

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

In the Matter of:

SP Industries, Inc. (d/b/a SP Scientific)  
925 Mearns Road  
Warminster, Pennsylvania 18974

Respondent

ORDER RELATING TO  
SP INDUSTRIES, INC.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified SP INDUSTRIES, INC. (d/b/a SP Scientific), of Warminster, Pennsylvania (“SP INDUSTRIES”), of its intention to initiate an administrative proceeding against SP INDUSTRIES pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations” or “EAR”) through the issuance of a Proposed Charging Letter to SP INDUSTRIES that alleges that SP INDUSTRIES committed four violations of the Regulations.<sup>1</sup> Specifically:

**Charge 1                      15 C.F.R. § 764.2(a): Engaging in Prohibited Conduct**

1. On or about May 28, 2019, SP INDUSTRIES engaged in conduct prohibited by the Regulations when it exported from the United States one ThermoJet-ES Precision Temperature Cycling System (item) to Huawei Device Co., Ltd., in Shenzhen, China, without the required license. The item was classified EAR99.<sup>2</sup>

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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 (2021). The violations alleged occurred in 2019. The Regulations governing the violation at issue are found in the 2019 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.

<sup>2</sup> “EAR99” is a designation for items subject to the Regulations but not listed on the Commerce Control List (CCL). *See* 15 C.F.R. §§ 734.3(c) and 772.1.

- Huawei Device Co., Ltd. at all times relevant hereto was (and remains) listed on the Entity List, Supplement No. 4 to Part 744 of the Regulations, and a BIS license was required to export that item subject to the Regulations to that entity. *See* 15 C.F.R. § 744.11 and Supp. No. 4 to 15 C.F.R. Part 744. The total value of the item exported was \$26,016.90.
2. In engaging in conduct prohibited by or contrary to the EAR, or refraining from engaging in conduct required by the EAR, SP INDUSTRIES violated Section 764.2(a) of the Regulations.

**Charge 2                    15 C.F.R. § 764.2(a): Engaging in Prohibited Conduct**

3. On or about July 19, 2019, SP INDUSTRIES engaged in conduct prohibited by the Regulations when it exported, from the United States, four items to HiSilicon Technologies Co., Ltd., in Shenzhen, China, without the required license. The items were classified EAR99. HiSilicon Technologies Co., Ltd. at all times relevant hereto was (and remains) listed on the Entity List, Supplement No. 4 to Part 744 of the Regulations, and a BIS license was required to export those items subject to the Regulations to that entity. *See* 15 C.F.R. § 744.11 and Supp. No. 4 to 15 C.F.R. Part 744. The total value of the items exported was \$104,067.60.
4. In engaging in conduct prohibited by or contrary to the EAR, or refraining from engaging in conduct required by the EAR, SP INDUSTRIES violated Section 764.2(a) of the Regulations.

**Charge 3                    15 C.F.R. § 764.2(a): Engaging in Prohibited Conduct**

5. On or about August 2, 2019, SP INDUSTRIES engaged in conduct prohibited by the Regulations when it exported, from the United States, one Item to Huawei

Technologies Co., Ltd., in Shenzhen, China, without the required license. The item was classified EAR99. Huawei Technologies Co., Ltd. at all times relevant hereto was (and remains) listed on the Entity List, Supplement No. 4 to Part 744 of the Regulations, and a BIS license was required to export that item subject to the Regulations to that entity. *See* 15 C.F.R. § 744.11 and Supp. No. 4 to 15 C.F.R. Part 744. The total value of the item exported was \$26,016.90.

6. In engaging in conduct prohibited by or contrary to the EAR, or refraining from engaging in conduct required by the EAR, SP INDUSTRIES violated Section 764.2(a) of the Regulations.

