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

In the Matter of: Container Manufacturing Ltd. 6450 Poe Avenue Ste 511 Dayton, Ohio 45414 Respondent

ORDER RELATING TO CONTAINER MANUFACTURING LTD

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has notified Container Manufacturing Ltd. ("Container Manufacturing" or "CML") of its intention to initiate an administrative proceeding against Container Manufacturing pursuant to Section 766.3 of the Export Administration Regulations (the "Regulations"), through the issuance of a Proposed Charging Letter to Container Manufacturing that alleges that Container Manufacturing committed ten (10) violations of the Regulations.[1] Specifically:

GENERAL ALLEGATIONS

1. As described further below and in the attached Schedule of Violations, between on or about March 23, 2023, through on or about March 7, 2025, Container Manufacturing violated the Regulations when it sold and exported items subject to the EAR and designated EAR99 with Harmonized Tariff Schedule ("HTS")-6 codes identified on the Russian and Belarusian Industry Sector Sanctions List (Supplement No. 4 to 15 C.F.R. Part 746) to an end user in Russia without the required license or other authorization from BIS. The items, classified under HTS-6 codes 8466.94, 8462.29, and 4016.93, include various spare parts for aluminum metalworking tools that are valued at $264,721.

[1] The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730–774 (2026). The charged violations occurred in 2023 through 2025. The Regulations governing the violations at issue are found in the 2023 through 2025 versions of the Code of Federal Regulations (15 C.F.R. Parts 730–774 (2023–2025)). The 2026 Regulations set forth the procedures that apply to this matter.

2. At all relevant times, a BIS export license or other authorization was required to export these items to Russia under § 746.8(a)(5) of the Regulations.[2]

3. As described throughout, Container Manufacturing committed eight violations of Section 764.2(a), engaging in prohibited conduct, and two violations of Section 764.2(e), acting with knowledge of a violation.

Key Parties

4. Container Manufacturing, Ltd., is an Ohio-based company established in 1997 that specializes in the provision of can-end shell systems—presses used to manufacture the tops of aluminum beverage cans—and related spare parts. An affiliated company, Container Development, Ltd., owns the intellectual property for the end shell systems and licenses the patents to customers worldwide. Container Manufacturing supplies the "equipment, tooling, installation support and training necessary for the vital transfer of [Container Development] technology to [Container Development] licensees." [3] The two companies share common ownership and employees. As of May 2025, Container Manufacturing had nine employees. Senior leadership includes the company's President, chief operating officer ("COO"), and controller. All three of the individuals in these positions held the same positions within Container Development.

5. Container Manufacturing and Container Development have customers in various jurisdictions worldwide including Poland, France, the Middle East, China, the United Kingdom, Germany, and as detailed herein, Russia.

6. COMPANY 1 is a Russian company that manufactures aluminum beverage cans and can tops. In 2022, COMPANY 1 took over the business, plant, and equipment of Container Manufacturing's prior customer in Russia. This predecessor company was the subsidiary of a U.S. company that manufactured beverage can ends and exited the Russian market following Russia's invasion of Ukraine. Unknown to Container Manufacturing, in addition to manufacturing aluminum beverage cans and can ends, the COMPANY 1 corporate group is a supplier of aluminum slugs, which can be fabricated using excess aluminum from the can end manufacturing process, if the scrap aluminum is further processed.[4] Aluminum slugs may be used to manufacture a variety of military items including projectile weapons, defense facilities and systems, and various parts for military land vehicles and aircraft. Also

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[2] The same applicable license requirement was located in § 746.5 at relevant times prior to a June 2024 amendment to the EAR. *See* 89 Fed. Reg. 51,644 (June 18, 2024).

[3] *Container Development Ltd.* (last viewed Aug. 18, 2026), https://www.cdl-plus.com/.

[4] None of the items exported by Container Manufacturing described herein is suitable for the direct manufacture of aluminum slugs.

unknown to Container Manufacturing, COMPANY 1 corporate leadership maintains close ties with government officials overseeing the Russian defense industrial sector, which remains a top consumer of aluminum in the Russian market.

7. COMPANY 2 is a distribution and brokerage firm in operation since 2017 and based in the United Arab Emirates. COMPANY 2 operates in the Middle East, Africa, Eastern Europe, and Russia.

8. COMPANY 3 is a Turkish construction company based in Istanbul and founded in 2010. In or around 2022, COMPANY 3 expanded its business to include "foreign trade," and COMPANY 3 "offers export of industrial equipment" and other items.

HTS Code Restrictions

9. On February 24, 2022, BIS implemented broad export controls on Russia. As part of those controls, effective March 3, 2022, BIS added a new paragraph (a)(1)(ii) to then-section 746.5 of the EAR, which imposed an additional license requirement for exports, reexports, and transfers (in-country) to or within Russia of any items subject to the EAR if identified under certain HTS codes.[5] The March 2022 rule also added Supplement No. 4 to Part 746—HTS Codes that require a license for export, reexport, and transfer (in-country) to or within Russia—which identified HTS codes subject to the license requirement then set forth in paragraph § 746.5(a)(1)(ii).

10. Effective February 24, 2023, BIS added 322 HTS codes to Supplement No. 4 that require a license for export or reexport to or transfer within Russia or Belarus.[6] The new HTS codes included two of the codes at issue here, HTS codes 8466.94 (parts and accessories for machines tools for forging, die-stamping, shearing metal and those for working metal without removing material) and 8462.29 (bending, folding, straightening or flattening machines (including presses) for working metal).

11. Effective May 19, 2023, BIS added HTS codes corresponding to an additional 1,224 types of industrial items to Supplement No. 4, including HTS code 4016.93 (gaskets, washers and other seals, of vulcanized rubber other than hard rubber).[7]

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[5] 87 Fed. Reg. 12856 (Mar. 8, 2022); *see also, e.g.* 87 Fed. Reg. 28758 (May 11, 2022). At the time of enactment, Supplement No. 4 also specified the schedule B codes of the listed items. BIS subsequently amended the list to include only the HTS codes for the listed items. *See* 88 Fed. Reg. 12175 (Feb. 27, 2023). An HTS code corresponds to the first six digits of a ten-digit schedule B code.

[6] 88 Fed. Reg. 12175 (Feb. 27, 2023); *see also* BIS Press Release, *Commerce Imposes Additional Export Restrictions in Response to Russia's Brutal War on Ukraine* (Feb. 24, 2023).

[7] 88 Fed. Reg. 33,422, 33,431 (May 23, 2023).

12. The relevant license requirement is presently codified at § 746.8(a)(5), and Supplement No. 4 to Part 746 of the Regulations identifies industrial goods that require a BIS license for export, reexport, or transfer (in-country) to Russia or Belarus.

