

Complying with U.S. Export Controls

*Association of Proposal Management Professionals
April 2007*

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*Bureau of Industry and Security
United States Department of Commerce*





BIS Mission

*Advance national security,
foreign policy, and
economic objectives by:*

- *Ensuring an effective export control and treaty compliance system, AND*
- *Promoting continued U.S. strategic technology leadership*





OEE Enforcement Goal

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 use*





OEE: Enforcement Objectives

Prevention:

Achieve highest levels of compliance by export trade community

Application/visa screening; End-Use Checks

Interdict goods before delivery to unauthorized end-users

Deterrence:

Investigate, prosecute violations





OEE: Enforcement Objectives

Education:

Outreaches

Seminars





Who Are We?

- Enforcement arm of The Department of Commerce, Bureau of Industry and Security (BIS)
 - Support the BIS mission, keeping the most sensitive goods and technology out of the most dangerous hands.
 - Enforce laws & regulations governing exports
 - As the SAC, oversee enforcement in CA, NV, AZ, NM, CO, HI
 - Elite law enforcement recognized for expertise, professionalism, integrity, & accomplishments





- Full law enforcement powers
- Execute search warrants
- Arrest with or without warrant
- Authority to carry firearms
- Detain suspected illegal shipments
- Authority to review records without warrant





- Criminal investigators spread throughout the United States and overseas
- Country Attaches
 - Beijing, China
 - Abu Dhabi
 - Hong Kong
 - Moscow
 - New Delhi







Case Example

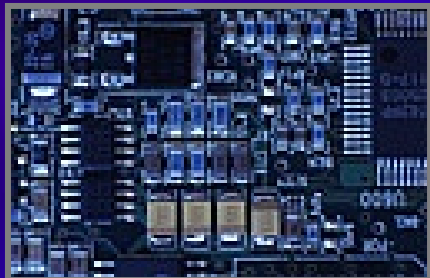
Illustrating the dual-use challenge
in a post 9/11 environment.

















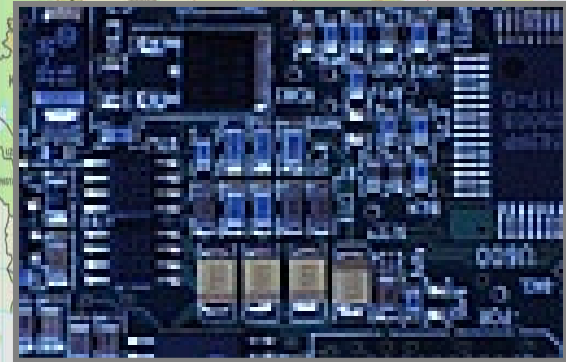
Recent Los Angeles Field Office investigations

–Sharon Kay Doe

–Andrew Ward Freyer



What is a dual use item? Why the U.S. should Control Exports?



Summit Marketing



LOCKHEED MARTIN

UCAR

Bayer

ALLEGHENY TELEDYNE INCORPORATED

Illinois Tool Works Inc. OPTO POWER CORPORATION



IBM infoComCorp

Silicon Graphics

INDUSTRIAL SCIENTIFIC CORPORATION

HOUGHTON CHEMICAL INTERNATIONAL

HUGHES



Gateway

AVS MORRISON EXPRESS

Bushnell PERFORMANCE OPTICS

IGG Corporation

LEP LION PRECISION

ATT Communications

Hercaire

Litton Technology. Solutions. Results.



Lawrence Livermore National Laboratory



TAL Industries



OMEGA HANEFLEX



BOEING

JAGRO Custom Brokers & International Freight Forwarders, Inc.

CACI Systems • Software • Simulation

ElectroDyne CCP

KAMINO

KAISER ALUMINUM



MOTOROLA

PANALPINA on 6 continents



ORBIT / FR

LORAL Space & Communications

Lasertechnics

Halliburton

Trijicon

UY KUUE Q

IO D HT'GKI J V ICS INC

FedEx RTI International Metals, Inc.

Los Alamos NATIONAL LABORATORY

Expeditors

Allergan Worldwide

UKI O C / CNE T KE J

OAI



COMPAQ

ADCOM details you can hear

Sun microsystems

MICROTEK

QUEST TECHNOLOGIES

Digital Creations

RCP CX KC VQ P

AERO SYSTEMS WORLDWIDE AVIATION EQUIPMENT

Rockwell Automation

Raytheon

SERFILCO, LTD.