**Charge 4                    15 C.F.R. § 764.2(a): Engaging in Prohibited Conduct**

7. On or about August 2, 2019, SP INDUSTRIES engaged in conduct prohibited by the Regulations when it exported, from the United States, one item to HiSilicon Technologies Co., Ltd., in Shenzhen China, without the required license. The item was classified EAR99. HiSilicon Technologies Co., Ltd. at all times relevant hereto was (and remains) listed on the Entity List, Supplement No. 4 to Part 744 of the Regulations, and a BIS license was required to export that item subject to the Regulations to that entity. *See* 15 C.F.R. § 744.11 and Supp. No. 4 to 15 C.F.R. Part 744. The total value of the item exported was \$26,016.90.
8. In engaging in conduct prohibited by or contrary to the EAR, or refraining from engaging in conduct required by the EAR, SP INDUSTRIES violated Section 764.2(a) of the Regulations.

WHEREAS, BIS and SP INDUSTRIES 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, SP INDUSTRIES shall be assessed a civil penalty in the amount of \$80,000, and the payment of which shall be made to the U.S. Department of Commerce within 30 days of the date of this Order.

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, SP INDUSTRIES 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, SP INDUSTRIES shall complete two annual audits of its export controls compliance program with respect to all exports or reexports that are subject to the Regulations. SP INDUSTRIES shall hire an unaffiliated 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 audits, including any relevant supporting materials, shall be submitted to the Department of Commerce, Bureau of Industry and Security, Office of Export Enforcement, 1200 South Ave., Suite 104, Staten Island, New York 10314 (“BIS New York Field Office”). The first annual audit shall cover the 12-month period beginning on the date of this Order, and the related

report shall be due to the BIS New York Field Office no later than fifteen (15) months from the date of this Order. The second annual audit shall cover the next 12-month period beginning on the one-year anniversary of the date of this Order, and the related report shall be due to the BIS New York Field Office no later than fifteen (15) months from the one-year anniversary of this Order. Said audits shall be in substantial compliance with the Export Compliance Program (ECP) sample audit module, and shall include a comprehensive assessment of SP INDUSTRIES' compliance with the Regulations. The ECP sample audit module is available on the BIS website at <https://www.bis.doc.gov/index.php/compliance-a-training/export-management-a-compliance/compliance>. In addition, where said audit identifies actual or potential violations of the Regulations, SP INDUSTRIES 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 New York Field 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 two annual audits and submission of the audit results as set forth above are 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 SP INDUSTRIES. Accordingly, if SP INDUSTRIES should fail to pay the civil penalty in a full and timely manner or complete the two audits and submit the audit results, the undersigned may issue an order denying all of SP INDUSTRIES' export privileges under the Regulations for a period of one year from the date of failure to make such payment or the completion of the two audits and submission of the audit results.

FIFTH, SP INDUSTRIES 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 SP INDUSTRIES' 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.

SIXTH, 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



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KEVIN KURLAND  
Date: 2021.11.04  
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Kevin J. Kurland  
Acting Assistant Secretary of Commerce  
for Export Enforcement

Issued this 4<sup>th</sup> day of November, 2021.

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

In the Matter of:

SP Industries, Inc. (d/b/a SP Scientific)  
925 Mearns Road  
Warminster, Pennsylvania 18974

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between SP INDUSTRIES, INC. (d/b/a SP Scientific), of Warminster, Pennsylvania (“SP INDUSTRIES”), 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” or “EAR”).

WHEREAS, BIS has notified SP INDUSTRIES of its intentions to initiate an administrative proceeding against SP INDUSTRIES, pursuant to the Regulations;<sup>1</sup>

WHEREAS, BIS has issued a Proposed Charging Letter to SP INDUSTRIES that alleges that SP INDUSTRIES committed four violations of the Regulations, specifically:

**Charge 1                    15 C.F.R. § 764.2(a): Engaging in Prohibited Conduct**

1. On or about May 28, 2019, SP INDUSTRIES engaged in conduct prohibited by the Regulations when it exported from the United States, one ThermoJet-ES Precision Temperature Cycling System (Item) to Huawei Device Co., Ltd., in

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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 (2021). The violations alleged occurred in 2019. The Regulations governing the violation at issue are found in the 2019 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.

