

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE

.....
In the Matter of)
)

INTERNATIONAL SPECIALISTS, INC.)
)
.....

Case No. 04-17

ORDER

The Office of Antiboycott Compliance, Bureau of Industry and Security, U.S. Department of Commerce ("Department"), having determined to initiate an administrative proceeding pursuant to Section 11(c) of the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§2401-2420 (2000)) (the "Act")¹ and the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (the "Regulations"), against International Specialists, Inc., a domestic concern, based on allegations set forth in the Proposed Charging Letter, dated December 2, 2005, incorporated by this reference:

The Department and International Specialists having entered into a Settlement

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¹From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000, (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. Sections 1701-1706 (2000)) ("IEEPA"). On November 13, 2000, the Act was reauthorized and remained in effect through August 20, 2001. 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)), as extended by the Notice of August 3, 2006 (71 *Fed. Reg.* 44551 (August 7, 2006)) has continued the Regulations in effect under the IEEPA.

Agreement, incorporated herein by this reference, whereby the parties have agreed to settle this matter; and

I, the Assistant Secretary for Export Enforcement, having approved the terms of the Settlement Agreement:

IT IS ORDERED THAT,

FIRST, a civil penalty of \$3,600 is assessed against International Specialists, Inc.;

SECOND, International Specialists shall pay to the Department in complete settlement of this matter the sum of \$3,600 within thirty days of service upon it of this Order, as specified in the attached instructions.

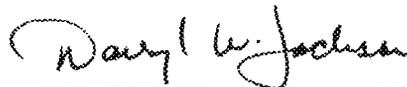
THIRD, pursuant to the Debt Collections Act of 1982, as amended (31 U.S.C.A. §§ 3701-3720E (1983 and Supp. 2001)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due date specified herein, International Specialists will be assessed, in addition to interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

FOURTH, as authorized by Section 11(d) of the Act, the timely payment of the sum of \$3,600 is hereby made a condition to the granting, restoration or continuing validity of any export license, permission, or privilege granted, or to be granted, to International Specialists. Accordingly, if International Specialists should fail to pay the sum of \$3,600 in the manner prescribed by this Order, I will enter an Order under the authority of Section 11(d) of the Act

denying all of International Specialists's export privileges for a period of one year from the date of the entry of this Order; and

FIFTH, the Proposed Charging Letter, the Settlement Agreement and this Order shall be made available to the public, and a copy of this Order shall be served upon International Specialists.

This Order is effective immediately.



Darryl W. Jackson
Assistant Secretary for Export Enforcement
Bureau of Industry and Security

Entered this 13th day of December, 2006

Attachments

INSTRUCTIONS FOR PAYMENT OF SETTLEMENT AMOUNT

1. The check should be made payable to:

U.S. DEPARTMENT OF COMMERCE

2. The check should be mailed to:

U.S. Department of Commerce
Bureau of Industry and Security
Room 6622
14th Street & Constitution Avenue, NW
Washington, DC 20230

Attention: Jennifer Kuo

NOTICE

The Order to which this Notice is attached describes the reasons for the assessment of the civil monetary penalty. It also specifies the amount owed and the date by which payment of the civil penalty is due and payable.

Under the Debt Collection Act of 1982, as amended (31 U.S.C.A. §§3701-3720E (1983 and Supp. 2001)), and the Federal Claims Collection Standards (65 Fed. Reg. 70390-70406, November 22, 2000, to be codified at 31 C.F.R. Parts 900-904), interest accrues on any and all civil monetary penalties owed and unpaid under the Order, from the date of the Order until paid in full. The rate of interest assessed respondent is the rate of the current value of funds to the U.S. Treasury on the date that the Order was entered. However, interest is waived on any portion paid within 30 days of the date of the Order. See 31 U.S.C.A. §3717 and 31 C.F.R. §901.9.

The civil monetary penalty will be delinquent if not paid by the due date specified in the Order. If the penalty becomes delinquent, interest will continue to accrue on the balance remaining due and unpaid, and respondent will also be assessed both an administrative charge to cover the cost of processing and handling the delinquent claim and a penalty charge of six percent per year. However, although the penalty charge will be computed from the date that the civil penalty becomes delinquent, it will be assessed only on sums due and unpaid for over 90 days after that date. See 31 U.S.C.A. §3717 and 31 C.F.R. §901.9.

The foregoing constitutes the initial written notice and demand to respondent in accordance with Section 901.2(b) of the Federal Claims Collection Standards (31 C.F.R. §901.2(b)).

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE

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In the Matter of)
)

INTERNATIONAL SPECIALISTS, INC.)
)
.....

