

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

In the Matter of:

**Skyline USA, Inc.**  
4180 St. John's Parkway  
Sanford, FL 32771

19-BIS-0003

Respondent

**ORDER RELATING TO SKYLINE USA, INC.**

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has notified Skyline USA, Inc. ("Skyline USA") that it has initiated an administrative proceeding against it pursuant to Section 766.3 of the Export Administration Regulations (the "Regulations"),<sup>1</sup> through the issuance of a Charging Letter alleging that Skyline USA committed sixteen violations of the Regulations.<sup>2</sup> Specifically, the charges are:

**Charges 1-15            15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct**

1. Between on or about April 28, 2014, and on or about August 18, 2016, Skyline USA engaged in conduct prohibited by the Regulations on at least fifteen (15) occasions when it exported stun guns, police batons, handcuffs, and/or pepper

<sup>1</sup> The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) ("the EAA"), which lapsed on August 21, 2001. The President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) ("IEEPA"). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 ("ECRA"). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA's date of enactment (August 13, 2018), shall continue in effect until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

<sup>2</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2021). The violations alleged occurred during the 2014-2016 period. The Regulations governing the violations at issue are found in the 2014-2016 versions of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2014-2016). The 2021 Regulations govern the procedural aspects of this case.

spray (the “items”) to Colombia, Guatemala, Mexico, Nigeria, Pakistan, Panama, Trinidad and Tobago, or Uruguay without the required BIS licenses.<sup>3</sup> The items were valued in total at approximately \$50,644.

2. At all times pertinent to the export transactions at issue, the items were subject to the Regulations, classified on the Commerce Control List (the “CCL”) under Export Control Classification Numbers (“ECCNs”) 0A978 (police batons), 0A982 (handcuffs), 0A985 (stun guns), or 1A984 (pepper spray), and controlled for Crime Control reasons.
3. Pursuant to Section 742.7 of the Regulations, a BIS license was required to export the items to each of the destinations at issue. 15 C.F.R. § 742.7 (2014-2016).
4. Skyline USA did not have an export control compliance program in place despite approximately a decade of experience as an exporter prior to making the 15 unlicensed exports at issue. The company lacked procedures to determine the classification under the Regulations of the products it sold and the licensing requirements for exports to its foreign customers, including exports of the Crime Control items described above.
5. During interviews conducted by BIS’s Office of Export Enforcement on or about September 23, 2016, and on or about November 8, 2017, Skyline USA’s Managing Director demonstrated unfamiliarity with basic export control concepts and practices, including asserting during the September 23, 2016 interview that he had no knowledge of the U.S. Government’s lists of restricted persons or, more generally, the Regulations.
6. By making these 15 exports without the required BIS licenses, Skyline USA committed fifteen (15) violations of Section 764.2(a) of the Regulations.

**Charge 16 15 C.F.R. §764.2(i): Failure to Comply with Recordkeeping Requirements**

7. BIS re-alleges and incorporates herein the allegations set forth in Paragraphs 1-6, *supra*.
8. Between on or about April 28, 2014, and on or about August 18, 2016, in connection with the transactions described in Charges 1-15, *supra*, Skyline USA failed to comply with the recordkeeping requirements set forth in Part 762 of the Regulations.<sup>4</sup>

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<sup>3</sup> BIS and Skyline USA entered into tolling agreements that toll the statute of limitations with regard to the transactions at issue from January 25, 2019 through July 15, 2019.

<sup>4</sup> See note 2, *supra*.

