

Case No. 12-05B

## SETTLEMENT AGREEMENT

This agreement is made by and between Vinmar Overseas, Ltd. ("VOL"), a foreign concern, doing business in the State of Texas, and the Office of Antiboycott Compliance, Bureau of Industry and Security, United States Department of Commerce ("BIS"), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Part 730 – 774 (2015)) (the "Regulations") issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. §§2401 – 2420 (2000)) (the "Act")<sup>1</sup>.

<sup>1</sup> 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, 2015 (80 Fed. Reg. 48,233 (Aug. 11, 2015)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, et seq.) (2006 & Supp. IV 2010).

WHEREAS, BIS has notified VOL of its intention to initiate an administrative proceeding against VOL pursuant to the Act and the Regulations by issuing the Proposed Charging Letter dated August 4, 2015, a copy of which is attached hereto and incorporated herein by this reference; and

WHEREAS, VOL 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; VOL fully understands the terms of this Settlement Agreement, and enters into this Settlement Agreement voluntarily and with full knowledge of its rights; and VOL states that no promises or representations have been made to it other than the agreements and considerations herein expressed; and

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

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

NOW THEREFORE, VOL and BIS agree as follows:

1. Under the Act and the Regulations, BIS has jurisdiction over VOL with respect to the matters alleged in the Proposed Charging Letter.

UNITED STATES OF AMERICA  
DEPARTMENT OF COMMERCE

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In the Matter of )  
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Vinmar Overseas, Ltd. )  
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Case No. 12-05B

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<sup>1</sup> 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, 2015 (80 Fed. Reg. 48,233 (Aug. 11, 2015)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, et seq.) (2006 & Supp. IV 2010).

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

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

NOW THEREFORE, VOL and BIS agree as follows:

1. Under the Act and the Regulations, BIS has jurisdiction over VOL with respect to the matters alleged in the Proposed Charging Letter.



2. BIS will impose a civil penalty in the amount of \$41,400. VOL will pay to the U.S. Department of Commerce, within 30 days from the date of entry of the Order, and in accordance with the terms of the Order, when entered, the amount of \$41,400 in complete settlement of all matters set forth in the Proposed Charging Letter.
3. The 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 VOL. Failure to make payment of this amount shall result in the denial of all of VOL'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, VOL hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violation of this 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 VOL pursuant to this 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. BIS, 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 VOL with respect to any violation of Section 8 of the Act or Part 760 of the Regulations arising out of the transactions set forth in the Proposed Charging Letter or any other transaction that was disclosed to or reviewed by BIS in the course of its investigation.
6. VOL understands that BIS 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 VOL 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, BIS may not use this Settlement Agreement against VOL 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 VOL's right to challenge any action brought by any other agency based on a referral by BIS or any employee thereof, in contravention of paragraph 5 of this Settlement Agreement.

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

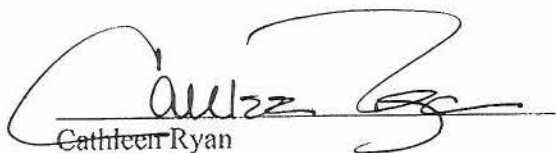
VINMAR OVERSEAS, LTD.



DATE:

9-22-15

U.S. DEPARTMENT OF COMMERCE



Catherine Ryan  
Director  
Office of Antiboycott Compliance

DATE:

25 SEPTEMBER 15

Attachments



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

**PROPOSED CHARGING LETTER**

August 4, 2015

Vinmar Overseas, Ltd.  
16800 Imperial Valley Drive  
Houston, Texas 77060

Attention: Mark Antonvich  
Senior Vice President and Chief Legal Officer

Case No. 12-05B

Gentlemen/Ladies:

We, the Office of Antiboycott Compliance, Bureau of Industry and Security, United States Department of Commerce ("BIS"), have reason to believe that you, Vinmar Overseas, Ltd., on thirteen occasions, have violated the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2015)) (the "Regulations")<sup>1</sup>, 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")<sup>2</sup>.

We charge that you committed five violations of Section 760.2(d) of the Regulations, in that, on five occasions, with intent to comply with, further or support an unsanctioned foreign boycott, you furnished information concerning another person's business relationships with another person who is known or believed to be restricted from having any business relationship with or in a boycotting country.

We also charge that you committed eight violations of Section 760.5 of the Regulations, in that, on eight occasions, you failed to report to the Department of Commerce your receipt of a request to engage in a restrictive trade practice or boycott, as required by the Regulations.

We allege that:

You, Vinmar Overseas, Ltd., are, and at all times relevant were a foreign concern doing business in the State of Texas. As such, you are a United States person, as defined in Section 760.1(b) of the Regulations.

