

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

In the Matter of:

Production Products, Inc.
30487 Potomac Way
Charlotte Hall, MD 20622

Respondent

ORDER RELATING TO
PRODUCTION PRODUCTS, INC.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Production Products, Inc., of Charlotte Hall, Maryland (“PPI”), of its intention to initiate an administrative proceeding against PPI pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (the “Act”),² through the issuance of a Proposed Charging Letter to PPI that alleges that PPI committed one violation of the Regulations. Specifically, the charge is:

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2015). The charged violation occurred in 2010. The Regulations governing the violation at issue are found in the 2010 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2015 Regulations set forth the procedures that apply to this matter.

² 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 7, 2015, 80 Fed. Reg. 48233 (August 11, 2015) has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, et seq.) (2006 & Supp. IV 2010).

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

On one occasion, on or about May 23, 2010, PPI engaged in conduct prohibited by the Regulations. Specifically, PPI exported three spiral duct production machines and related accessories, items subject to the Regulations, designated EAR99,³ and valued at \$500,000, from the United States to China National Precision Machinery Import/Export Corporation (“CPMIEC”) in Beijing, People’s Republic of China, without the required U.S. Government authorization.

CPMIEC is a party listed in Appendix A to 31 C.F.R. Chapter V with the bracketed suffix [NPWMD]. This appendix includes the list of Specially Designated Nationals and Blocked Persons (“SDN List”), administered by the Department of the Treasury’s Office of Foreign Assets Control (“OFAC”). The bracketed suffix [NPWMD] identifies parties whose property or interests in property are blocked pursuant to Executive Order 13382 of June 28, 2005 ((Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters) (70 Fed. Reg. 38,567 (July 1, 2005)). OFAC added CPMIEC to the SDN List with the bracketed suffix [NPWMD] on June 13, 2006,⁴ and announced that CPMIEC had supplied Iran’s military and Iranian proliferators with missile-related dual-use items.⁵ At all relevant times hereto, CPMIEC remained a party listed on the SDN List with the bracketed suffix [NPWMD]. PPI did not check the SDN List (or any other screening list) in connection with the preparation of the export of the items to CPMIEC.

Pursuant to Section 744.8(a) of the Regulations, a BIS license is required for the export or reexport of any item subject to the EAR to any party listed in Appendix A to Chapter V of 31 C.F.R. with the bracketed suffix [NPWMD].⁶ U.S. persons who seek to export or reexport items subject to both the EAR and to OFAC’s authority under Executive Order

³ EAR99 is a designation for items subject to the Regulations that are not listed on the Commerce Control List, which is set forth at Supplement No. 1 to Part 774 of the Regulations. 15 C.F.R. § 774.1 (2010).

⁴ See <http://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20060613.aspx>; see also 71 Fed. Reg. 39,708 (July 13, 2006) (amending Appendix A to 31 C.F.R. Chapter V to reflect additions and deletions to the SDN List that had occurred as of June 26, 2006).

⁵ See <http://www.treasury.gov/press-center/press-releases/Pages/js4317.aspx>. OFAC’s announcement also indicated that in 2004, the State Department had imposed sanctions against CPMIEC pursuant to the Iran Nonproliferation Act of 2000 for transferring equipment and technology to Iran that was either controlled under multilateral export control regimes or had the potential to make a material contribution to weapons of mass destruction. *Id.*

⁶ Section 744.8(c) of the Regulations provides that applications for licenses under Section 744.8 generally will be denied.

13382 may seek authorization from OFAC in lieu of authorization from BIS. No authorization was sought or obtained from either BIS or OFAC in connection with the export to CPMIEC described herein.

By exporting the items to CPMIEC, a party listed in Appendix A to 31 C.F.R. Chapter V with the bracketed suffix [NPWMD], without the required U.S. Government authorization, PPI committed one violation of Section 764.2(a) of the Regulations.