9. Skyline USA is a person that at all relevant times was (and remains) subject to the jurisdiction of the United States and that participated in transactions involving the export from the United States of items subject to the Regulations, including the 15 transactions described in Charges 1-15, *supra*, and was required to keep and maintain all records described in Section 762.2 of the Regulations that it made or obtained. 15 C.F.R. §§ 762.1(a)(2), (a)(4), and (b) (2014-2016). The records required to be retained include, *inter alia*, bills of lading and other “export control documents” (as defined in Part 772 of the Regulations), correspondence, and any other records Skyline USA made or obtained pertaining to such transactions. 15 C.F.R. §§ 762.2 and 772.1 (at definition of “export control document”) (2014-2016). All such records must be retained for a period of five years from the date of the export of the item involved in the transaction. 15 C.F.R. § 762.6(a) (2014-2016). In addition, any such records formally or informally requested by BIS (or any other U.S. Government agency) may not be destroyed or disposed of without written authorization from BIS (or other agency concerned), even if such records have been retained for more than the required retention period. 15 C.F.R. § 762.6(b) (2014-2016).
10. Skyline USA failed to retain records that it was required to retain pursuant to Part 762 of the Regulations, including, but not limited to, bills of lading, air waybills, and correspondence with the freight forwarders and foreign customers in connection with the 15 exports described in Charges 1-15, *supra*. Through its Office of Export Enforcement, on September 23, 2016, BIS served an administrative subpoena on the company. The subpoena requested all documents pertaining to these 15 exports, including, but not limited to, invoices, packing slips, air waybills, bills of lading, emails, and other correspondence or notes. In response, Skyline USA produced only one document (the sales invoice) per transaction in connection with each of the 15 exports.
11. By failing to comply with recordkeeping requirements of Part 762, Skyline USA violated Section 764.2(i) of the Regulations.

WHEREAS, pursuant to Section 766.18(b)(2) of the Regulations, BIS and Skyline USA have entered into and submitted for my approval and signature a Settlement Agreement whereby they have agreed to settle this matter in accordance with the terms and conditions set forth therein; and

WHEREAS, I have approved of the terms of the Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, Skyline USA shall be assessed a civil penalty in the amount of \$140,000.

The payment of \$10,000 shall be made to the U.S. Department of Commerce in ten monthly installments of \$1,000. Each installment shall be due on the first of every month, with the first payment due on August 1, 2021, and the final payment due on May 1, 2022. Payment shall be made in the manner specified in the attached instructions. If any of the ten installment payments is not fully and timely made, any remaining scheduled installment payments may become due and owing immediately. Payment of the remaining \$130,000 shall be suspended for a period of two years from the date of this Order, and thereafter shall be waived, provided that during this two-year probationary period Skyline USA has made full and timely payment of \$10,000 as set forth above, has otherwise complied with the provisions of the Settlement Agreement and this Order, and has committed no violations of the Act or the Regulations or any order, license, or authorization issued thereunder. If Skyline USA fails to comply with any of these probationary conditions, the \$130,000 suspended portion of the civil penalty may be activated and become immediately due and owing in full.

SECOND, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2012)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and if any payment required under this Order is not made by the due date specified herein, Skyline USA 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, compliance with the terms of the Settlement Agreement and the Order, including the full and timely payment of the civil penalty in accordance with the payment schedule 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 Skyline USA. Accordingly, if Skyline USA should fail to pay the civil penalty in a full and timely manner or otherwise fail to comply in full with the terms of the Settlement Agreement or this Order, the Assistant Secretary of Commerce for Export Enforcement, or appropriate designee, may issue an order denying all of Skyline USA's export privileges under the Regulations for a period of two years from the date of issuance of any such denial order.

FOURTH, Skyline USA shall not dispute or deny, directly or indirectly, the allegations contained in the Charging Letter or this Order or take any position contrary thereto in any public statement. The foregoing does not affect Skyline USA's testimonial obligations in any administrative or judicial proceeding; nor does it affect its 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.

FIFTH, the 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 related to Skyline USA, is effective immediately.

**JEREMY  
PELTER** Digitally signed by  
JEREMY PELTER  
Date: 2021.06.23  
15:49:11 -04'00'

Jeremy Pelter  
Acting Under Secretary for Industry and Security

Issued this 23 day of June, 2021.

