

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

In the Matter of:

Powerline Components Industries, LLC  
1088 N. Washington  
Afton, WY 83110

Respondent

ORDER RELATING TO  
POWERLINE COMPONENTS INDUSTRIES, LLC

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Powerline Components Industries, LLC, of Afton, Wyoming (“PC Industries”), of its intention to initiate an administrative proceeding against PC Industries pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),<sup>1</sup> and Section 13(c) of the Export Administration Act of 1979, as amended (the “Act”),<sup>2</sup> through the issuance of a Proposed Charging Letter to PC Industries that alleges that PC Industries committed two violations of the Regulations. Specifically, the charges are:

**Charges 1-2 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation**

On one occasion between on or about November 2006 and on or about May 24, 2007, and on a second occasion between on or about October 2007 and on or about October 10, 2008, PC Industries sold items subject to the Regulations for export from the United States with knowledge that a violation of the Regulations was about to occur or was

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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 (2011). The violations alleged occurred in 2006, 2007 and 2008. The Regulations governing the violations at issue are found in the 2007 and 2008 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2006- 2008)). The 2011 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 August 12, 2011 (76 Fed. Reg. 50,661 (Aug. 16, 2011)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701, *et seq.*).

intended to occur in connection with the items. Specifically, PC Industries sold diesel engine parts, which were designated as EAR99 items<sup>3</sup> and valued at \$21,056, for export from the United States to Syria, via the United Arab Emirates (“UAE”), without the Department of Commerce licenses required pursuant to General Order No. 2 of May 14, 2004, set forth in Supplement No. 1 to Part 736 of the Regulations.

PC Industries knew or had reason to know that licenses were required for the May 24, 2007 export and the June 16, 2008 attempted export to Syria because when PC Industries contacted the company’s regular freight forwarder on or about November 7, 2006, the freight forwarder informed a PC Industries’ sales manager that U.S. sanctions against Syria prohibited movement of freight to Syria and provided a link to U.S. Government web guidance on the Syria sanctions program. After learning of the restrictions on Syria, PC Industries informed the Syrian buyer that its regular freight forwarder cannot move freight into Syria. PC Industries nonetheless proceeded with the transaction without seeking or obtaining the required license and exported the items to Syria, via the UAE, using a freight forwarder that had been identified by the Syrian buyer after PC Industries’ regular forwarder indicated that no service was offered to Syria, citing U.S. sanctions restrictions.

In addition, on or about January 16, 2008, prior to the June 16, 2008 attempted export, PC Industries received an outreach visit from agents from the Department of Homeland Security, Immigration and Customs Enforcement (“ICE”), as part of ICE’s “Shield America” program. The ICE agents provided PC Industries with information regarding export controls, export licensing, and export restrictions to embargoed destinations as part of ICE’s “Shield America” program. Nevertheless, PC Industries continued to engage in this second transaction without the required license. Moreover, after this second shipment was stopped by U.S. Customs and Border Protection on or about June 18, 2008, PC Industries continued to represent in communications with U.S. Customs and Border Protection that the shipments were intended for the UAE, when, in fact, the ultimate destination was Syria.

Pursuant to Section 734.2(b)(6) of the Regulations, the export or reexport of items subject to the Regulations that will transit through a country or be transshipped in a country to a new country or are intended for reexport to the new country, are deemed to be exports to the new country.

In so doing, PC Industries committed two violations of Section 764.2(e) of the Regulations.

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<sup>3</sup> EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c) (2006-2008).

WHEREAS, BIS and PC Industries have entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations, whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein; and

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

IT IS THEREFORE ORDERED:

FIRST, PC Industries shall be assessed a civil penalty in the amount of \$60,000. PC Industries shall pay the U.S. Department of Commerce in five (5) installments of: \$10,000 within 30 days of the date of the Order; \$12,500 not later than July 31, 2012; \$12,500 not later than October 31, 2012; \$12,500 not later than January 31, 2013; and \$12,500 not later than March 29, 2013. Payment shall be made in the manner specified in the attached instructions. If any of the five installment payments is not fully and timely made, any remaining scheduled installment payments shall become due and owing immediately.

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, PC Industries 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 PC Industries.

FOURTH, that for a period of three (3) years from the date of entry of the Order, PC Industries, with a last known address of 1088 N. Washington, Afton, WY 83110, and when acting for or on its behalf, its successors, assigns, directors, officers, employees, representatives, or agents (hereinafter collectively referred to as "Denied Person"), 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.

