

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

In the Matter of:)
)
Alpine Armoring, Inc.)
570 Herndon Parkway, Suite 100)
Herndon, VA 20170)
)

Respondent)

ORDER RELATING TO ALPINE ARMORING, INC.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has notified Alpine Armoring, Inc. (“Alpine”) of its intention to initiate an administrative proceeding against Alpine pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (“Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),² by issuing a proposed charging letter to Alpine that alleged that Alpine committed eight violations of the Regulations. Specifically, the charges are:

Charge 1: 15 C.F.R. § 764.2(a): Exporting an Item without the Required License:

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on one occasion on or about January 17, 2002, Alpine engaged in conduct

¹ The charged violations occurred between 2002 and 2004. The Regulations governing the violations at issue are found in the 2002 through 2004 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002-2004)). The 2006 Regulations set forth the procedures that apply to this matter.

² Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended most recently by the Notice of August 3, 2006 (71 Fed. Reg. 44551 (Aug. 7, 2006)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) (“IEEPA”).

prohibited by the Regulations by exporting ballistic helmets, classified as ECCN¹ 0A018, from the United States to Suriname, without the Department of Commerce license required by Section 742.4 of the Regulations. In so doing, Alpine committed one violation of Section 764.2(a) of the Regulations.

Charge 2: 15 C.F.R. § 764.2(e): Acting With Knowledge That a Violation of the Regulations Was About to Occur:

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, in connection with the transaction described in Charge One, Alpine sold, transferred or forwarded items subject to the Regulations and exported from the United States with knowledge that a violation of the Regulations would occur. Specifically, Alpine sold, transferred or forwarded the ballistic helmets described in Charge One to a customer in Suriname when Alpine knew or had reason to know that these helmets would be exported from the United States to Suriname, without the required Department of Commerce license. Alpine had reason to know that a license was required for these exports since, *inter alia*, Alpine's President and General Manager had previously informed Alpine's customers of the Department of Commerce license requirements applicable to Alpine's products. In so doing, Alpine committed one violation of Section 764.2(e) of the Regulations.

Charge 3: 15 C.F.R. § 764.2(a): Omission of an Export Control Classification Number on a Shipper's Export Declaration:

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on or about January 17, 2002, Alpine refrained from engaging in conduct required by the Regulations. Specifically, Alpine filed or caused to be filed a Shipper's Export Declaration with the U.S. Government that omitted the Export Control Classification Number required by Section 758.1 of the Regulations. In so doing, Alpine committed one violation of Section 764.2(a) of the Regulations.

Charge 4: 15 C.F.R. § 764.2(g): Misrepresentation of License Authority on a Shipper's Export Declaration:

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on or about January 17, 2002, Alpine made a false or misleading representation to the U.S. Government in violation of the Regulations. Specifically, Alpine filed or caused to be filed a Shipper's Export Declaration with the U.S. Government that stated that the export of

¹ The term "ECCN" refers to an Export Control Classification Number. See Section 772.1 of the Regulations.

ballistic helmets qualified for export from the United States to Suriname as NLR (“No License Required”). This statement was false or misleading because, as described in Charge One, a Department of Commerce license was required by Section 742.4 of the Regulations. By making this false or misleading representation to the U.S. Government, Alpine committed one violation of Section 764.2(g) of the Regulations.

Charge 5: 15 C.F.R. § 764.2(a): Exporting an Item without the Required License:

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on one occasion on or about June 21, 2002, Alpine engaged in conduct prohibited by the Regulations by exporting ten ballistic helmets, classified as ECCN 0A018, from the United States to Suriname, without the Department of Commerce license required by Section 742.4 of the Regulations. In so doing, Alpine committed one violation of Section 764.2(a) of the Regulations.

Charge 6: 15 C.F.R. § 764.2(e): Acting With Knowledge That a Violation of the Regulations Was About to Occur:

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, in connection with the transaction described in Charge Five, Alpine sold, transferred or forwarded items subject to the Regulations and exported from the United States with knowledge that a violation of the Regulations would occur. Specifically, Alpine sold, transferred or forwarded thirty ballistic helmets to a customer in Suriname when Alpine knew or had reason to know that ten of these helmets would be exported from the United States to Suriname, without the required Department of Commerce license. Alpine knew or had reason to know that a violation of the Regulations would occur in connection with these items, since, *inter alia*, Alpine knew that the U.S. manufacturer of the helmets had received a Department of Commerce license authorizing the export of only twenty helmets. In so doing, Alpine committed one violation of Section 764.2(e) of the Regulations.