WHEREAS, BIS and PPI 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, PPI shall be assessed a civil penalty in the amount of \$50,000, all of which shall be suspended for a period of two years from the date of this Order, and thereafter shall be waived, provided that during this two-year probationary period under this Order, PPI has committed no violation of the Act, or any regulation, order, license, or authorization issued thereunder. If PPI commits a violation of the Act or any regulation, order, license, or authorization issued thereunder during the probationary period under this Order, the suspension of the civil penalty may be modified or revoked by BIS and the \$50,000 made due and owing immediately.

SECOND, PPI shall complete an audit of its export controls compliance program. A report of the results of the audit, including any relevant supporting materials, shall be submitted to the Department of Commerce, Bureau of Industry and Security, Office of Export Enforcement, Washington Field Office, 381 Elden Street, Suite 1125, Herndon, Virginia 20170 (“BIS Washington Field Office”). The

audit shall cover the 12-month period beginning on the date of this Order, and the related report of its results shall be due to the BIS Washington Field Office no later than fifteen (15) months from the date of this Order. Said audit shall be in substantial compliance with the Export Management and Compliance Program (EMCP) sample audit module, and shall include an assessment of PPI's compliance with the Regulations. The EMCP sample audit module is available on the BIS web site at http://www.bis.doc.gov/index.php/forms-documents/doc_download/1256-emcp-guidelines-november-2013. In addition, where said audit identifies actual or potential violations of the Regulations, PPI shall promptly provide copies of the pertinent waybills and other export control documents and supporting documentation to the BIS Washington Field Office.

THIRD, PPI's President, its Vice-President of Administration and Treasurer, its Vice-President of Supply Division, and its Sales Representative (collectively, "PPI officials") shall each complete an export compliance training on the Regulations within twelve months from the date of the Order. No less than one month prior to attending such training course or program, each of the PPI officials shall notify the Special Agent in Charge of the BIS Washington Field Office of the course or program he or she has selected to attend. No later than one month after attending the compliance course or program, each of the PPI officials shall submit to the BIS Washington Field Office a certification of attendance from the training provider.

FOURTH, that the full and timely completion of the audit and submission of its results as set forth above, and each PPI official's full and timely completion of, and submission of certification of attendance at, an export compliance training as set forth above, are hereby made conditions to the granting, restoration, or continuing validity of

any export license, license exception, permission, or privilege granted, or to be granted, to PPI. Accordingly, if PPI should fail to fully and timely complete the audit or submit a report of its results, or any of the PPI officials should fail to fully and timely complete, or submit certification of attendance at, an export compliance training, the undersigned may issue an order denying all of PPI's export privileges under the Regulations for a period of one year from the date of failure to fully and timely complete the audit or submit the report of its results or from the date of failure by any of the PPI officials to fully and timely complete the export compliance training or submit certification of attendance.

FIFTH, PPI 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 this Order. The foregoing does not affect PPI's 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.

SIXTH, 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 25th day of September, 2015.

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

In the Matter of:

Production Products, Inc.
30487 Potomac Way
Charlotte Hall, MD 20622

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Production Products, Inc., of Charlotte Hall, Maryland (“PPI”), and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively, the “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (the “Regulations”),¹ issued pursuant to the Export Administration Act of 1979, as amended (the “Act”).²

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

WHEREAS, BIS has issued a Proposed Charging Letter to PPI that alleges that PPI committed one violation of the Regulations, specifically:

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2015). The charged violation occurred in 2010. The Regulations governing the violation at issue are found in the 2010 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2015 Regulations set forth the procedures that apply to this matter.

² 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 7, 2015, 80 Fed. Reg. 48233 (August 11, 2015), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, et seq.) (2006 & Supp. IV 2010).

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

On one occasion, on or about May 23, 2010, PPI engaged in conduct prohibited by the Regulations. Specifically, PPI exported three spiral duct production machines and related accessories, items subject to the Regulations, designated EAR99,³ and valued at \$500,000, from the United States to China National Precision Machinery Import/Export Corporation ("CPMIEC") in Beijing, People's Republic of China, without the required U.S. Government authorization.

