

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

In the Matter of:

TeleDynamics LLP
2200 Wheless Lane
Austin, TX 78723
Respondent

ORDER RELATING TO
TELEDYNAMICS LLP

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified TeleDynamics LLP of Austin, Texas (“TeleDynamics”), of its intention to initiate an administrative proceeding against TeleDynamics pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),¹ through the issuance of a Proposed Charging Letter to TeleDynamics that alleges that TeleDynamics committed ten violations of the Regulations.² Specifically:

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)), which has been extended by successive Presidential Notices, including the Notice of August 8, 2018 (83 Fed. Reg. 39,871 (Aug. 13, 2018)), 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to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

² The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2021). The charged violation occurred in 2014. The Regulations governing the violation at issue are found in the 2014 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2021 Regulations set forth the procedures that apply to this matter.

Charges 1-10 15 C.F.R. § 764.2(b) – Causing, Aiding or Abetting a Violation

On ten occasions between on or about August 11, 2014, and on or about October 20, 2014, TeleDynamics caused, aided, or abetted violations of the Regulations, namely the unlicensed export of rifle scopes, items subject to the Regulations, classified under Export Control Classification Number (“ECCN”) 0A987, and valued at approximately \$1,047. Specifically, TeleDynamics forwarded the items for export from the United States to Russia and Ukraine. An export license was at all relevant times required to export rifle scopes to Russia and Ukraine pursuant to Section 742.7 of the Regulations. TeleDynamics was aware of export licensing requirements for rifle scopes, having been notified on a number of occasions by U.S. Customs and Border Protection that shipments of rifle scopes being forwarded by TeleDynamics were detained for not having the required export license.

In so doing, TeleDynamics committed ten violations of Section 764.2(b) of the Regulations.

WHEREAS, BIS and TeleDynamics 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, TeleDynamics shall be assessed a civil penalty in the amount of \$55,000, the payment of which shall be made to the U.S. Department of Commerce within 30 days of the date of this Order.

SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2012)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and if payment is not made by the due date specified herein, TeleDynamics 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 TeleDynamics. Accordingly, if TeleDynamics should fail to pay the civil penalty in a full and timely manner, the undersigned may issue an order denying all of TeleDynamics's export privileges under the Regulations for a period of one year from the date of failure to make such payment.

FOURTH, TeleDynamics 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 TeleDynamics'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, is effective immediately.

KEVIN KURLAND  Digitally signed by
KEVIN KURLAND
Date: 2021.05.17
07:32:43 -04'00'

Kevin J. Kurland
Acting Assistant Secretary of Commerce
for Export Enforcement

Issued this 17th day of May, 2021.

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

In the Matter of:

TeleDynamics LLP
2200 Wheless Lane
Austin, TX 78723

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between TeleDynamics LLP, of Austin, Texas (“TeleDynamics”), and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively, the “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (the “Regulations”).¹

WHEREAS, BIS has notified TeleDynamics of its intentions to initiate an administrative proceeding against TeleDynamics pursuant to the Regulations;²

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)), which has been extended by successive Presidential Notices, including the Notice of August 8, 2018 (83 Fed. Reg. 39,871 (Aug. 13, 2018)), 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.

² The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2021). The charged violation occurred in 2014. The Regulations governing the violation at issue are found in the 2014 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2021 Regulations set forth the procedures that apply to this matter.

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

Charges 1-10 15 C.F.R. § 764.2(b) – Causing, Aiding or Abetting a Violation

On ten occasions between on or about August 11, 2014, and on or about October 20, 2014, TeleDynamics caused, aided, or abetted violations of the Regulations, namely the unlicensed export of rifle scopes, items subject to the Regulations, classified under Export Control Classification Number (“ECCN”) 0A987, and valued at approximately \$1,047. Specifically, TeleDynamics forwarded the items for export from the United States to Russia and Ukraine. An export license was at all relevant times required to export rifle scopes to Russia and Ukraine pursuant to Section 742.7 of the Regulations. TeleDynamics was aware of export licensing requirements for rifle scopes, having been notified on a number of occasions by U.S. Customs and Border Protection that shipments of rifle scopes being forwarded by TeleDynamics were detained for not having the required export license.

In so doing, TeleDynamics committed ten violations of Section 764.2(b) of the Regulations.

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

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

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

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

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

WHEREAS, TeleDynamics 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 TeleDynamics, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.
2. The following sanctions shall be imposed against TeleDynamics:
 - a. TeleDynamics shall be assessed a civil penalty in the amount of \$55,000, the payment of which shall be made to the U.S. Department of Commerce within 30 days of the date of the Order. Payment shall be made in the manner specified in the attached instructions.
 - b. The full and timely payment of the civil penalty agreed to in Paragraph 2.a, above, is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to TeleDynamics. Failure to make full and timely payment of the civil penalty may result in the denial of all of TeleDynamics's export privileges under the Regulations for one year from the date of the failure to make such payment.
3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof below, TeleDynamics hereby waives all rights to further procedural steps in this matter (unless the Agreement---or the Order, if issued---is violated, which may result in further action as described in this Agreement), 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.