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<sup>1</sup> The transactions and violations alleged occurred during the years 2008, 2009, and 2010. The Regulations governing the violations at issue are found in the 2008, 2009, and 2010 versions of the Code of Federal Regulations (15 C.F.R. Parts 730 – 774 (2008, 2009, and 2010)). The prior years' Regulations are substantially the same as the 2015 version of the Regulations which governs the procedural aspects of this matter.

<sup>2</sup> 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. 46959 (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)).





During the period 2008 through 2010, you engaged in transactions involving the sale and/or transfer of goods or services (including information) from the United States to Lebanon, Qatar, Syria, and the United Arab Emirates, activities in the interstate or foreign commerce of the United States, as defined in Section 760.1(d) of the Regulations.

**Charges 1 - 5 (15 C.F.R. §760.2(d) – Furnishing Information about Business Relationships with Boycotted Countries or Blacklisted Persons)**

In connection with the activities referred to above, during the year 2009, on five occasions, you furnished to letter of credit advising bank, information, as described in Table A, which is attached and incorporated herein by this reference, concerning another person's business relationships with another person who is known or believed to be restricted from having any business relationship with or in a boycotting country.

Providing the information described in Table A, with intent to comply with, further or support an unsanctioned foreign boycott, is an activity prohibited by Section 760.2(d) of the Regulations, and not excepted. We therefore charge you with five violations of Section 760.2(d).

**Charges 6 – 13 (15 C.F.R. §760.5 – Failing to Report the Receipt of a Request to Engage in a Restrictive Trade Practice or Foreign Boycott Against a Country Friendly to the United States)**

In connection with the activities referred to above, during the period 2008 through 2010, on eight occasions, you received a request as described in Table B, which is attached and incorporated herein by this reference, to take an action which would have the effect of furthering or supporting a restrictive trade practice or unsanctioned foreign boycott.

Section 760.5 of the Regulations requires United States persons to report to the Department of Commerce their receipts of such requests. You failed to report to the Department of Commerce your receipts of these requests.

By failing to report your receipts of these requests, described in Table B, as directed by Section 760.5 of the Regulations, you are in violation of Section 760.5. We therefore charge you with eight violations of Section 760.5 of the Regulations.

Accordingly, administrative proceedings are instituted against you pursuant to Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions.<sup>3</sup>

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<sup>3</sup> Administrative sanctions may include any or all of the following:

- a. A maximum civil penalty of the greater of \$250,000 per violation or twice the value of the transaction that is the basis of the violation (see International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007));
- b. Denial of export privileges (see §764.3(a)(2) of the Regulations); and/or
- c. Exclusion from practice before BIS (see §764.3(a)(3) of the Regulations).

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. Under Sections 766.3(a) and 766.4 of the Regulations, you are entitled to be represented by counsel or other authorized representative who has power of attorney to represent you and, under Section 766.18 of the Regulations, you may also seek a settlement agreement without a hearing.

Under the Small Business Regulatory Enforcement Flexibility Act, you may be eligible for assistance from the Office of the National Ombudsman of the Small Business Administration in this matter.<sup>4</sup>

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 matters 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:

U.S. Coast Guard ALJ Docketing Center  
40 South Gay Street  
Baltimore, Maryland 21202-4022

Attention: Administrative Law Judge

Also, in accordance with the instructions in Section 766.5(b) of the Regulations, a copy of your answer should also be served on the Bureau of Industry and Security at the following address:

Office of the Chief Counsel for Industry and Security  
U.S. Department of Commerce  
Room H-3839  
14<sup>th</sup> Street & Constitution Avenue, NW  
Washington, D.C. 20230

Sincerely,

Cathleen Ryan  
Director  
Office of Antiboycott Compliance

Enclosures

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<sup>4</sup> To determine eligibility and get more information, please see: <http://www.sba.gov/ombudsman/>.

**TABLE A**

Schedule of Alleged Violations of Section 760.2(d)  
**FURNISHING INFORMATION ABOUT BUSINESS RELATIONSHIPS  
 WITH BOYCOTTED COUNTRIES OR BLACKLISTED PERSONS**