Charge 7: 15 C.F.R. § 764.2(c): Attempting the Export of an Item without the Required License:

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on one occasion on or about September 23, 2004, Alpine engaged in conduct prohibited by the Regulations by attempting to export armored vehicles, classified as ECCN 9A018, from the United States to Iraq, without the Department of Commerce license required by

Section 746.3 of the Regulations. In so doing, Alpine committed one violation of Section 764.2(c) of the Regulations.

Charge 8: 15 C.F.R. § 764.2(e): Acting With Knowledge That a Violation of the Regulations Was About to Occur:

In connection with the transaction described above in Charge Seven, Alpine sold, transferred, or forwarded items subject to the Regulations and exported from the United States with knowledge that a violation of the Regulations would occur. Specifically, Alpine sold armored vehicles to a U.S. company and transferred those armored vehicles to a port of export, when Alpine knew or had reason to know that no U.S. Government authorization had been obtained for those armored vehicles. Alpine knew or had reason to know that U.S. Government authorization was required for this export since, *inter alia*, Alpine had received, prior to the attempted export, written notice from the Department of Commerce's Deputy Assistant Secretary for Export Administration informing Alpine that such authorization was required. In so doing, Alpine committed one violation of Section 764.2(e) of the Regulations.

WHEREAS, BIS and Alpine 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, that a civil penalty of \$88,000 is assessed against Alpine, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of the Order. Payment shall be made in the manner specified in the attached instructions. The timely payment of this penalty is guaranteed by Fred Khoroushi, the President and General Manager of Alpine, in his individual capacity. Fred Khoroushi, in his individual capacity, and Alpine are jointly and severally liable for timely payment of the fine.

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

FOURTH, for a period of five years from the date of entry of the Order, Alpine Armoring, Inc., 570 Herndon Parkway, Suite 100, Herndon, VA 20170, its successors or assigns, and when acting for or on behalf of Alpine, its officers, representatives, agents, or employees ("Denied Person") may not participate, directly or indirectly, 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, to prevent evasion of this Order, BIS, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, may make any person, firm, corporation, or business organization related to Alpine by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services subject to the provisions of this Order.

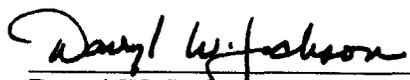
SEVENTH, that this Order does not prohibit any export, reexport, or other transaction subject to the Regulations where the only items involved that are subject to the Regulations are the foreign-produced direct product of U.S.-origin technology.

EIGHTH, that, as authorized by Section 766.18 (c) of the Regulations, the denial period set forth above shall be suspended in its entirety for five years from the date of this Order, and shall thereafter be waived, provided that during the period of suspension, Alpine has committed no violation of the Act or any regulation, order or license issued thereunder.

NINTH, that the proposed charging letter, the Settlement Agreement, and this Order shall be made available to the public.

TENTH, that this Order shall be served on the Denied Person and on BIS, and shall be published in the *Federal Register*.

This Order, which constitutes the final agency action in this matter, is effective immediately.



Darryl W. Jackson
Assistant Secretary of Commerce
for Export Enforcement

Entered this 6th day of April 2007.

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

In the Matter of:)
)
Alpine Armoring, Inc.)
570 Herndon Parkway, Suite 100)
Herndon, VA 20170)
)
Respondent)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Alpine Armoring, Inc. (“Alpine”), and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively referred to as “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (“Regulations”)¹, issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”).²

WHEREAS, BIS has notified Alpine of its intention to initiate an administrative proceeding against Alpine, pursuant to the Act and the Regulations;

¹ The charged violations occurred between 2002 and 2004. The Regulations governing the violations at issue are found in the 2002 through 2004 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002-2004)). The 2006 Regulations set forth the procedures that apply to this matter.

² Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 3, 2006 (71 Fed. Reg. 44,551 (Aug. 7, 2006)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”).

WHEREAS, BIS has issued a proposed charging letter to Alpine that alleged that Alpine committed eight violations of the Regulations, specifically:

Charge 1: 15 C.F.R. § 764.2(a): Exporting an Item without the Required License:

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on one occasion on or about January 17, 2002, Alpine engaged in conduct prohibited by the Regulations by exporting ballistic helmets, classified as ECCN¹ 0A018, from the United States to Suriname, without the Department of Commerce license required by Section 742.4 of the Regulations. In so doing, Alpine committed one violation of Section 764.2(a) of the Regulations.

