

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

In the Matter of:

USGoBuy, LLC
6804 NW 79th Ct.
Building A
Portland, OR 97218

Respondent

ORDER RELATING TO
USGOBUY, LLC

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified USGoBuy, LLC, of Portland, Oregon (“USGoBuy”), of its intention to initiate an administrative proceeding against USGoBuy pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),¹ through the issuance of a Proposed Charging Letter to USGoBuy that alleges that USGoBuy committed two violations of the Regulations.² Specifically:

¹ 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, including the Notice 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. §§ 4801-4852 (“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to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

² The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2021). The charged violation occurred in 2015. The Regulations governing the violation at issue are found in the 2015 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2021 Regulations set forth the procedures that apply to this matter.

Charges 1-2 15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct

1. On or about March 13, 2015 and on or about May 26, 2015, USGoBuy twice engaged in conduct prohibited by the Regulations when it exported items subject to the Regulations from the United States to the United Arab Emirates (“UAE”) and China without the required BIS licenses. Specifically, USGoBuy exported riflescopes – items classified under Export Control Classification Number (“ECCN”) 0A987.a and controlled on crime control grounds, without seeking or obtaining the licenses required for these exports pursuant to Section 742.7 of the Regulations. The exports at issue were valued in total at approximately \$1229.26.
2. USGoBuy is a package forwarding company based in Portland, Oregon. The company offers a “BuyForMe” service in which it purchases U.S.-origin items on behalf of its customers, and then exports the items to a foreign addressee and address provided by the customer. Customers create accounts that allow them to enter a purchase request on the USGoBuy website for specific items on U.S. retailer websites by including a link to the product webpage.
3. During the relevant time period, Customer A was a USGoBuy account holder. Customer A operated an Iran-based business specializing in forwarding packages to Iran. Customer A would utilize a company partner and/or partners in the United States to forward items from the United States to other countries. USGoBuy was aware that Customer A was based in Iran as early as 2013. In particular, for example, company records show that in November 2013, USGoBuy facilitated a shipment to Tehran, Iran, on behalf of Customer A and addressed to Customer A.
4. On or about March 13, 2015, USGoBuy exported, among other things, four riflescopes, on behalf of Customer A to an addressee in the UAE, without the required BIS license. These riflescopes, classified under ECCN 0A987.a, were valued in total at \$1130.92.
5. On April 3, 2015, BIS Office of Export Enforcement (“OEE”) Special Agents visited USGoBuy to discuss export compliance, as well as transshipment hubs commonly utilized to facilitate illegal exports to Iran, such as the UAE. During the visit, USGoBuy provided OEE with a spreadsheet of USGoBuy exports to the UAE, including the March 13, 2015 unlicensed rifle scope exports on behalf of Customer A.
6. On or about May 25, 2015, USGoBuy sent an e-mail to its customers, including Customer A, stating: “according to the relevant regulations of the U.S. government, USGoBuy is due to close service to the following countries on June 15, 2015: Iran, Cuba, Syria, Sudan, Myanmar, North Korea. At that time you won’t be able to ship packages by any carriers to these countries anymore.

*Please ignore this e-mail if you don't plan to ship packages directly to these countries through USGoBuy."³

7. On or about May 26, 2015, USGoBuy exported one riflescope, classified under ECCN 0A987.a and valued at \$98.34, on behalf of Customer A to Yiwu, China, without the required BIS license. This unlicensed export occurred after the BIS outreach visit to USGoBuy and after USGoBuy notified its customers of destination restrictions.
8. In a subsequent visit by OEE Special Agents on June 5, 2015, a USGoBuy manager acknowledged that Customer A's account included a January 1, 2015 notation that Customer A was an important account, but that the company needed to be careful. The manager explained that the notation was related to a shipment to Iran on behalf of Customer A, and found company records showing that USGoBuy exported Customer A's shipment on or about November 19, 2013, addressed to Customer A in Tehran, Iran. The manager also acknowledged that USGoBuy does not maintain records such as the packing lists of items received from U.S. companies, and that the only record of the contents of USGoBuy's exports is the company's database, where the description and value of the items requested are entered by the USGoBuy customer.

Through these actions, USGoBuy committed two violations of Section 764.2(a) of the Regulations by engaging in prohibited conduct, arising specifically from the March 13, 2015 export of four 0A987.a riflescopes to UAE and May 26, 2015 export of one 0A987.a riflescope to China, without the required licenses for these items.

