

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

In the Matter of:

Ghaddar Machinery Co., SAL
Ghazieh Main Coastal Road
P.O. Box 110
Ghazieh, Sidon, Lebanon,

Respondent

ORDER RELATING TO GHADDAR MACHINERY CO., SAL

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Ghaddar Machinery Co., SAL, of Sidon, Lebanon (“Ghaddar”), of its intention to initiate an administrative proceeding against Ghaddar pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),¹ through the issuance of a Proposed Charging Letter to Ghaddar that alleges that Ghaddar committed 20 violations of the Regulations. Specifically, the charges are:

Charges 1-20 15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct by Reexporting Items subject to the Regulations to Syria without the Required BIS Licenses

¹ The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“the EAA”), which lapsed on August 21, 2001. The President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 (“ECRA”). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

1. On twenty (20) occasions between on or about January 23, 2014, and on or about September 20, 2016, as described in additional detail in the attached Schedule of Violations, which is incorporated herein by reference, Ghaddar engaged in conduct prohibited by the Regulations when it reexported generator sets, items subject to the Regulations and worth approximately \$736,236 in total, from Lebanon to Syria without the required BIS licenses.² At all times pertinent to the transactions at issue, the generator sets were designated EAR99³ under the Regulations and controlled for reexport to Syria. The generator sets were assembled in Lebanon incorporating U.S.-origin engines and were subject to the Regulations when reexported to Syria because they contained more than 10% of controlled U.S.-origin content. *See* 15 C.F.R. § 734.4(c) (2014-2016); Supp. No. 2 to 15 C.F.R. Part 734 (2014-2016).⁴

2. Pursuant to the long-standing U.S. export control sanctions against Syria, at the time of the transactions a BIS license was required to export or reexport any commodities subject to the Regulations to Syria (with the exception of food and certain medicines).⁵ *See* 15 C.F.R. § 746.9 (2014-2016). However, Ghaddar did not seek or obtain a BIS license in connection with any of the 20 reexports at issue.

3. Ghaddar purchased engines, including U.S.-origin engines, from a U.S.-owned supplier in the United Kingdom (“U.K.”). The U.S.-origin engines were marked as such and were shipped to Ghaddar via the U.K. and, beginning in at least 2015, directly to Ghaddar from the United States. In addition, the supplier specifically warned Ghaddar at least as of on or about January 7, 2014, that Syria is a “sanctioned country under the Export Control regulations and thus our products, services and similar cannot be made

² The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2019). The violations alleged occurred during 2014-2016. The Regulations governing the violations at issue are found in the 2014-2016 versions of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2014-2016). The 2019 Regulations govern the procedural aspects of this case.

³ 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) (2014-2016, 2019).

⁴ With the exception of food and certain medicines, all U.S.-origin commodities, subject to the Regulations, including the U.S.-origin engines described in the text above, are controlled in connection with exports or reexports to Syria. *See* 15 C.F.R. § 734.4(c); Supp. No. 2 to 15 C.F.R. Part 734, at ¶ (a); 15 C.F.R. 746.9. The value of the U.S.-origin engines comprised well in excess of 10% of the total value of the generator sets.

⁵ The controls on exports and reexports to Syria were issued pursuant to the Syria Accountability and Lebanese Sovereignty Restoration Act of 2003, enacted on December 12, 2003. They were issued by BIS as General Order No. 2 of May 14, 2004, and were codified in Supplement No. 1 to Part 736 of the Regulations. They were moved from General Order No. 2 to Section 746.9 of the Regulations in December 2011. *See* 76 Fed. Reg. 77,115 (Dec. 12, 2011).

available to persons and entities in Syria.”⁶ Subsequently, in November 2014, and again in November 2015, Ghaddar certified to the supplier’s U.S. parent company that it “understands and has been in compliance” with all applicable laws, rules, and regulations, “including . . . the U.S. Export Administration Regulations, the [U.S.] International Traffic in Arms Regulations, and the sanctions regulations administered by the U.S. Treasury Department Office of Foreign Assets Control.”⁷ Notwithstanding the foregoing, Ghaddar engaged in the unlicensed reexports to Syria at issue between on or about January 23, 2014, and on or about September 20, 2016.