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

- A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations;
- B. Take any action that facilitates the acquisition or attempted acquisition by the 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 the 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 the Denied Person of any item subject to the Regulations that has been exported from the United States;
- D. Obtain from the 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 the Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by the 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.

SIXTH, that, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to the 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.

SEVENTH, that, as authorized by Section 766.18(c) of the Regulations, the three-year denial period set forth above shall be suspended during a probationary period of

three years under this Order, and shall thereafter be waived, provided that PC Industries has complied in full with the deferred prosecution agreement entered between PC Industries and the U.S. Attorney's Office for the District of Wyoming, provided that PC Industries has made full and timely payment of the civil penalty in accordance the payment schedule set forth above, and provided that during the three-year probationary period under this Order, PC Industries has committed no other violation of the Act or the Regulations or any order, license or authorization issued thereunder. If PC Industries does not comply in full with the deferred prosecution agreement, does not make full and timely payment of the civil penalty in accordance with the payment schedule set forth, or during the three-year probationary period under this Order commits another violation of the Act or the Regulations or any order, license, or authorization issued thereunder, the suspension may be modified or revoked by BIS and a denial order including a three-year denial period activated against PC Industries.

EIGHTH, 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 8 day of March, 2012.

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

In the Matter of:

Powerline Components Industries, LLC  
1088 N. Washington  
Afton, WY 83110

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Powerline Components Industries, LLC, of Afton, Wyoming (“PC Industries”), 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”),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (the “Act”).<sup>2</sup>

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

WHEREAS, BIS has issued a Proposed Charging Letter to PC Industries that alleges that PC Industries committed two violations of the Regulations, specifically:

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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 (2011). The violations alleged occurred in 2006, 2007 and 2008. The Regulations governing the violations at issue are found in the 2007 and 2008 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2006-2008)). The 2011 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 August 12, 2011 (76 Fed. Reg. 50,661 (Aug. 16, 2011)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701, *et seq.*).

**Charges 1-2 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation**

On one occasion between on or about November 2006 and on or about May 24, 2007, and on a second occasion between on or about October 2007 and on or about October 10, 2008, PC Industries sold items subject to the Regulations for export from the United States with knowledge that a violation of the Regulations was about to occur or was intended to occur in connection with the items. Specifically, PC Industries sold diesel engine parts, which were designated as EAR99 items<sup>3</sup> and valued at \$21,056, for export from the United States to Syria, via the United Arab Emirates (“UAE”), without the Department of Commerce licenses required pursuant to General Order No. 2 of May 14, 2004, set forth in Supplement No. 1 to Part 736 of the Regulations.

PC Industries knew or had reason to know that licenses were required for the May 24, 2007 export and the June 16, 2008 attempted export to Syria because when PC Industries contacted the company’s regular freight forwarder on or about November 7, 2006, the freight forwarder informed a PC Industries’ sales manager that U.S. sanctions against Syria prohibited movement of freight to Syria and provided a link to U.S. Government web guidance on the Syria sanctions program. After learning of the restrictions on Syria, PC Industries informed the Syrian buyer that its regular freight forwarder cannot move freight into Syria. PC Industries nonetheless proceeded with the transaction without seeking or obtaining the required license and exported the items to Syria, via the UAE, using a freight forwarder that had been identified by the Syrian buyer after PC Industries’ regular forwarder indicated that no service was offered to Syria, citing U.S. sanctions restrictions.

In addition, on or about January 16, 2008, prior to the June 16, 2008 attempted export, PC Industries received an outreach visit from agents from the Department of Homeland Security, Immigration and Customs Enforcement (“ICE”), as part of ICE’s “Shield America” program. The ICE agents provided PC Industries with information regarding export controls, export licensing, and export restrictions to embargoed destinations as part of ICE’s “Shield America” program. Nevertheless, PC Industries continued to engage in this second transaction without the required license. Moreover, after this second shipment was stopped by U.S. Customs and Border Protection on or about June 18, 2008, PC Industries continued to represent in communications with U.S. Customs and Border Protection that the shipments were intended for the UAE, when, in fact, the ultimate destination was Syria.

Pursuant to Section 734.2(b)(6) of the Regulations, the export or reexport of items subject to the Regulations that will transit through a country or be transshipped in a country to a new country or are intended for reexport to the new country, are deemed to be exports to the new country.