WHEREAS, BIS and USGoBuy 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, USGoBuy shall be assessed a civil penalty in the amount of \$20,000.

The payment of \$5,000 shall be made to the U.S. Department of Commerce within 30 days of the date of this Order. Payment of the remaining \$15,000 shall be suspended for

³ Contrary to the suggestion in this asterisked sentence, the diversion of items subject to the EAR to restricted countries through indirect shipments may also require a license under the EAR. *See, e.g.*, 15 C.F.R. § 734.13(c) ("The export of an item that will transit through a country or countries to a destination identified in the EAR is deemed to be an export to that destination.").

a period of three (3) years from the date of this Order, and thereafter shall be waived, provided that during this three-year payment probationary period under this Order, USGoBuy has not committed a violation of the Export Control Reform Act of 2018 (“ECRA”), the Regulations, or any order, license, or authorization issued under ECRA or the Regulations, and has made full and timely payment of \$5,000 as set forth above.

SECOND, that, 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 payment is not made by the due date specified herein, USGoBuy 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, USGoBuy shall complete an external audit of its export controls compliance program. USGoBuy shall hire an unaffiliated third-party consultant with expertise in U.S. export control laws to conduct the external audit of its compliance with U.S. export control laws (including recordkeeping requirements), with respect to all exports or reexports that are subject to the Regulations. The results of the audit, including any relevant supporting materials, shall be submitted to the Department of Commerce, Bureau of Industry and Security, Office of Export Enforcement, Portland Resident Office, 1220 SW 3rd Avenue, Suite 1002, Portland, Oregon 97204 (“BIS Portland Resident Office”). The audit shall cover the twelve (12) -month period beginning on the date of this Order, and the related report shall be due to the BIS Portland Field Office no later than fifteen (15) months from the date of the Order. Said audit shall be in substantial compliance with the Export Compliance Program (ECP) sample audit

module, and shall include a comprehensive assessment of USGoBuy's compliance with the Regulations. The ECP sample audit module is available on the BIS web site at <https://www.bis.doc.gov/index.php/documents/pdfs/1641-ecp/file>. In addition, where said audit identifies actual or potential violations of the Regulations, USGoBuy must promptly provide a detailed plan of corrective actions to be taken, and copies of the pertinent air waybills and other export control documents and supporting documentation related to the identified compliance concerns, to the BIS Portland Resident Office.

FOURTH, that the full and timely payment of the civil penalty in accordance with the payment schedule set forth above, and the completion of the audit and submission of the audit results as set forth above, are hereby made conditions to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to USGoBuy.

FIFTH, that for a period of three (3) years from the date of this Order, USGoBuy, LLC, with a last known address of 6804 NW 79th Ct., Building A, Portland, OR 97218, and when acting for or on its behalf, its successors, assigns, directors, officers, employees, representatives, or agents (hereinafter collectively referred to as "Denied Person"), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- A. Applying for, obtaining, or using any license, license exception, or export control document;

- B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or engaging 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 from any other activity subject to the Regulations.

SIXTH, 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.

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

EIGHTH, as authorized by Section 766.18(c) of the Regulations, the three-year denial period set forth above shall be suspended during a probationary period of three years under this Order, and shall thereafter be waived, provided that USGoBuy has made full and timely payment as set forth above, and has completed the audit and submitted the audit results as set forth above and has not committed another violation of ECRA, the Regulations, or any order, license, or authorization issued under ECRA or the Regulations. If USGoBuy does not make full and timely payment as set forth above or, during the three-year probationary period under this Order, has not completed the audit and submitted the audit results as set forth above or commits another violation of ECRA, the Regulations, or any order, license, or authorization issued under ECRA or the Regulations, the suspension may be modified or revoked by BIS and a denial order

including a three-year denial period activated against USGoBuy. If the suspension is modified or revoked, the activation order may also revoke any BIS licenses in which USGoBuy has an interest at the time of the activation order.⁴

NINTH, USGoBuy shall not dispute or deny, directly or indirectly, the allegations contained in the Proposed Charging Letter or this Order or take any position contrary thereto in any public statement. The foregoing does not affect USGoBuy'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.

TENTH, the Proposed Charging Letter, the Settlement Agreement, and this Order shall be made available to the public.

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

**KEVIN
KURLAND** Digitally signed by
KEVIN KURLAND
Date: 2021.06.17
10:20:20 -04'00'

Kevin J. Kurland
Acting Assistant Secretary of Commerce
for Export Enforcement

Issued this 17th day of June, 2021.