4. In so engaging in prohibited reexports to Syria, without the required BIS licenses, Ghaddar committed 20 violations of Section 764.2(a) of the Regulations.

WHEREAS, BIS and Ghaddar 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 the Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, Ghaddar shall be assessed a civil penalty in the amount of \$368,000. Ghaddar shall pay the U.S. Department of Commerce in five installments of: \$100,000 not later than 30 days from the date of this order; \$67,000 not later than May 1, 2020; \$67,000 not later than November 1, 2020; \$67,000 not later than May 1, 2021; and \$67,000 not later than November 1, 2021. If any of the five installment payments is not fully and timely made, any remaining scheduled installment payments may become due and owing immediately.

⁶ This warning was provided after Ghaddar sought to have one of its Syrian customers invited to an event the supplier was holding in China. Ghaddar’s supplier issued the warning and asked for data on prior sales to Syria, which Ghaddar provided.

⁷ The International Traffic in Arms Regulations are administered by the U.S. Department of State.

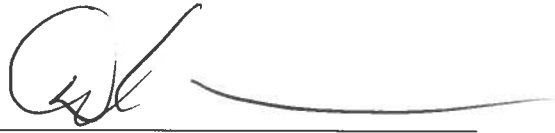
SECOND, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2012)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and if any payment required under this Order is not made by the due date specified herein, Ghaddar 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, compliance with the terms of the Settlement Agreement and the Order, including 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 Ghaddar. Accordingly, if Ghaddar should fail to pay the civil penalty in a full and timely manner or otherwise fail to comply in full with the terms of the Settlement Agreement or this Order, the undersigned may issue an order denying all of Ghaddar's export privileges under the Regulations for a period of two years from the date of issuance of any such denial order.

FOURTH, Ghaddar shall not dispute or deny, directly or indirectly, the allegations contained in the Proposed Charging Letter or this Order or take any position contrary thereto in any public statement. The foregoing does not affect Ghaddar's testimonial obligations in any administrative or judicial 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.

FIFTH, 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 related to Ghaddar, is effective immediately.



Douglas R. Hassebrock,
Acting Assistant Secretary of Commerce for
Export Enforcement

Issued this 27th day of November, 2019.

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

In the Matter of:

Ghaddar Machinery Co., SAL
Ghazieh Main Coastal Road
P.O. Box 110
Ghazieh, Sidon, Lebanon,

Respondent

**SETTLEMENT AGREEMENT RELATING TO
GHADDAR MACHINERY CO., SAL**

This Settlement Agreement (“Agreement”) is made by and between Ghaddar Machinery Co., SAL, of Sidon, Lebanon (“Ghaddar”), 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, Ghaddar filed a voluntary self-disclosure with BIS’s Office of Export Enforcement in accordance with Section 764.5 of the Regulations concerning the transactions at issue herein;

¹ The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“the EAA”), which lapsed on August 21, 2001. The President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 (“ECRA”). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

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

WHEREAS, BIS has issued a Proposed Charging Letter to Ghaddar that alleges that Ghaddar committed 20 violations of the Regulations, specifically:

Charges 1-20 15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct by Reexporting Items subject to the Regulations to Syria without the Required BIS Licenses

1. On twenty (20) occasions between on or about January 23, 2014, and on or about September 20, 2016, as described in additional detail in the attached Schedule of Violations, which is incorporated herein by reference, Ghaddar engaged in conduct prohibited by the Regulations when it reexported generator sets, items subject to the Regulations and worth approximately \$736,236 in total, from Lebanon to Syria without the required BIS licenses.² At all times pertinent to the transactions at issue, the generator sets were designated EAR99³ under the Regulations and controlled for reexport to Syria. The generator sets were assembled in Lebanon incorporating U.S.-origin engines and were subject to the Regulations when reexported to Syria because they contained more than 10% of controlled U.S.-origin content. *See* 15 C.F.R. § 734.4(c) (2014-2016); Supp. No. 2 to 15 C.F.R. Part 734 (2014-2016).⁴
2. Pursuant to the long-standing U.S. export control sanctions against Syria, at the time of the transactions a BIS license was required to export or reexport any commodities subject to the Regulations to Syria (with the exception of food and certain medicines).⁵

² The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2019). The violations alleged occurred during 2014-2016. The Regulations governing the violations at issue are found in the 2014-2016 versions of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2014-2016). The 2019 Regulations govern the procedural aspects of this case.