In so doing, PC Industries committed two violations of Section 764.2(e) of the Regulations.

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<sup>3</sup> EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c) (2006-2008).



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

WHEREAS, the Parties enter into this Agreement having taken into consideration a deferred prosecution agreement entered between PC Industries and the U.S. Attorney's Office for the District of Wyoming;

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

WHEREAS, PC Industries neither admits nor denies the allegations contained in the Proposed Charging Letter;

WHEREAS, PC Industries wishes to settle and dispose of all matters alleged in the Proposed Charging Letter by entering into this Agreement; and

WHEREAS, PC Industries 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 PC Industries, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.

2. The following sanction shall be imposed against PC Industries in complete settlement of the alleged violations of the Regulations relating to the transactions specifically detailed in the Proposed Charging Letter:

a. PC Industries shall be assessed a civil penalty in the amount of \$60,000.

PC Industries shall pay the U.S. Department of Commerce in five (5) installments of: \$10,000 within 30 days of the date of the Order; \$12,500 not later than July 31, 2012; \$12,500 not later than October 31, 2012; \$12,500 not later than January 31, 2013; and \$12,500 not later than March 29, 2013. Payment shall be made in the manner specified in the attached instructions. If any of the five installment payments is not fully and timely made, any remaining scheduled installment payments shall become due and owing immediately.

b. The full and 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, license exception, permission, or privilege granted, or to be granted, to PC Industries.

c. For a period of three (3) years from the date of entry of the Order, PC Industries, with a last known address of 1088 N. Washington, Afton, WY 83110, and when acting for or on its behalf, its successors, assigns, directors, officers, employees, representatives, or agents (hereinafter collectively referred to as "Denied Person") (hereinafter collectively referred to as "Denied Person"), 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.

d. BIS agrees that, as authorized by Section 766.18(c) of the Regulations, the three-year denial period set forth in Paragraph 2.c shall be suspended during a probationary period of three years under the Order, and shall thereafter be waived, provided that PC Industries has complied in full with the deferred prosecution agreement entered between PC Industries and the U.S. Attorney's Office for the District of Wyoming, provided that PC Industries has made full and timely payment of the civil penalty in accordance the payment schedule set forth in Paragraph 2.a above, and provided that during the three-year probationary period under the Order, PC Industries has committed no other violation of the Act or the Regulations or any order, license or authorization issued thereunder. If PC Industries does not comply in full with the deferred prosecution agreement, does not make full and timely payment of the civil

penalty in accordance with the payment schedule set forth in Paragraph 2.a above, or commits another violation of the Act or the Regulations or any order, license, or authorization issued thereunder during the three-year probationary period under the Order, the suspension may be modified or revoked by BIS and a denial order including a three-year denial period activated against PC Industries.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, PC Industries 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 issued; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if issued. PC Industries 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 PC Industries pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement.

4. PC Industries 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 PC Industries' testimonial obligations in any proceeding, nor does it affect its 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. 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 PC Industries in connection with any violation of the Act or the Regulations arising out of the transactions specifically detailed in the Proposed Charging Letter.

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

7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if 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.

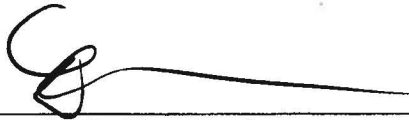
8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement approves it by issuing the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

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

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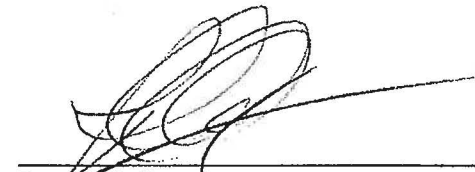
10. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

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



Douglas R. Hassebrock  
Director of Export Enforcement

POWERLINE COMPONENTS  
INDUSTRIES, LLC

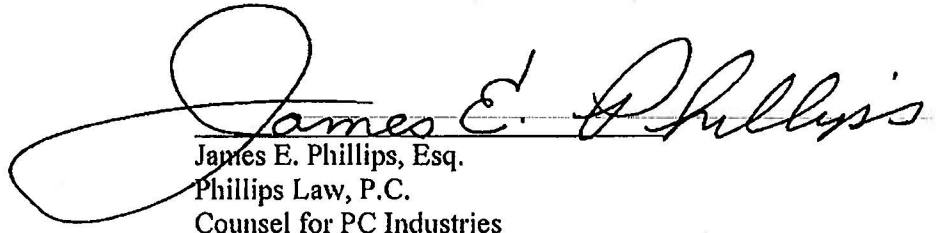


Randy Kallgren  
Manager  
Powerline Components Industries, LLC

Date: 3/6/12

Date: 2/28/2012

Reviewed and approved by:



