

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Zlatko Brkic  
5712 North Campbell, #2  
Chicago, IL 60659-5116

Dear Mr. Brkic:

The Bureau of Industry and Security, United States Department of Commerce (“BIS”) has reason to believe that you, Zlatko Brkic (“Brkic”) have committed two violations of the Export Administration Regulations (the “Regulations”),<sup>1</sup> which are issued under the authority of the Export Administration Act of 1979 (the “Act”)<sup>2</sup>. Specifically, BIS charges that Brkic committed the following violations:

**Charge 1                    (15 C.F.R. §764.2(c) - Attempted Export Without a License)**

On or about September 29, 1999, Brkic attempted to export items subject to the Regulations (handcuffs covered by Export Control Classification Number 0A982) to Ekohemija DJL, in Sarajevo, Bosnia and Herzegovina, without the Department of Commerce license required by Section 742.7 of the Regulations. In so doing, Brkic committed one violation of Section 764.2(c) of the Regulations.

**Charge 2                    (15 C.F.R. §764.2(e) - Acting with Knowledge of a Violation)**

On or about September 29, 1999, when Brkic attempted to transfer the items described in Charge 1 above to Bosnia and Herzegovina, Brkic had knowledge that a Department of Commerce license was required. By attempting to transfer these items without obtaining a license from BIS, Brkic committed one violation of Section 764.2(e) of the Regulations.

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<sup>1</sup> The violations charged occurred in 1999. The Regulations governing the violations at issue are found in the 1999 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1999)). The 2003 Regulations establish the procedures that apply to this matter.

<sup>2</sup> From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508 (114 Stat. 2360 (2000)) and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 7, 2003 (68 *Fed. Reg.* 47833, August 11, 2003), has continued the Regulations in effect under IEEPA.

Accordingly, Brkic is hereby notified that an administrative proceeding is instituted against him 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;<sup>3</sup>

Denial of export privileges; and/or

Exclusion from practice before BIS.

If Brkic fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. (Regulations, Sections 766.6 and 766.7). If Brkic defaults, the Administrative Law Judge may find the charges alleged in this letter is true without hearing or further notice to Brkic. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on the charges in this letter.

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

The Regulations provide for settlement without a hearing. (Regulations, Section 766.18). Should Brkic have a proposal to settle this case, he or his representative should transmit the offer to me through 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, Brkic's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

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

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<sup>3</sup> See 15 C.F.R. §6.4(a)(2).

Mr. Zlatko Brkic  
Proposed Charging Letter  
Page 3

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

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

Glenn Kaminsky is the attorney representing BIS in this case. Any communications that you may wish to have concerning this matter should occur through him. He may be contacted by telephone at (202) 482-5301.

Sincerely,

Mark D. Menefee  
Director  
Office of Export Enforcement

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

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In the Matter of: )  
 )  
Zlatko Brkic )  
5712 North Campbell, #2 )  
Chicago, IL 60659-5116, )  
 )  
Respondent. )  
\_\_\_\_\_ )

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Respondent, Zlatko Brkic (“Brkic”), and the Bureau of Industry and Security, United States Department of Commerce (“BIS”) (collectively referred to as “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2004)) (“Regulations”),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),<sup>2</sup>

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<sup>1</sup> The violations charged occurred in 1999. The Regulations governing the violations at issue are found in the 1999 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1999)). The 2004 Regulations establish the procedures that apply to this matter.

<sup>2</sup> From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 7, 2003 (3 C.F.R., 2003 Comp. 328 (2004)), has continued the Regulations in effect under the IEEPA.

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

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

1. *One Violation of 15 C.F.R. § 764.2(c) - Attempted export without a license:* On or about September 29, 1999, Brkic attempted to export items subject to the Regulations (handcuffs covered by Export Control Classification Number 0A982) from the United States to Ekohemija DJL, in Sarajevo, Bosnia and Herzegovina, without the Department of Commerce license required by Section 742.7 of the Regulations.
2. *One Violation of 15 C.F.R. § 764.2(e) - Acting With Knowledge of a Violation:* On or about September 29, 1999, when Brkic attempted to transfer items subject to the Regulations (handcuffs covered by Export Control Classification Number 0A982) to Bosnia and Herzegovina as described above, Brkic had knowledge that a Department of Commerce license was required for the export.