CPMIEC is a party listed in Appendix A to 31 C.F.R. Chapter V with the bracketed suffix [NPWMD]. This appendix includes the list of Specially Designated Nationals and Blocked Persons ("SDN List"), administered by the Department of the Treasury's Office of Foreign Assets Control ("OFAC"). The bracketed suffix [NPWMD] identifies parties whose property or interests in property are blocked pursuant to Executive Order 13382 of June 28, 2005 (Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters) (70 Fed. Reg. 38,567 (July 1, 2005)). OFAC added CPMIEC to the SDN List with the bracketed suffix [NPWMD] on June 13, 2006,⁴ and announced that CPMIEC had supplied Iran's military and Iranian proliferators with missile-related dual-use items.⁵ At all relevant times hereto, CPMIEC remained a party listed on the SDN List with the bracketed suffix [NPWMD]. PPI did not check the SDN List (or any other screening list) in connection with the preparation of its export of the items to CPMIEC.

Pursuant to Section 744.8(a) of the Regulations, a BIS license is required for the export or reexport of any item subject to the EAR to any party listed in Appendix A to Chapter V of 31 C.F.R. with the bracketed suffix [NPWMD].⁶ U.S. persons who seek to export or reexport items subject to both the EAR and to OFAC's authority under Executive Order 13382 may seek authorization from OFAC in lieu of authorization from BIS. No

³ EAR99 is a designation for items subject to the Regulations that are not listed on the Commerce Control List, which is set forth at Supplement No. 1 to Part 774 of the Regulations. 15 C.F.R. § 774.1 (2010).

⁴ See <http://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20060613.aspx>; see also 71 Fed. Reg. 39,708 (July 13, 2006) (amending Appendix A to 31 C.F.R. Chapter V to reflect additions and deletions to the SDN List that had occurred as of June 26, 2006).

⁵ See <http://www.treasury.gov/press-center/press-releases/Pages/js4317.aspx>. OFAC's announcement also indicated that in 2004, the State Department had imposed sanctions against CPMIEC pursuant to the Iran Nonproliferation Act of 2000 for transferring equipment and technology to Iran that was either controlled under multilateral export control regimes or had the potential to make a material contribution to weapons of mass destruction. *Id.*

⁶ Section 744.8(c) of the Regulations provides that applications for licenses under Section 744.8 generally will be denied.

authorization was sought or obtained from either BIS or OFAC in connection with the export to CPMIEC described herein.

By exporting the items to CPMIEC, a party listed in Appendix A to 31 C.F.R. Chapter V with the bracketed suffix [NPWMD], without the required U.S. Government authorization, PPI committed one violation of Section 764.2(a) of the Regulations.

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

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

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

WHEREAS, the Parties have entered into this Agreement taking into consideration the settlement reached between PPI and the Department of the Treasury's Office of Foreign Assets Control relating to the transaction referenced in Charge 1 set forth above; and

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

2. The following sanctions shall be imposed against PPI in complete settlement of the alleged violation of the Regulations relating to the transaction specifically detailed in the Proposed Charging Letter:

a. PPI shall be assessed a civil penalty in the amount of \$50,000, all of which shall be suspended for a period of two years from the date of the Order, and thereafter shall be waived, provided that during this two-year probationary period under the Order, PPI has committed no violation of the Act, or any regulation, order, license, or authorization issued thereunder. If PPI commits a violation of the Act or any regulation, order, license, or authorization issued thereunder during the probationary period under the Order, the suspension of the civil penalty may be modified or revoked by BIS and the \$50,000 made due and owing immediately.