STATEMENT OF CHARGES

Charges 1 – 8: 15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct

13. As described further below, beginning March 23, 2023, and continuing until December 10, 2024. Container Manufacturing engaged in conduct prohibited by the Regulations on eight occasions when it exported items subject to the EAR and classified under HTS codes identified on Supplement No. 4 to 15 C.F.R. Part 746 to an ultimate consignee located in Russia. Container Manufacturing did not apply for or obtain a license or other authorization from BIS to export these items, despite the requirements of 15 C.F.R. § 746.8(a)(5).[8]

14. From at least 2015 to 2022, Container Manufacturing and Container Development were engaged in an ongoing business relationship with the Russian subsidiary of a U.S.-based company in connection with the manufacture of aluminum beverage can ends. Container Development licensed the intellectual property for the can-end shell system, and Container Manufacturing would supply replacement parts for the system.

15. Following Russia's invasion of Ukraine in 2022, Container Manufacturing's customer decided to exit the Russian market. In September 2022, this company sold its Russian business. including the plant and equipment. to a Russia-based buyer. The business was renamed COMPANY 1.

16. Starting in September of 2022, CML started conducting periodic searches to search the prohibited party list ("Consolidated Screening List") for COMPANY 1 and its potential affiliates. No hits ever returned.

17. On or about March 23, 2023, Container Manufacturing exported items identified on Supplement No. 4 to 15 C.F.R. Part 746 to COMPANY 1 in Russia. These items consisted of spare or replacement parts for machinery to work aluminum, specifically an upper piston classified under HTS code 8466.94 and pinch roll assembly parts classified under HTS code 8462.29. At the time, both items required a license or other authorization from BIS to be exported to Russia. However,

[8] The same applicable license requirement was located in 15 C.F.R. § 746.5 at relevant times prior to a June 2024 amendment to the EAR. *See* 89 Fed. Reg. 51,644 (June 18, 2024).

Container Manufacturing did not apply for or obtain any such license or other authorization from BIS in connection with this export.

18. On at least seven subsequent occasions occurring in 2023 and 2024, Container Manufacturing exported items classified under HTS codes identified on Supplement No. 4 to Russia. Four of these transactions consisted of transshipments through a third-country distributor, COMPANY 2. For all seven transactions, Container Manufacturing had knowledge that the items were destined to COMPANY 1 in Russia. At no point did Container Manufacturing seek or obtain the requisite license or other authorization from BIS for such exports.

19. In or around April 2024, Container Manufacturing sought and received advice from outside export control counsel concerning the transactions with COMPANY 1.

20. By engaging in the above-described conduct, Container Manufacturing committed eight violations of Section 764.2(a) of the Regulations.

Charges 9 – 10: 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

21. As described further below, from March 2 to March 7, 2025, Container Manufacturing exported items subject to the EAR and classified under HTS codes identified on Supplement No. 4 to 15 C.F.R. Part 746 to an ultimate consignee located in Russia, with knowledge or reason to know[9] that such exports constituted a violation of U.S. export controls absent a license or other authorization from BIS as required by 15 C.F.R. § 746.8(a)(5). Container Manufacturing knew that the relevant exports were destined to an ultimate consignee located in Russia, and nonetheless failed to halt the export of those shipments from the manufacturer despite receiving knowledge from a third-party financial institution that this conduct presented a red flag and may be prohibited under U.S. law.

22. Container Manufacturing was informed by its bank that its dealings with COMPANY 1 may be subject to U.S. legal restrictions. Despite this, Container Manufacturing did not halt exporting items subject to the EAR and described under restricted HTS codes from its manufacturer to COMPANY 1 and to negotiate further business with COMPANY 1.

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[9] Pursuant to Section 772.1 of the EAR, "knowledge of a circumstance (the term may be a variant, such as 'know,' 'reason to know,' or 'reason to believe') includes not only positive knowledge that the circumstance exists or is substantially certain to occur, but also an awareness of a high probability of its existence or future occurrence." 15 C.F.R. § 772.1. This awareness may be inferred from evidence of a person's conscious disregard of known facts or a person's willful avoidance of facts. *See id.*

23. In a December 16, 2024, email, Container Manufacturing indicated that its bank had declined to process wire payments in connection with the company's exports to COMPANY 1. In a follow-up email, Container Manufacturing communicated to COMPANY 1 on December 26, 2024, that it had "received notification from the bank that the two pending wire payments will NOT be processed due to the embargo on Russia."

24. This bank notice presented a red flag that Container Manufacturing should have resolved or justified before proceeding with further exports to COMPANY 1. Although Container Manufacturing did contact the bank and sought clarification from outside counsel on the license issue, instead of resolving this flag or ceasing dealings with COMPANY 1, Container Manufacturing asked COMPANY 1 on January 9, 2025, "if you will be reissuing the [COMPANY 1] orders in the name of one of [COMPANY 1's] partners to proceed with the parts that are needed." A Container Manufacturing executive and controller was copied on this request. The Container Manufacturing executive and controller replied that the company had received the payment from a distributor and would "process the orders and ship them out." After the shipments had left the control of Container Manufacturing, COMPANY 1 later communicated that it had structured the payment to avoid the "embargo mountain."

25. Shipping Letters of Instruction (or "SLIs") signed by Container Manufacturing employees after these December and January emails reveal a change in the description of the intermediary to the transactions. Whereas prior SLIs involving transshipments to COMPANY 1 had identified a third-country distributor as a "reseller," the SLIs pertaining to the transshipments underlying Charges 9-10 instead identified the distributor, COMPANY 3, as the ultimate consignee and a "direct consumer." These SLIs are dated February 21, 2025, and February 24, 2025—dates after the communications identifying the restrictions on dealings with COMPANY 1 in Russia. Both SLIs were signed by Container Manufacturing's office manager, and as noted above, Container Manufacturing knew the true ultimate consignee and end user for these exports was COMPANY 1 in Russia.

26. COMPANY 1's requested alterations to the shipping documents and shipping route presented numerous red flags that Container Manufacturing should have resolved prior to engaging in the transactions.[10] Container Manufacturing did not perform a

[10] Supplement No. 3 to 15 C.F.R. Part 732 identifies "[a] freight forwarding firm is listed as the product's final destination" and "[p]ackaging is inconsistent with the stated method of shipment or destination" as "[p]ossible indicators that an unlawful diversion might be planned by your customer." Consistent with

satisfactory inquiry to resolve these flags, but instead decided to acquiesce to the changes requested by COMPANY 1.

27. Despite being presented with these red flags and having been informed by a third-party financial institution that U.S. trade laws may restrict its dealings with COMPANY 1, Container Manufacturing, on March 2 and March 7, 2025, did not halt the direct export of items that were subject to the EAR and classified under a restricted HTS code, from its manufacturer to an ultimate consignee and end user in Russia without the requisite license or other authorization from BIS.

