

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

\_\_\_\_\_  
In the Matter of: )  
 )  
Daisy Manufacturing Company, Inc. )  
P.O. Box 220 )  
Rogers, AR 72757 )  
 )  
Respondent )  
\_\_\_\_\_

ORDER RELATING TO DAISY MANUFACTURING COMPANY, INC.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has notified Daisy Manufacturing Company, Inc. (“Daisy”) of its intention to initiate an administrative proceeding against Daisy pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2007)) (“Regulations”),<sup>1</sup> and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),<sup>2</sup> by issuing a proposed charging letter to Daisy that alleged that Daisy, both in its own capacity and as successor to Daisy Manufacturing Co., Inc., committed 17 violations of the Regulations. Specifically, the charges are:

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<sup>1</sup>The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2007). The violations charged occurred during the 2002-2005 period. The Regulations governing the violations at issue are found in the 2002-2005 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002-2005)). The 2007 Regulations govern the procedural aspects of this case.

<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 15, 2007 (72 Fed. Reg. 46137 (August 16, 2007)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”).

**Charges 1-15 (15 C.F.R. § 764.2(a) - Exports of Rifle Scopes without the Required Licenses)**

On 15 occasions, as further described in Schedule A, which is enclosed herewith and incorporated herein by reference, between on or about April 1, 2002 and on or about March 14, 2005, Daisy engaged in conduct prohibited by the Regulations by exporting rifle scopes, items subject to the Regulations and classified under ECCN<sup>3</sup> 0A987, to various destinations without obtaining Department of Commerce licenses, as required by Sections 742.7 and 742.17 of the Regulations. In so doing, Daisy committed 15 violations of Section 764.2(a) of the Regulations.

**Charge 16 (15 C.F.R. § 764.2(a) - Export of Rifle Scopes without the Required Licenses)**

On one occasion, as further described in Schedule A, which is enclosed herewith and incorporated herein by reference, on or about September 10, 2003, Daisy engaged in conduct prohibited by the Regulations by exporting rifle scopes, items subject to the Regulations (ECCN 0A987), to Hong Kong without obtaining a Department of Commerce license, as required by Section 742.7 of the Regulations. In so doing, Daisy committed one violation of Section 764.2(a) of the Regulations.

**Charge 17 (15 C.F.R. § 764.2(c) - Attempted Export of Rifle Scopes without the Required Licenses)**

On one occasion on or about March 16, 2005, as further described in Schedule A, which is enclosed herewith and incorporated herein by reference, Daisy attempted a violation of the Regulations by attempting to export rifle scopes, items subject to the Regulations (ECCN 0A987), to Panama without obtaining a Department of Commerce license, as required by Sections 742.7 and 742.17 of the Regulations. In so doing, Daisy committed one violation of Section 764.2(c) of the Regulations.

WHEREAS, BIS and Daisy 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

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<sup>3</sup>“ECCN” refers to “Export Control Classification Number.” See Supp. 1 to 15 C.F.R. Part 774.

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

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$ 20,400 is assessed against Daisy, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

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, Daisy 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.

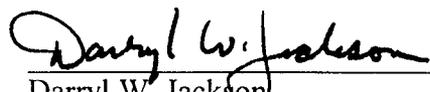
THIRD, that the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Daisy. Accordingly, if Daisy should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Daisy's export privileges for a period of one year from the date of entry of this Order.

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

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

Order  
Daisy Manufacturing Co., Inc.  
Page 4 of 4

immediately.

  
\_\_\_\_\_  
Darryl W. Jackson  
Assistant Secretary of Commerce  
for Export Enforcement

Entered this 24<sup>th</sup> day of September 2007.

