

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

**Guerman Goutorov**  
15 Awesome Again Line  
Aurora, Canada L4K7Y7

and

c/o Streit USA Armoring, LLC  
8449 Palmetto Commerce Parkway  
North Charleston, SC 29456

and

c/o Streit Group FZE  
P.O. Box 10559, Technology Park  
Ras Al Khaimah, Free Trade Zone  
United Arab Emirates

Respondent

**ORDER RELATING TO GUERMAN GOUTOROV**

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Guerman Goutorov (“Goutorov”) of Canada and the United Arab Emirates, of its intention to initiate an administrative proceeding against Goutorov pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),<sup>1</sup> and Section 13(c) of the Export Administration Act of 1979, as amended (the “Act”),<sup>2</sup> through the issuance

<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2015). The charged violation occurred in 2009. The Regulations governing the violation at issue are found in the 2009 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2015 version of the Regulations govern the procedural aspects of this case.

<sup>2</sup> 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and 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, the most recent being that of August 7, 2014 (79 Fed. Reg. 46,959 (Aug. 11, 2014)), has

of a Proposed Charging Letter to Goutorov that alleges that Goutorov violated the Regulations. Specifically, the charge is:

**Charge 1: 15 C.F.R. § 764.2(b) – Causing, Aiding, and Abetting  
Unlicensed Transfers, Sales or Reexports Prohibited by a BIS  
License Condition**

Between in or about July-August 2009, and in or about November 2009, Goutorov engaged in conduct prohibited by the Regulations by causing, aiding, abetting, counseling, commanding, inducing and/or permitting the unlawful reexport of U.S.-origin vehicles retrofitted with ballistic steel and bullet proof glass. The items were subject to the Regulations, were classified as Export Control Classification Number 9A018, and valued in total at approximately \$1,806,250.

The items had been exported to Streit Middle East in the United Arab Emirates (“UAE”) by Streit USA Armoring, LLC (“Streit USA”), pursuant to a BIS license dated December 7, 2007, under which Streit Middle East was designated as the authorized intermediate and ultimate consignee. The license as issued covered a certain maximum number of armored vehicles effective through December 31, 2009, and included a license condition providing that no resale, transfer, or reexport of the items was permitted without prior U.S. Government authorization. Streit Middle East and Streit USA have at all times pertinent hereto been subsidiaries of Streit Group FZE, which is located in the UAE. At all pertinent times hereto, Goutorov was the chairman, chief executive officer, and sole or majority owner of each of these affiliated Streit Group entities.

Goutorov learned of the license condition no later than July 2009. On July 23, 2009, Goutorov and several Streit Group employees received an email from Streit USA’s export licensing coordinator asking that a “Streit USA Armoring End User Request Form” be completed that read in pertinent part:

Please provide the following information to Streit USA Armoring for submission to the DOC [Department of Commerce], and wait for approval prior to any sale, transfer, or reexport of US produced armored SUVs. Only after approval has been given, in writing, to Streit USA Armoring from the DOC for an approved sale, may the sale proceed.

Shortly thereafter, on July 27, 2009, Goutorov and several Streit Group employees received a further email from Streit USA’s export licensing coordinator stating:

[T]here are no exceptions to getting approval for the resale of the vehicles. Even a direct sale to the US military would still require an approval from the US Department of Commerce and Department of Defense. Please

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continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, et seq.) (2006 & Supp. IV 2010).

continue to search out where the previously sold vehicles are, as this becomes more important every day. It is highly likely that we will be fined for each truck, which has been shipped, that we do not have proper approval for. These fines can be as much as twice the value of each truck....

Notwithstanding these warnings and Goutorov's management and ownership control of the Streit Group entities, between in or about August 2009 and in or about November 2009, Streit Middle East sold or transferred the items without the required U.S. Government authorization on at least four occasions to Streit Group FZE, which, in turn, sold and/or reexported the items without the required authorization. On two other occasions, Streit Middle East reexported the items without the required U.S. Government authorization

The first of these unauthorized transactions occurred less than a month after the July 2009 warnings, in connection with the reexport by Streit Group FZE of eight armored vehicles to Iraq on or about August 18, 2009. On August 19, 2009, Streit USA's export licensing coordinator reiterated via email to Goutorov, as well as to Eric Carlson, Streit USA's Vice-President, Operations, and to Streit Group FZE's director of sales and marketing, that "our license . . . agreement states, the resale/re-export of these vehicles must be approved by the [D]epartment of Commerce in the USA . . . . I have gone ahead and applied for your re-export license, but it has not been returned as of 8/19/09, with approval. These vehicles should remain in Dubai until the proper authorization has been received from the US government." Streit Group FZE's director of sales and marketing replied to Carlson and Goutorov, "Eric, Guerman – if we follow the rules . . . we have to stop [armored Chevrolet S]uburban sales."