³ 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) (2014-2016, 2019).

⁴ With the exception of food and certain medicines, all U.S.-origin commodities, subject to the Regulations, including the U.S.-origin engines described in the text above, are controlled in connection with exports or reexports to Syria. *See* 15 C.F.R. § 734.4(c); Supp. No. 2 to 15 C.F.R. Part 734, at ¶ (a); 15 C.F.R. 746.9. The value of the U.S.-origin engines comprised well in excess of 10% of the total value of the generator sets.

⁵ The controls on exports and reexports to Syria were issued pursuant to the Syria Accountability and Lebanese Sovereignty Restoration Act of 2003, enacted on December 12, 2003. They were issued by BIS as General Order No. 2 of May 14, 2004, and were codified in Supplement No. 1 to Part 736 of the Regulations. They were moved from General Order No. 2 to Section 746.9 of the Regulations in December 2011. *See* 76 Fed. Reg. 77,115 (Dec. 12, 2011).

See 15 C.F.R. § 746.9 (2014-2016). However, Ghaddar did not seek or obtain a BIS license in connection with any of the 20 reexports at issue.

3. Ghaddar purchased engines, including U.S.-origin engines, from a U.S.-owned supplier in the United Kingdom (“U.K.”). The U.S.-origin engines were marked as such and were shipped to Ghaddar via the U.K. and, beginning in at least 2015, directly to Ghaddar from the United States. In addition, the supplier specifically warned Ghaddar at least as of on or about January 7, 2014, that Syria is a “sanctioned country under the Export Control regulations and thus our products, services and similar cannot be made available to persons and entities in Syria.”⁶ Subsequently, in November 2014, and again in November 2015, Ghaddar certified to the supplier’s U.S. parent company that it “understands and has been in compliance” with all applicable laws, rules, and regulations, “including . . . the U.S. Export Administration Regulations, the [U.S.] International Traffic in Arms Regulations, and the sanctions regulations administered by the U.S. Treasury Department Office of Foreign Assets Control.”⁷ Notwithstanding the foregoing, Ghaddar engaged in the unlicensed reexports to Syria at issue between on or about January 23, 2014, and on or about September 20, 2016.

4. In so engaging in prohibited reexports to Syria, without the required BIS licenses, Ghaddar committed 20 violations of Section 764.2(a) of the Regulations.

WHEREAS, Ghaddar 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, Ghaddar fully understands the terms of this Agreement and the 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, Ghaddar enters into this Agreement voluntarily and with full knowledge of its rights, after having consulted with counsel;

⁶ This warning was provided after Ghaddar sought to have one of its Syrian customers invited to an event the supplier was holding in China. Ghaddar’s supplier issued the warning and asked for data on prior sales to Syria, which Ghaddar provided.

⁷ The International Traffic in Arms Regulations are administered by the U.S. Department of State.

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

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

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

2. The following sanction shall be imposed against Ghaddar:

a. Ghaddar shall be assessed a civil penalty in the amount of \$368,000. Ghaddar shall pay the U.S. Department of Commerce in five installments of: \$100,000 not later than 30 days from the date of the Order; \$67,000 not later than May 1, 2020; \$67,000 not later than November 1, 2020; \$67,000 not later than May 1, 2021; and \$67,000 not later than November 1, 2021. 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 may become due and owing immediately.

b. Compliance with the terms of this Agreement and the Order, including 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 Ghaddar. Failure to make full and timely payment of the civil penalty or to otherwise comply in full with the terms of this Agreement and the Order, if issued, may result in the denial of all of Ghaddar's export privileges under the Regulations for a period of two years from the date of issuance of any such denial order.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, Ghaddar hereby waives all rights to further procedural steps in this matter (except the procedural steps set forth in Sections 766.17(c) and 766.18(c) of the Regulations with respect to the possible activation of a suspended sanction due to an alleged violation or 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. Ghaddar 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 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, if issued, until Ghaddar pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement.

