately \$9,900, to Chashma Nuclear Power Plant. The Chashma Nuclear Power Plant was identified on the order form it submitted to Deepsouth as an entity affiliated with the Pakistan Atomic Energy Commission. At all times relevant hereto, all nuclear plants and facilities operated by the Pakistan Atomic Energy Commission, including the Chashma Nuclear Power Plant, were listed on the Entity List. In so doing, Deepsouth committed one violation of Section 764.2(a) of the Regulations.

WHEREAS, BIS and DeepSouth 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, that a civil penalty of \$32,000 is assessed against DeepSouth, which shall be paid to the U.S. Department of Commerce in two installments of \$16,000. The first installment of \$16,000 shall be paid within 30 days from the date of issuance of this Order and the second installment of \$16,000 shall be paid within six months from the date of issuance of this Order. Payment shall be made in the manner specified in the attached instructions.

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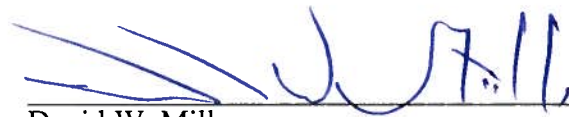
<sup>3</sup> An Export Control Classification Number refers to a category of items listed in the Commerce Control List, which is set forth in Supp. No. 1 to part 774 of the EAR. See 15 C.F.R. § 774.1.

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, DeepSouth 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 DeepSouth. Accordingly, if DeepSouth should fail to pay the civil penalty in a timely manner, the undersigned may issue an Order denying all of DeepSouth's export privileges for a period of one year from the date of issuance 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.



David W. Mills  
Assistant Secretary of Commerce  
for Export Enforcement

Issued this 26 day of March, 2010.

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

In the Matter of: )  
 )  
DeepSouth Hardware Solutions, Inc. )  
42367 Deluxe Plaza )  
Suite 29 )  
Hammond, LA 70403 )  
 )  
Respondent )

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between DeepSouth Hardware Solutions, Inc. (“DeepSouth”) 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 (2009)) (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 DeepSouth of its intention to initiate an administrative proceeding against DeepSouth, pursuant to the Act and the Regulations;

<sup>1</sup> The violation alleged to have been committed occurred in 2007. The Regulations governing the violation at issue are found in the 2007 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2007)). The 2009 Regulations establish the procedures that apply to this matter.

<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)), which has been extended by successive Presidential Notices, the most recent being that of August 13, 2009 (74 Fed. Reg. 41,325 (Aug. 14, 2009)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 *et seq.*) (2000) (“IEEPA”). The Act and the Regulations are available on the Government Printing Office website at: <http://www.access.gpo.gov/bis/>.

WHEREAS, BIS has issued a proposed charging letter to DeepSouth that alleged that DeepSouth committed one violation of the Regulations, specifically:

**Charge 1      15 C.F.R. §764.2(a) – Unlicensed Export to an Entity List Organization**

On or about July 27, 2007, DeepSouth engaged in conduct prohibited by the Regulations when it exported parts and accessories for automatic regulating and controlling instruments, items subject to the Regulations and classified under Export Control Classification Number<sup>3</sup> 1B999, to the Pakistan Atomic Energy Commission's Chashma Nuclear Power Plant, an entity on the Entity List set forth in Supplement No. 4 to Part 744 of the Regulations, without the Department of Commerce licenses required by Section 744.1 of the Regulations. Specifically, DeepSouth exported a data highway controller, a relay output card, a digital output card, a contact input card, an analog input point card and an analog high level input point card, with a total value of approximately \$9,900, to Chashma Nuclear Power Plant. The Chashma Nuclear Power Plant was identified on the order form it submitted to DeepSouth as an entity affiliated with the Pakistan Atomic Energy Commission. At all times relevant hereto, all nuclear plants and facilities operated by the Pakistan Atomic Energy Commission, including the Chashma Nuclear Power Plant, were listed on the Entity List. In so doing, DeepSouth committed one violation of Section 764.2(a) of the Regulations.

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

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<sup>3</sup> An Export Control Classification Number refers to a category of items listed in the Commerce Control List, which is set forth in Supp. No. 1 to part 774 of the EAR. See 15 C.F.R. § 774.1.