⁴ Such a revocation would include licenses existing at the time of the activation order, whether the license had issued before or after ECRA's enactment on August 13, 2018. *See* note 1, *supra*.

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BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:

USGoBuy, LLC
6804 NW 79th Ct.
Building A
Portland, OR 97218

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between USGoBuy, LLC, of Portland, Oregon (“USGoBuy”), and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively, the “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (the “Regulations”).¹

WHEREAS, BIS has notified USGoBuy of its intentions to initiate an administrative proceeding against USGoBuy, pursuant to the Regulations;²

¹ 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, Title XVII, Subtitle B of Pub. L. 115-232, 132 Stat. 2208 (“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.

² The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2021). The charged violations occurred in 2015. The Regulations governing the violation at issue are found in the 2015 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2021 Regulations set forth the procedures that apply to this matter.

WHEREAS, BIS has issued a Proposed Charging Letter to USGoBuy that alleges that USGoBuy committed two violations of the Regulations, specifically:

Charges 1-2 15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct

1. On or about March 13, 2015 and on or about May 26, 2015, USGoBuy twice engaged in conduct prohibited by the Regulations when it exported items subject to the Regulations from the United States to the United Arab Emirates (“UAE”) and China without the required BIS licenses. Specifically, USGoBuy exported riflescopes – items classified under Export Control Classification Number (“ECCN”) 0A987.a and controlled on crime control grounds, without seeking or obtaining the licenses required for these exports pursuant to Section 742.7 of the Regulations. The exports at issue were valued in total at approximately \$1229.26.
2. USGoBuy is a package forwarding company based in Portland, Oregon. The company offers a “BuyForMe” service in which it purchases U.S.-origin items on behalf of its customers, and then exports the items to a foreign addressee and address provided by the customer. Customers create accounts that allow them to enter a purchase request on the USGoBuy website for specific items on U.S. retailer websites by including a link to the product webpage.
3. During the relevant time period, Customer A was a USGoBuy accountholder. Customer A operated an Iran-based business specializing in forwarding packages to Iran. Customer A would utilize a company partner and/or partners in the United States to forward items from the United States to other countries. USGoBuy was aware that Customer A was based in Iran as early as 2013. In particular, for example, company records show that in November 2013, USGoBuy facilitated a shipment to Tehran, Iran, on behalf of Customer A and addressed to Customer A.
4. On or about March 13, 2015, USGoBuy exported, among other things, four riflescopes, on behalf of Customer A to an addressee in the UAE, without the required BIS license. These riflescopes, classified under ECCN 0A987.a, were valued in total at \$1130.92.
5. On April 3, 2015, BIS Office of Export Enforcement (“OEE”) Special Agents visited USGoBuy to discuss export compliance, as well as transshipment hubs commonly utilized to facilitate illegal exports to Iran, such as the UAE. During the visit, USGoBuy provided OEE with a spreadsheet of USGoBuy exports to the UAE, including the March 13, 2015 unlicensed rifle scope exports on behalf of Customer A.
6. On or about May 25, 2015, USGoBuy sent an e-mail to its customers, including Customer A, stating: “according to the relevant regulations of the U.S. government, USGoBuy is due to close service to the following countries on June

15, 2015: Iran, Cuba, Syria, Sudan, Myanmar, North Korea. At that time you won't be able to ship packages by any carriers to these countries anymore.
*Please ignore this e-mail if you don't plan to ship packages directly to these countries through USGoBuy."³

7. On or about May 26, 2015, USGoBuy exported one riflescope, classified under ECCN 0A987.a and valued at \$98.34, on behalf of Customer A to Yiwu, China, without the required BIS license. This unlicensed export occurred after the BIS outreach visit to USGoBuy and after USGoBuy notified its customers of destination restrictions.
8. In a subsequent visit by OEE Special Agents on June 5, 2015, a USGoBuy manager acknowledged that Customer A's account included a January 1, 2015 notation that Customer A was an important account, but that the company needed to be careful. The manager explained that the notation was related to a shipment to Iran on behalf of Customer A, and found company records showing that USGoBuy exported Customer A's shipment on or about November 19, 2013, addressed to Customer A in Tehran, Iran. The manager also acknowledged that USGoBuy does not maintain records such as the packing lists of items received from U.S. companies, and that the only record of the contents of USGoBuy's exports is the company's database, where the description and value of the items requested are entered by the USGoBuy customer.