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

\_\_\_\_\_  
In the Matter of: )  
)  
Daisy Manufacturing Company, Inc. )  
P.O. Box 220 )  
Rogers, AR 72757 )  
)  
Respondent )  
\_\_\_\_\_

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Daisy Manufacturing Company, Inc. (“Daisy”), and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively, the “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2007)) (the “Regulations”),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”).<sup>2</sup>

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

<sup>1</sup>The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2007). The violations charged occurred during the 2002-2005 period. The Regulations governing the violations at issue are found in the 2002-2005 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002-2005)). The 2007 Regulations govern the procedural aspects of this case.

<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 15, 2007 (72 Fed. Reg. 46137 (August 16, 2007)), 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 Daisy that alleged that Daisy committed 17 violations of the Regulations, specifically:

**Charges 1-15 (15 C.F.R. § 764.2(a) - Exports of Rifle Scopes without the Required Licenses)**

On 15 occasions, as further described in Schedule A, which is enclosed herewith and incorporated herein by reference, between on or about April 1, 2002 and on or about March 14, 2005, Daisy engaged in conduct prohibited by the Regulations by exporting rifle scopes, items subject to the Regulations and classified under ECCN<sup>3</sup> 0A987, to various destinations without obtaining Department of Commerce licenses, as required by Sections 742.7 and 742.17 of the Regulations. In so doing, Daisy committed 15 violations of Section 764.2(a) of the Regulations.

**Charge 16 (15 C.F.R. § 764.2(a) - Export of Rifle Scopes without the Required Licenses)**

On one occasion, as further described in Schedule A, which is enclosed herewith and incorporated herein by reference, on or about September 10, 2003, Daisy engaged in conduct prohibited by the Regulations by exporting rifle scopes, items subject to the Regulations (ECCN 0A987), to Hong Kong without obtaining a Department of Commerce license, as required by Section 742.7 of the Regulations. In so doing, Daisy committed one violation of Section 764.2(a) of the Regulations.

**Charge 17 (15 C.F.R. § 764.2(c) - Attempted Export of Rifle Scopes without the Required Licenses)**

On one occasion on or about March 16, 2005, as further described in Schedule A, which is enclosed herewith and incorporated herein by reference, Daisy attempted a violation of the Regulations by attempting to export rifle scopes, items subject to the Regulations (ECCN 0A987), to Panama without obtaining a Department of Commerce license, as required by Sections 742.7 and 742.17 of the Regulations. In so doing, Daisy committed one violation of Section 764.2(c) of the Regulations.

WHEREAS, Daisy 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;

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<sup>3</sup>“ECCN” refers to “Export Control Classification Number.” See Supp. 1 to 15 C.F.R. Part 774.

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over Daisy, under the Regulations, in connection with the matters alleged in the proposed charging letter.

2. The following sanction shall be imposed against Daisy in complete settlement of the alleged violations of the Regulations relating to the transactions specifically detailed in the proposed charging letter:

a. Daisy shall be assessed a civil penalty in the amount of \$ 20,400, 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 Daisy.

Failure to make timely payment of the civil penalty set forth above may result in the denial of all of Daisy's export privileges for a period of one year from the date of imposition of the penalty.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, Daisy 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; and (c) 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 \$ 20,400 civil penalty, BIS will not initiate any further administrative proceeding against Daisy 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.

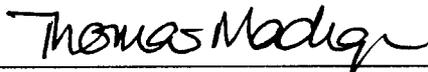
6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial 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 the Parties 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.

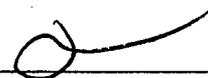
BUREAU OF INDUSTRY AND SECURITY  
U.S. DEPARTMENT OF COMMERCE



Thomas Madigan  
Acting Director  
Office of Export Enforcement

Date: 9/21/07

DAISY MANUFACTURING COMPANY,  
INC.