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

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

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

WHEREAS, the Parties agree to be bound by the Order, if entered;

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over DeepSouth, under the Regulations, in connection with the matters alleged in the proposed charging letter.

2. The following sanction shall be imposed against DeepSouth in complete settlement of the alleged violations of the Regulations relating to the transactions detailed in the proposed charging letter:

a. DeepSouth shall be assessed a civil penalty in the amount of \$32,000.00, which shall be paid to the U.S. Department of Commerce in two installments of \$16,000. The first installment of \$16,000 shall be paid within 30 days from the date of issuance of this Order and the second installment of \$16,000 shall be paid within six months from the date of issuance of this 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 DeepSouth. Failure to make timely payment of the civil penalty in accordance with the payment schedule set forth above may result in the denial of all of

DeepSouth's export privileges 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, DeepSouth 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 issued), 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; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if issued.
4. Upon entry of the Order and timely payment of the \$32,000 civil penalty, BIS will not initiate any further administrative proceedings against DeepSouth 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 issued, 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 oral 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.

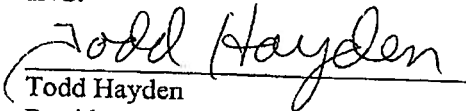
8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement approves it by issuing the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

9. 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

  
John Sonderman  
Acting Director  
Office of Export Enforcement

DEEPSOUTH HARDWARE SOLUTIONS,  
INC.

  
Todd Hayden  
President  
DeepSouth Hardware Solutions, Inc.

Date: 3/24/2010

Date: 3/9/10



PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Deepsouth Hardware Solutions, Inc.  
42367 Deluxe Plaza  
Suite 29  
Hammond, LA 70403

*Attention: Todd Hayden,  
Founder*

Dear Mr. Hayden:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Deepsouth Hardware Solutions, Inc. (“Deepsouth”) of Hammond, Louisiana has committed one violation 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 alleges that Deepsouth committed the following violation:

**Charge 1      15 C.F.R. §764.2(a) – Unlicensed Export to an Entity List Organization**

On or about July 27, 2007, Deepsouth engaged in conduct prohibited by the Regulations when it exported parts and accessories for automatic regulating and controlling instruments, items subject to the Regulations and classified under Export Control Classification Number<sup>3</sup> 1B999, to the Pakistan Atomic Energy Commission’s Chashma Nuclear Power Plant, an entity on the Entity List set forth in Supplement No. 4 to Part 744 of the Regulations, without the Department of Commerce licenses required by Section 744.1 of the Regulations. Specifically, Deepsouth exported a data highway controller, a relay output card, a digital output card, a contact input

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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 (2009). The violation alleged occurred in 2007. The Regulations governing the violation at issue are found in the 2007 version of the Code of Federal Regulations. 15 C.F.R. Parts 730-774 (2007). The 2009 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)), which has been extended by successive Presidential Notices, the most recent being that of July 23, 2008 (73 Fed. Reg. 43,603 (July 25, 2008)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1707 (2000)) (“IEEPA”).

<sup>3</sup> An Export Control Classification Number refers to a category of items listed in the Commerce Control List, which is set forth in Supp. No. 1 to part 774 of the EAR. See 15 C.F.R. § 774.1.

card, an analog input point card and an analog high level input point card, with a total value of approximately \$9,900, to Chashma Nuclear Power Plant. The Chashma Nuclear Power Plant was identified on the order form it submitted to Deepsouth as an entity affiliated with the Pakistan Atomic Energy Commission. At all times relevant hereto, all nuclear plants and facilities operated by the Pakistan Atomic Energy Commission, including the Chashma Nuclear Power Plant, were listed on the Entity List. In so doing, Deepsouth committed one violation of Section 764.2(a) of the Regulations.

\* \* \* \* \*

Accordingly, Deepsouth 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 the greater of \$250,000 per violation, or twice the value of the transaction that is the basis of the violation, whichever is greater;<sup>4</sup>
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

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

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

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

Deepsouth Hardware Solutions, Inc.  
Proposed Charging Letter  
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Deepsouth is further notified that under the Small Business Regulatory Enforcement Flexibility Act, Deepsouth 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, Deepsouth'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 Deepsouth's answer must be served on BIS at the following address:

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

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

Sincerely,

Thomas Madigan  
Director  
Office of Export Enforcement