



**Office of Export Enforcement
Bureau of Industry and Security (BIS)
U.S. Department of Commerce**

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Who Are We?

The enforcement arm of
The Department of Commerce,
Bureau of Industry and Security (BIS)



Office of Export Enforcement

- The Role of OEE
- Statutes and Penalties
- Case Examples
- Questions and Answers



Advancing U.S.
National Security by
keeping the most
sensitive goods out of
the most dangerous
hands.





OEE Enforcement Priorities

- Weapons of Mass Destruction (WMD) Proliferation
- Terrorism and State Sponsorship of Terror
- Diversions to Unauthorized Military End-Users



Export Enforcement's Mission

- Protect National Security and Foreign Policy Goals
- Prevention and Detection in Partnership with Industry
- Investigation and Prosecution
- Domestic and International Law Enforcement Cooperation





OEE Regional Field Offices





Education Component of OEE's Mission

The key to OEE's mission is educating the exporting community about preventing violations and dealing with exporter responsibilities under the Export Administration Regulations through:

- Company Outreach Visits
- Seminars
- Workshops



Preventive Measures



- Check exporters and customers prior to issuing license
- Verify end-users and end-uses after shipment
- Use watch list to screen license applications
- Review Shipper's Export Declarations
- Review Visa Applications
- Detentions/Seizure
- Issue Temporary Denial Orders
- Educate Exporters - Outreach



Investigations and Sanctions

Investigations:

- Criminal
- Administrative

Sanctions:

- Criminal fines and imprisonment
- Civil fines and penalties (i.e. denial of export privileges, exclusion from practice, etc.)



Criminal Penalties

- “Willful Violations”
 - \$1 Million fine for individuals and/or
 - Ten (10) – Twenty (20) years imprisonment
 - \$1 Million or five times the value of the exports involved for firms



ADMINISTRATIVE PENALTIES



CIVIL AUTHORITIES

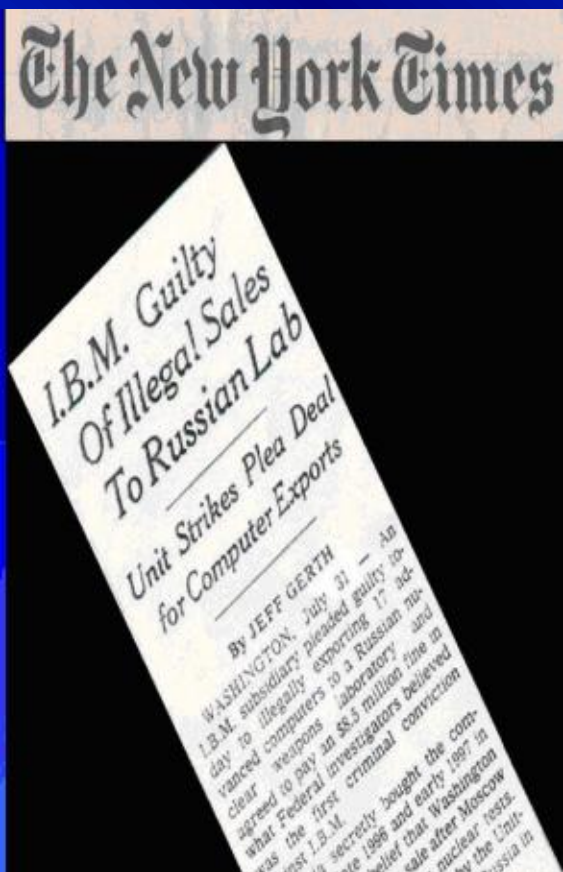
- Export Administration Regulations – TITLE 15, C.F.R. Part 764

CIVIL SANCTIONS

- Fines: \$250,000/violation
- Denial of Export Privileges
- Revocation of Export Licenses
- Exclusion from practice



Temporary Denial Orders (TDO)



- Department of Commerce is the only agency authorized to issue TDO's
- Designed to halt imminent violations
- Warns exporters and consignees not to do business with these individuals and firms
- Valid for 180 days and issued on *ex parte* basis
- Renewable



Case Examples:

FREIGHT FORWARDERS



Scenario 1

From March 2002 through August 2007, a global freight forwarding company exported over 300 shipments with final destinations, listed on the air waybills, of Iran or Sudan or Syria without government approved export licenses



FF DEFENSE VALID?

- Because there is No Power of Attorney or Written Agreement, the FF is NOT responsible for proper EEI/SED filing in the AES
- Merely following the Shipper's Letters of Instructions (SLI)



DPWN Holdings (USA)

Formerly known as DHL

The company agreed to pay a civil penalty of \$9,444,744 and hire an unaffiliated third-party consultant to conduct external audits of all of DHL's exports and re-exports to Iran, Syria and Sudan from March 2007 through December 2011. DHL had to provide the audit reports to BIS. This agreement proves that all parties to an export transaction, including agents (forwarders) are required to comply with the EAR.



Scenario 2

The manager of a Netherlands based freight forwarding company arranged for shipments of parts for Boeing 747 and C-130 aircraft to be exported with an ultimate destination of Iran without valid licensing from OFAC.

The attempt to ship without the OFAC license was discovered by BIS agents and a Temporary Denial Order (TDO) was subsequently issued.



How much should the forwarding company be penalized?

The manager and co-conspirator directed a New York freight forwarding company affiliated with the Netherlands Freight Forwarding Company to transport U.S. origin goods to New York on behalf of the company subject to the TDO. The U.S. origin goods were then forwarded to the Netherlands Freight Forwarding Company, which would then transship the goods to Iran.



How much should the forwarding company be penalized?

In an e-mail discovered by agents, Davis noted that:

“99% of these goods were destined to be send [sic] to Teheran [sic]/Iran, which was and still is a very difficult destination due to political reasons. We have handled shipments to Teheran [sic] for various customers who had to shut down their operation because they were doing business with Teheran [sic]/Iran and inspite [sic] of the risk we take we always handled your shipments in a good manner.”



RESULTS

Ulrich Davis, 50, a Dutch citizen of Pumerend, The Netherlands, pleaded guilty before a U.S. District Judge to an Information charging him with conspiracy to defraud the United States through the violation of a U.S. Department of Commerce Temporary Denial Order (“TDO”).



PENALTY

The Sales and Business Development executive was sentenced to six months in prison and ordered to pay a fine of \$2,000.



Enforcement Statistics

FY2013

- 52 criminal convictions
- \$21.7+ million in criminal fines & forfeitures
- 881 months of imprisonment
- 71 administrative cases
- \$6.5+M in administrative penalties

FY2012

- 27 criminal convictions
- \$11.78 million in criminal fines and forfeitures
- 187 months of imprisonment
- 49 administrative cases
- \$7.3M in administrative penalties



OFFICE OF EXPORT ENFORCEMENT



Hotline 1-800-424-2980

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