Case No. 04-17

SETTLEMENT AGREEMENT

This Agreement is made by and between International Specialists, Inc., a domestic concern, and the Office of Antiboycott Compliance, Bureau of Industry and Security, United States Department of Commerce ("Department"), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (the "Regulations"), issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§2401-2420 (2000)) (the "Act").¹

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¹From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§1701-1706 (2000)) ("IEEPA"). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. 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)), as extended by the Notice of August 3, 2006 (71 *Fed. Reg.* 44551, August 7, 2006), has continued the Regulations in effect under the IEEPA.

WHEREAS, the Department has notified International Specialists of its intention to initiate an administrative proceeding against International Specialists pursuant to Section 11(c) of the Act by issuing the Proposed Charging Letter, dated December 2, 2005, a copy of which is attached hereto and incorporated herein by this reference; and

WHEREAS, International Specialists has reviewed the Proposed Charging Letter and is aware of the allegations against it and the administrative sanctions which could be imposed against it if the allegations are found to be true; International Specialists fully understands the terms of this Settlement Agreement, and enters into this Settlement Agreement voluntarily and with full knowledge of its rights; and International Specialists states that no promises or representations have been made to it other than the agreements and considerations herein expressed; and

WHEREAS, International Specialists neither admits nor denies the truth of the allegations, but wish to settle and dispose of the allegation made in the Proposed Charging Letter by International Specialists entering into this Settlement Agreement; and

WHEREAS, International Specialists agrees to be bound by the appropriate Order ("Order") when entered;

NOW, THEREFORE, International Specialists and the Department agree as follows:

1. Under the Act and the Regulations, the Department has jurisdiction over International Specialists with respect to the matter alleged in the Proposed Charging Letter.
2. The Department will impose a civil penalty in the amount of \$3,600. International Specialists will pay to the Department, within 30 days of service upon receipt of the Order, when entered, the amount of \$3,600 in complete settlement of all matters set forth in the Proposed Charging Letter.
3. As authorized by Section 11(d) of the Act, timely payment of the amount agreed to in paragraph 2 is hereby made a condition of the granting, restoration, or continuing validity of any export license, permission, or privilege granted, or to be granted, to International Specialists. Failure to make payment of this amount shall result in the denial of all of International Specialists's export privileges for a period of one year from the date of entry of the Order.
4. Subject to the approval of this Settlement Agreement, pursuant to paragraph 9 hereof, International Specialists hereby waives all rights to further

procedural steps in this matter (except with respect to any alleged violation of the Settlement Agreement or the Order when entered) including, without limitation, any right to:

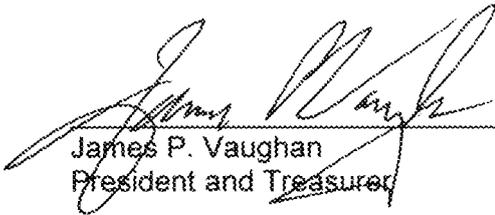
- a. An administrative hearing regarding the allegations in the Proposed Charging Letter;
 - b. Request a refund of the funds paid by International Specialists pursuant to the Settlement Agreement and the Order, when entered; or
 - c. Seek judicial review or otherwise contest the validity of this Settlement Agreement or the Order, when entered.
5. The Department, upon entry of the Order, will not initiate any administrative or judicial proceeding, or make a referral to the Department of Justice for criminal proceedings against International Specialists, with respect to any violation of Section 8 of the Act or Part 760 of the Regulations arising out of the transaction set forth in the Proposed Charging Letter or any other transaction that was disclosed to or reviewed by the Department in the course of its investigation.
6. International Specialists understands that the Department will disclose publicly the Proposed Charging Letter, this Settlement Agreement, and the Order, when entered.

7. This Settlement Agreement is for settlement purposes only, and does not constitute an admission by International Specialists that it has violated the Regulations, or an admission of the truth of any allegation contained in the Proposed Charging Letter or referred to in this Settlement Agreement. Therefore, if this Settlement Agreement is not accepted and the Order not entered by the Assistant Secretary for Export Enforcement, the Department may not use this Settlement Agreement against International Specialists in any administrative or judicial proceeding.

8. No agreement, understanding, representation or interpretation not contained in this Settlement Agreement may be used to vary or otherwise affect the terms of this Settlement Agreement or the Order, when entered, nor shall this Settlement Agreement, bind, constrain or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances herein addressed. This paragraph shall not limit International Specialists's rights to challenge any action brought by any other agency based on a referral by the Department or any employee thereof, in contravention of paragraph 5 of this Settlement Agreement.