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

In the Matter of:

**Skyline USA, Inc.**  
4180 St. John's Parkway  
Sanford, FL 32771

19-BIS-0003

Respondent

**SETTLEMENT AGREEMENT RELATING TO**  
**SKYLINE USA, INC.**

This Settlement Agreement (“Agreement”) is made by and between Skyline USA, Inc. (“Skyline USA”), and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively, the “Parties”), pursuant to Section 766.18(b) of the Export Administration Regulations (the “Regulations”).<sup>1</sup>

WHEREAS, BIS has initiated administrative proceedings against Skyline USA, pursuant to Section 766.3 of the Regulations, through the issuance of a Charging Letter alleging that Skyline USA committed sixteen violations of the Regulations, specifically;<sup>2</sup>

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<sup>1</sup> The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“the EAA”), which lapsed on August 21, 2001. The President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 (“ECRA”). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

<sup>2</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2021). The violations alleged occurred during the 2014-2016 period. The Regulations governing the violations at issue are found in the 2014-2016 versions of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2014-2016). The 2021 Regulations govern the procedural aspects of this case.

**Charges 1-15****15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct**

1. Between on or about April 28, 2014, and on or about August 18, 2016, Skyline USA engaged in conduct prohibited by the Regulations on at least fifteen (15) occasions when it exported stun guns, police batons, handcuffs, and/or pepper spray (the “items”) to Colombia, Guatemala, Mexico, Nigeria, Pakistan, Panama, Trinidad and Tobago, or Uruguay without the required BIS licenses.<sup>3</sup> The items were valued in total at approximately \$50,644.
2. At all times pertinent to the export transactions at issue, the items were subject to the Regulations, classified on the Commerce Control List (the “CCL”) under Export Control Classification Numbers (“ECCNs”) 0A978 (police batons), 0A982 (handcuffs), 0A985 (stun guns), or 1A984 (pepper spray), and controlled for Crime Control reasons.
3. Pursuant to Section 742.7 of the Regulations, a BIS license was required to export the items to each of the destinations at issue. 15 C.F.R. § 742.7 (2014-2016).
4. Skyline USA did not have an export control compliance program in place despite approximately a decade of experience as an exporter prior to making the 15 unlicensed exports at issue. The company lacked procedures to determine the classification under the Regulations of the products it sold and the licensing requirements for exports to its foreign customers, including exports of the Crime Control items described above.
5. During interviews conducted by BIS’s Office of Export Enforcement on or about September 23, 2016, and on or about November 8, 2017, Skyline USA’s Managing Director demonstrated unfamiliarity with basic export control concepts and practices, including asserting during the September 23, 2016 interview that he had no knowledge of the U.S. Government’s lists of restricted persons or, more generally, the Regulations.
6. By making these 15 exports without the required BIS licenses, Skyline USA committed fifteen (15) violations of Section 764.2(a) of the Regulations.

**Charge 16 15 C.F.R. §764.2(i): Failure to Comply with Recordkeeping Requirements**

7. BIS re-alleges and incorporates herein the allegations set forth in Paragraphs 1-6, *supra*.
8. Between on or about April 28, 2014, and on or about August 18, 2016, in connection with the transactions described in Charges 1-15, *supra*, Skyline USA

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<sup>3</sup> BIS and Skyline USA entered into tolling agreements that toll the statute of limitations with regard to the transactions at issue from January 25, 2019 through July 15, 2019.

failed to comply with the recordkeeping requirements set forth in Part 762 of the Regulations.<sup>4</sup>