Ray Hobbs  
President

Date: 9-19-07

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Daisy Manufacturing Company, Inc.  
P.O. Box 220  
Rogers, AR 72757

*Attention: Ray Hobbs  
President*

Dear Mr. Hobbs:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Daisy Manufacturing Company, Inc. of Rogers, Arkansas (“Daisy”) has committed 17 violations of the Export Administration Regulations (the “Regulations”),<sup>1</sup> which are issued under the authority of the Export Administration Act of 1979, as amended (the “Act”).<sup>2</sup> Specifically, BIS charges that Daisy committed the following violations:

**Charges 1-15            (15 C.F.R. § 764.2(a) - Exports of Rifle Scopes without the Required Licenses)**

On 15 occasions, as further described in Schedule A, which is enclosed herewith and incorporated herein by reference, between on or about April 1, 2002 and on or about March 14, 2005, Daisy engaged in conduct prohibited by the Regulations by exporting rifle scopes, items subject to the Regulations and classified under ECCN<sup>3</sup> 0A987, to various destinations without obtaining Department of Commerce licenses, as required by Sections 742.7 and 742.17 of the

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<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2006). The violations charged occurred during the 2002-2005 period. The Regulations governing the violations at issue are found in the 2002-2005 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002-2005)). The 2006 Regulations govern the procedural aspects of this case.

<sup>2</sup> 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 3, 2006 (71 FR 44551 (August 7, 2006)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)).

<sup>3</sup>“ECCN” refers to “Export Control Classification Number.” See Supp. 1 to 15 C.F.R. Part 774.

Regulations. In so doing, Daisy committed 15 violations of Section 764.2(a) of the Regulations.

**Charge 16 (15 C.F.R. § 764.2(a) - Export of Rifle Scopes without the Required Licenses)**

On one occasion, as further described in Schedule A, which is enclosed herewith and incorporated herein by reference, on or about September 10, 2003, Daisy engaged in conduct prohibited by the Regulations by exporting rifle scopes, items subject to the Regulations (ECCN 0A987), to Hong Kong without obtaining a Department of Commerce license, as required by Section 742.7 of the Regulations. In so doing, Daisy committed one violation of Section 764.2(a) of the Regulations.

**Charge 17 (15 C.F.R. § 764.2(c) - Attempted Export of Rifle Scopes without the Required Licenses)**

On one occasion on or about March 16, 2005, as further described in Schedule A, which is enclosed herewith and incorporated herein by reference, Daisy attempted a violation of the Regulations by attempting to export rifle scopes, items subject to the Regulations (ECCN 0A987), to Panama without obtaining a Department of Commerce license, as required by Sections 742.7 and 742.17 of the Regulations. In so doing, Daisy committed one violation of Section 764.2(c) of the Regulations.

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Accordingly, Daisy 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 up to \$11,000 per violation;<sup>4</sup>

Denial of export privileges; and/or

Exclusion from practice before BIS.

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<sup>4</sup> For violations that occurred between November 1, 2000 and December 11, 2003, *see* 15 C.F.R. § 6.4 (2000-2003), *as supplemented by* 68 Fed. Reg. 4,380 (Jan. 29, 2003), *and* 68 Fed. Reg. 69,001 (Dec. 11, 2003). For violations that occurred after December 11, 2003, *see* 15 C.F.R. §6.4(a)(4) (2004-2005).

If Daisy 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. (Regulations, Sections 766.6 and 766.7). If Daisy defaults, the Administrative Law Judge may find the charges alleged in this letter are true without hearing or further notice to Daisy. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on each of the charges in this letter.

Daisy is further notified that it is entitled to an agency hearing on the record if Daisy files a written demand for one with its answer. (Regulations, Section 766.6). Daisy is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. (Regulations, Sections 766.3(a) and 766.4).

The Regulations provide for settlement without a hearing. (Regulations, Section 766.18). Should Daisy have a proposal to settle this case, Daisy or its representative should transmit it to the attorney representing BIS named below.

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

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

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

Sincerely,

Daisy Manufacturing Company, Inc.  
Proposed Charging Letter  
Page 4 of 4

Michael D. Turner  
Director  
Office of Export Enforcement

Enclosure