9. This Settlement Agreement will become binding on the Department only when approved by the Assistant Secretary for Export Enforcement by entering the Order.

International Specialists, Inc.



James P. Vaughan
President and Treasurer

DATE: 10.5-06

U.S. Department of Commerce



Ned Weant
Director
Office of Antiboycott Compliance

DATE: September 27, 2006



UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Industry and Security
Washington, D.C. 20230

PROPOSED CHARGING LETTER

December 2, 2005

International Specialists, Inc.
177 Milk Street
Boston, MA 02109

Attention: Mr. Michael Vaughan

Case No. 04-17

Gentlemen/Ladies:

We, the Bureau of Industry and Security, United States Department of Commerce ("BIS"), have reason to believe that you, International Specialists, Inc., have violated the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006) (the "Regulations"),¹ which are issued under the authority of the Export Administration Act of 1979, as amended (50 U.S.C. APP. §§ 2401-2420 (2000)) (the "Act"),² on one occasion.

We charge that, with intent to comply with, further, or support an unsanctioned foreign boycott, you committed one violation of Section 760.2(d) of the Regulations, in that, on one occasion you furnished information about another person's business relationship with or in a boycotted country.

We allege that:

You are a domestic concern resident in the State of Massachusetts. As such, you are a United States person as defined in Section 760.1(b) of the Regulations.

¹The violation occurred in 2003. The Regulations governing the violation at issue are found in the 2003 version of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (2003) and define the violation that we allege occurred. They are substantially the same as the 2005 version of the Regulations which govern the procedural aspects of this case.

²From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) ("IEEPA"). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. 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)), as extended by the Notice of August 3, 2006 (71 *Fed. Reg.* 44551 (August 7, 2006)), has continued the Regulations in effect under the IEEPA.



Between August 29 and September 27, 2003, you engaged in an activity involving the sale and transfer of U.S. goods or services including information from the United States to Oman. This activity was in the interstate and foreign commerce of the United States, as defined in Section 760.1(d) of the Regulations.

Charge 1 (Furnishing Information about Business Relationships with Boycotted Countries in Violation of Section 760.2(d) of the Regulations)

In connection with the transaction described above, on or about August 29, 2003, you provided to a customer in Oman, AEA Technology commercial invoice #102075, Order #CO133795, which contained the following information:

"NO ISRAELI COMPONENTS USED."

Section 760.2(d) of the Regulations prohibits U.S. persons from furnishing information about business relations with or in a boycotted country. By providing the information described above, with intent to comply with, further or support an unsanctioned foreign boycott, you violated Section 760.2(d) on one occasion. Therefore, we charge you with one violation of Section 760.2(d).

Accordingly, administrative proceedings are instituted against you pursuant to Part 766 of the Regulations for the purpose of obtaining an Order imposing administrative sanctions.³

You are entitled to a hearing on the record as provided in Section 766.6 of the Regulations. If you wish to have a hearing on the record, you must file a written demand for it with your answer. You are entitled to be represented by counsel and, under Section 766.18 of the Regulations, to seek a settlement agreement.

If you fail to answer the allegations contained in this letter within thirty (30) days after service as provided in Section 766.6, such failure will be treated as a default under Section 766.7.

As provided in Section 766.3 of the Regulations, I am referring this matter to the Administrative Law Judge. Pursuant to an Interagency Agreement between BIS and the U.S. Coast Guard, the U.S. Coast Guard is providing administrative law judge services, to the extent that such services are required under the Regulations, in connection with the matter set forth in this letter. Therefore, in accordance with the instructions in Section 766.5(a) of the Regulations, your answer should be filed with:

³Administrative sanctions may include any or all of the following:

- a. A civil penalty of \$11,000 per violation (See §764.3(a)(1) of the Regulations) and 15 C.F.R. §6.4(a)(3), 2003;
- b. Denial of export privileges (See § 764.3(a)(2) of the Regulations); and/or
- c. Exclusion from practice (See § 764.3(a)(3) of the Regulations).

Attention: Administrative Law Judge
U.S. Coast Guard ALJ Docketing Center
40 South Gay Street
Baltimore, Maryland 21202-4022

Also, in accordance with the instructions in Section 766.5(b) of the Regulations, a copy of your answer should also be served on BIS at:

Office of the Chief Counsel for Export Administration
Room H-3839
Bureau of Industry and Security
U.S. Department of Commerce
14th Street and Constitution Avenue, NW
Washington, DC 20230

Sincerely,

Ned Weant
Director
Office of Antiboycott Compliance