28. Container Manufacturing continued to negotiate payment for exports of items subject to the EAR and described under restricted HTS codes to COMPANY 1 in Russia until at least March 7, 2025. Around this time, Container Manufacturing sought clarification from its outside counsel concerning any license requirement, and BIS contacted Container Manufacturing regarding possible violations of the EAR.

29. Additional email correspondence confirms that the transaction structure was designed by COMPANY 1 to evade U.S. export controls. In a March 3, 2025, email, the third country distributor, COMPANY 3, communicated that it had paid Container Manufacturing on behalf of COMPANY 1. In response, a COMPANY 1 employee stated in a March 5, 2025, email that, "It seems to me, that we can bravely hope that the embargo mountain would become a hill in the nearest future:] I would kindly ask you to ping your bank from time to time and inform me asap if they give the green light for receiving payments from Russia. I would very much appreciate if we could work directly with you without any time consumers, so to speak." This communication evidenced an intent by COMPANY 1 to use COMPANY 3 as an intermediary to make payments for the exports and obfuscate COMPANY 1's role in the transaction.

30. By engaging in the above-described conduct, Container Manufacturing committed two violations of Section 764.2(e) of the Regulations.

31. In total, Container Manufacturing committed ten violations of the EAR commencing on or about March 23, 2023, through on or about March 7, 2025.

Section (a)(5) of this Supplement, if red flags "cannot be explained or justified and you proceed, you run the risk of having had 'knowledge' that would make your action a violation of the EAR."

WHEREAS, BIS and Container Manufacturing 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, Container Manufacturing has fully cooperated with BIS, including by voluntarily and timely providing information and materials responsive to BIS's requests and producing records, correspondence, electronic communications, emails, transactional documents, and other materials relevant to the matters;

WHEREAS, following its identification of the conduct at issue, Container Manufacturing undertook substantial remedial measures designed to strengthen its compliance with the Export Administration Regulations, including enhancing its export controls compliance program, policies, procedures, and internal controls; implementing additional safeguards relating to restricted-party and end-user screening, transaction review, escalation, and recordkeeping; providing additional export controls training to relevant personnel; and taking other measures reasonably designed to identify, prevent, and remediate potential violations of the EAR;

WHEREAS, Container Manufacturing admits committing the alleged conduct described in the Proposed Charging Letter; and

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

IT IS THEREFORE ORDERED:

FIRST, Container Manufacturing shall be assessed a civil penalty in the amount of $1,000,000, the payment of which shall be made to the U.S. Department of Commerce within 30 days of the date of this Order.

SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2012)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and if payment is not made by the due date specified herein, Container Manufacturing 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 full and timely payment of the civil penalty in accordance with the payment schedule set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Container Manufacturing. Accordingly, if Container Manufacturing should fail to pay the civil penalty in a full and timely manner, the undersigned may issue an order denying all of Container Manufacturing's export privileges under the Regulations for a period of one year from the date of failure to make such payment.

FOURTH, 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 Peters
Assistant Secretary of Commerce
for Export Enforcement

Issued this 24th day of August, 2026.

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

In the Matter of: Container Manufacturing Ltd. 6450 Poe Avenue Ste 511 Dayton, Ohio 45414 Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between Container Manufacturing Ltd. ("Container Manufacturing" or "CML") 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]

WHEREAS, BIS has notified Container Manufacturing of its intention to initiate an administrative proceeding against Container Manufacturing, pursuant to the Regulations;

WHEREAS, BIS has issued a Proposed Charging Letter to Container Manufacturing that alleges that Container Manufacturing committed ten (10) violations of the Regulations, specifically:

GENERAL ALLEGATIONS

1. As described further below and in the attached Schedule of Violations, between on or about March 23, 2023, through on or about March 7, 2025, Container Manufacturing violated the Regulations when it sold and exported items subject to the EAR and designated EAR99 with Harmonized Tariff Schedule ("HTS")-6 codes identified on the Russian and Belarusian Industry Sector Sanctions List

[1] The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730–774 (2026). The charged violations occurred in 2023 through 2025. The Regulations governing the violations at issue are found in the 2023 through 2025 versions of the Code of Federal Regulations (15 C.F.R. Parts 730–774 (2023–2025)). The 2026 Regulations set forth the procedures that apply to this matter.

(Supplement No. 4 to 15 C.F.R. Part 746) to an end user in Russia without the required license or other authorization from BIS. The items, classified under HTS-6 codes 8466.94, 8462.29, and 4016.93, include various spare parts for aluminum metalworking tools that are valued at $264,721.

2. At all relevant times, a BIS export license or other authorization was required to export these items to Russia under § 746.8(a)(5) of the Regulations.[2]

3. As described throughout, Container Manufacturing committed eight violations of Section 764.2(a), engaging in prohibited conduct, and two violations of Section 764.2(e), acting with knowledge of a violation.

Key Parties

4. Container Manufacturing, Ltd., is an Ohio-based company established in 1997 that specializes in the provision of can-end shell systems—presses used to manufacture the tops of aluminum beverage cans—and related spare parts. An affiliated company, Container Development, Ltd., owns the intellectual property for the end shell systems and licenses the patents to customers worldwide. Container Manufacturing supplies the "equipment, tooling, installation support and training necessary for the vital transfer of [Container Development] technology to [Container Development] licensees."[3] The two companies share common ownership and employees. As of May 2025, Container Manufacturing had nine employees. Senior leadership includes the company's President, chief operating officer ("COO"), and controller. All three of the individuals in these positions held the same positions within Container Development.

5. Container Manufacturing and Container Development have customers in various jurisdictions worldwide including Poland, France, the Middle East, China, the United Kingdom, Germany, and as detailed herein, Russia.

6. COMPANY 1 is a Russian company that manufactures aluminum beverage cans and can tops. In 2022, COMPANY 1 took over the business, plant, and equipment of Container Manufacturing's prior customer in Russia. This predecessor company was the subsidiary of a U.S. company that manufactured beverage can ends and exited the Russian market following Russia's invasion of Ukraine. Unknown to Container Manufacturing, in addition to manufacturing aluminum beverage cans and can ends, the COMPANY 1 corporate group is a supplier of aluminum slugs, which can be fabricated using excess aluminum from the can end manufacturing

[2] The same applicable license requirement was located in § 746.5 at relevant times prior to a June 2024 amendment to the EAR. *See* 89 Fed. Reg. 51,644 (June 18, 2024).