4. Ghaddar shall not dispute or deny, directly or indirectly, the allegations contained in the Proposed Charging Letter or Order, if issued, or take any position contrary thereto in any public statement. The foregoing does not affect Ghaddar's testimonial obligations in any administrative or judicial 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 compliance in full with the terms of this Agreement and the Order, if issued, BIS will not initiate any further administrative proceeding against Ghaddar in connection with any violation of 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. This Agreement constitutes and contains the entire agreement and understanding among the parties, and the terms of this Agreement or the Order, if issued, may not be varied or otherwise altered or affected by any agreement, understanding, representation, or interpretation not contained in this Agreement; 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.

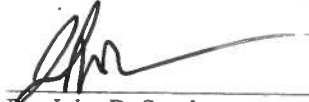
8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement approves it by issuing the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

9. If the Order issues, BIS will make the Proposed Charging Letter, this Agreement, and the Order 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.

11. If any provision of this Settlement Agreement is found to be unlawful, only the specific provision in question shall be affected and the other provisions shall remain in full force and effect.

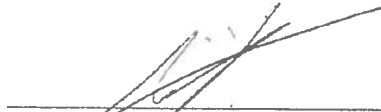
BUREAU OF INDUSTRY AND
SECURITY
U.S. DEPARTMENT OF COMMERCE



By: John D. Sonderman
Deputy Director, Office of Export
Enforcement

Date: November 26, 2019

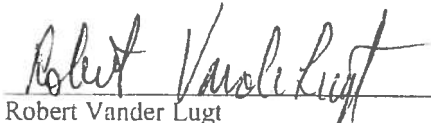
GHADDAR MACHINERY CO., SAL



Mohammad Samih Ghaddar
Owner and Chairman

Date: November 20, 2019

Reviewed and approved by:



Robert Vander Lugt
Little, Rothwell & Vander Lugt
Counsel for Ghaddar Machinery Co., SAL

Date: November 22, 2019

PROPOSED CHARGING LETTER

REGISTERED MAIL - RETURN RECEIPT REQUESTED

Ghaddar Machinery Co., SAL
Ghazieh Main Coastal Road
PO Box 110
Ghazieh, Sidon, Lebanon

*Attention: Mohammed Samih Ghaddar,
Owner and Chairman*

Dear Mr. Ghaddar:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Ghaddar Machinery Co., SAL (“Ghaddar”), of Ghazieh, Lebanon, has committed twenty (20) violations of the Export Administration Regulations (the “Regulations”).¹ Specifically, BIS alleges that Ghaddar committed the following violations:

Charges 1-20 15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct by Reexporting Items subject to the Regulations to Syria without the Required BIS Licenses

1. On twenty (20) occasions between on or about January 23, 2014, and on or about September 20, 2016, as described in additional detail in the attached Schedule of Violations, which is incorporated herein by reference, Ghaddar engaged in conduct prohibited by the Regulations when it reexported generator sets, items subject to the Regulations and worth approximately \$736,236 in total, from Lebanon to Syria without

¹ The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015)(“the EAA”), which lapsed on August 21, 2001. The President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), continued the Regulations in effect pursuant to the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012)(“IEEPA”), including during the time period of the violations at issue, which occurred in 2014-2016. On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, Pub. L. 115-232, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 (“ECRA”). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of the date of ECRA’s enactment (August 13, 2018), shall continue in effect according to their terms until modified, superseded, set aside, or revoked through action undertaken pursuant to authority provided under ECRA.

the required BIS licenses.² At all times pertinent to the transactions at issue, the generator sets were designated EAR99³ under the Regulations and controlled for reexport to Syria. The generator sets were assembled in Lebanon incorporating U.S.-origin engines and were subject to the Regulations when reexported to Syria because they contained more than 10% of controlled U.S.-origin content. *See* 15 C.F.R. § 734.4(c) (2014-2016); Supp. No. 2 to 15 C.F.R. Part 734 (2014-2016).⁴

2. Pursuant to the long-standing U.S. export control sanctions against Syria, at the time of the transactions a BIS license was required to export or reexport any commodities subject to the Regulations to Syria (with the exception of food and certain medicines).⁵ *See* 15 C.F.R. § 746.9 (2014-2016). However, Ghaddar did not seek or obtain a BIS license in connection with any of the 20 reexports at issue.