The rules were not followed, however, as the prohibited transfers, sales and reexports continued. No action was taken halting Streit Group FZE's August 18, 2009 reexport to Iraq, while Streit Middle East reexported two armored vehicles to Nigeria just days later, on or about August 23, 2009. Shortly thereafter, on September 6, 2009, Streit Group FZE reexported an armored vehicle to the Philippines. Moreover, on or about September 3 and September 13, 2009, respectively, Streit Group FZE signed contracts for the sale of a total of four armored vehicles for reexport to Singapore. Finally, on or about November 8, 2009, Streit Middle East reexported six armored vehicles to the Philippines. No U.S. Government authorization was obtained for any of these transactions despite Goutorov's personal knowledge that such prior authorization was required and his management and ownership control of both Streit Group FZE and Streit Middle East.

In so doing, Goutorov committed one violation of Section 764.2(b) of the Regulations.

WHEREAS, BIS and Goutorov 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, Goutorov shall be assessed a civil penalty in the amount of \$250,000, 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 (2000)), 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, Goutorov 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 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 Goutorov.

FOURTH, that for a period of three (3) years from the date of this Order, Goutorov, with last known addresses of: 15 Awesome Again Line, Aurora, Canada L4K7Y7; c/o Streit USA Armoring LLC, 8449 Palmetto Commerce Parkway, North Charleston, SC 29456; and c/o Streit Group FZE, P.O. Box 10559, Technology Park, Ras Al Khaimah, Free Trade Zone, United Arab Emirates, and when acting for or on his behalf, his successors, assigns, representatives, agents, or employees (hereinafter collectively referred to as "Denied Person"), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that

is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- A. Applying for, obtaining, or using any license, License Exception, or export control document;
- B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or
- C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

FIFTH, that no person may, directly or indirectly, do any of the following:

- A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations;
- B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby the Denied Person acquires or attempts to acquire such ownership, possession or control;
- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States;

- D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or
- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by the Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by the Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

SIXTH, that, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to the Denied Person by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of the Order.

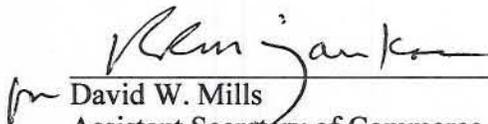
SEVENTH, that, as authorized by Section 766.18(c) of the Regulations, the three-year denial period set forth above shall be suspended during a probationary period of three years under this Order, and shall thereafter be waived, provided that Goutorov has made full and timely payment of the civil penalty as set forth above and has committed no other violation of the Act or the Regulations or any order, license or authorization issued thereunder. If Goutorov does not make full and timely payment as set forth above or commits another violation of the Act or Regulations or any order, license or

authorization issued thereunder during the three-year probationary period under this Order, the suspension may be modified or revoked by BIS and a denial order, including a three-year denial period, activated against Goutorov.

EIGHTH, Goutorov shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegation in the Proposed Charging Letter or this Order. The foregoing does not affect Goutorov's testimonial obligations in any proceeding, nor does it affect his 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.

NINTH, that 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.

  
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David W. Mills  
Assistant Secretary of Commerce  
for Export Enforcement

Issued this 1<sup>ST</sup> day of September, 2015.

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

In the Matter of:

**Guerman Goutorov**  
15 Awesome Again Line  
Aurora, Canada L4K7Y7

and

c/o Streit USA Armoring, LLC  
8449 Palmetto Commerce Parkway  
North Charleston, SC 29456

and

c/o Streit Group FZE  
P.O. Box 10559, Technology Park  
Ras Al Khaimah, Free Trade Zone  
United Arab Emirates

Respondent

**SETTLEMENT AGREEMENT**

This Settlement Agreement ("Agreement") is made by and between Guerman Goutorov ("Goutorov") of Canada and the United Arab Emirates, 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

6.6.

“Regulations”),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (the “Act”).<sup>2</sup>

WHEREAS, BIS has notified Goutorov of its intentions to initiate an administrative proceeding against him, pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a Proposed Charging Letter to Goutorov that alleges that Goutorov violated the Regulations as follows:

**Charge 1: 15 C.F.R. § 764.2(b) – Causing, Aiding, and Abetting Unlicensed Transfers, Sales or Reexports Prohibited by a BIS License Condition**

Between in or about July-August 2009, and in or about November 2009, Goutorov engaged in conduct prohibited by the Regulations by causing, aiding, abetting, counseling, commanding, inducing and/or permitting the unlawful reexport of U.S.-origin vehicles retrofitted with ballistic steel and bullet proof glass. The items were subject to the Regulations, were classified as Export Control Classification Number 9A018, and valued in total at approximately \$1,806,250.