9. Skyline USA is a person that at all relevant times was (and remains) subject to the jurisdiction of the United States and that participated in transactions involving the export from the United States of items subject to the Regulations, including the 15 transactions described in Charges 1-15, *supra*, and was required to keep and maintain all records described in Section 762.2 of the Regulations that it made or obtained. 15 C.F.R. §§ 762.1(a)(2), (a)(4), and (b) (2014-2016). The records required to be retained include, *inter alia*, bills of lading and other “export control documents” (as defined in Part 772 of the Regulations), correspondence, and any other records Skyline USA made or obtained pertaining to such transactions. 15 C.F.R. §§ 762.2 and 772.1 (at definition of “export control document”) (2014-2016). All such records must be retained for a period of five years from the date of the export of the item involved in the transaction. 15 C.F.R. § 762.6(a) (2014-2016). In addition, any such records formally or informally requested by BIS (or any other U.S. Government agency) may not be destroyed or disposed of without written authorization from BIS (or other agency concerned), even if such records have been retained for more than the required retention period. 15 C.F.R. § 762.6(b) (2014-2016).
10. Skyline USA failed to retain records that it was required to retain pursuant to Part 762 of the Regulations, including, but not limited to, bills of lading, air waybills, and correspondence with the freight forwarders and foreign customers in connection with the 15 exports described in Charges 1-15, *supra*. Through its Office of Export Enforcement, on September 23, 2016, BIS served an administrative subpoena on the company. The subpoena requested all documents pertaining to these 15 exports, including, but not limited to, invoices, packing slips, air waybills, bills of lading, emails, and other correspondence or notes. In response, Skyline USA produced only one document (the sales invoice) per transaction in connection with each of the 15 exports.
11. By failing to comply with recordkeeping requirements of Part 762, Skyline USA violated Section 764.2(i) of the Regulations.

WHEREAS, this matter is pending before the Acting Under Secretary under Section 766.22 of the Regulations, and the Parties have submitted to him a settlement proposal containing the terms and conditions specified in this Agreement for his approval and signature pursuant to Section 766.18(b)(2) of the Regulations;

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<sup>4</sup> See note 2, *supra*.

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

WHEREAS, Skyline USA fully understands the terms of this Agreement and the Order that the Acting Under Secretary for Industry and Security will issue if he approves this Agreement as the final resolution of this matter (the "Order");

WHEREAS, Skyline USA enters into this Agreement voluntarily and with full knowledge of its rights;

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

WHEREAS, Skyline USA admits the allegations contained in the Charging Letter; and

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

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

1. BIS has jurisdiction over Skyline USA, under the Regulations, in connection with the matters alleged in the Charging Letter.
2. The following sanction shall be imposed against Skyline USA:
  - a. Skyline USA shall be assessed a civil penalty in the amount of \$140,000. The payment of \$10,000 shall be made to the U.S. Department of Commerce in ten monthly installments of \$1,000. Each installment shall be due on the first of every month, with the first payment due on August 1, 2021, and the final payment due on May 1, 2022. Payment shall be made in the manner specified in the attached instructions. If any of the ten installment payments is not

fully and timely made, any remaining scheduled installment payments may become due and owing immediately. Payment of the remaining \$130,000 shall be suspended for a period of two years from the date of this Order, and thereafter shall be waived, provided that during this two-year probationary period Skyline USA has made full and timely payment of \$10,000 as set forth above, has otherwise complied with the provisions of the Settlement Agreement and this Order, and has committed no violations of the Act or the Regulations or any order, license, or authorization issued thereunder. If Skyline USA fails to comply with any of these probationary conditions, the \$130,000 suspended portion of the civil penalty may be activated and become immediately due and owing in full.

b. Compliance with the terms of this Agreement and the Order, including full and timely payment of the civil penalty agreed to in Paragraph 2.a., 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 Skyline USA. Failure to make full and timely payment of the civil penalty or to otherwise comply in full with the terms of this Agreement or the Order, if issued, may result in the denial of all of Skyline USA's export privileges under the Regulations for a period of two years from the date of issuance of any such denial order.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, Skyline USA hereby waives all rights to further procedural steps in this matter (except the procedural steps set forth in Sections 766.17(c) and 766.18(c) of the Regulations with respect to the possible activation of a suspended sanction due to an alleged violation or violations of this Agreement or the Order, if issued), including, without limitation, any

right to: (a) receive any further administrative hearing regarding the allegations in the 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. Skyline USA 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 Regulations arising out of the transactions identified in the 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, if issued, until Skyline USA pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement.

