

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

\_\_\_\_\_  
In the Matter of: )  
)  
Protective Products International Corp. )  
530 Sawgrass Corporate Parkway )  
Sunrise, Florida 33325 )  
)  
Respondent )  
\_\_\_\_\_

ORDER RELATING TO PROTECTIVE PRODUCTS INTERNATIONAL CORP.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has notified Protective Products International Corp. (“PPI”), of its intention to initiate an administrative proceeding against PPI pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2007)) (the “Regulations”),<sup>1</sup> and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”),<sup>2</sup> through the issuance of a proposed charging letter to PPI that alleged that PPI committed 9 violations of the Regulations. Specifically, the charges are:

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<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2007). The violations alleged occurred between 2003 and 2004. The Regulations governing the allegations at issue are found in the 2003-2004 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2003-2004)). The 2007 Regulations govern the procedural aspects of the case.

<sup>2</sup> Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 15, 2007 (72 Fed. Reg. 46137 (Aug. 16, 2007)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”).

**Charges 1-5 15 C.F.R. § 764.2(a): Exporting an Item without the Required License**

On five occasions between on or about March 6, 2003 and on or about August 14, 2004, PPI engaged in conduct prohibited by the Regulations by exporting ballistic helmets, classified under ECCN 0A979,<sup>3</sup> to Kuwait, Chile, the Sultanate of Oman, Trinidad and Tobago, and Saudi Arabia without the Department of Commerce license required by Section 742.7 of the Regulations. In so doing, PPI committed five violations of Section 764.2(a) of the Regulations.

**Charges 6-9 15 C.F.R. § 764.2(i): Failure to Comply with Recordkeeping Requirements**

On four occasions between on or about March 13, 2003 and on or about August 14, 2004, PPI failed to comply with the recordkeeping requirements set forth in Section 762.2 of the Regulations. Specifically, PPI failed to retain export control documents, including waybills, and/or other pertinent documents in connection with its exports of ballistic helmets, described in Charges 2-5, above. In so doing, PPI committed four violations of Section 764.2(i) of the Regulations.

WHEREAS, BIS and PPI 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, PPI shall be assessed a civil penalty in the amount of \$65,000 of which \$16,250 shall be paid to the U.S. Department of Commerce not later than March 10, 2008; \$16,250 shall be paid to the U.S. Department of Commerce not later than June 10, 2008; \$16,250 shall be paid to the U.S. Department of Commerce not later than September 10, 2008; \$16,250 shall be paid to the U.S. Department of Commerce not later than December 10, 2008.

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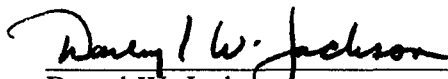
<sup>3</sup> The term "ECCN" refers to an Export Control Classification Number. See Section 772.1 of the Regulations.

SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due date specified herein, PPI will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

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

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

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

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

Entered this 5<sup>th</sup> day of February, 2008.

UNITED STATES DEPARTMENT OF COMMERCE  
BUREAU OF INDUSTRY AND SECURITY  
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Respondent )

SETTLEMENT AGREEMENT

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

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

<sup>1</sup> The violations alleged to have been committed occurred between 2003 and 2004. The Regulations governing the violations at issue are found in the 2003 and 2004 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2003-2004)). The 2007 Regulations establish the procedures that apply to this matter.

<sup>2</sup> Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R. 2001 Comp. p. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 15, 2007 (72 Fed. Reg. 46137 (Aug. 16, 2007)), continues the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§1701-1706 (2000)).

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

**Charges 1-5 15 C.F.R. § 764.2(a): Exporting an Item without the Required License**

On five occasions between on or about March 6, 2003 and on or about August 14, 2004, PPI engaged in conduct prohibited by the Regulations by exporting ballistic helmets, classified under ECCN 0A979,<sup>3</sup> to Kuwait, Chile, the Sultanate of Oman, Trinidad and Tobago, and Saudi Arabia without the Department of Commerce license required by Section 742.7 of the Regulations. In so doing, PPI committed five violations of Section 764.2(a) of the Regulations.

**Charges 6-9 15 C.F.R. § 764.2(i): Failure to Comply with Recordkeeping Requirements**

On four occasions between on or about March 13, 2003 and on or about August 14, 2004, PPI failed to comply with the recordkeeping requirements set forth in Section 762.2 of the Regulations. Specifically, PPI failed to retain export control documents, including waybills, and/or other pertinent documents in connection with its exports of ballistic helmets, described in Charges 2-5, above. In so doing, PPI committed four violations of Section 764.2(i) of the Regulations.

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

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

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

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

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<sup>3</sup> The term "ECCN" refers to an Export Control Classification Number. See Section 772.1 of the Regulations.