b. PPI shall complete an audit of its export controls compliance program. A report of the results of the audit, including any relevant supporting materials, shall be submitted to the Department of Commerce, Bureau of Industry and Security, Office of Export Enforcement, Washington Field Office, 381 Elden Street, Suite 1125, Herndon, Virginia 20170 ("BIS Washington Field Office"). The audit shall cover the 12-month period beginning on the date of the Order, and the related report shall be due to the BIS Washington Field Office no later than fifteen (15) months from the date of the Order. Said audit shall be in substantial compliance with the Export Management and Compliance Program (EMCP) sample audit module, and shall include an assessment of PPI's compliance with

the Regulations. The EMCP sample audit module is available on the BIS web site at http://www.bis.doc.gov/index.php/forms-documents/doc_download/1256-emcp-guidelines-november-2013. In addition, where said audit identifies actual or potential violations of the Regulations, PPI shall promptly provide copies of the pertinent waybills and other export control documents and supporting documentation to the BIS Washington Field Office.

c. PPI's President, its Vice-President of Administration and Treasurer, its Vice-President of Supply Division, and its Sales Representative (collectively, "PPI officials") shall each complete an export compliance training on the Regulations within twelve months from the date of the Order. No less than one month prior to attending such training course or program, each of the PPI officials shall notify the Special Agent in Charge of the BIS Washington Field Office of the course or program he or she has selected to attend. No later than one month after attending the compliance course or program, each of the PPI officials shall submit to the BIS Washington Field Office a certification of attendance from the training provider.

d. The timely completion of the audit and submission of the report of its results as set forth in Paragraph 2.b, and each PPI official's timely completion of, and submission of certification of attendance at, export compliance training as set forth in Paragraph 2.c, are hereby made conditions to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to PPI. Failure to fully and timely complete the audit or submit the report of its audit results, or failure by any of the PPI officials to fully and timely complete, or submit certification of attendance at, the

export compliance training, may result in the denial of all of PPI's export privileges under the Regulations for one year from the date of the failure to fully and timely complete the audit or submit the report of its results or from the date of the failure by any of the PPI officials to fully and timely complete the export compliance training or submit certification of attendance at the training.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, PPI 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) receive an administrative hearing regarding the allegations in any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if issued; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if issued. PPI 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 transaction 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 the later of the date PPI completes the audit and submits the report of its results as set forth in Paragraph 2.b or the PPI officials complete and submit certification of attendance at export compliance training as set forth in Paragraph 2.c.

4. PPI 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 PPI's 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 completion of the audit and submission of the report of its results as set forth in Paragraph 2.b and full and timely completion of, and submission of certification of attendance at, export compliance training by each of the PPI officials as set forth in Paragraph 2.c, BIS will not initiate any further administrative proceeding against PPI in connection with any violation of the Act or the Regulations arising out of the transaction 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.

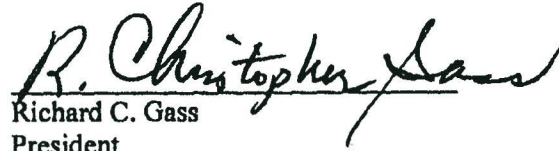
10. Each signatory affirms that he/she has authority to enter into this Settlement Agreement and to bind his/her respective party to the terms and conditions set forth herein.

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



Douglas R. Hassebrock
Director of Export Enforcement

PRODUCTION PRODUCTS, INC.



Richard C. Gass
President

Date: 9/22/15

Date: 9/21/15

Reviewed and approved by:



Margaret M. Gatti, Esq.
Morgan, Lewis & Bockius, LLP
Counsel for Production Products, Inc.

Date: 9/21/15

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Production Products, Inc.
30487 Potomac Way
Charlotte Hall, MD 20622

Attention: Richard C. Gass
President

Dear Mr. Gass:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that Production Products, Inc., of Charlotte Hall, Maryland ("PPI"), has violated the Export Administration Regulations (the "EAR" or "Regulations"),¹ which issued under the authority of the Export Administration Act of 1979 (the "Act").² Specifically, BIS charges that PPI committed the following violation:

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

On one occasion, on or about May 23, 2010, PPI engaged in conduct prohibited by the Regulations. Specifically, PPI exported three spiral duct production machines and related accessories, items subject to the Regulations, designated EAR99,³ and valued at \$500,000, from the United States to China National Precision Machinery Import/Export Corporation ("CPMIEC") in Beijing, People's Republic of China, without the required U.S. Government authorization.