3. Ghaddar purchased engines, including U.S.-origin engines, from a U.S.-owned supplier in the United Kingdom (“U.K.”). The U.S.-origin engines were marked as such and were shipped to Ghaddar via the U.K. and, beginning in at least 2015, directly to Ghaddar from the United States. In addition, the supplier specifically warned Ghaddar at least as of on or about January 7, 2014, that Syria is a “sanctioned country under the Export Control regulations and thus our products, services and similar cannot be made available to persons and entities in Syria.”⁶ Subsequently, in November 2014, and again in November 2015, Ghaddar certified to the supplier’s U.S. parent company that it

² The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2019). The violations alleged occurred during 2014-2016. The Regulations governing the violations at issue are found in the 2014-2016 versions of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2014-2016). The 2019 Regulations govern the procedural aspects of this case.

³ 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) (2014-2016, 2019).

⁴ With the exception of food and certain medicines, all U.S.-origin commodities, subject to the Regulations, including the U.S.-origin engines described in the text above, are controlled in connection with exports or reexports to Syria. *See* 15 C.F.R. § 734.4(c); Supp. No. 2 to 15 C.F.R. Part 734, at ¶ (a); 15 C.F.R. 746.9. The value of the U.S.-origin engines comprised well in excess of 10% of the total value of the generator sets.

⁵ The controls on exports and reexports to Syria were issued pursuant to the Syria Accountability and Lebanese Sovereignty Restoration Act of 2003, enacted on December 12, 2003. They were issued by BIS as General Order No. 2 of May 14, 2004, and were codified in Supplement No. 1 to Part 736 of the Regulations. They were moved from General Order No. 2 to Section 746.9 of the Regulations in December 2011. *See* 76 Fed. Reg. 77,115 (Dec. 12, 2011).

⁶ This warning was provided after Ghaddar sought to have one of its Syrian customers invited to an event the supplier was holding in China. Ghaddar’s supplier issued the warning and asked for data on prior sales to Syria, which Ghaddar provided.

“understands and has been in compliance” with all applicable laws, rules, and regulations, “including . . . the U.S. Export Administration Regulations, the [U.S.] International Traffic in Arms Regulations, and the sanctions regulations administered by the U.S. Treasury Department Office of Foreign Assets Control.”⁷ Notwithstanding the foregoing, Ghaddar engaged in the unlicensed reexports to Syria at issue between on or about January 23, 2014, and on or about September 20, 2016.

4. In so engaging in prohibited reexports to Syria, without the required BIS licenses, Ghaddar committed 20 violations of Section 764.2(a) of the Regulations.

* * * * *

Accordingly, Ghaddar 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:

- The maximum civil penalty allowed by law of up to the greater of \$302,584 per violation,⁸ or twice the value of the transaction that is the basis of the violation;⁹
- Denial of export privileges;
- Exclusion from practice before BIS; and/or
- Any other liability, sanction, or penalty available under law.

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

⁷ The International Traffic in Arms Regulations are administered by the U.S. Department of State.

⁸ *See* 15 C.F.R. §§ 6.3(b)(4) and 6.4. 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* 84 Fed. Reg. 2445, 2447 (February 7, 2019) (Adjusting for inflation this amount under IEEPA from \$295,141 to \$302,584, effective March 1, 2019). *See also* note 1, *supra*.

⁹ *See* International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007). The alleged violations occurred prior to August 13, 2018, the date of enactment of ECRA. *See* note 1, *supra*. Consequently, the applicable potential sanctions are provided for under IEEPA, rather than ECRA. *See id.*

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

Ghaddar is further notified that under the Small Business Regulatory Enforcement Flexibility Act, it 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, Ghaddar'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 Ghaddar's answer must be served on BIS at the following address:

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

Ghaddar Machinery Co., SAL
Proposed Charging Letter
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Charles G. Wall is the attorney representing BIS in this case; any communications that Ghaddar may wish to have concerning this matter should occur through him. Mr. Wall may be contacted by telephone at (202) 482-1232.

