

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

In the Matter of:

Cargosave, Inc.
179-14 149th Rd., Suite 202
Jamaica, NY 11434

ORDER RELATING TO
CARGOSAVE, INC.

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

Charges 1-2 15 C.F.R. § 764.2(b) – Causing, Aiding, or Abetting a Violation

1. On two occasions from on or about September 7, 2016 through on or about December 10, 2016, Cargosave caused, aided, and abetted acts prohibited by the

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, 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to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.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 (2023). The charged violations occurred in 2016. The Regulations governing the violations at issue are found in the 2016 versions of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2016). The 2023 Regulations set forth the procedures that apply to this matter.

Regulations when it facilitated the export of enterprise servers, and switches from the United States to Iran on behalf of an Iran-based exporter without the required U.S. government authorization. These items, valued in total at approximately \$17,408, were subject to the Regulations and classified under Export Control Classification Numbers (ECCNs) 4A994.b, 5A002.a, 5A991.b, 5A992.c, controlled for Anti-Terrorism reasons, or designated as EAR99³.

2. The items are subject to the Iranian Transactions and Sanctions Regulations (“ITSR”), administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”). Absent prior authorization by OFAC, the ITSR prohibit, as they did at all times pertinent hereto, the exportation, reexportation, sale, or supply, directly or indirectly, from the United States of any goods technology, or services to Iran, including the exportation, reexportation, sale, or supply of such items to a third country undertaken with knowledge or reason to know that the items were intended for supply, transshipment, or reexportation, directly or indirectly, to Iran. *See* 31 C.F.R. § 560.204. Pursuant to Section 746.7 of the Regulations, no person may export or reexport any item that is subject to the Regulations if such transaction is prohibited by the ITSR and has not been authorized by OFAC. *See* 15 C.F.R. § 746.7(e).
3. By engaging in the above-described conduct, Cargosave committed two violations of Section 764.2(b) of the Regulations.

WHEREAS, BIS and Cargosave 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;

WHEREAS, Cargosave cooperated and assisted OEE with its investigation related to the exports at issue, resulting in two seizures of goods, and later assisted in the separate investigation of another potential export violation by a third party;

WHEREAS, Cargosave admits committing the alleged conduct described in the Proposed Charging Letter; and

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

IT IS THEREFORE ORDERED:

³ EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c).

FIRST, for a period of two (2) years from the date of the Order, Cargosave, Inc., with a last known address of 179-30 149th Ave., Suite #105, Jamaica, NY 11431, shall be made subject to a suspended two-year denial of its export privileges under the Regulations (“denial”). As authorized by Section 766.18(c) of the Regulations, such denial shall be fully suspended for a two-year probationary period and shall thereafter be waived, provided that Cargosave has not committed another violation of ECRA, the Regulations, or any order, license or authorization issued under ECRA or the Regulations, and has completed export controls compliance training as described below. If Cargosave commits another violation of ECRA, the Regulations, or any order, license or authorization issued under ECRA or the Regulations during the two-year suspension period under the Order, or fails to complete the export controls compliance training, the suspension of the denial may be modified or revoked by BIS pursuant to Section 766.17(c) of the Regulations and a denial order (including a two-year denial period) activated against Cargosave. If the suspension of the denial is modified or revoked, the activation order may also revoke any BIS licenses in which Cargosave has an interest at the time of the activation order.⁴

SECOND, to ensure that all Cargosave employees responsible for export compliance recognize and familiarize themselves with BIS “Know Your Customer” guidance, as well as guidance on “red flags,” Cargosave shall complete export compliance training on the Regulations within twelve (12) months from the date of the Order. Before Cargosave attends a compliance training course or program, Cargosave shall notify the Office of Export Enforcement, Special Agent in Charge of the New York

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*.

Field Office, of the course or program Cargosave has selected to attend. No later than one month after attending the compliance training course or program, Cargosave shall submit a certification of attendance from the training provider to the Office of Export Enforcement, 1200 South Avenue, Suite 104, Staten Island, NY 10314.

THIRD, the timely completion and submission of verification of attendance at an export compliance training 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 Cargosave.

FOURTH, should the suspension of the denial be modified or revoked pursuant to Section 766.17(c) of the Regulations, and a denial order (including a two-year denial period) be activated against Cargosave, for the duration of such denial order, Cargosave, 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.

FIFTH, should the suspension of the denial be modified or revoked, and a denial order be activated against Cargosave, for the duration of the denial order, no person may, directly or indirectly, do any of the following:

- A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations;
- B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby the Denied Person acquires or attempts to acquire such ownership, possession or control;
- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States;
- D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or
- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is

owned, possessed or controlled by the Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by the Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

SIXTH, 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.

SEVENTH, 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.



Matthew S. Axelrod
Assistant Secretary of Commerce
for Export Enforcement

Issued this 12th day of February, 2024.