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2015). The violation charged occurred in 2010. The Regulations governing the violation at issue are found in the 2010 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2010)). The 2015 Regulations govern the procedural aspects of this case.

² 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 7, 2015, 80 Fed. Reg. 48233 (August 11, 2015), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, et seq. (2006 & Supp. IV 2010)).

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CPMIEC is a party listed in Appendix A to 31 C.F.R. Chapter V with the bracketed suffix [NPWMD]. This appendix includes the list of Specially Designated Nationals and Blocked Persons (“SDN List”), administered by the Department of the Treasury’s Office of Foreign Assets Control (“OFAC”). The bracketed suffix [NPWMD] identifies parties whose property or interests in property are blocked pursuant to Executive Order 13382 of June 28, 2005 ((Blocking Property of Weapons of Mass Destruction Proliferators and Their Supporters) (70 Fed. Reg. 38,567 (July 1, 2005))). OFAC added CPMIEC to the SDN List with the bracketed suffix [NPWMD] on June 13, 2006,⁴ and announced that CPMIEC had supplied Iran's military and Iranian proliferators with missile-related dual-use items.⁵ At all relevant times hereto, CPMIEC remained a party listed on the SDN List with the bracketed suffix [NPWMD]. PPI did not check the SDN List (or any other screening list) in connection with the preparation of its export of the items to CPMIEC.

Pursuant to Section 744.8(a) of the Regulations, a BIS license is required for the export or reexport of any item subject to the EAR to any party listed in Appendix A to Chapter V of 31 C.F.R. with the bracketed suffix [NPWMD].⁶ U.S. persons who seek to export or reexport items subject to both the EAR and to OFAC’s authority under Executive Order 13382 may seek authorization from OFAC in lieu of authorization from BIS. No authorization was sought or obtained from either BIS or OFAC in connection with the export to CPMIEC described herein.

By exporting the items to CPMIEC, a party listed in Appendix A to 31 C.F.R. Chapter V with the bracketed suffix [NPWMD], without the required U.S. Government authorization, PPI committed one violation of Section 764.2(a) of the Regulations.

* * *

Accordingly, PPI 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

⁴ See <http://www.treasury.gov/resource-center/sanctions/OFAC-Enforcement/Pages/20060613.aspx>; see also 71 Fed. Reg. 39,708 (July 13, 2006) (amending Appendix A to 31 C.F.R. Chapter V to reflect additions and deletions to the SDN List that had occurred as of June 26, 2006).

⁵ See <http://www.treasury.gov/press-center/press-releases/Pages/js4317.aspx>. OFAC’s announcement also indicated that in 2004, the State Department had imposed sanctions against CPMIEC pursuant to the Iran Nonproliferation Act of 2000 for transferring equipment and technology to Iran that was either controlled under multilateral export control regimes or had the potential to make a material contribution to weapons of mass destruction. *Id.*

⁶ Section 744.8(c) of the Regulations provides that applications for licenses under Section 744.8 generally will be denied.

violation;⁷

- Denial of export privileges;
- Exclusion from practice before BIS; and/or
- Any other liability, sanction, or penalty available under law.

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

PPI 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. PPI 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 PPI have a proposal to settle this case, PPI or its representative should transmit it to the attorney representing BIS named below.

PPI is further notified that under the Small Business Regulatory Enforcement Flexibility Act, PPI 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, PPI's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center
40 S. Gay Street
Baltimore, Maryland 21202-4022

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

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

⁷ *See* International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

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

Sincerely,

Douglas R. Hassebrock
Director
Office of Export Enforcement