4. Skyline USA shall not dispute or deny, directly or indirectly, the allegations contained in the Charging Letter or Order, if issued, or take any position contrary thereto in any public statement. The foregoing does not affect Skyline USA's testimonial obligations in any administrative or judicial proceeding; nor does it affect its 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.

5. BIS agrees that upon compliance in full with the terms of this Agreement and the Order, if issued, BIS will not initiate any further administrative proceeding against Skyline USA in connection with any violation of the Regulations arising out of the transactions specifically detailed in the Charging Letter.

6. This Agreement is for settlement purposes only. Therefore, if the Acting Under Secretary for Industry and Security does not approve this Agreement by issuing an Order pursuant to Section 766.18(b)(2) 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. This Agreement constitutes and contains the entire agreement and understanding among the parties, and the terms of this Agreement or the Order, if issued, may not be varied or otherwise altered or affected by any agreement, understanding, representation, or interpretation not contained in this Agreement; 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 Acting Under Secretary for Industry and Security 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 Charging Letter, this Agreement, and the Order available to the public.

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

11. If any provision of this Settlement Agreement is found to be unlawful, only the specific provision in question shall be affected and the other provisions shall remain in full force and effect.

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

OPHER SHWEIKI

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SHWEIKI  
Date: 2021.06.17 17:05:11 -04'00'

Opher Shweiki  
Acting Chief Counsel for Industry and Security

Date: \_\_\_\_\_

SKYLINE USA, INC.



Yasir Sheikh  
President

Date: 6/14/21



UNITED STATES DEPARTMENT OF COMMERCE  
Bureau of Industry and Security  
Washington, DC 20230

CHARGING LETTER

JUL 11 2019

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Skyline USA, Inc.  
4180 St. John's Parkway  
Sanford, FL 32771

*Attention:* Shabbir Sheikh, Managing Director

Dear Mr. Sheikh:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that Skyline USA, Inc., of Sanford, Florida ("Skyline USA"), has violated the Export Administration Regulations (the "EAR" or the "Regulations").<sup>1</sup> Specifically, BIS alleges that Skyline USA violated the Regulations as follows:

**Charges 1-15      15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct**

1. As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, between on or about April 28, 2014, and on or about August 18, 2016, Skyline USA engaged in conduct prohibited by the Regulations on at least fifteen (15) occasions when it exported stun guns, police

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<sup>1</sup> The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) ("the EAA"), which lapsed on August 21, 2001. 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 8, 2018 (83 Fed. Reg. 39,871 (Aug. 13, 2018)), continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, *et seq.* (2012) ("IEEPA"). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. § 4801, *et seq.* ("ECRA"). ECRA provides permanent authority for the Regulations. While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA's date of enactment (August 13, 2018), shall continue in effect according to their terms until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

The violations alleged occurred during the 2014-2016 period. The Regulations governing the violations at issue are found in the 2014-2016 version of the Code of Federal Regulations. *See* 15 C.F.R. Parts 730-774 (2014-2016). The 2019 Regulations govern the procedural aspects of this case.



batons, handcuffs, and/or pepper spray (the “items”) to Colombia, Guatemala, Mexico, Nigeria, Pakistan, Panama, Trinidad and Tobago, or Uruguay without the required BIS licenses.<sup>2</sup> The items were valued in total at approximately \$50,644.

2. At all times pertinent to the export transactions at issue, the items were subject to the Regulations, classified on the Commerce Control List (the “CCL”) under Export Control Classification Numbers (“ECCNs”) 0A978 (police batons), 0A982 (handcuffs), 0A985 (stun guns), or 1A984 (pepper spray), and controlled for Crime Control reasons.
3. Pursuant to Section 742.7 of the Regulations, a BIS license was required to export the items to each of the destinations at issue. 15 C.F.R. § 742.7 (2014-2016)
4. Skyline USA did not have an export control compliance program in place despite approximately a decade of experience as an exporter prior to making the 15 unlicensed exports at issue. The company lacked procedures to determine the classification under the Regulations of the products it sold and the licensing requirements for exports to its foreign customers, including exports of the Crime Control items described above and in the attached Schedule of Violations.
5. During interviews conducted by BIS’s Office of Export Enforcement on or about September 23, 2016, and on or about November 8, 2017, Skyline USA’s Managing Director demonstrated unfamiliarity with basic export control concepts and practices, including asserting during the September 23, 2016 interview that he had no knowledge of the U.S. Government’s lists of restricted persons or, more generally, the Regulations.
6. By making these 15 exports without the required BIS licenses, Skyline USA committed fifteen (15) violations of Section 764.2(a) of the Regulations.