Charge 2: 15 C.F.R. § 764.2(e): Acting With Knowledge That a Violation of the Regulations Was About to Occur:

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, in connection with the transaction described in Charge One, Alpine sold, transferred or forwarded items subject to the Regulations and exported from the United States with knowledge that a violation of the Regulations would occur. Specifically, Alpine sold, transferred or forwarded the ballistic helmets described in Charge One to a customer in Suriname when Alpine knew or had reason to know that these helmets would be exported from the United States to Suriname, without the required Department of Commerce license. Alpine had reason to know that a license was required for these exports since, *inter alia*, Alpine's President and General Manager had previously informed Alpine's customers of the Department of Commerce license requirements applicable to Alpine's products. In so doing, Alpine committed one violation of Section 764.2(e) of the Regulations.

Charge 3: 15 C.F.R. § 764.2(a): Omission of an Export Control Classification Number on a Shipper's Export Declaration:

¹ The term "ECCN" refers to an Export Control Classification Number. See Section 772.1 of the Regulations.

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on or about January 17, 2002, Alpine refrained from engaging in conduct required by the Regulations. Specifically, Alpine filed or caused to be filed a Shipper's Export Declaration with the U.S. Government that omitted the Export Control Classification Number required by Section 758.1 of the Regulations. In so doing, Alpine committed one violation of Section 764.2(a) of the Regulations.

Charge 4: 15 C.F.R. § 764.2(g): Misrepresentation of License Authority on a Shipper's Export Declaration:

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on or about January 17, 2002, Alpine made a false or misleading representation to the U.S. Government in violation of the Regulations. Specifically, Alpine filed or caused to be filed a Shipper's Export Declaration with the U.S. Government that stated that the export of ballistic helmets qualified for export from the United States to Suriname as NLR ("No License Required"). This statement was false or misleading because, as described in Charge One, a Department of Commerce license was required by Section 742.4 of the Regulations. By making this false or misleading representation to the U.S. Government, Alpine committed one violation of Section 764.2(g) of the Regulations.

Charge 5: 15 C.F.R. § 764.2(a): Exporting an Item without the Required License:

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on one occasion on or about June 21, 2002, Alpine engaged in conduct prohibited by the Regulations by exporting ten ballistic helmets, classified as ECCN 0A018, from the United States to Suriname, without the Department of Commerce license required by Section 742.4 of the Regulations. In so doing, Alpine committed one violation of Section 764.2(a) of the Regulations.

Charge 6: 15 C.F.R. § 764.2(e): Acting With Knowledge That a Violation of the Regulations Was About to Occur:

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, in connection with the transaction described in Charge Five, Alpine sold, transferred or forwarded items subject to the Regulations and exported from the United States with knowledge that a violation of the Regulations would occur. Specifically, Alpine sold,

transferred or forwarded thirty ballistic helmets to a customer in Suriname when Alpine knew or had reason to know that ten of these helmets would be exported from the United States to Suriname, without the required Department of Commerce license. Alpine knew or had reason to know that a violation of the Regulations would occur in connection with these items, since, *inter alia*, Alpine knew that the U.S. manufacturer of the helmets had received a Department of Commerce license authorizing the export of only twenty helmets. In so doing, Alpine committed one violation of Section 764.2(e) of the Regulations.

Charge 7: 15 C.F.R. § 764.2(c): Attempting the Export of an Item without the Required License:

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on one occasion on or about September 23, 2004, Alpine engaged in conduct prohibited by the Regulations by attempting to export armored vehicles, classified as ECCN 9A018, from the United States to Iraq, without the Department of Commerce license required by Section 746.3 of the Regulations. In so doing, Alpine committed one violation of Section 764.2(c) of the Regulations.

Charge 8: 15 C.F.R. § 764.2(e): Acting With Knowledge That a Violation of the Regulations Was About to Occur:

In connection with the transaction described above in Charge Seven, Alpine sold, transferred, or forwarded items subject to the Regulations and exported from the United States with knowledge that a violation of the Regulations would occur. Specifically, Alpine sold armored vehicles to a U.S. company and transferred those armored vehicles to a port of export, when Alpine knew or had reason to know that no U.S. Government authorization had been obtained for those armored vehicles. Alpine knew or had reason to know that U.S. Government authorization was required for this export since, *inter alia*, Alpine had received, prior to the attempted export, written notice from the Department of Commerce's Deputy Assistant Secretary for Export Administration informing Alpine that such authorization was required. In so doing, Alpine committed one violation of Section 764.2(e) of the Regulations.