[3] *Container Development Ltd.* (last viewed Aug. 18, 2026), https://www.cdl-plus.com/.

process, if the scrap aluminum is further processed.[4] Aluminum slugs may be used to manufacture a variety of military items including projectile weapons, defense facilities and systems, and various parts for military land vehicles and aircraft. Also unknown to Container Manufacturing, COMPANY 1 corporate leadership maintains close ties with government officials overseeing the Russian defense industrial sector, which remains a top consumer of aluminum in the Russian market.

7. COMPANY 2 is a distribution and brokerage firm in operation since 2017 and based in the United Arab Emirates. COMPANY 2 operates in the Middle East, Africa, Eastern Europe, and Russia.

8. COMPANY 3 is a Turkish construction company based in Istanbul and founded in 2010. In or around 2022, COMPANY 3 expanded its business to include "foreign trade," and COMPANY 3 "offers export of industrial equipment" and other items.

HTS Code Restrictions

9. On February 24, 2022, BIS implemented broad export controls on Russia. As part of those controls, effective March 3, 2022, BIS added a new paragraph (a)(1)(ii) to then-section 746.5 of the EAR, which imposed an additional license requirement for exports, reexports, and transfers (in-country) to or within Russia of any items subject to the EAR if identified under certain HTS codes.[5] The March 2022 rule also added Supplement No. 4 to Part 746—HTS Codes that require a license for export, reexport, and transfer (in-country) to or within Russia—which identified HTS codes subject to the license requirement then set forth in paragraph § 746.5(a)(1)(ii).

10. Effective February 24, 2023, BIS added 322 HTS codes to Supplement No. 4 that require a license for export or reexport to or transfer within Russia or Belarus.[6] The new HTS codes included two of the codes at issue here, HTS codes 8466.94 (parts and accessories for machines tools for forging, die-stamping, shearing metal and those for working metal without removing material) and 8462.29 (bending, folding, straightening or flattening machines (including presses) for working metal).

11. Effective May 19, 2023, BIS added HTS codes corresponding to an additional

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[4] None of the items exported by Container Manufacturing described herein is suitable for the direct manufacture of aluminum slugs.

[5] 87 Fed. Reg. 12856 (Mar. 8, 2022); *see also*, *e.g.* 87 Fed. Reg. 28758 (May 11, 2022). At the time of enactment, Supplement No. 4 also specified the schedule B codes of the listed items. BIS subsequently amended the list to include only the HTS codes for the listed items. *See* 88 Fed. Reg. 12175 (Feb. 27, 2023). An HTS code corresponds to the first six digits of a ten-digit schedule B code.

[6] 88 Fed. Reg. 12175 (Feb. 27, 2023); *see also* BIS Press Release, *Commerce Imposes Additional Export Restrictions in Response to Russia's Brutal War on Ukraine* (Feb. 24, 2023).

1,224 types of industrial items to Supplement No. 4, including HTS code 4016.93 (gaskets, washers and other seals, of vulcanized rubber other than hard rubber).[7]

12. The relevant license requirement is presently codified at § 746.8(a)(5), and Supplement No. 4 to Part 746 of the Regulations identifies industrial goods that require a BIS license for export, reexport, or transfer (in-country) to Russia or Belarus.

STATEMENT OF CHARGES

Charges 1 – 8: 15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct

13. As described further below, beginning March 23, 2023, and continuing until December 10, 2024, Container Manufacturing engaged in conduct prohibited by the Regulations on eight occasions when it exported items subject to the EAR and classified under HTS codes identified on Supplement No. 4 to 15 C.F.R. Part 746 to an ultimate consignee located in Russia. Container Manufacturing did not apply for or obtain a license or other authorization from BIS to export these items, despite the requirements of 15 C.F.R. § 746.8(a)(5).[8]

14. From at least 2015 to 2022, Container Manufacturing and Container Development were engaged in an ongoing business relationship with the Russian subsidiary of a U.S.-based company in connection with the manufacture of aluminum beverage can ends. Container Development licensed the intellectual property for the can-end shell system, and Container Manufacturing would supply replacement parts for the system.

15. Following Russia's invasion of Ukraine in 2022, Container Manufacturing's customer decided to exit the Russian market. In September 2022, this company sold its Russian business, including the plant and equipment, to a Russia-based buyer. The business was renamed COMPANY 1.

16. Starting in September of 2022, CML started conducting periodic searches to search the prohibited party list ("Consolidated Screening List") for COMPANY 1 and its potential affiliates. No hits ever returned.

17. On or about March 23, 2023, Container Manufacturing exported items identified on Supplement No. 4 to 15 C.F.R. Part 746 to COMPANY 1 in Russia. These items consisted of spare or replacement parts for machinery to work aluminum,

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[7] 88 Fed. Reg. 33,422, 33,431 (May 23, 2023).

[8] The same applicable license requirement was located in 15 C.F.R. § 746.5 at relevant times prior to a June 2024 amendment to the EAR. *See* 89 Fed. Reg. 51,644 (June 18, 2024).

specifically an upper piston classified under HTS code 8466.94 and pinch roll assembly parts classified under HTS code 8462.29. At the time, both items required a license or other authorization from BIS to be exported to Russia. However, Container Manufacturing did not apply for or obtain any such license or other authorization from BIS in connection with this export.

18. On at least seven subsequent occasions occurring in 2023 and 2024, Container Manufacturing exported items classified under HTS codes identified on Supplement No. 4 to Russia. Four of these transactions consisted of transshipments through a third-country distributor, COMPANY 2. For all seven transactions, Container Manufacturing had knowledge that the items were destined to COMPANY 1 in Russia. At no point did Container Manufacturing seek or obtain the requisite license or other authorization from BIS for such exports.

19. In or around April 2024, Container Manufacturing sought and received advice from outside export control counsel concerning the transactions with COMPANY 1.

20. By engaging in the above-described conduct, Container Manufacturing committed eight violations of Section 764.2(a) of the Regulations.

Charges 9 – 10: 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

21. As described further below, from March 2 to March 7, 2025, Container Manufacturing exported items subject to the EAR and classified under HTS codes identified on Supplement No. 4 to 15 C.F.R. Part 746 to an ultimate consignee located in Russia, with knowledge or reason to know[9] that such exports constituted a violation of U.S. export controls absent a license or other authorization from BIS as required by 15 C.F.R. § 746.8(a)(5). Container Manufacturing knew that the relevant exports were destined to an ultimate consignee located in Russia, and nonetheless failed to halt the export of those shipments from the manufacturer despite receiving knowledge from a third-party financial institution that this conduct presented a red flag and may be prohibited under U.S. law.