4. TeleDynamics shall not dispute or deny, directly or indirectly, the allegations contained in the Proposed Charging Letter or the Order or take any position contrary thereto in any public statement. The foregoing does not affect TeleDynamics'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 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 TeleDynamics in connection with any violation of 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, or appropriate designee, pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

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, or appropriate designee, approves it by issuing the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

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.

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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

TELEDYNAMICS LLC



John Sonderman
Director of Export Enforcement



James Feller
Chief Executive Officer

Date: 5/14/2021

Date: 5/5/2021

PROPOSED CHARGING LETTER

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

TeleDynamics LLP
2200 Wheless Lane
Austin, TX 78723

Attention: James Feller, Manager

Dear Mr. Feller:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that TeleDynamics LLC (“TeleDynamics”) of Austin, Texas, has committed ten violations of the Export Administration Regulations (the “Regulations”).¹ Specifically, BIS alleges that TeleDynamics committed the following violations:²

Charges 1–10 15 C.F.R. § 764.2(b) – Causing, Aiding, or Abetting a Violation

As described in further detail in the attached Schedule of Violations, which is incorporated herein by reference, on ten occasions between on or about August 11, 2014, and on or about October 20, 2014, TeleDynamics caused, aided, or abetted violations of the Regulations, namely the unlicensed export of rifle scopes, items subject to the Regulations, classified under Export Control Classification Number (“ECCN”) 0A987, and valued at approximately \$1,047. Specifically, TeleDynamics forwarded the items for export from the United States to Russia and Ukraine. An export license was at all relevant times required to export rifle scopes to Russia and Ukraine pursuant to Section 742.7 of the Regulations. TeleDynamics was aware of export licensing requirements for rifle scopes, having been notified on a number of occasions by U.S.

¹ The Regulations originally issued under the Export Administration Act of 1979, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“EAA”). 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 was extended by successive Presidential Notices, the most recent being that of August 8, 2018 (83 Fed. Reg. 39,871 (Aug.13, 2018)), continued the Regulations in effect under 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. On August 13, 2018, the President signed into law 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 (2019)) (“ECRA”). ECRA repealed 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.

² The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2021). The violations alleged occurred in 2014 and 2015. The Regulations governing the violations at issue are found in the 2014 version of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2014-2015). The 2021 Regulations govern the procedural aspects of this case.

Customs and Border Protection that shipments of rifle scopes being forwarded by TeleDynamics were detained for not having the required export license.

In so doing, TeleDynamics committed ten violations of Section 764.2(b) of the Regulations.

* * * *

Accordingly, TeleDynamics 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 sanctions³ including, but not limited to, any or all of the following:

- The maximum civil penalty allowed by law of up to the greater of \$311,562 per violation,⁴ or twice the value of the transaction that is the basis of the violation;⁵
- Denial of export privileges;
- Exclusion from practice before BIS; and/or
- Any other liability, sanction, or penalty available under law.

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

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

TeleDynamics is further notified that under the Small Business Regulatory Enforcement Flexibility Act, TeleDynamics may be eligible for assistance from the Office of the National

³ The alleged violations occurred prior to August 13, 2018, the date of enactment of ECRA. Consequently, the potential sanctions are provided for in IEEPA. In situations involving alleged violations that occurred on or after August 13, 2018, the potential sanctions are specified in Section 1760(c) of ECRA.

⁴ *See* 15 C.F.R. §§ 6.3(c)(4), 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* 86 Fed. Reg. 1,764 (Jan.10, 2021) (adjusting for inflation the maximum civil monetary penalty under IEEPA from \$307, 922 to \$311,562 effective January 15, 2021).

⁵ *See* International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 100-96, 121 Stat. 1011 (2007).

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, TeleDynamics' 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, MD 21202-4022

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

Chief Counsel for Industry and Security
Attention: Gregory Michelsen
Room H-3839
14th Street and Constitution Avenue, NW
Washington, DC 20230

Gregory Michelsen is the attorney representing BIS in this case; any communications that TeleDynamics may wish to have concerning this matter should occur through him. Mr. Michelsen may be contacted by telephone at (202) 482-5301.

Sincerely,

John Sonderman
Director
Office of Export Enforcement

TeleDynamics LLC
Schedule of Violations

	Violation	Date	Order #	Commodity	ECCN	Value	Destination
1	§ 764.2(b)	8/11/2014	4980335	Rifle scope	0A987	\$79.60	Russia
2	§ 764.2(b)	8/27/2014	5013412	Rifle scope	0A987	\$159.20	Ukraine
3	§ 764.2(b)	8/28/2014	5015952	Rifle scope	0A987	\$79.60	Russia
4	§ 764.2(b)	9/3/2014	5024200	Rifle scope	0A987	\$79.60	Ukraine
5	§ 764.2(b)	9/10/2014	5036049	Rifle scope	0A987	\$159.20	Ukraine
6	§ 764.2(b)	9/15/2014	5044369	Rifle scope	0A987	\$79.60	Ukraine
7	§ 764.2(b)	9/16/2014	5046781	Rifle scope	0A987	\$79.60	Ukraine
8	§ 764.2(b)	9/18/2014	5050920	Rifle scope	0A987	\$159.20	Ukraine
9	§ 764.2(b)	9/26/2014	5064687	Rifle scope	0A987	\$79.60	Russia
10	§ 764.2(b)	10/20/2014	5105391	Rifle scope	0A987	\$92.00	Russia