**Charge 16 15 C.F.R. §764.2(i): Failure to Comply with Recordkeeping Requirements**

7. BIS re-alleges and incorporates herein the allegations set forth in Paragraphs 1-6, *supra*.
8. Between on or about April 28, 2014, and on or about August 18, 2016, in connection with the transactions described in Charges 1-15, *supra*, and the attached Schedule of Violations, Skyline USA failed to comply with the recordkeeping requirements set forth in Part 762 of the Regulations.<sup>3</sup>

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<sup>2</sup> BIS and Skyline USA entered into tolling agreements that toll the statute of limitations with regard to the transactions at issue from January 25, 2019 through July 15, 2019.

<sup>3</sup> See note 2, *supra*.

9. Skyline USA is a person that at all relevant times was (and remains) subject to the jurisdiction of the United States and that participated in transactions involving the export from the United States of items subject to the Regulations, including the 15 transactions described in Charges 1-15, *supra*, and the attached Schedule of Violations, and was required to keep and maintain all records described in Section 762.2 of the Regulations that it made or obtained. 15 C.F.R. §§ 762.1(a)(2), (a)(4), and (b) (2014-2016). The records required to be retained include, *inter alia*, bills of lading and other “export control documents” (as defined in Part 772 of the Regulations), correspondence, and any other records Skyline USA made or obtained pertaining to such transactions. 15 C.F.R. §§ 762.2 and 772.1 (at definition of “export control document”) (2014-2016). All such records must be retained for a period of five years from the date of the export of the item involved in the transaction. 15 C.F.R. § 762.6(a) (2014-2016). In addition, any such records formally or informally requested by BIS (or any other U.S. Government agency) may not be destroyed or disposed of without written authorization from BIS (or other agency concerned), even if such records have been retained for more than the required retention period. 15 C.F.R. § 762.6(b) (2014-2016).
10. Skyline USA failed to retain records that it was required to retain pursuant to Part 762 of the Regulations, including, but not limited to, bills of lading, air waybills, and correspondence with the freight forwarders and foreign customers in connection with the 15 exports described in Charges 1-15, *supra*, and the attached Schedule of Violations. Through its Office of Export Enforcement, on September 23, 2016, BIS served an administrative subpoena on the company. The subpoena requested all documents pertaining to these 15 exports, including, but not limited to, invoices, packing slips, air waybills, bills of lading, emails, and other correspondence or notes. In response, Skyline USA produced only one document (the sales invoice) per transaction in connection with each of the 15 exports.
11. By failing to comply with recordkeeping requirements of Part 762, Skyline USA violated Section 764.2(i) of the Regulations.

\* \* \* \* \*

Accordingly, Skyline USA is hereby notified that an administrative proceeding is instituted against it pursuant to Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions,<sup>4</sup> including, but not limited to any or all of the following:

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<sup>4</sup> The alleged violations occurred prior to August 13, 2018, the date of enactment of ECRA. *See* note 1, *supra*. Consequently, the potential sanctions are provided for in IEEPA. *See id.* In situations involving alleged violations that occurred on or after August 13, 2018, the potential sanctions are specified in Section 1760(c) of ECRA.

- The maximum civil penalty allowed by law of up to the greater of \$302,584 per violation,<sup>5</sup> or twice the value of the transaction that is the basis of the violation;<sup>6</sup>
- Denial of export privileges;
- Exclusion from practice before BIS; and/or
- Any other liability, sanction, or penalty available under law.