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

In the Matter of:

Cargosave, Inc.
179-14 149th Rd., Suite 202
Jamaica, NY 11434

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Cargosave, Inc., of Jamaica, New York (“Cargosave”), 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 Cargosave of its intentions to initiate an administrative proceeding against Cargosave 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, 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 (2023). The charged violations occurred in 2016. The Regulations governing the violations at issue are found in the 2016 versions of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2016). The 2023 Regulations set forth the procedures that apply to this matter.

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

Charges 1-2 15 C.F.R. § 764.2(b) – Causing, Aiding, or Abetting a Violation

1. On two occasions from on or about September 7, 2016, through on or about December 10, 2016, Cargosave caused, aided, and abetted acts prohibited by the Regulations when it facilitated the export of enterprise servers and switches from the United States to Iran on behalf of an Iran-based exporter without the required U.S. government authorization. These items, valued in total at approximately \$17,408, were subject to the Regulations and classified under Export Control Classification Numbers (ECCNs) 4A994.b, 5A002.a, 5A991.b, 5A992.c, controlled for Anti-Terrorism reasons, or designated as EAR99³.
2. The items are subject to the Iranian Transactions and Sanctions Regulations (“ITSR”), administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”). Absent prior authorization by OFAC, the ITSR prohibit, as they did at all times pertinent hereto, the exportation, reexportation, sale, or supply, directly or indirectly, from the United States of any goods technology, or services to Iran, including the exportation, reexportation, sale, or supply of such items to a third country undertaken with knowledge or reason to know that the items were intended for supply, transshipment, or reexportation, directly or indirectly, to Iran. *See* 31 C.F.R. § 560.204. Pursuant to Section 746.7 of the Regulations, no person may export or reexport any item that is subject to the Regulations if such transaction is prohibited by the ITSR and has not been authorized by OFAC. *See* 15 C.F.R. § 746.7(e).
3. By engaging in the above-described conduct, Cargosave committed two violations of Section 764.2(b) of the Regulations.

WHEREAS, Cargosave cooperated and assisted OEE with its investigation related to the exports at issue, resulting in two seizures of goods, and later assisted in the separate investigation of another potential export violation by a third party;

WHEREAS, Cargosave 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;

³ EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c).

WHEREAS, Cargosave has reviewed, with the assistance of counsel, the terms of this Agreement, 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, and the Proposed Charging Letter, and understands the terms of all three documents;

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

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

WHEREAS, Cargosave admits committing the alleged conduct described in the Proposed Charging Letter; and

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

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

1. BIS has jurisdiction over Cargosave, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.
2. The following sanctions shall be imposed against Cargosave:
 - a. For a period of two (2) years from the date of the Order, Cargosave shall be made subject to a suspended two-year denial of its export privileges under the Regulations (“denial”). As authorized by Section 766.18(c) of the Regulations, such denial shall be suspended during this two-year probationary period and shall thereafter be waived, provided that Cargosave has not committed another violation of ECRA, the Regulations, or any order, license or authorization issued

under ECRA or the Regulations, and has completed export controls compliance training as described below. If Cargosave commits another violation of ECRA, the Regulations, or any order, license or authorization issued under ECRA or the Regulations during the two-year suspension period under the Order, or fails to complete the export controls compliance training, the suspension of the denial may be modified or revoked by BIS pursuant to Section 766.17(c) of the Regulations and a denial order (including a two-year denial period) activated against Cargosave. If the suspension of the denial is modified or revoked, the activation order may also revoke any BIS licenses in which Cargosave has an interest at the time of the activation order.⁴

b. Should the suspension of the denial be modified or revoked pursuant to Section 766.17(c) of the Regulations, and a denial order (including a two-year denial period) be activated against Cargosave, for the duration of such denial order, Cargosave, 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;

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*.

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.

c. Although Cargosave ultimately disclosed its conduct and has demonstrated a commitment to a culture of export control compliance in the future, to ensure that Cargosave management and all employees responsible for export control compliance recognize and familiarize themselves with BIS “Know Your Customer” guidance, as well as guidance on “red flags,” Cargosave shall complete export compliance training on the Regulations within twelve (12) months from the date of the Order. Before Cargosave attends a compliance training course or program, Cargosave shall notify the Office of Export Enforcement, Special Agent in Charge of the New York Field Office, of the course or program it has selected to attend. No later than one month after attending the compliance training course or program, Cargosave shall submit a certification of attendance from the training provider to the Office of Export Enforcement, 1200 South Avenue, Suite 104, Staten Island, NY 10314-3420.

d. Compliance with the terms of this Agreement and the Order, including the timely completion and submission of verification of attendance at an export compliance training course or program in Paragraph 2.c, 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 Cargosave.