22. Container Manufacturing was informed by its bank that its dealings with COMPANY 1 may be subject to U.S. legal restrictions. Despite this, Container

[9] Pursuant to Section 772.1 of the EAR, "knowledge of a circumstance (the term may be a variant, such as 'know,' 'reason to know,' or 'reason to believe') includes not only positive knowledge that the circumstance exists or is substantially certain to occur, but also an awareness of a high probability of its existence or future occurrence." 15 C.F.R. § 772.1. This awareness may be inferred from evidence of a person's conscious disregard of known facts or a person's willful avoidance of facts. *See id*.

Manufacturing did not halt exporting items subject to the EAR and described under restricted HTS codes from its manufacturer to COMPANY 1 and to negotiate further business with COMPANY 1.

23. In a December 16, 2024, email, Container Manufacturing indicated that its bank had declined to process wire payments in connection with the company's exports to COMPANY 1. In a follow-up email, Container Manufacturing communicated to COMPANY 1 on December 26, 2024, that it had "received notification from the bank that the two pending wire payments will NOT be processed due to the embargo on Russia."

24. This bank notice presented a red flag that Container Manufacturing should have resolved or justified before proceeding with further exports to COMPANY 1. Although Container Manufacturing did contact the bank and sought clarification from outside counsel on the license issue, instead of resolving this flag or ceasing dealings with COMPANY 1, Container Manufacturing asked COMPANY 1 on January 9, 2025, "if you will be reissuing the [COMPANY 1] orders in the name of one of [COMPANY 1's] partners to proceed with the parts that are needed." A Container Manufacturing executive and controller was copied on this request. The Container Manufacturing executive and controller replied that the company had received the payment from a distributor and would "process the orders and ship them out." After the shipments had left the control of Container Manufacturing, COMPANY 1 later communicated that it had structured the payment to avoid the "embargo mountain."

25. Shipping Letters of Instruction (or "SLIs") signed by Container Manufacturing employees after these December and January emails reveal a change in the description of the intermediary to the transactions. Whereas prior SLIs involving transshipments to COMPANY 1 had identified a third-country distributor as a "reseller," the SLIs pertaining to the transshipments underlying Charges 9-10 instead identified the distributor, COMPANY 3, as the ultimate consignee and a "direct consumer." These SLIs are dated February 21, 2025, and February 24, 2025—dates after the communications identifying the restrictions on dealings with COMPANY 1 in Russia. Both SLIs were signed by Container Manufacturing's office manager, and as noted above, Container Manufacturing knew the true ultimate consignee and end user for these exports was COMPANY 1 in Russia.

26. COMPANY 1's requested alterations to the shipping documents and shipping route presented numerous red flags that Container Manufacturing should have resolved

prior to engaging in the transactions.[10] Container Manufacturing did not perform a satisfactory inquiry to resolve these flags, but instead decided to acquiesce to the changes requested by COMPANY 1.

27. Despite being presented with these red flags and having been informed by a third-party financial institution that U.S. trade laws may restrict its dealings with COMPANY 1, Container Manufacturing, on March 2 and March 7, 2025, did not halt the direct export of items that were subject to the EAR and classified under a restricted HTS code, from its manufacturer to an ultimate consignee and end user in Russia without the requisite license or other authorization from BIS.

28. Container Manufacturing continued to negotiate payment for exports of items subject to the EAR and described under restricted HTS codes to COMPANY 1 in Russia until at least March 7, 2025. Around this time, Container Manufacturing sought clarification from its outside counsel concerning any license requirement, and BIS contacted Container Manufacturing regarding possible violations of the EAR.

29. Additional email correspondence confirms that the transaction structure was designed by COMPANY 1 to evade U.S. export controls. In a March 3, 2025, email, the third country distributor, COMPANY 3, communicated that it had paid Container Manufacturing on behalf of COMPANY 1. In response, a COMPANY 1 employee stated in a March 5, 2025, email that, "It seems to me, that we can bravely hope that the embargo mountain would become a hill in the nearest future:] I would kindly ask you to ping your bank from time to time and inform me asap if they give the green light for receiving payments from Russia. I would very much appreciate if we could work directly with you without any time consumers, so to speak." This communication evidenced an intent by COMPANY 1 to use COMPANY 3 as an intermediary to make payments for the exports and obfuscate COMPANY 1's role in the transaction.

30. By engaging in the above-described conduct, Container Manufacturing committed two violations of Section 764.2(e) of the Regulations.

31. In total, Container Manufacturing committed ten violations of the EAR commencing on or about March 23, 2023, through on or about March 7, 2025.

[10] Supplement No. 3 to 15 C.F.R. Part 732 identifies "[a] freight forwarding firm is listed as the product's final destination" and "[p]ackaging is inconsistent with the stated method of shipment or destination" as "[p]ossible indicators that an unlawful diversion might be planned by your customer." Consistent with Section (a)(5) of this Supplement, if red flags "cannot be explained or justified and you proceed, you run the risk of having had 'knowledge' that would make your action a violation of the EAR."

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

WHEREAS, Container Manufacturing fully understands the terms of this Agreement and the Order ("Order") that the Assistant Secretary of Commerce for Export Enforcement, or appropriate designee, will issue if he approves this Agreement as the final resolution of this matter;

WHEREAS, Container Manufacturing has fully cooperated with BIS, including by voluntarily and timely providing information and materials responsive to BIS's requests and producing records, correspondence, electronic communications, emails, transactional documents, and other materials relevant to the matters;

WHEREAS, following its identification of the conduct at issue, Container Manufacturing undertook substantial remedial measures designed to strengthen its compliance with the Export Administration Regulations, including enhancing its export controls compliance program, policies, procedures, and internal controls; implementing additional safeguards relating to restricted-party and end-user screening, transaction review, escalation, and recordkeeping; providing additional export controls training to relevant personnel; and taking other measures reasonably designed to identify, prevent, and remediate potential violations of the EAR;

WHEREAS, Container Manufacturing enters into this Agreement voluntarily and with full knowledge of its rights, after having consulted with counsel;

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

WHEREAS, Container Manufacturing admits committing the alleged conduct described in the Proposed Charging Letter; and

WHEREAS, Container Manufacturing agrees to be bound by the Order, if issued;

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

1. BIS has jurisdiction over Container Manufacturing, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.

2.The following sanctions shall be imposed against Container Manufacturing:

a. Container Manufacturing shall be assessed a civil penalty in the amount of $1,000,000, the payment of which shall be made to the U.S. Department of Commerce within 30 days of the date of the Order. Payment shall be made in the manner specified in the attached instructions.

b. The full and timely payment of the civil penalty agreed to in Paragraph 2.a, above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Container Manufacturing. Failure to make full and timely payment of the civil penalty may result in the denial of all of Container Manufacturing's export privileges under the Regulations for one year from the date of the failure to make such payment.