The items had been exported to Streit Middle East in the United Arab Emirates (“UAE”) by Streit USA Armoring, LLC (“Streit USA”), pursuant to a BIS license dated December 7, 2007, under which Streit Middle East was designated as the authorized intermediate and ultimate consignee. The license as issued covered a certain maximum number of armored vehicles effective through December 31, 2009, and included a license condition providing that no resale, transfer, or reexport of the items was permitted without prior U.S. Government authorization. Streit Middle East and Streit USA have at all times pertinent hereto been subsidiaries of Streit Group FZE, which is located in the UAE. At

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<sup>2</sup> 50 U.S.C. app. §§ 2401-2420 (2000). 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 has been extended by successive Presidential Notices, the most recent being that of August 7, 2014 (79 Fed. Reg. 46,959 (Aug. 11, 2014)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*) (2006 & Supp. IV 2010).

G.G.

all pertinent times hereto, Goutorov was the chairman, chief executive officer, and sole or majority owner of each of these affiliated Streit Group entities.

Goutorov learned of the license condition no later than July 2009. On July 23, 2009, Goutorov and several Streit Group employees received an email from Streit USA's export licensing coordinator asking that a "Streit USA Armoring End User Request Form" be completed that read in pertinent part:

Please provide the following information to Streit USA Armoring for submission to the DOC [Department of Commerce], and wait for approval prior to any sale, transfer, or reexport of US produced armored SUVs. Only after approval has been given, in writing, to Streit USA Armoring from the DOC for an approved sale, may the sale proceed.

Shortly thereafter, on July 27, 2009, Goutorov and several Streit Group employees received a further email from Streit USA's export licensing coordinator stating:

[T]here are no exceptions to getting approval for the resale of the vehicles. Even a direct sale to the US military would still require an approval from the US Department of Commerce and Department of Defense. Please continue to search out where the previously sold vehicles are, as this becomes more important every day. It is highly likely that we will be fined for each truck, which has been shipped, that we do not have proper approval for. These fines can be as much as twice the value of each truck....

Notwithstanding these warnings and Goutorov's management and ownership control of the Streit Group entities, between in or about August 2009 and in or about November 2009, Streit Middle East sold or transferred the items without the required U.S. Government authorization on at least four occasions to Streit Group FZE, which, in turn, sold and/or reexported the items without the required authorization. On two other occasions, Streit Middle East reexported the items without the required U.S. Government authorization

The first of these unauthorized transactions occurred less than a month after the July 2009 warnings, in connection with the reexport by Streit Group FZE of eight armored vehicles to Iraq on or about August 18, 2009. On August 19, 2009, Streit USA's export licensing coordinator reiterated via email to Goutorov, as well as to Eric Carlson, Streit USA's Vice-President, Operations, and to Streit Group FZE's director of sales and marketing, that "our license . . . agreement states, the resale/re-export of these vehicles must be approved by the [D]epartment of Commerce in the USA . . . . I have gone ahead and applied for your re-export license, but it has not been returned as of 8/19/09, with approval. These vehicles should remain in Dubai until the proper authorization has been received from the US government." Streit Group FZE's director of sales and marketing

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replied to Carlson and Goutorov, "Eric, Guerman – if we follow the rules . . . we have to stop [armored Chevrolet S]uburban sales."

The rules were not followed, however, as the prohibited transfers, sales and reexports continued. No action was taken halting Streit Group FZE's August 18, 2009 reexport to Iraq, while Streit Middle East reexported two armored vehicles to Nigeria just days later, on or about August 23, 2009. Shortly thereafter, on September 6, 2009, Streit Group FZE reexported an armored vehicle to the Philippines. Moreover, on or about September 3 and September 13, 2009, respectively, Streit Group FZE signed contracts for the sale of a total of four armored vehicles for reexport to Singapore. Finally, on or about November 8, 2009, Streit Middle East reexported six armored vehicles to the Philippines. No U.S. Government authorization was obtained for any of these transactions despite Goutorov's personal knowledge that such prior authorization was required and his management and ownership control of both Streit Group FZE and Streit Middle East.

In so doing, Goutorov committed one violation of Section 764.2(b) of the Regulations.