James E. Phillips, Esq.  
Phillips Law, P.C.  
Counsel for PC Industries

Date: March 1, 2012

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Powerline Components Industries, LLC  
1088 N. Washington  
Afton, WY 83110

*Attention: Randy Kallgren  
Manager*

Dear Mr. Kallgren:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Powerline Components Industries, LLC of Afton, Wyoming (“PC Industries”), has committed two violations of the Export Administration Regulations (the “Regulations”),<sup>1</sup> which are issued under the authority of the Export Administration Act of 1979, as amended (the “Act”).<sup>2</sup> Specifically, BIS alleges that PC Industries committed the following violations:

**Charges 1-2 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation**

On one occasion between on or about November 2006 and on or about May 24, 2007, and on a second occasion between on or about October 2007 and on or about October 10, 2008, PC Industries sold items subject to the Regulations for export from the United States with knowledge that a violation of the Regulations was about to occur or was intended to occur in connection with the items. Specifically, PC Industries sold diesel engine parts, which were designated as EAR99 items<sup>3</sup> and valued at \$21,056, for export from the United States to Syria, via the United Arab Emirates (“UAE”), without the Department of Commerce licenses required pursuant to General Order No. 2 of May 14, 2004, set forth in Supplement No. 1 to Part 736 of the Regulations.

PC Industries knew or had reason to know that licenses were required for the May 24, 2007 export and the June 16, 2008 attempted export to Syria because when PC Industries

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<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 12, 2011 (76 Fed. Reg. 50,661 (Aug. 16, 2011)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701, *et seq.*).

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contacted the company's regular freight forwarder on or about November 7, 2006, the freight forwarder informed a PC Industries' sales manager that U.S. sanctions against Syria prohibited movement of freight to Syria and provided a link to U.S. Government web guidance on the Syria sanctions program. After learning of the restrictions on Syria, PC Industries informed the Syrian buyer that its regular freight forwarder cannot move freight into Syria. PC Industries nonetheless proceeded with the transaction without seeking or obtaining the required license and exported the items to Syria, via the UAE, using a freight forwarder that had been identified by the Syrian buyer after PC Industries' regular forwarder indicated that no service was offered to Syria, citing U.S. sanctions restrictions.

In addition, on or about January 16, 2008, prior to the June 16, 2008 attempted export, PC Industries received an outreach visit from agents from the Department of Homeland Security, Immigration and Customs Enforcement ("ICE"), as part of ICE's "Shield America" program. The ICE agents provided PC Industries with information regarding export controls, export licensing, and export restrictions to embargoed destinations as part of ICE's "Shield America" program. Nevertheless, PC Industries continued to engage in this second transaction without the required license. Moreover, after this second shipment was stopped by U.S. Customs and Border Protection on or about June 18, 2008, PC Industries continued to represent in communications with U.S. Customs and Border Protection that the shipments were intended for the UAE, when, in fact, the ultimate destination was Syria.

Pursuant to Section 734.2(b)(6) of the Regulations, the export or reexport of items subject to the Regulations that will transit through a country or be transshipped in a country to a new country or are intended for reexport to the new country, are deemed to be exports to the new country.

In so doing, PC Industries committed two violations of Section 764.2(e) of the Regulations.

\* \* \* \* \*

Accordingly, PC Industries 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 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;<sup>4</sup>

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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).



- Denial of export privileges; and/or
- Exclusion from practice before BIS.

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

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

PC Industries is further notified that under the Small Business Regulatory Enforcement Flexibility ACT, PC Industries 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, PC Industries' 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 PC Industries' answer must be served on BIS at the following address:

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

PC Industries  
Proposed Charging Letter  
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R. Elizabeth ("Liz") Abraham is the attorney representing BIS in this case; any communications that PC Industries may wish to have concerning this matter should occur through her. Ms. Abraham may be contacted by telephone at (202) 482-5301.

Sincerely,

Douglas R. Hassebrock  
Director  
Office of Export Enforcement