3. Subject to the approval of this Agreement pursuant to Paragraph 7 hereof, Container Manufacturing hereby waives all rights to further procedural steps in this matter, 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 issued; and (c) seek judicial review or otherwise contest

the validity of this Agreement or the Order, if issued. Container Manufacturing also waives and will not assert any Statute of Limitations defense, and the Statute of Limitations will be tolled, in connection with any violation of the Act or the Regulations arising out of the transactions identified in the Proposed Charging Letter or in connection with collection of the civil penalty or enforcement of this Agreement and the Order, if issued, from the date of the Order, until Container Manufacturing pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement.

4. BIS agrees that upon full and timely payment of the civil penalty as set forth in Paragraph 2.a above, BIS will not initiate any further administrative proceeding against Container Manufacturing in connection with any violation of the Regulations arising out of the transactions specifically detailed in the Proposed Charging Letter.

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, or appropriate designee, 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. 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.

7. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement, or appropriate designee, 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.

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

9. 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

STEVEN FISHER Digitally signed by STEVEN FISHER
Date: 2026.08.21 15:24:19 -04'00'

Steven Fisher
Acting Director of Export Enforcement

Date: ______________________

CONTAINER MANUFACTURING LTD.

James M. Miceli

James M. Miceli
Chief Operating Officer

Date: 8/19/2026

Deborah Curtis
Arnold & Porter Kaye Scholer LLP
Counsel for Container Manufacturing Ltd.

Date: 8/19/2026

Elliott V. Haller
Coolidge Wall, Co. L.P.A.
Counsel for Container Manufacturing Ltd.

Date: 8/19/2026

PROPOSED CHARGING LETTER

August 18, 2026

Container Manufacturing Ltd.
6450 Poe Avenue Ste 511
Dayton, Ohio 45414

Attention: Richard F. Glennon
President, Container Manufacturing Ltd.

Dear Mr. Glennon,

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that Container Manufacturing Ltd. ("Container Manufacturing") committed ten (10) violations of the Export Administration Regulations (the "Regulations" or "EAR").[1]

Specifically, BIS alleges the following:

GENERAL ALLEGATIONS

1. As described further below and in the attached Schedule of Violations, between on or about March 23, 2023, through on or about March 7, 2025, Container Manufacturing violated the Regulations when it sold and exported items subject to the EAR and designated EAR99 with Harmonized Tariff Schedule ("HTS")-6 codes identified on the Russian and Belarusian Industry Sector Sanctions List (Supplement No. 4 to 15 C.F.R. Part 746) to an end user in Russia without the required license or other authorization from BIS. The items, classified under HTS-6 codes 8466.94, 8462.29, and 4016.93, include various spare parts for aluminum metalworking tools that are valued at $264,721.

2. At all relevant times, a BIS export license or other authorization was required to export these items to Russia under § 746.8(a)(5) of the Regulations.[2]

3. As described throughout, Container Manufacturing committed eight violations of Section 764.2(a), engaging in prohibited conduct, and two violations of Section 764.2(e), acting with knowledge of a violation.

[1] The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730–774 (2026). The charged violations occurred in 2023 through 2025. The Regulations governing the violations at issue are found in the 2023 through 2025 versions of the Code of Federal Regulations (15 C.F.R. Parts 730–774 (2023–2025)). The 2026 Regulations set forth the procedures that apply to this matter.

[2] The same applicable license requirement was located in § 746.5 at relevant times prior to a June 2024 amendment to the EAR. *See* 89 Fed. Reg. 51,644 (June 18, 2024).

Key Parties

4. Container Manufacturing, Ltd., is an Ohio-based company established in 1997 that specializes in the provision of can-end shell systems—presses used to manufacture the tops of aluminum beverage cans—and related spare parts. An affiliated company, Container Development, Ltd., owns the intellectual property for the end shell systems and licenses the patents to customers worldwide. Container Manufacturing supplies the "equipment, tooling, installation support and training necessary for the vital transfer of [Container Development] technology to [Container Development] licensees."[3] The two companies share common ownership and employees. As of May 2025, Container Manufacturing had nine employees. Senior leadership includes the company's President, chief operating officer ("COO"), and controller. All three of the individuals in these positions held the same positions within Container Development.

5. Container Manufacturing and Container Development have customers in various jurisdictions worldwide including Poland, France, the Middle East, China, the United Kingdom, Germany, and as detailed herein, Russia.

6. COMPANY 1 is a Russian company that manufactures aluminum beverage cans and can tops. In 2022, COMPANY 1 took over the business, plant, and equipment of Container Manufacturing's prior customer in Russia. This predecessor company was the subsidiary of a U.S. company that manufactured beverage can ends and exited the Russian market following Russia's invasion of Ukraine. Unknown to Container Manufacturing, in addition to manufacturing aluminum beverage cans and can ends, the COMPANY 1 corporate group is a supplier of aluminum slugs, which can be fabricated using excess aluminum from the can end manufacturing process, if the scrap aluminum is further processed.[4] Aluminum slugs may be used to manufacture a variety of military items including projectile weapons, defense facilities and systems, and various parts for military land vehicles and aircraft. Also unknown to Container Manufacturing, COMPANY 1 corporate leadership maintains close ties with government officials overseeing the Russian defense industrial sector, which remains a top consumer of aluminum in the Russian market.

7. COMPANY 2 is a distribution and brokerage firm in operation since 2017 and based in the United Arab Emirates. COMPANY 2 operates in the Middle East, Africa, Eastern Europe, and Russia.

8. COMPANY 3 is a Turkish construction company based in Istanbul and founded in 2010. In or around 2022, COMPANY 3 expanded its business to include "foreign trade," and COMPANY 3 "offers export of industrial equipment" and other items.

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[3] *Container Development Ltd.* (last viewed Aug. 18, 2026), https://www.cdl-plus.com/.

[4] None of the items exported by Container Manufacturing described herein is suitable for the direct manufacture of aluminum slugs.

HTS Code Restrictions

9. On February 24, 2022, BIS implemented broad export controls on Russia. As part of those controls, effective March 3, 2022, BIS added a new paragraph (a)(1)(ii) to then-section 746.5 of the EAR, which imposed an additional license requirement for exports, reexports, and transfers (in-country) to or within Russia of any items subject to the EAR if identified under certain HTS codes.[5] The March 2022 rule also added Supplement No. 4 to Part 746—HTS Codes that require a license for export, reexport, and transfer (in-country) to or within Russia—which identified HTS codes subject to the license requirement then set forth in paragraph § 746.5(a)(1)(ii).

10. Effective February 24, 2023, BIS added 322 HTS codes to Supplement No. 4 that require a license for export or reexport to or transfer within Russia or Belarus.[6] The new HTS codes included two of the codes at issue here, HTS codes 8466.94 (parts and accessories for machines tools for forging, die-stamping, shearing metal and those for working metal without removing material) and 8462.29 (bending, folding, straightening or flattening machines (including presses) for working metal).