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

WHEREAS, Goutorov fully understands the terms of this Agreement and the Order ("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, Goutorov enters into this Agreement voluntarily and with full knowledge of his rights, after having consulted with counsel;

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

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

WHEREAS, Goutorov agrees to be bound by the Order, if issued;

G. G.

NOW THEREFORE, the Parties hereby agree, for purposes of this Settlement Agreement, as follows:

1. BIS has jurisdiction over Goutorov, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.

2. The following sanctions shall be imposed against Goutorov in complete settlement of the alleged violation of the Regulations relating to the transaction specifically detailed in the Proposed Charging Letter:

a. Goutorov shall be assessed a civil penalty in the amount of \$250,000, 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, 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 Goutorov.

c. For a period of three (3) years from the date of the Order, Guerman Goutorov, with last known addresses of: 15 Awesome Again Line, Aurora, Canada L4K7Y7; c/o Streit USA Armoring LLC, 8449 Palmetto Commerce Parkway, North Charleston, SC 29456; and c/o Streit Group FZE, P.O. Box 10559, Technology Park, Ras Al Khaimah, Free Trade Zone, United Arab Emirates, and when acting for or on his behalf, his successors, assigns, representatives, agents, or employees (hereinafter collectively referred to as "Denied Person"), may not, directly or indirectly, participate in any way in any

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transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- i. Applying for, obtaining, or using any license, License Exception, or export control document;
- ii. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or
- iii. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.
- d. BIS agrees that, as authorized by Section 766.18(c) of the Regulations, the three-year denial period set forth in Paragraph 2.c shall be suspended during a probationary period of three years under the Order, and shall thereafter be waived, provided that Goutorov has made full and timely payment of the civil penalty in accordance with Paragraph 2.a above and has committed no other violation of the Act or the Regulations or any order, license or authorization issued thereunder. If Goutorov does not make full and timely payment in

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accordance with Paragraph 2.a above, or commits another violation of the Act or the Regulations or any order, license or authorization issued thereunder during the three-year probationary period under the Order, the suspension may be modified or revoked by BIS and a denial order including a three-year denial period activated against Goutorov.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, Goutorov hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, if issued), 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. Goutorov 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 Act or 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 until the date Goutorov pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement.

4. Goutorov shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegations in the Proposed Charging Letter or the Order. The foregoing does not affect Goutorov's testimonial obligations in any proceeding, nor does it affect his right to take legal or factual positions in civil

E. G.

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, BIS will not initiate any further administrative proceeding against Goutorov in connection with any violation of the Act or 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 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. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if issued; 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.

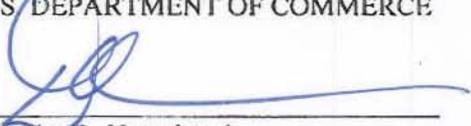
9. BIS will make the Proposed Charging Letter, this Agreement, and the Order, if issued, available to the public.

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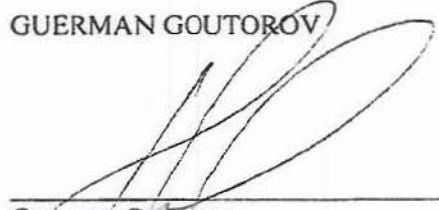
10. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

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

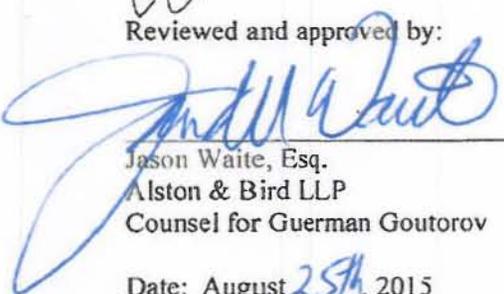
  
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Douglas R. Hassebrock  
Director of Export Enforcement

Date: August 31, 2015

GUERMAN GOUTOROV

  
\_\_\_\_\_  
Guerman Goutorov  
Date: August 20, 2015

Reviewed and approved by:

  
\_\_\_\_\_  
Jason Waite, Esq.  
Alston & Bird LLP  
Counsel for Guerman Goutorov

Date: August 25th, 2015

PROPOSED CHARGING LETTER

REGISTERED MAIL - RETURN RECEIPT REQUESTED

Guerman Goutorov  
c/o Streit Group FZE  
P.O. Box 10559, Technology Park  
Ras Al Khaimah, Free Trade Zone  
United Arab Emirates

Dear Mr. Goutorov:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that you, Guerman Goutorov (“Goutorov”), in your individual capacity, have committed one violation of the Export Administration Regulations (the Regulations”),<sup>1</sup> which are issued under the authority of the Export Administration Act of 1979, as amended (the “Act”).<sup>2</sup> Specifically, BIS charges that you committed the following violation:

**Charge 1:                    15 C.F.R. § 764.2(b) – Causing, Aiding, and Abetting Unlicensed Transfers, Sales or Reexports Prohibited by a BIS License Condition**

Between in or about July-August 2009, and in or about November 2009, Goutorov engaged in conduct prohibited by the Regulations by causing, aiding, abetting, counseling, commanding, inducing and/or permitting the unlawful reexport of U.S.-origin vehicles retrofitted with ballistic steel and bullet proof glass. The items were subject to the Regulations, were classified as Export Control Classification Number 9A018, and valued in total at approximately \$1,806,250.