If Skyline USA fails to answer the charge 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 Skyline USA defaults, the Administrative Law Judge may find the charge alleged in this letter is true without a hearing or further notice to it. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charge in this letter.

Skyline USA is further notified that it is entitled to an agency hearing on the record if it files a written demand for one with its answer. *See* 15 C.F.R. § 766.6. Skyline USA is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. *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 Skyline USA have a proposal to settle this case, Skyline USA should transmit it to the attorney representing BIS named below.

Skyline USA is further notified that under the Small Business Regulatory Enforcement Flexibility Act, it 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, Skyline USA's answer must be filed in

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<sup>5</sup> *See* 15 C.F.R. §§ 6.3(b)(4), 6.4. This amount is subject to annual increases pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Sec. 701 of Public Law 114-74, enacted on November 2, 2015. *See also* 84 Fed. Reg. 2,447 (Feb. 7, 2019) (Adjusting for inflation the maximum civil monetary penalty under IEEPA from \$295,141 to \$302,584, effective March 1, 2019). *See also* note 1, *supra*.

<sup>6</sup> *See* International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

accordance with the instructions in Section 766.5(a) of the Regulations with:

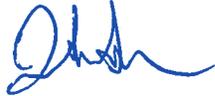
U.S. Coast Guard ALJ Docketing Center  
40 S. Gay Street  
Baltimore, Maryland 21202-4022

In addition, a copy of Skyline USA's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security  
14th Street and Constitution Avenue, N.W.  
Room H-3839  
Washington, D.C. 20230  
Attention: Parvin R. Huda, Esq.

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

Sincerely,



John Sonderman  
Deputy Director  
Office of Export Enforcement

**Skyline USA, Inc.-----SCHEDULE OF VIOLATIONS**

SHIPMENT	VIOLATION	EXPORT DATE	ITEM/ECCN	VALUE	COUNTRY
1	15 CFR §764.2(a)	4/28/2014	Stun Guns / 0A985	\$218	Nigeria
2	15 CFR §764.2(a)	9/25/2014	Pepper Spray / 1A984	\$637	Colombia
3	15 CFR §764.2(a)	12/19/2014	Police Batons / 0A978	\$4,585	Trinidad and Tobago
4	15 CFR §764.2(a)	1/28/2015	Stun Guns / 0A985	\$700	Uruguay
5	15 CFR §764.2(a)	7/29/2015	Police Batons / 0A978	\$600	Mexico
6	15 CFR §764.2(a)	11/2/2015	Stun Guns / 0A985	\$525	Panama
7	15 CFR §764.2(a)	1/24/2016	Police Batons / 0A978	\$28,500	Pakistan
8	15 CFR §764.2(a)	2/19/2016	Handcuffs / 0A982	\$6,300	Pakistan
9	15 CFR § 764.2(a)	3/10/2016	Stun Guns/ 0A985	\$700	Guatemala
10	15 CFR §764.2(a)	3/18/2016	Pepper Spray / 1A984	\$318	Guatemala
11	15 CFR §764.2(a)	5/16/2016	Police Batons / 0A978	\$362	Colombia
12	15 CFR §764.2(a)	6/10/2016	Police Batons / 0A978	\$1,923	Trinidad and Tobago

**Skyline USA, Inc.-----SCHEDULE OF VIOLATIONS**

<b>SHIPMENT</b>	<b>VIOLATION</b>	<b>EXPORT DATE</b>	<b>ITEM//ECCN</b>	<b>VALUE</b>	<b>COUNTRY</b>
13	15 CFR §764.2(a)	7/13/2016	Pepper Spray / 1A984	\$604	Panama
14	15 CFR §764.2(a)	8/15/2016	Stun Guns / 0A985	\$472	Guatemala
15	15 CFR §764.2(a)	8/18/2016	Police Batons / 0A978	\$4,200	Trinidad and Tobago

<b>CHARGE</b>	<b>VIOLATION</b>
16	15 CFR §764.2(i)
	See export dates listed in Charges 1-15 above in determining required record retention periods.