3. Subject to the approval of this Agreement pursuant to Paragraph 7 hereof, Cargosave hereby waives all rights to further procedural steps in this matter including, without limitation, any right to: (a) an administrative hearing regarding the allegations in any charging letter; and (b) seek judicial review or otherwise contest the validity of this Agreement or the Order, if issued. Cargosave 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 enforcement of this Agreement and the Order, if issued, from the date of the Order until the later of the date between Cargosave's completion and submission of verification of attendance at the export compliance training course or program in Paragraph 2.c., or the two-year suspension period under the Order has successfully run.

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

5. 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.

6. 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.

7. This Agreement shall become binding on the Parties only if the 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.

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

9. Each signatory affirms that he/she has authority to enter into this Agreement and to bind his/her respective party to the terms and conditions set forth herein.

BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE
JOHN SONDERMAN
Digitally signed by JOHN SONDERMAN
Date: 2024.02.08 08:03:32 -05'00'

John Sonderman
Director of Export Enforcement

CARGOSAVE, INC.

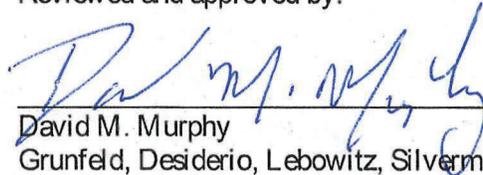


Paul Day
Manager

Date: _____

Date: 1/29/24

Reviewed and approved by:



David M. Murphy
Grunfeld, Desiderio, Lebowitz, Silverman & Klestadt LLP
Counsel for Cargosave, Inc.

Date: 01-29-24

PROPOSED CHARGING LETTER

CERTIFIED MAIL – RETURN RECEIPT REQUESTED

Cargosave, Inc.
179-14 149th Rd., Suite 202
Jamaica, NY 11434

Attention: Paul Day, Manager

Dear Mr. Day:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Cargosave, Inc. (“Cargosave”) of Jamaica, New York, has committed two violations of the Export Administration Regulations (the “Regulations”).¹ Specifically, BIS alleges that Cargosave committed the following violations:²

Charges 1-2 15 C.F.R. § 764.2(b) – Causing, Aiding, or Abetting a Violation

1. On two occasions from on or about September 7, 2016 through on or about December 10, 2016, Cargosave caused, aided, and abetted acts prohibited by the Regulations when it facilitated the export of enterprise servers, and switches from the United States to Iran on behalf of an Iran-based exporter without the required U.S. government authorization. These items, valued in total at approximately \$17,408, were subject to the Regulations

¹ The Regulations originally issued under the Export Administration Act of 1979, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“EAA”). 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, the most recent being that of August 8, 2018 (83 Fed. Reg. 39,871 (Aug.13, 2018)), continued the Regulations in effect under the International Emergency Economic Powers Act, 50 U.S.C. 1701, et seq. (2012) (“IEEPA”), including during the time period of the violations at issue, which occurred in 2015-2016. On August 13, 2018, the President signed into law 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”). ECRA repealed 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 (2023). The violations alleged occurred in 2016. The Regulations governing the violations at issue are found in the 2016 version of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2016). The 2023 Regulations govern the procedural aspects of this case.

and classified under Export Control Classification Numbers (ECCNs) 4A994.b, 5A002.a, 5A991.b, 5A992.c, controlled for Anti-Terrorism reasons, or designated as EAR99³.

2. The items are subject to the Iranian Transactions and Sanctions Regulations (“ITSR”), administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”). Absent prior authorization by OFAC, the ITSR prohibit, as they did at all times pertinent hereto, the exportation, reexportation, sale, or supply, directly or indirectly, from the United States of any goods technology, or services to Iran, including the exportation, reexportation, sale, or supply of such items to a third country undertaken with knowledge or reason to know that the items were intended for supply, transshipment, or reexportation, directly or indirectly, to Iran. *See* 31 C.F.R. § 560.204. Pursuant to Section 746.7 of the Regulations, no person may export or reexport any item that is subject to the Regulations if such transaction is prohibited by the ITSR and has not been authorized by OFAC. *See* 15 C.F.R. § 746.7(e).
3. By engaging in the above-described conduct, Cargosave committed two violations of Section 764.2(b) of the Regulations.

* * * *

Accordingly, Cargosave 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 \$356,579 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 Cargosave 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. §§

³ EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c).

⁴ The alleged violations occurred prior to August 13, 2018, the date of enactment of ECRA. 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(c)(4), 6.4. This amount is subject to annual increases pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Sec. 701 of Public Law 114-74, enacted on November 2, 2015. *See* 88 Fed. Reg. 3 (Jan. 3, 2023) (adjusting for inflation the maximum civil monetary penalty under IEEPA from \$330,947 to \$356,579 effective January 15, 2023).

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

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

Cargosave 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. Cargosave is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. *See* 15 C.F.R. §§ 766.3(a) and 766.4.

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

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

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

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

Sincerely,

John Sonderman
Director
Office of Export Enforcement