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

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

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

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

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

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

a. PPI shall be assessed a civil penalty in the amount of \$65,000 of which \$16,250 shall be paid to the U.S. Department of Commerce not later than March 10, 2008; \$16,250 shall be paid to the U.S. Department of Commerce not later than June 10, 2008; \$16,250 shall be paid to the U.S. Department of Commerce not later than September 10, 2008; \$16,250 shall be paid to the U.S. Department of Commerce not later than December 10, 2008.

b. The timely payment of the civil penalty agreed to in paragraph 2.a is hereby made a condition to the granting, restoration, or continuing validity of any export license, permission, or privilege granted, or to be granted, to PPI. Failure to make timely payment of the civil penalty set forth above may result in

the denial of all of PPI's export privileges for a period of one year from the date of imposition of the penalty.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, PPI hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, if entered), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if entered; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if entered.

4. Upon entry of the Order and timely payment of the \$65,000 civil penalty, BIS will not initiate any further administrative proceeding against PPI in connection with any violation of the Act or the Regulations arising out of the transactions identified in the proposed charging letter.

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



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

7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this

Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

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

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

<p>BUREAU OF INDUSTRY AND SECURITY U.S. DEPARTMENT OF COMMERCE</p> <p></p> <p>Thomas Madigan Acting Director Office of Export Enforcement</p> <p>Date: February 1, 2008</p>	<p>PROTECTIVE PRODUCTS INTERNATIONAL CORP.</p> <p></p> <p>Steven Giordanella President</p> <p>Date: January 10, 2008</p>
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PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Protective Products International Corp.  
530 Sawgrass Corporate Parkway  
Sunrise, Florida 33325

Attn: *Steven Giordanella*  
*President*

Dear Mr. Giordanella:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that Protective Products International Corp. ("PPI") has committed 14 violations of the Export Administration Regulations (the "Regulations"),<sup>1</sup> which are issued under the authority of the Export Administration Act of 1979, as amended (the "Act").<sup>2</sup> Specifically, BIS charges that PPI committed the following violations:

**Charges 1-5 15 C.F.R. § 764.2(a): Exporting an Item without the Required License**

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on five occasions between on or about March 6, 2003 and on or about August 14, 2004, PPI engaged in conduct prohibited by the Regulations by exporting ballistic helmets, classified under ECCN 0A979,<sup>3</sup> to Kuwait, Chile, the Sultanate of Oman, Trinidad and Tobago, and Saudi Arabia without the Department of Commerce license required by Section 742.7 of the Regulations. In so doing, PPI committed five violations of Section 764.2(a) of the Regulations.

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<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2006). The charged violations occurred in 2003 and 2004. The Regulations governing the violations at issue are found in the 2003 and 2004 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2003-2004)). The 2006 Regulations set forth the procedures that apply to this matter.

<sup>2</sup> 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 3, 2006 (71 Fed. Reg. 44,551 (Aug. 7, 2006)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)).

<sup>3</sup> The term "ECCN" refers to an Export Control Classification Number. See Section 772.1 of the Regulations.

**Charges 6-9                    15 C.F.R. § 764.2(i): Failure to Comply with Recordkeeping Requirements**

On four occasions between on or about March 13, 2003 and on or about August 14, 2004, PPI failed to comply with the recordkeeping requirements set forth in Section 762.2 of the Regulations. Specifically, PPI failed to retain export control documents, including waybills, and/or other pertinent documents in connection with its exports of ballistic helmets, described in Charges 2-5, above. In so doing, PPI committed four violations of Section 764.2(i) of the Regulations.

\* \* \* \* \*

Accordingly, PPI is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including any or all of the following:

- The maximum civil penalty allowed by law of \$11,000 per violation;<sup>4</sup>
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

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

PPI 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. PPI 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 PPI have a proposal to settle this case, PPI should transmit it to the attorney representing BIS named below.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, PPI's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

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<sup>4</sup> 15 C.F.R. § 6.4(a)(2) (2004); 15 C.F.R. § 6.4 (2003), *as supplemented by* 68 Fed. Reg. 4,380 (Jan. 29, 2003), *and* 68 Fed. Reg. 69,001 (Dec. 11, 2003).

Protective Products International Corp.  
Proposed Charging Letter  
Page 3 of 3

U.S. Coast Guard ALJ Docketing Center  
40 S. Gay Street  
Baltimore, Maryland 21202-4022

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

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

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

Sincerely,

Michael D. Turner  
Director  
Office of Export Enforcemen

Protective Products International Corp.  
Proposed Charging Letter  
Schedule of Violations  
Page 1 of 1

Charge Nos.	Export Date	Commodities	ECCN	Destination	Value	Invoice Date	Invoice No.	Order Date	Order No.
1	6-Mar-03	Level IIIA Ballistic Helmet	0A979	Kuwait	\$199	27-Feb-03	0012434-IN	-	-
2, 6	13-Mar-03	Level II Ballistic Helmets	0A979	Chile	\$525	11-Mar-03	0012494-IN	-	-
3, 7	8-Nov-03	Level II and Level IIIA Ballistic Helmets	0A979	Oman	\$3,392	-	-	7-Nov-03	0013198
4, 8	30-Jan-04	Level IIIA Ballistic Helmet	0A979	Trinidad & Tobago	\$179	-	-	30-Jan-04	0013761
5, 9	14-Aug-04	Level IIIA Ballistic Helmets Riot Helmets	0A979	Saudi Arabia	\$648	-	-	5-Aug-04	0015847