Through these actions, USGoBuy committed two violations of Section 764.2(a) of the Regulations by engaging in prohibited conduct, arising specifically from the March 13, 2015 export of four 0A987.a riflescopes to UAE and May 26, 2015 export of one 0A987.a riflescope to China, without the required licenses for these items.

WHEREAS, USGoBuy has reviewed the Proposed 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, USGoBuy fully understands the terms of this Agreement and the Order ("Order") that the Assistant Secretary of Commerce for Export Enforcement, or

³ Contrary to the suggestion in this asterisked sentence, the diversion of items subject to the EAR to restricted countries through indirect shipments may also require a license under the EAR. *See, e.g.*, 15 C.F.R. § 734.13(c) ("The export of an item that will transit through a country or countries to a destination identified in the EAR is deemed to be an export to that destination.").

appropriate designee, will issue if he approves this Agreement as the final resolution of this matter;

WHEREAS, USGoBuy enters into this Agreement voluntarily and with full knowledge of its rights, after having consulted with counsel;

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

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

WHEREAS, USGoBuy 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 USGoBuy, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.

2. The following sanctions shall be imposed against USGoBuy:

a. USGoBuy shall be assessed a civil penalty in the amount of \$20,000. The payment of \$5,000 shall be made to the U.S. Department of Commerce within 30 days of the date of the Order. Payment shall be made in the manner specified in the attached instructions. Payment of the remaining \$15,000 shall be suspended for a period of three (3) years from the date of the Order, and thereafter shall be waived, provided that during this three-year probationary period under the Order, USGoBuy has not committed another violation of the Export Control Reform Act of 2018 (“ECRA”), the Regulations, or any order,

license, or authorization issued under ECRA or the Regulations, and has made full and timely payment of \$5,000 as set forth above.

b. USGoBuy shall complete an external audit of its export controls compliance program. USGoBuy shall hire an unaffiliated third-party consultant with expertise in U.S. export control laws to conduct the external audit of its compliance with U.S. export control laws (including recordkeeping requirements), with respect to all exports or reexports that are subject to the Regulations. The results of the audit, including any relevant supporting materials, shall be submitted to the Department of Commerce, Bureau of Industry and Security, Office of Export Enforcement, Portland Resident Office, 1220 SW 3rd Avenue, Suite 1002, Portland, Oregon 97204 (“BIS Portland Resident Office”). The audit shall cover the twelve (12)-month period beginning on the date of the Order, and the related report shall be due to the BIS Portland Field Office no later than fifteen (15) months from the date of the Order. Said audit shall be in substantial compliance with the Export Compliance Program (ECP) sample audit module, and shall include a comprehensive assessment of USGoBuy’s compliance with the Regulations. The ECP sample audit module is available on the BIS web site at <https://www.bis.doc.gov/index.php/documents/pdfs/1641-ecp/file>. In addition, where said audit identifies actual or potential violations of the Regulations, USGoBuy shall promptly provide a detailed plan of corrective actions to be taken, copies of the pertinent air waybills and other export control documents and supporting documentation to the BIS Portland Resident Office.

c. The full and timely payment of the civil penalty agreed to in Paragraph 2.a, above, and the timely completion of the audit and submission of

the audit results as described in Paragraph 2.b, are hereby made conditions to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to USGoBuy.

d. For a period of three (3) years from the date of the Order, USGoBuy, with a last known address of 6804 NW 79th Ct., Building A, Portland, OR 97218, and when acting for or on its behalf, its successors, assigns, directors, officers, employees, representatives, or agents (hereinafter collectively referred to as “Denied Person”), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as “item”) exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- 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 engaging 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 from any other activity subject to the Regulations.

e. BIS agrees that, as authorized by Section 766.18(c) of the Regulations, the three-year denial period set forth in Paragraph 2.d shall be suspended during a probationary period of three years under the Order, and shall thereafter be waived, provided that USGoBuy has made full and timely payment in accordance with Paragraph 2.a above, and has completed the audit and submitted the audit results as described in Paragraph 2.b, and has not committed another violation of ECRA, the Regulations, or any order, license or authorization issued under ECRA or the Regulations. If USGoBuy does not make full and timely payment in accordance with Paragraph 2.a above, or has not completed the audit and submitted the audit results as described in Paragraph 2.b, or during the three-year probationary period of the Order commits another violation of ECRA, the Regulations, or any order, license or authorization issued under ECRA or the Regulations, the suspension may be modified or revoked by BIS and a denial order including a three-year denial period activated against USGoBuy. If the suspension is modified or revoked, the activation order may also revoke any BIS licenses in which USGoBuy has an interest at the time of the activation order.⁴