**VINMAR OVERSEAS, LTD.**

Case No. 12-05B

Item	Transaction File(s)	Document Furnished	Date of Furnishing	Boycotting Country	Information Furnished
1	7075810 L/C # 09IS214293-225	CERTIFICATE	03/14/2009	LEBANON	WE ATTESTED THAT THE VESSEL IS ELLIGIBLE [SIC] TO ENTER INTO THE ARABIAN PORTS.
2	7078250 L/C # UK09EX0573	CERTIFICATE	05/31/2009	LEBANON	WE CERTIFY THAT THE SHIPMENT OF THE GOODS RELATING TO THIS INVOICE IS ON A VESSEL WHICH IS ALLOWED TO ENTER THE LEBANESE PORTS.
3	7078305 L/C # 09IS215084-225	AGENT CERTIFICATE	05/24/2009	LEBANON	WE ATTEST THAT: THE VESSEL IS ELIGIBLE TO ENTER INTO ARABIAN PORTS.
4	7080463 L/C # UK09EX0983	CERTIFICATE	08/07/2009	LEBANON	WE CERTIFY THAT THE SHIPMENT OF THE GOODS RELATING TO THIS INVOICE IS ON A VESSEL WHICH IS ALLOWED TO ENTER THE LEBANESE PORTS.
5	7081488 L/C # 09IS216018-225	CERTIFICATE	09/14/2009	LEBANON	WE ATTESTED THAT THE VESSEL IS ELIGIBLE TO ENTER INTO ARABIAN PORTS.



**TABLE B**

Schedule of Alleged Violations of Section 760.5  
**FAILURE TO REPORT RECEIPTS OF BOYCOTT REQUESTS**

**VINMAR OVERSEAS, LTD.**  
Case No. 12-05B

Item	Transaction Reference/Letter of Credit #	Date Request Received	Date Reporting Violation*	Boycotting Country	Boycott Request
1	7070188 UK08EX1019	07/09/08	10/31/08	SYRIA	CERTIFICATE ISSUED BY THE OWNER, AGENT OR MASTER OF THE VESSEL CARRYING THE GOODS, ATTESTING THAT THE VESSEL IS NOT ISRAELI AND WILL NOT CALL AT ANY ISRAELI PORT WHILE CARRYING THE GOODS, AND IS NOT PROHIBITED FROM ENTERING THE SYRIAN PORTS FOR ANY REASON WHATSOEVER ACCORDING TO SYRIAN LAWS AND REGULATIONS.
2	7077517 MMU/LC0901663	04/01/09	07/31/09	UAE	47A: ADDITIONAL CONDITIONS... 16. NO PARTIES INCLUDING BENEFICIARY, SHIPPER, NOTIFY PARTY, CARRIER, SHIPPING LINE AGENT IN TRANSPORT DOCUMENT SHOULD BE OF ISRAEL ORIGIN.
3	7077458 MMU/LC0901957	04/16/09	07/31/09	UAE	47A: ADDITIONAL CONDITIONS... 15. NO PARTIES INCLUDING BENEFICIARY, SHIPPER, NOTIFY PARTY, CARRIER, SHIPPING LINE AGENT IN TRANSPORT DOCUMENT SHOULD BE OF ISRAEL ORIGIN.
4	7077460-1 MMU/LC0901977	04/19/09	07/31/09	UAE	47A: ADDITIONAL CONDITIONS... 13. NO PARTIES INCLUDING BENEFICIARY, SHIPPER, NOTIFY PARTY, CARRIER, SHIPPING LINE AGENT IN TRANSPORT DOCUMENT SHOULD BE OF ISRAEL ORIGIN.
5	7078250 UK09EX0573	05/08/09	07/31/09	LEBANON	46A: DOCUMENTS REQUIRED... C. CERTIFICATE ISSUED BY THE CARRIER/MASTER OR THEIR AGENT CERTIFYING THAT THE SHIPMENT OF THE GOODS RELATING TO THIS INVOICE IS ON A VESSEL WHICH IS ALLOWED TO ENTER THE LEBANESE PORTS.

\* As provided in Section 760.5(b)(4)(i) of the Regulations, where the person receiving the request is a United States person located in the United States, each report of requests must be postmarked by the last day of the month following the calendar quarter in which the request was received.



**TABLE B**

Schedule of Alleged Violations of Section 760.5  
**FAILURE TO REPORT RECEIPTS OF BOYCOTT REQUESTS**