WHEREAS, Alpine has reviewed the proposed charging letter and is aware of the allegations made against it and the administrative sanctions which could be imposed against it if the allegations are found to be true;

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

WHEREAS, the parties enter into this Agreement having taken into consideration the plea agreement that Alpine entered into with the U.S. Attorney for the Eastern District of Virginia in the related criminal case United States v. Alpine Armoring Incorporated, Crim. Case No. 1:07cr91;

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

WHEREAS, Alpine neither admits nor denies the allegations contained in the proposed charging letter;

WHEREAS, Alpine wishes to settle and dispose of all matters alleged in the proposed charging letter by entering into this Agreement; and

WHEREAS, Alpine agrees to be bound by the Order, if entered;

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over Alpine, under the Regulations, in connection with the matters alleged in the proposed charging letter.
2. The following sanctions shall be imposed against Alpine in complete settlement of the violations of the Regulations set forth in the proposed charging letter:

- a. Alpine shall be assessed a civil penalty in the amount of \$88,000, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of the Order.
- b. The 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, permission, or privilege granted, or to be granted, to Alpine. Failure to make timely payment of the civil penalty set forth above shall result in the denial of all of Alpine's export privileges under the Regulations for a period of one year from the date of imposition of the penalty. The timely payment of the civil penalty is guaranteed by Fred Khoroushi, the President and General Manager of Alpine, in his individual capacity. Fred Khoroushi, in his individual capacity, and Alpine are jointly and severally liable for timely payment of the fine.
- c. For a period of five years from the date of entry of the Order, Alpine, its successors or assigns, and, when acting for or on behalf of Alpine, its officers, representatives, agents, or employees ("Denied Person") may not participate, directly or indirectly, 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:
 - 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 five year denial period set forth in paragraph 2.c. shall be suspended in its entirety for a period of five years from the entry of the appropriate Order, and shall thereafter be waived, provided that during the period of suspension, Alpine has committed no violation of the Act or any regulation, order or license issued thereunder, and, provided further that Alpine or Fred Khoroushi has made a timely payment of the \$88,000 civil penalty assessed pursuant to this Agreement and the Order.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, Alpine 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 entered), 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 entered; (c)

request any relief from the Order, if entered, including without limitation relief from the terms of a denial order under 15 C.F.R. § 764.3(a)(2); and (d) seek judicial review or otherwise contest the validity of this Agreement or the Order, if entered.

4. Upon entry of the Order and timely payment of the \$88,000 civil penalty, BIS will not initiate any further administrative proceeding against Alpine in connection with any violation of the Act or the Regulations arising out of the transactions identified in the proposed charging letter.

5. BIS will make the proposed charging letter, this Agreement, and the Order, if entered, available to the public.

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.

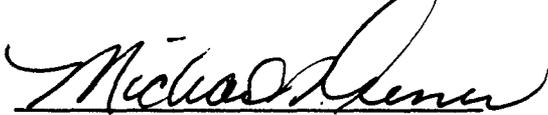
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on BIS only if the Assistant Secretary of Commerce for Export Enforcement approves it by entering 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. 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



Michael D. Turner
Director
Office of Export Enforcement

ALPINE ARMORING, INC.



Fred Khoroushi, in his capacity as
President and General Manager of Alpine
Armoring, Inc. and in his individual capacity as
guarantor

Date: 3/30/07

Date: 3/27/07

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Alpine Armoring, Inc.
570 Herndon Parkway, Suite 100
Herndon, VA 20170

Attn: *Fred Khoroushi*
President and General Manager

Dear Mr. Khoroushi:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that Alpine Armoring, Inc. of Herndon, VA, ("Alpine") has committed eight violations of the Export Administration Regulations (the "Regulations"),¹ which are issued under the authority of the Export Administration Act of 1979, as amended (the "Act").² Specifically, BIS charges that Alpine committed the following violations:

Charge 1: 15 C.F.R. § 764.2(a): Exporting an Item without the Required License:

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on one occasion on or about January 17, 2002, Alpine engaged in conduct prohibited by the Regulations by exporting ballistic helmets, classified as ECCN³ 0A018, from the United States to Suriname, without the Department of Commerce license required by Section

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2006). The charged violations occurred between 2002 and 2004. The Regulations governing the violations at issue are found in the 2002 through 2004 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002-2004)). The 2006 Regulations set forth the procedures that apply to this matter.

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742.4 of the Regulations. In so doing, Alpine committed one violation of Section 764.2(a) of the Regulations.

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Charge 3: 15 C.F.R. § 764.2(a): Omission of an Export Control Classification Number on a Shipper's Export Declaration:

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on or about January 17, 2002, Alpine refrained from engaging in conduct required by the Regulations. Specifically, Alpine filed or caused to be filed a Shipper's Export Declaration with the U.S. Government that omitted the Export Control Classification Number required by Section 758.1 of the Regulations. In so doing, Alpine committed one violation of Section 764.2(a) of the Regulations.