11. Effective May 19, 2023, BIS added HTS codes corresponding to an additional 1,224 types of industrial items to Supplement No. 4, including HTS code 4016.93 (gaskets, washers and other seals, of vulcanized rubber other than hard rubber).[7]

12. The relevant license requirement is presently codified at § 746.8(a)(5), and Supplement No. 4 to Part 746 of the Regulations identifies industrial goods that require a BIS license for export, reexport, or transfer (in-country) to Russia or Belarus.

STATEMENT OF CHARGES

Charges 1 – 8: 15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct

13. As described further below, beginning March 23, 2023, and continuing until December 10, 2024, Container Manufacturing engaged in conduct prohibited by the Regulations on eight occasions when it exported items subject to the EAR and classified under HTS codes identified on Supplement No. 4 to 15 C.F.R. Part 746 to an ultimate consignee located in Russia. Container Manufacturing did not apply for or obtain a license or other authorization from BIS to export these items, despite the requirements of 15 C.F.R. § 746.8(a)(5).[8]

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[5] 87 Fed. Reg. 12856 (Mar. 8, 2022); *see also*, *e.g.* 87 Fed. Reg. 28758 (May 11, 2022). At the time of enactment, Supplement No. 4 also specified the schedule B codes of the listed items. BIS subsequently amended the list to include only the HTS codes for the listed items. *See* 88 Fed. Reg. 12175 (Feb. 27, 2023). An HTS code corresponds to the first six digits of a ten-digit schedule B code.

[6] 88 Fed. Reg. 12175 (Feb. 27, 2023); *see also* BIS Press Release, *Commerce Imposes Additional Export Restrictions in Response to Russia's Brutal War on Ukraine* (Feb. 24, 2023).

[7] 88 Fed. Reg. 33,422, 33,431 (May 23, 2023).

[8] The same applicable license requirement was located in 15 C.F.R. § 746.5 at relevant times prior to a June 2024 amendment to the EAR. *See* 89 Fed. Reg. 51,644 (June 18, 2024).

14. From at least 2015 to 2022, Container Manufacturing and Container Development were engaged in an ongoing business relationship with the Russian subsidiary of a U.S.-based company in connection with the manufacture of aluminum beverage can ends. Container Development licensed the intellectual property for the can-end shell system, and Container Manufacturing would supply replacement parts for the system.

15. Following Russia's invasion of Ukraine in 2022, Container Manufacturing's customer decided to exit the Russian market. In September 2022, this company sold its Russian business, including the plant and equipment, to a Russia-based buyer. The business was renamed COMPANY 1.

16. Starting in September of 2022, CML started conducting periodic searches to search the prohibited party list ("Consolidated Screening List") for COMPANY 1 and its potential affiliates. No hits ever returned.

17. On or about March 23, 2023, Container Manufacturing exported items identified on Supplement No. 4 to 15 C.F.R. Part 746 to COMPANY 1 in Russia. These items consisted of spare or replacement parts for machinery to work aluminum, specifically an upper piston classified under HTS code 8466.94 and pinch roll assembly parts classified under HTS code 8462.29. At the time, both items required a license or other authorization from BIS to be exported to Russia. However, Container Manufacturing did not apply for or obtain any such license or other authorization from BIS in connection with this export.

18. On at least seven subsequent occasions occurring in 2023 and 2024, Container Manufacturing exported items classified under HTS codes identified on Supplement No. 4 to Russia. Four of these transactions consisted of transshipments through a third-country distributor, COMPANY 2. For all seven transactions, Container Manufacturing had knowledge that the items were destined to COMPANY 1 in Russia. At no point did Container Manufacturing seek or obtain the requisite license or other authorization from BIS for such exports.

19. In or around April 2024, Container Manufacturing sought and received advice from outside export control counsel concerning the transactions with COMPANY 1.

20. By engaging in the above-described conduct, Container Manufacturing committed eight violations of Section 764.2(a) of the Regulations.

Charges 9 – 10: 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

21. As described further below, from March 2 to March 7, 2025, Container Manufacturing exported items subject to the EAR and classified under HTS codes identified on Supplement No. 4 to 15 C.F.R. Part 746 to an ultimate consignee located in Russia, with knowledge or reason to know[9] that such exports constituted a violation of U.S. export

[9] Pursuant to Section 772.1 of the EAR, "knowledge of a circumstance (the term may be a variant, such as 'know,' 'reason to know,' or 'reason to believe') includes not only positive knowledge that the circumstance exists or is

controls absent a license or other authorization from BIS as required by 15 C.F.R. § 746.8(a)(5). Container Manufacturing knew that the relevant exports were destined to an ultimate consignee located in Russia, and nonetheless failed to halt the export of those shipments from the manufacturer despite receiving knowledge from a third-party financial institution that this conduct presented a red flag and may be prohibited under U.S. law.

22. Container Manufacturing was informed by its bank that its dealings with COMPANY 1 may be subject to U.S. legal restrictions. Despite this, Container Manufacturing did not halt exporting items subject to the EAR and described under restricted HTS codes from its manufacturer to COMPANY 1 and to negotiate further business with COMPANY 1.

23. In a December 16, 2024, email, Container Manufacturing indicated that its bank had declined to process wire payments in connection with the company's exports to COMPANY 1. In a follow-up email, Container Manufacturing communicated to COMPANY 1 on December 26, 2024, that it had "received notification from the bank that the two pending wire payments will NOT be processed due to the embargo on Russia."

24. This bank notice presented a red flag that Container Manufacturing should have resolved or justified before proceeding with further exports to COMPANY 1. Although Container Manufacturing did contact the bank and sought clarification from outside counsel on the license issue, instead of resolving this flag or ceasing dealings with COMPANY 1, Container Manufacturing asked COMPANY 1 on January 9, 2025, "if you will be reissuing the [COMPANY 1] orders in the name of one of [COMPANY 1's] partners to proceed with the parts that are needed." A Container Manufacturing executive and controller was copied on this request. The Container Manufacturing executive and controller replied that the company had received the payment from a distributor and would "process the orders and ship them out." After the shipments had left the control of Container Manufacturing, COMPANY 1 later communicated that it had structured the payment to avoid the "embargo mountain."

25. Shipping Letters of Instruction (or "SLIs") signed by Container Manufacturing employees after these December and January emails reveal a change in the description of the intermediary to the transactions. Whereas prior SLIs involving transshipments to COMPANY 1 had identified a third-country distributor as a "reseller," the SLIs pertaining to the transshipments underlying Charges 9-10 instead identified the distributor, COMPANY 3, as the ultimate consignee and a "direct consumer." These SLIs are dated February 21, 2025, and February 24, 2025—dates after the communications identifying the restrictions on dealings with COMPANY 1 in Russia. Both SLIs were signed by Container Manufacturing's office manager, and as noted above, Container Manufacturing knew the true ultimate consignee and end user for these exports was COMPANY 1 in Russia.