Shenzhen, China, without the required license. The Item was classified EAR99.<sup>2</sup> Huawei Device Co., Ltd., at all times relevant hereto was (and remains) listed on the Entity List, Supplement No. 4 to Part 744 of the Regulations, and a BIS license was required to export that Item subject to the Regulations to that entity. *See* 15 C.F.R. § 744.11 and Supp. No. 4 to 15 C.F.R. Part 744. The total value of the Item exported was \$26,016.90.

2. In engaging in conduct prohibited by or contrary to the EAR, or refraining from engaging in conduct required by the EAR, SP INDUSTRIES violated Section 764.2(a) of the Regulations.

**Charge 2                    15 C.F.R. § 764.2(a): Engaging in Prohibited Conduct**

3. On or about July 19, 2019, SP INDUSTRIES engaged in conduct prohibited by the Regulations when it exported, from the United States, four Items to HiSilicon Technologies Co., Ltd., in Shenzhen, China, without the required license. The Items were classified EAR99. HiSilicon Technologies Co., Ltd., at all times relevant hereto was (and remains) listed on the Entity List, Supplement No. 4 to Part 744 of the Regulations, and a BIS license was required to export those Items subject to the Regulations to that entity. *See* 15 C.F.R. § 744.11 and Supp. No. 4 to 15 C.F.R. Part 744. The total value of the Items exported was \$104,067.60.
4. In engaging in conduct prohibited by or contrary to the EAR, or refraining from engaging in conduct required by the EAR, SP INDUSTRIES violated Section 764.2(a) of the Regulations.

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<sup>2</sup> “EAR99” is a designation for items subject to the Regulations but not listed on the Commerce Control List (CCL). *See* 15 C.F.R. §§ 734.3(c) and 772.1.



**Charge 3**                      **15 C.F.R. § 764.2(a): Engaging in Prohibited Conduct**

5. On or about August 2, 2019, SP INDUSTRIES engaged in conduct prohibited by the Regulations when it exported, from the United States, one Item to Huawei Technologies Co., Ltd., in Shenzhen, China, without the required license. The Item was classified EAR99. Huawei Technologies Co., Ltd., at all times relevant hereto was (and remains) listed on the Entity List, Supplement No. 4 to Part 744 of the Regulations, and a BIS license was required to export that Item subject to the Regulations to that entity. *See* 15 C.F.R. § 744.11 and Supp. No. 4 to 15 C.F.R. Part 744. The total value of the Item exported was \$26,016.90.
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**Charge 4**                      **15 C.F.R. § 764.2(a): Engaging in Prohibited Conduct**

7. On or about August 2, 2019, SP INDUSTRIES engaged in conduct prohibited by the Regulations when it exported, from the United States, one Item to HiSilicon Technologies Co., Ltd., in Shenzhen China, without the required license. The Item was classified EAR99. HiSilicon Technologies Co., Ltd., at all times relevant hereto was (and remains) listed on the Entity List, Supplement No. 4 to Part 744 of the Regulations, and a BIS license was required to export that Item subject to the Regulations to that entity. *See* 15 C.F.R. § 744.11 and Supp. No. 4 to 15 C.F.R. Part 744. The total value of the Item exported was \$26,016.90.

8. In engaging in conduct prohibited by or contrary to the EAR, or refraining from engaging in conduct required by the EAR, SP INDUSTRIES violated Section 764.2(a) of the Regulations.