Entegris



SIGMA





Preventative Actions

- *License Reviews*
- *End Use Checks*
- *Unverified List*
- *AES Data Reviews*
- *Denial Orders*
- *Outreach and Education*

Enforcement Actions

- *Detention/Seizure*
- *Investigation*
- *Criminal Prosecution*
- *Administrative Penalties*





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 INVESTIGATIONS

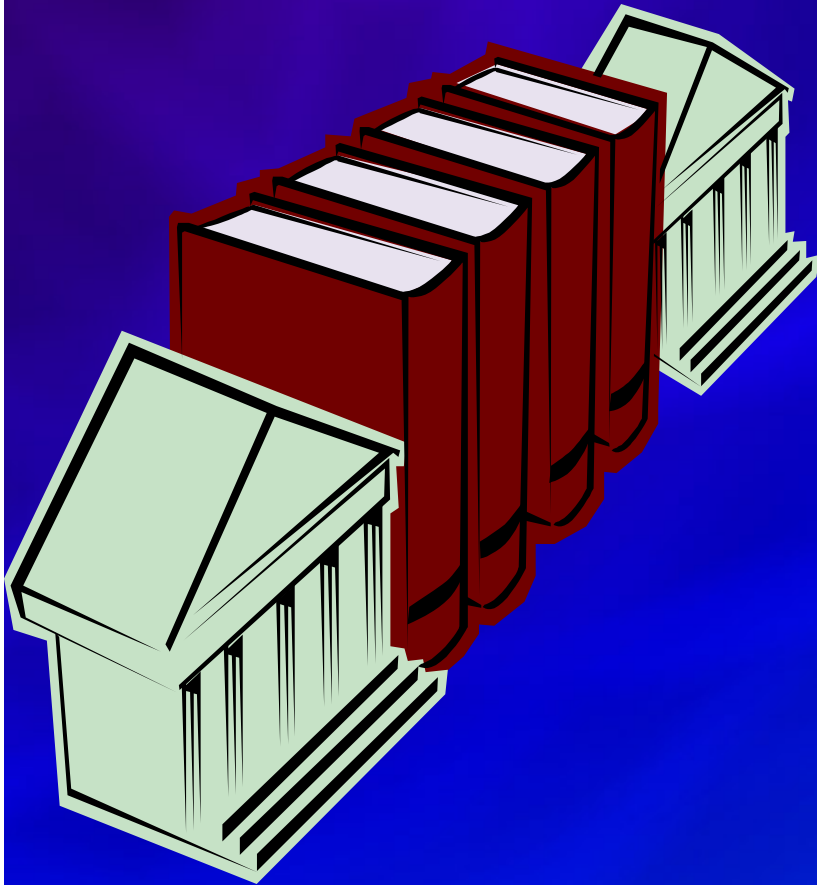
CRIMINAL STATUTES



- EAA - currently enforced under 50 U.S.C., sec. 1705 (b), IEEPA. (EAA currently in lapse)
- EAR
- Conspiracy, 18 U.S.C. sec. 371
- Money Laundering, 18 U.S.C. 1956
- And more....



Administrative Investigations



- **AUTHORITY**
 - EAR - TITLE 15, C.F.R. Part 764
- **CIVIL SANCTIONS**
 - Monetary fine
 - Denial of Export Privileges
 - Revocation of Export Licenses
 - Exclusion from practice





Penalties for Dual-Use Export Violations

- Criminal:

EAA – 10 years imprisonment/\$250,000 fine (\$500,000 corporation)

Enhanced IEEPA - 20 years

- Administrative:

EAA - \$11,000 per violation/\$120,000 per national security violation

Denial of export privileges

Enhanced IEEPA - \$50,000 per violation



Voluntary Self Disclosure



- *Permitted under EAR Section 764.5*
- *Initiated by a company when a company identifies export violations*
- *Indicator of compliance*
- *Help uncover illicit proliferation activities*
- *Benefits of submitting a VSD*
- *“Great Weight” Mitigating Factor*
- *Costs of not disclosing violations*



When You Find a Violation

- Notify your management
- Identify and immediately contain violation
- Conduct internal audit for scope of problem
- Initiate a self-disclosure report to OEE





Some Red Flags

- *Address similar to Denied Party*
- *Freight forwarder as ultimate consignee*
- *Unusual routing, delivery*
- *Packing inconsistent with stated method of shipping or destination*

www.bis.doc.gov/enforcement/redflags.htm





Working with OEE

- *We ALL have an interest in “keeping the most sensitive goods out of the most dangerous hands”*
- *YOU are in position to identify suspicious transactions that may represent illicit proliferation/export activities*
- *WE can work together to:*
 - *Stop illegal exports*
 - *Disrupt illicit procurement networks*
 - *Bring export violators to justice*
 - *Foster a level playing field*





Enforcement Statistics (FY2006)

- 34 Criminal Convictions
- \$3M criminal penalties
- 104 administrative cases settled
- \$13.8M administrative penalties





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Dallas (214) 767-9294

Los Angeles (949) 251-9001

New York (718) 370-0070

Miami (954) 356-7540

San Jose (408) 291-4204

Houston (281) 372-7130





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Keeping the most sensitive goods out of the most dangerous hands

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