**VINMAR OVERSEAS, LTD.**

Case No. 12-05B

Item	Transaction Reference/Letter of Credit #	Date Request Received	Date Reporting Violation*	Boycotting Country	Boycott Request
6	7078305 09IS215084-225	05/21/09	07/31/09	LEBANON	46A: DOCUMENTS REQUIRED... H. A CERTIFICATE ISSUED BY THE SHIPPING CO. OR ITS AGENT ATTESTING THAT THE VESSEL IS ELIGIBLE TO ENTER INTO ARABIAN PORTS.
7	7080463 UK09EX0983	07/30/09	10/31/09	LEBANON	46A: DOCUMENTS REQUIRED... H. CERTIFICATE ISSUED BY THE CARRIER/MASTER OR THEIR AGENT CERTIFYING THAT THE SHIPMENT OF THE GOODS RELATING TO THIS INVOICE IS ON A VESSEL WHICH IS ALLOWED TO ENTER THE LEBANESE PORTS.
8	7084885 ENDBLC10000364	02/18/10	04/30/10	QATAR	46A: DOCUMENTS REQUIRED... 6. CERTIFICATE ISSUED BY THE SHIPPING COMPANY OR THEIR AGENTS OR OWNER/MASTER OF THE VESSEL CERTIFYING THAT THE CARRYING VESSEL A) IS ALLOWED TO ENTER THE PORTS OF ARAB STATES...

\* As provided in Section 760.5(b)(4)(i) of the Regulations, where the person receiving the request is a United States person located in the United States, each report of requests must be postmarked by the last day of the month following the calendar quarter in which the request was received.

UNITED STATES OF AMERICA  
DEPARTMENT OF COMMERCE

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**Vinmar Overseas, Ltd.**

**Case No. 12-05B**

**ORDER**

The Office of Antiboycott Compliance, Bureau of Industry and Security, United States Department of Commerce (“BIS”), has determined to initiate an administrative proceeding pursuant to Section 11(c) of the Export Administration Act of 1979, as amended (50 U.S.C. §§2401 – 2420 (2000)) (the “Act”)<sup>1</sup> and the Export Administration Regulations (currently codified at 15 C.F.R. Part 730 – 774 (2015)) (the “Regulations”), against Vinmar Overseas, Ltd. (“VOL”), a foreign concern, doing business in the State of Texas, based on allegations set forth in the Proposed Charging Letter, dated August 4, 2015, that alleged that VOL committed thirteen violations of the Regulations.

<sup>1</sup> 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, 2015 (80 Fed. Reg. 48,233 (Aug. 11, 2015)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, et seq.) (2006 & Supp. IV 2010).

Specifically, the charges are:

1. *Five violations of 15 C.F.R. §760.2(d) – Furnishing Information about*

*Business Relationships with Boycotted Countries or Blacklisted Persons:*

During the year 2009, VOL engaged in transactions involving the sale and/or transfer of goods or services (including information) from the United States to Lebanon, activities in the interstate or foreign commerce of the United States, as defined in Section 760.1(d) of the Regulations. In connection with these activities, VOL, on five occasions, with intent to comply with further or support an unsanctioned foreign boycott, furnished information concerning another person's business relationships with another person who is known or believed to be restricted from having any business relationship with or in a boycotting country, an activity prohibited by Section 760.2(d) of the Regulations, and not excepted.

2. *Eight violations of 15 C.F.R. §760.5 – Failing to Report the Receipt of a*

*Request to Engage in a Restrictive Trade Practice or Foreign Boycott Against a Country Friendly to the United States:*

During the period 2008 through 2010, VOL engaged in transactions involving the sale and/or transfer of goods or services (including information) from the United States to Lebanon, Qatar, Syria and the United Arab Emirates, activities in the interstate or foreign commerce of the United States, as defined in Section 760.1(d) of the Regulations. In connection with these activities, VOL, on eight occasions, received a request to take an action which would

have the effect of furthering or supporting a restrictive trade practice or unsanctioned foreign boycott. VOL failed to report its receipts of these requests to the Department of Commerce, as required by Section 760.5 of the Regulations.

BIS and VOL have entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby the parties have agreed to settle this matter in accordance with the terms and conditions set forth therein and the terms of the Settlement Agreement have been approved by me.

IT IS THEREFORE ORDERED THAT:

FIRST, a civil penalty of \$41,400 is assessed against VOL and shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment of this sum shall be made in the manner specified in the attached instructions.

SECOND, pursuant to the Debt Collections Act of 1982, as amended (31 U.S.C. §§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, VOL will be assessed, in addition to the full amount of the penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.




THIRD, the timely payment of the sum of \$41,400 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 VOL.

Accordingly, if VOL should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of VOL's export privileges for a period of one year from the date of the entry of this Order.

FOURTH, 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 VOL.

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

Entered this 25th day of September, 2015

Attachments

INSTRUCTION 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**

14<sup>th</sup> Street and Constitution Avenue, N.W.  
Washington, D.C. 20230

Attention: Francine Dodson

## 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 Collections Act of 1982, as amended (31 U.S.C. §§3701 – 3702E (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. §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. §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 of the Federal Claims Collections Standards (31 C.F.R. §901.2(b)).