WHEREAS, SP INDUSTRIES 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, SP INDUSTRIES fully understands the terms of this Agreement and the Order (“Order”) that the Acting Assistant Secretary of Commerce for Export Enforcement will issue if he approves this Agreement as the final resolution of this matter;

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

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

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

WHEREAS, SP INDUSTRIES 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 SP INDUSTRIES, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.
2. The following sanctions shall be imposed against SP INDUSTRIES:

a. SP INDUSTRIES shall be assessed a civil penalty in the amount of \$80,000, and the payment of which 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.

b. SP INDUSTRIES shall complete two annual internal audits of its export controls compliance program. SP INDUSTRIES shall hire an unaffiliated consultant with expertise in U.S. export control laws to conduct the 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 audits, including any relevant supporting materials, shall be submitted to the Department of Commerce, Bureau of Industry and Security, Office of Export Enforcement, 1200 South Ave., Suite 104, Staten Island, New York 10314 (“BIS New York Field Office”). The first annual audit shall cover the 12-month period beginning on the date of the Order, and the related report shall be due to the BIS New York Field Office no later than fifteen (15) months from the date of the Order. The second annual audit shall cover the next 12-month period beginning on the one-year anniversary of the date of the Order, and the related report shall be due to the BIS New York Field Office no later than fifteen (15) months from the one-year anniversary of the Order. Said audits shall be in substantial compliance with the Export Compliance Program (ECP) sample audit module, and shall include an assessment of SP INDUSTRIES’ compliance with the Regulations. The ECP sample audit module is available on the BIS website at <https://www.bis.doc.gov/index.php/compliance-a-training/export-management-a-compliance/compliance>. In addition, if any audit

identifies actual or potential violations of the Regulations, SP INDUSTRIES 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 New York Field Office.

c. The full and timely payment of the civil penalty agreed to in Paragraph 2.a, above and the timely completion of the two internal audits and submission of the audit results 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 SP INDUSTRIES. Failure to make full and timely payment of the civil penalty or to complete the audit and submit the audit results as set forth above may result in the denial of all of SP INDUSTRIES' export privileges under the Regulations for one year from the date of the failure to make such payment or to complete either audit and submit the audit results.

3. Subject to the approval of this Agreement, and pursuant to Paragraph 8 hereof, SP INDUSTRIES 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) 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. SP INDUSTRIES also waives, and will not assert, any Statute of Limitations defense, and the Statute of Limitations will be tolled, in connection with any violation of the Act 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 SP INDUSTRIES 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 in Paragraph 2.b.


4. SP INDUSTRIES 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 SP INDUSTRIES' 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 the timely completion of the two internal audits and submission of the audit results in Paragraph 2.b, BIS will not initiate any further administrative proceeding against SP INDUSTRIES 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 Acting 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. This Agreement constitutes and contains the entire agreement and understanding among the parties, and the terms of this Agreement or the Order, if issued, may not be varied or otherwise altered or affected by any agreement, understanding, representation, or interpretation not contained in this Agreement; nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.
8. This Agreement shall become binding on the Parties only if the Acting Assistant Secretary of Commerce for Export Enforcement 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

  
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John Sonderman  
Director of Export Enforcement

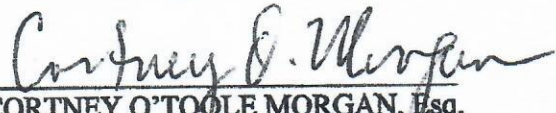
Date: 11/4/2021

SP INDUSTRIES, INC. (D/B/A SP  
SCIENTIFIC)

  
\_\_\_\_\_  
Brian Larkin  
President and Chief Executive Officer  
SP Industries, Inc.

Date: 4 Nov, 2021

Reviewed and approved by:

  
\_\_\_\_\_  
CORTNEY O'TOOLE MORGAN, Esq.  
HUSCH BLACKWELL  
Counsel for SP INDUSTRIES

Date: 11/4/21



**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 EXPRESS COURIER

SP Industries, Inc. (d/b/a SP Scientific)  
Attn: Brian Larkin, President and CEO  
935 Mearns Road  
Warminster PA 18974

C/O  
Husch Blackwell LLP  
Attn: Cortney Morgan  
750 17th Street NW Suite 900  
Washington, D.C. 20006