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, USGoBuy 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 suspended sanctions due to a violation or violations of this Agreement or the Order, if issued), including, without limitation, any right to: (a)

⁴ Such a revocation would include licenses existing at the time of the activation order, whether the license had issued before or after ECRA's enactment on August 13, 2018. *See* Note 1, *supra*.

an administrative hearing regarding the allegations in any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if issued; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if issued. USGoBuy 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 ECRA, the EAA, or the Regulations arising out of the transactions identified in the Proposed Charging Letter or in connection with collection of the civil penalty or enforcement of this Agreement and the Order, if issued, from the date of the Order until the later of the date USGoBuy pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement, or has completed the audit and submitted the audit results as described in Paragraph 2.b.

4. USGoBuy shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegations in the Proposed Charging Letter or the Order. The foregoing does not affect USGoBuy's testimonial obligations in any 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 full and timely payment of the civil penalty as set forth in Paragraph 2.a above, and completion of an audit and submission of the audit results as described in Paragraph 2.b, BIS will not initiate any further administrative proceeding against USGoBuy in connection with any violation of the Regulations arising out of the transactions specifically detailed in the Proposed Charging Letter.

6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of

Commerce for Export Enforcement, or appropriate designee, pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

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

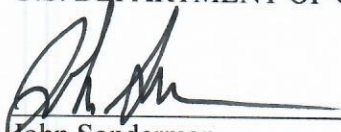
8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement, or appropriate designee, approves it by issuing the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

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

10. Each signatory affirms that he/she has authority to enter into this Settlement Agreement and to bind his/her 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



John Sonderman
Director of Export Enforcement

USSGOBUY, LLC



Ken Chen
Executive Director

Date:

6/16/2021

Date: June 04, 2021

Reviewed and approved by:



Kyl Kirby, Esq.
Counsel for USGoBuy

Date: June 15, 2021



UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Industry and Security
Office of Export Enforcement
1401 Constitution Avenue, Suite 4508
Washington, DC 20230

PROPOSED CHARGING LETTER

VIA E-MAIL

USGoBuy, LLC
6804 NE 79th Ct
Building A
Portland, OR 97218

Attention: Mr. Lei Guo

Dear Mr. Guo:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that USGoBuy, LLC (“USGoBuy”) of Portland, Oregon, has violated the Export Administration Regulations (the “Regulations”).¹ Specifically, BIS alleges that USGoBuy committed the following two violations:²

Charges 1-2 15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct

1. On or about March 13, 2015 and on or about May 26, 2015, USGoBuy twice engaged in conduct prohibited by the Regulations when it exported items subject to the Regulations from the United States to the United Arab Emirates (“UAE”) and China without the required BIS licenses. Specifically, USGoBuy exported riflescopes – items classified under Export Control Classification Number (“ECCN”) 0A987.a and controlled on crime control grounds, without seeking or obtaining the licenses required for these exports

¹ The Regulations originally issued under the Export Administration Act of 1979, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“EAA” or “the Act”). 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 was extended by successive Presidential Notices, continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. 1701, et seq. (2018)) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, Pub. L. 115-232, which includes the Export Control Reform Act of 2018 (50 U.S.C. §§ 4801-4852 (2019)) (“ECRA”). Section 1768 of ECRA repealed the provisions of the EAA (except for three sections which are inapplicable here, and 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.

² The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2019). The violations alleged occurred in 2015. The Regulations governing the violations at issue are found in the 2015 version of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2015). The 2020 Regulations govern the procedural aspects of this case.



pursuant to Section 742.7 of the Regulations. The exports at issue were valued in total at approximately \$1229.26.