26. COMPANY 1's requested alterations to the shipping documents and shipping route presented numerous red flags that Container Manufacturing should have resolved prior to

substantially certain to occur, but also an awareness of a high probability of its existence or future occurrence." 15 C.F.R. § 772.1. This awareness may be inferred from evidence of a person's conscious disregard of known facts or a person's willful avoidance of facts. *See id*.

engaging in the transactions.[10] Container Manufacturing did not perform a satisfactory inquiry to resolve these flags, but instead decided to acquiesce to the changes requested by COMPANY 1.

27. Despite being presented with these red flags and having been informed by a third-party financial institution that U.S. trade laws may restrict its dealings with COMPANY 1, Container Manufacturing, on March 2 and March 7, 2025, did not halt the direct export of items that were subject to the EAR and classified under a restricted HTS code, from its manufacturer to an ultimate consignee and end user in Russia without the requisite license or other authorization from BIS.

28. Container Manufacturing continued to negotiate payment for exports of items subject to the EAR and described under restricted HTS codes to COMPANY 1 in Russia until at least March 7, 2025. Around this time, Container Manufacturing sought clarification from its outside counsel concerning any license requirement, and BIS contacted Container Manufacturing regarding possible violations of the EAR.

29. Additional email correspondence confirms that the transaction structure was designed by COMPANY 1 to evade U.S. export controls. In a March 3, 2025, email, the third country distributor, COMPANY 3, communicated that it had paid Container Manufacturing on behalf of COMPANY 1. In response, a COMPANY 1 employee stated in a March 5, 2025, email that, "It seems to me, that we can bravely hope that the embargo mountain would become a hill in the nearest future:] I would kindly ask you to ping your bank from time to time and inform me asap if they give the green light for receiving payments from Russia. I would very much appreciate if we could work directly with you without any time consumers, so to speak." This communication evidenced an intent by COMPANY 1 to use COMPANY 3 as an intermediary to make payments for the exports and obfuscate COMPANY 1's role in the transaction.

30. By engaging in the above-described conduct, Container Manufacturing committed two violations of Section 764.2(e) of the Regulations.

31. In total, Container Manufacturing committed ten violations of the EAR commencing on or about March 23, 2023, through on or about March 7, 2025.

* * * * *

Accordingly, Container Manufacturing is hereby notified that an administrative proceeding is instituted against it pursuant to Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including, but not limited to any or all of the following:

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[10] Supplement No. 3 to 15 C.F.R. Part 732 identifies "[a] freight forwarding firm is listed as the product's final destination" and "[p]ackaging is inconsistent with the stated method of shipment or destination" as "[p]ossible indicators that an unlawful diversion might be planned by your customer." Consistent with Section (a)(5) of this Supplement, if red flags "cannot be explained or justified and you proceed, you run the risk of having had 'knowledge' that would make your action a violation of the EAR."

- The maximum civil penalty allowed by law of up to the greater of $374,474 per violation,[11] or twice the value of the transaction that is the basis of the violation;[12]

- Denial of export privileges;

- Exclusion from practice before BIS; and/or

- Any other liability, sanction, or penalty available under law.

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

Container Manufacturing is further notified that it is entitled to an agency hearing on the record if it files a written demand for one with their answer. *See* 15 C.F.R. § 766.6. Container Manufacturing also is 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 Container Manufacturing have a proposal to settle this case, Container Manufacturing should transmit it to the attorneys representing BIS named below.

Container Manufacturing is further notified that under the Small Business Regulatory Enforcement Flexibility Act, Container Manufacturing 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, Container Manufacturing'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

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[11] *See* 15 C.F.R. § 6.3(c)(6). This amount is subject to annual increases pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Sec. 701 of Public Law 114-74, enacted on November 2, 2015. *See* 89 Fed. Reg. 106,308 (Dec. 30, 2024) (adjusting for inflation the maximum civil monetary penalty under ECRA from $364,992 to 374,474, effective January 15, 2025).

[12] *See* Export Control Reform Act of 2018, 50 U.S.C. § 4819(c)(1)(A) (2019).

In addition, a copy of Container Manufacturing's answer must be served on BIS at the following address:

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

Alden Fletcher is the attorney representing BIS in this case; any communications that Container Manufacturing may wish to have concerning this matter should occur through him. Mr. Fletcher may be contacted by phone at (202) 482-5301.

Sincerely,

STEVEN FISHER Digitally signed by STEVEN FISHER
Date: 2026.08.21 15:22:41 -04'00'

Steven Fisher
Acting Director
Office of Export Enforcement

cc: Deborah Curtis
Arnold & Porter Kaye Scholer LLP

SCHEDULE OF VIOLATIONS

No.	Export Date	Item(s) Description	Qty.	HTS Code	Dest. Declared	Dest. Actual	Violation Type	Value
1	March 23, 2023	Pinch roll assembly	1	8462.29	RU	RU	§ 746.2(a)	$5,700.00
		Upper piston	4	8466.94				
2	March 26, 2023	Ball bearing retainer	8	8466.94	RU	RU	§ 746.2(a)	$8,868.00
		Cut edge assembly	4	8466.94				
3	May 27, 2023	Major repair kit	3	8466.94	RU	RU	§ 746.2(a)	$5,091.00
		Die Center Punch Insert	3	8466.94				
4	January 3, 2024	Major repair kit	6	8466.94	RU	RU	§ 746.2(a)	$8,250.00
5	May 3, 2024	Upper piston	3	8466.94	UAE	RU	§ 746.2(a)	$28,750.00
		Rebuild kit	6	8466.94				
		OD/ID Seal	1200	4016.93				
6	June 13, 2024	Panel punch assembly	7	8466.94	UAE	RU	§ 746.2(a)	$23,129.00
		OD/ID Seal	1250	4016.93				
7	September 2, 2024	Panel punch assembly	7	8466.94	UAE	RU	§ 746.2(a)	$6,279.00
8	December 10, 24	Blank & draw die punch	4	8466.94	UAE	RU	§ 746.2(a)	6,736.00
9	March 2, 2025	Upper piston	12	8466.94	TR	RU	§ 746.2(e)	$74,502.00
		Lower tooling retainer	6	8466.94				
		Panel punch piston	18	8466.94				
		ID wear ring	60	4016.93				
		Die core ring	30	8466.94				
10	March 7, 2025	Die center punch piston	24	8466.94	TR	RU	§ 746.2(e)	$97,416.00
		Upper tooling retainer	24	8466.94				
Total								**$264,721.00**