Dear Ms. Morgan,

The Bureau of Industry and Security, U.S. Department of Commerce (BIS), has reason to believe that SP Industries, Inc. (d/b/a SP Scientific) of Warminster, Pennsylvania (SP INDUSTRIES), committed four violations of the Export Administration Regulations (the “Regulations” or “EAR”). Specifically, BIS alleges that SP INDUSTRIES committed the following:<sup>1</sup>

**Charge 1                      15 C.F.R. § 764.2(a): Engaging in Prohibited Conduct**

1. On or about May 28, 2019, SP INDUSTRIES engaged in conduct prohibited by the Regulations when it exported from the United States, one ThermoJet-ES Precision Temperature Cycling System (Item) to Huawei Device Co., Ltd., in Shenzhen, China, without the required license. The Item was classified EAR99.<sup>2</sup> Huawei Device Co., Ltd., at all times relevant hereto was (and remains) listed on the Entity List, Supplement No. 4 to Part 744 of the Regulations, and a BIS license was required to export that Item subject to the Regulations to that entity

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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 (2021). The violations alleged occurred in 2019. The Regulations governing the violation at issue are found in the 2019 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.

<sup>2</sup> “EAR99” is a designation for items subject to the Regulations but not listed on the Commerce Control List (CCL). See 15 C.F.R. §§ 734.3(c) and 772.1.





*See* 15 C.F.R. § 744.11 and Supp. No. 4 to 15 C.F.R. Part 744. The total value of the Item exported was \$26,016.90.

2. In engaging in conduct prohibited by or contrary to the EAR, or refraining from engaging in conduct required by the EAR, SP INDUSTRIES violated Section 764.2(a) of the Regulations.

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subject to the Regulations to that entity. *See* 15 C.F.R. § 744.11 and Supp. No. 4 to 15 C.F.R. Part 744. The total value of the Item exported was \$26,016.90.

8. In engaging in conduct prohibited by or contrary to the EAR, or refraining from engaging in conduct required by the EAR, SP INDUSTRIES violated Section 764.2(a) of the Regulations.

\* \* \* \* \*

Accordingly, SP INDUSTRIES is hereby notified that an administrative proceeding is instituted against it pursuant to Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including, but not limited to any or all of the following:

- The maximum civil penalty allowed by law of up to the greater of \$308,901 per violation,<sup>3</sup> or twice the value of the transaction that is the basis of the violation;<sup>4</sup>
- Denial of export privileges;
- Exclusion from practice before BIS; and/or
- Any other liability, sanction, or penalty available under law.

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

SP INDUSTRIES 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. SP INDUSTRIES 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.

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<sup>3</sup> *See* 15 C.F.R. §§ 6.3(c)(4), 6.3(c)(6), 6.4. This amount is subject to annual increases pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Sec. 701 of Public Law 114-74, enacted on November 2, 2015. *See also* 86 Fed. Reg. 1,764 (Jan. 10, 2021) (Adjusting for inflation the maximum civil monetary penalty under Export Control Reform Act of 2018, 50 U.S.C. § 4819(c)(1)(A), from \$305,292 to \$308,901).

<sup>4</sup> *See* 50 U.S.C. § 4819(c)(1)(A).

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

SP INDUSTRIES is further notified that under the Small Business Regulatory Enforcement Flexibility Act, SP INDUSTRIES 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, SP INDUSTRIES' 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 SP INDUSTRIES' answer must be served on BIS at the following address:

Chief Counsel for Industry and Security  
Attention: Mr. Jesse Horn  
Room H-3839  
14th Street and Constitution Avenue, N.W.  
Washington, D.C. 20230

Jesse Horn is the attorney representing BIS in this case; any communications that SP INDUSTRIES may wish to have concerning this matter should occur through him. Mr. Horn may be contacted by e-mail at [JHorn@doc.gov](mailto:JHorn@doc.gov), should you wish to discuss this matter further.

Sincerely,

John Sonderman  
Director  
Office of Export Enforcement