2. USGoBuy is a package forwarding company based in Portland, Oregon. The company offers a “BuyForMe” service in which it purchases U.S.-origin items on behalf of its customers, and then exports the items to a foreign addressee and address provided by the customer. Customers create accounts that allow them to enter a purchase request on the USGoBuy website for specific items on U.S. retailer websites by including a link to the product webpage.
3. During the relevant time period, Customer A was a USGoBuy accountholder. Customer A operated an Iran-based business specializing in forwarding packages to Iran. Customer A would utilize a company partner and/or partners in the United States to forward items from the United States to other countries. USGoBuy was aware that Customer A was based in Iran as early as 2013. In particular, for example, company records show that in November 2013, USGoBuy facilitated a shipment to Tehran, Iran, on behalf of Customer A and addressed to Customer A.
4. On or about March 13, 2015, USGoBuy exported, among other things, four riflescopes, on behalf of Customer A to an addressee in the UAE, without the required BIS license. These riflescopes, classified under ECCN 0A987.a, were valued in total at \$1130.92.
5. On April 3, 2015, BIS Office of Export Enforcement (“OEE”) Special Agents visited USGoBuy to discuss export compliance, as well as transshipment hubs commonly utilized to facilitate illegal exports to Iran, such as the UAE. During the visit, USGoBuy provided OEE with a spreadsheet of USGoBuy exports to the UAE, including the March 13, 2015 unlicensed rifle scope exports on behalf of Customer A.
6. On or about May 25, 2015, USGoBuy sent an e-mail to its customers, including Customer A, stating: “according to the relevant regulations of the U.S. government, USGoBuy is due to close service to the following countries on June 15, 2015: Iran, Cuba, Syria, Sudan, Myanmar, North Korea. At that time you won’t be able to ship packages by any carriers to these countries anymore. *Please ignore this e-mail if you don’t plan to ship packages directly to these countries through USGoBuy.”³
7. On or about May 26, 2015, USGoBuy exported one rifle scope, classified under ECCN 0A987.a and valued at \$98.34, on behalf of Customer A to Yiwu, China, without the required BIS license. This unlicensed export occurred after the BIS outreach visit to USGoBuy and after USGoBuy notified its customers of destination restrictions.
8. In a subsequent visit by OEE Special Agents on June 5, 2015, a USGoBuy manager acknowledged that Customer A’s account included a January 1, 2015 notation that Customer A was an important account, but that the company needed to be careful. The manager explained that the notation was related to a shipment to Iran on behalf of

³ Contrary to the suggestion in this asterisked sentence, the diversion of items subject to the EAR to restricted countries through indirect shipments may also require a license under the EAR. *See, e.g.*, 15 C.F.R. § 734.13(c) (“The export of an item that will transit through a country or countries to a destination identified in the EAR is deemed to be an export to that destination.”).

Customer A, and found company records showing that USGoBuy exported Customer A's shipment on or about November 19, 2013, addressed to Customer A in Tehran, Iran. The manager also acknowledged that USGoBuy does not maintain records such as the packing lists of items received from U.S. companies, and that the only record of the contents of USGoBuy's exports is the company's database, where the description and value of the items requested are entered by the USGoBuy customer.

Through these actions, USGoBuy committed two violations of Section 764.2(a) of the Regulations by engaging in prohibited conduct, arising specifically from the March 13, 2015 export of four 0A987.a riflescopes to UAE and May 26, 2015 export of one 0A987.a rifle scope to China, without the required licenses for these items.

* * * *

Accordingly, USGoBuy 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 sanctions⁴ including, but not limited to, any or all of the following:

- The maximum civil penalty allowed by law of up to the greater of \$307,922 per violation,⁵ or twice the value of the transaction that is the basis of the violation;⁶
- Denial of export privileges;
- Exclusion from practice before BIS; and/or
- Any other liability, sanction, or penalty available under law.

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

USGoBuy 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. USGoBuy 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.

⁴ 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. In situations involving alleged violations that occurred on or after August 13, 2018, the potential sanctions are specified in Section 1760(c) of ECRA.

⁵ *See* 15 C.F.R. §§ 6.3(b)(4) and 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* 85 Fed. Reg. 207, 208 (Jan. 3, 2020) (adjusting for inflation the maximum civil monetary penalty under IEEPA from \$302,584 to \$307,922 effective January 15, 2020).

⁶ *See* International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 100-96, 121 Stat. 1011 (2007).

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should USGoBuy have a proposal to settle this case, USGoBuy should transmit it to the attorneys representing BIS named below.

USGoBuy is further notified that under the Small Business Regulatory Enforcement Flexibility Act, USGoBuy 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, USGoBuy'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, MD 21202-4022

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

Chief Counsel for Industry and Security
Attention: Charles Wall and Kimberly Hsu
Room H-3839
14th Street and Constitution Avenue, NW
Washington, DC 20230

Charles Wall and Kimberly Hsu are the attorneys representing BIS in this case; any communications that USGoBuy may wish to have concerning this matter should occur through them. Mr. Wall and Ms. Hsu may be contacted by telephone at (202) 482-5301.

Sincerely,

John Sonderman
Director
Office of Export Enforcement