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Goutorov learned of the license condition no later than July 2009. On July 23, 2009, Goutorov and several Streit Group employees received an email from Streit USA's export licensing coordinator asking that a "Streit USA Armoring End User Request Form" be completed that read in pertinent part:

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[T]here are no exceptions to getting approval for the resale of the vehicles. Even a direct sale to the US military would still require an approval from the US Department of Commerce and Department of Defense. Please continue to search out where the previously sold vehicles are, as this becomes more important every day. It is highly likely that we will be fined for each truck, which has been shipped, that we do not have proper approval for. These fines can be as much as twice the value of each truck....

Notwithstanding these warnings and Goutorov's management and ownership control of the Streit Group entities, between in or about August 2009 and in or about November 2009, Streit Middle East sold or transferred the items without the required U.S. Government authorization on at least four occasions to Streit Group FZE, which, in turn, sold and/or reexported the items without the required authorization. On two other occasions, Streit Middle East reexported the items without the required U.S. Government authorization

The first of these unauthorized transactions occurred less than a month after the July 2009 warnings, in connection with the reexport by Streit Group FZE of eight armored vehicles to Iraq on or about August 18, 2009. On August 19, 2009, Streit USA's export licensing coordinator reiterated via email to Goutorov, as well as to Eric Carlson, Streit USA's Vice-President, Operations, and to Streit Group FZE's director of sales and marketing, that "our license . . . agreement states, the resale/re-export of these vehicles must be approved by the [D]epartment of Commerce in the USA . . . . I have gone ahead and applied for your re-export license, but it has not been returned as of 8/19/09, with approval. These vehicles should remain in Dubai until the proper authorization has been received from the US government." Streit Group FZE's director of sales and marketing replied to Carlson and Goutorov, "Eric, Guerman – if we follow the rules . . . we have to stop [armored Chevrolet S]uburban sales."

The rules were not followed, however, as the prohibited transfers, sales and reexports continued. No action was taken halting Streit Group FZE's August 18, 2009 reexport to Iraq, while Streit Middle East reexported two armored vehicles to Nigeria just days later, on or about August 23, 2009. Shortly thereafter, on September 6, 2009, Streit Group FZE reexported an armored vehicle to the Philippines. Moreover, on or about September 3 and September 13, 2009, respectively, Streit Group FZE signed contracts for the sale of a total of four armored vehicles for reexport to Singapore. Finally, on or about November 8, 2009, Streit Middle East reexported six armored vehicles to the Philippines. No U.S. Government authorization was obtained for any of these transactions despite Goutorov's personal knowledge that such prior authorization was required and his management and ownership control of both Streit Group FZE and Streit Middle East.

In so doing, Goutorov committed one violation of Section 764.2(b) of the Regulations.

\* \* \* \* \*

Accordingly, Goutorov is hereby notified that an administrative proceeding is instituted against him pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including any or all of the following:

- The maximum civil penalty allowed by law of up to the greater of \$250,000 per violation or twice the value of the transaction that is the basis of the violation;<sup>3</sup>
- Denial of export privileges;
- Exclusion from practice before BIS; and/or
- Any other liability, sanction, or penalty available under law.

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

Goutorov is further notified that he is entitled to an agency hearing on the record if he files a written demand for one with his answer. *See* 15 C.F.R. § 766.6. Goutorov is also entitled to be

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<sup>3</sup> International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

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represented by counsel or other authorized representative who has power of attorney to represent him. *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 Goutorov have a proposal to settle this case, Goutorov or his representative should transmit it to the attorney representing BIS named below.

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

Chief Counsel for Industry and Security  
Attention: Adrienne Frazier, Esq.  
Room H-3839  
United States Department of Commerce  
14th Street and Constitution Avenue, N.W.  
Washington, D.C. 20230

Adrienne Frazier is the attorney representing BIS in this case; any communications that Goutorov may wish to have concerning this matter should occur through her. Ms. Frazier may be contacted by telephone at (202) 482-5301.

Sincerely,

Douglas R. Hassebrock  
Director  
Office of Export Enforcement