Sincerely,

Douglas R. Hassebrock
Director
Office of Export Enforcement

Ghaddar Schedule of Violations

No.	Date of Export from Lebanon	Invoice No.	Engine Model No.	Genset Type / Model	Genset ECCN	Value (USD)	Violation
1	23-Jan-2014	310	2506A-E15TAG2	PIMCO PT500 KVA	EAR99	\$ 38,079.00	§ 764.2(a)
2	26-Apr-2014	1661	2206A-E13TAG2	PZ350 - PT400S	EAR99	\$ 25,827.00	§ 764.2(a)
3	19-May-2014	1948	2206A-E13TAG2	PT350 - PT400S	EAR99	\$ 27,736.00	§ 764.2(a)
4	11-Jun-2014	2344	2506A-E15TAG1	PT450 - PT500S	EAR99	\$ 37,301.00	§ 764.2(a)
5	23-Jul-2014	3008	2806A-E18TAG1A	PIMCO PT600 KVA	EAR99	\$ 47,752.00	§ 764.2(a)
6	2-Sep-2014	3747	1306A-E87TAG3	PIMCO PT200 KVA	EAR99	\$ 17,180.00	§ 764.2(a)
7	17-Sep-2014	4053	1306A-E87TAG6	PIMCO PT250 KVA	EAR99	\$ 19,932.00	§ 764.2(a)
8	1-Oct-2014	4316	1306A-E87TAG3	PZ200 - PT220S	EAR99	\$ 17,183.00	§ 764.2(a)
			2806A-E18TAG1A	PT600 - PT660S	EAR99	\$ 45,303.00	§ 764.2(a)
9	25-Nov-2014	5140	2506A-E15TAG2	PIMCO PT500 KVA	EAR99	\$ 34,829.00	§ 764.2(a)
10	14-Jan-2015	180	1606A-E93TAG5	PIMCO PT300 KVA	EAR99	\$ 22,226.00	§ 764.2(a)
			2206A-E13TAG3	PIMCO PT400 KVA	EAR99	\$ 28,569.00	§ 764.2(a)
11	20-Feb-2015	834	2206A-E13TAG2	PT350 - PT400S	EAR99	\$ 30,998.00	§ 764.2(a)
12	11-Apr-2015	1677	1506A-E88TAG3	PT250 - PT275S	EAR99	\$ 20,552.00	§ 764.2(a)
			1506A-E88TAG3	PT250 - PT275S	EAR99	\$ 20,552.00	§ 764.2(a)
13	8-May-2015	2106	2206A-E13TAG3	PIMCO PT400 KVA	EAR99	\$ 29,616.00	§ 764.2(a)
14	16-Nov-2015	5593	2506A-E15TAG1	PIMCO PT450 KVA	EAR99	\$ 30,168.00	§ 764.2(a)
15	5-Dec-2015	5978	1506A-E88TAG3	PIMCO PT250 KVA	EAR99	\$ 18,635.00	§ 764.2(a)
16	18-May-2016	2238	2506A-E15TAG1	PIMCO PT450 KVA	EAR99	\$ 28,043.00	§ 764.2(a)
17	23-Jun-2016	2863	2806A-E18TAG1A	PT600 - PT660S	EAR99	\$ 49,000.00	§ 764.2(a)
18	20-Jul-2016	3302	2506A-E15TAG2	PT500 - PT560S	EAR99	\$ 36,289.00	§ 764.2(a)
			2506A-E15TAG2	PT500 - PT560S	EAR99	\$ 38,922.00	§ 764.2(a)
19	15-Sep-2016	4412	2806A-E18TAG1A	PT600 - PT660S	EAR99	\$ 42,774.00	§ 764.2(a)
20	20-Sep-2016	4517	2506A-E15TAG2	PIMCO PT500 KVA	EAR99	\$ 28,770.00	§ 764.2(a)

Total Value: \$ 736,236.00