Charge 4: 15 C.F.R. § 764.2(g): Misrepresentation of License Authority on a Shipper's Export Declaration:

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on or about January 17, 2002, Alpine made a false or misleading representation to the U.S. Government in violation of the Regulations. Specifically, Alpine filed or caused to be filed a Shipper's Export Declaration with the U.S. Government that stated that the export of ballistic helmets qualified for export from the United States to Suriname as NLR ("No License Required"). This statement was false or misleading because, as described in Charge One, a Department of Commerce license was required by Section 742.4 of the Regulations. By making this false or misleading representation to the U.S. Government, Alpine committed one violation of Section 764.2(g) of the Regulations.

Charge 5: 15 C.F.R. § 764.2(a): Exporting an Item without the Required License:

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on one occasion on or about June 21, 2002, Alpine engaged in conduct prohibited by the Regulations by exporting ten ballistic helmets, classified as ECCN 0A018, from the United States to Suriname, without the Department of Commerce license required by Section 742.4 of the Regulations. In so doing, Alpine committed one violation of Section 764.2(a) of the Regulations.

Charge 6: 15 C.F.R. § 764.2(e): Acting With Knowledge That a Violation of the Regulations Was About to Occur:

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, in connection with the transaction described in Charge Five, Alpine sold, transferred or forwarded items subject to the Regulations and exported from the United States with knowledge that a violation of the Regulations would occur. Specifically, Alpine sold, transferred or forwarded thirty ballistic helmets to a customer in Suriname when Alpine knew or had reason to know that ten of these helmets would be exported from the United States to Suriname, without the required Department of Commerce license. Alpine knew or had reason to know that a violation of the Regulations would occur in connection with these items, since, *inter alia*, Alpine knew that the U.S. manufacturer of the helmets had received a Department of Commerce license authorizing the export of only twenty helmets. In so doing, Alpine committed one violation of Section 764.2(e) of the Regulations.

Charge 7: 15 C.F.R. § 764.2(c): Attempting the Export of an Item without the Required License:

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, on one occasion on or about September 23, 2004, Alpine engaged in conduct prohibited by the Regulations by attempting to export armored vehicles, classified as ECCN 9A018, from the United States to Iraq, without the Department of Commerce license required by Section 746.3 of the Regulations. In so doing, Alpine committed one violation of Section 764.2(c) of the Regulations.

Charge 8: 15 C.F.R. § 764.2(e): Acting With Knowledge That a Violation of the Regulations Was About to Occur:

In connection with the transaction described above in Charge Seven, Alpine sold, transferred, or forwarded items subject to the Regulations and exported from the United States with knowledge that a violation of the Regulations would occur. Specifically, Alpine sold armored vehicles to a U.S. company and transferred those armored vehicles to a port of export, when Alpine knew or had reason to know that no U.S. Government authorization had been obtained for those armored vehicles. Alpine knew or had reason to know that U.S. Government authorization was required for this export since, *inter alia*, Alpine had received, prior to the attempted export, written notice from the Department of Commerce's Deputy Assistant Secretary for Export Administration informing Alpine that such authorization was required. In so doing, Alpine committed one violation of Section 764.2(e) of the Regulations.

* * * *

Accordingly, Alpine is hereby notified that an administrative proceeding is instituted against it 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 \$11,000 per violation;⁴

Denial of export privileges; and/or

Exclusion from practice before BIS.

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

Alpine 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. Alpine 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 Alpine have a proposal to settle this case, Alpine or its representative should transmit it to the attorney representing BIS named below.

⁴ 15 C.F.R. § 6.4(a)(2).

Alpine
Proposed Charging Letter
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The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Alpine'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 Alpine's answer must be served on BIS at the following address:

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

James C. Pelletier is the attorney representing BIS in this case; any communications that Alpine may wish to have concerning this matter should occur through him. Mr. Pelletier may be contacted by telephone at (202) 482-5301.

Sincerely,

Michael D. Turner
Director
Office of Export Enforcement

Enclosure

SCHEDULE A

ALPINE ARMORING

ACCOUNT NUMBER	DATE OF PURCHASE (OR ACQUISITION)	COMMODITY	VALUE (US DOLLARS)	TCGN	COUNTRY	AVS/BILL NUMBER
1, 2, 3, 4	1/17/02	Ballistic Helmets (10)	7,700	0A018	Suriname	19234938982
5, 6	6/21/02	Ballistic Helmets (10)	11,400	0A018	Suriname	1694061314
7, 8	9/23/04	Armored Vehicles (5)	886,700	9A018	Iraq	AVS 0701 0065