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

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

WHEREAS, Brkic enters into this Agreement voluntarily and with full knowledge of his rights;

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

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

2. The following sanction shall be imposed against Brkic in complete settlement of the violations of the Regulations set forth in the proposed charging letter:

- a. Brkic shall be assessed a civil penalty in the amount of \$20,000, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of the Order.

- b. The timely payment of the civil penalty agreed to in paragraph 2.a. is hereby made a condition to the granting, restoration, or continuing validity of any export license, permission, or privilege granted, or to be granted, to Brkic. Failure to make timely payment of the civil penalty set forth above shall result in the denial of all of Brkic's export privileges for a period of one year from the date of imposition of the penalty.
- c. For a period of two years from the date of the Order, Brkic, and, when acting for or on behalf of Brkic, his representatives, agents or employees ("Denied Persons") 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 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 in any other activity subject to the Regulations.
- d. BIS agrees that, as authorized by Section 766.18(c) of the Regulations, the \$20,000 civil penalty set forth in paragraph 2.a. shall be suspended for a period of one year from the date of entry of the Order, and shall thereafter be waived, provided that during the period of suspension, Brkic has committed no violation of the Act or any regulation, order or license issued thereunder.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, Brkic 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 the proposed charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if entered; (c) request any relief from the Order, if entered, including without limitation relief from the terms of a denial order under 15 C.F.R. § 764.3(a)(2); and (d) seek judicial review or otherwise contest the validity of this Agreement or the Order, if entered.

4. Upon entry of the Order, BIS will not initiate any further administrative proceeding against Brkic in connection with any violation of the Act or the Regulations arising out of the transaction 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 United States Government with respect to the facts and circumstances addressed herein.

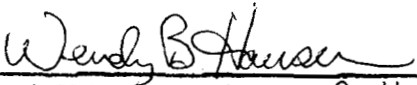
Settlement Agreement  
Zlatko Brkic  
Page 7 of 7

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

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

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

ZLATKO BRKIC

  
~~Rick Shimon~~ WENDY B. HAUSER  
Acting Director  
Office of Export Enforcement

  
Zlatko Brkic

Date: 06/28/04

Date: 06-21-2004

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

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In the Matter of: )  
 )  
Zlatko Brkic )  
5712 North Campbell, #2 )  
Chicago, IL 60659-5116, )  
 )  
Respondent. )  
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ORDER

The Bureau of Industry and Security, United States Department of Commerce (“BIS”) having notified Zlatko Brkic (“Brkic”) of its intention to initiate an administrative proceeding against Brkic pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2004)) (“Regulations”),<sup>1</sup> and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),<sup>2</sup> based on the proposed charging letter issued to Brkic that alleged that Brkic committed two violations of the Regulations. Specifically, the charges are:

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<sup>1</sup> The violations charged occurred in 1999. The Regulations governing the violations at issue are found in the 1999 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1999)). The 2004 Regulations establish the procedures that apply to this matter.

<sup>2</sup> From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 7, 2003 (3 C.F.R., 2003 Comp. 328 (2004)), has continued the Regulations in effect under the IEEPA.

1. *One Violation of 15 C.F.R. § 764.2(c) - Attempted export without a license:* On or about September 29, 1999, Brkic attempted to export items subject to the Regulations (handcuffs covered by Export Control Classification Number 0A982) from the United States to Ekohemija DJL, in Sarajevo, Bosnia and Herzegovina, without the Department of Commerce license required by Section 742.7 of the Regulations.
2. *One Violation of 15 C.F.R. § 764.2(e) - Acting With Knowledge of a Violation:* On or about September 29, 1999, when Brkic attempted to transfer items subject to the Regulations (handcuffs covered by Export Control Classification Number 0A982) to Bosnia and Herzegovina as described above, Brkic had knowledge that a Department of Commerce license was required for the export.

BIS and Brkic having 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 the terms of the Settlement Agreement having been approved by me;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$20,000 is assessed against Brkic, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

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

Brkic 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 Brkic. Accordingly, if Brkic should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Brkic's export privileges for a period of one year from the date of entry of this Order.

FOURTH, for a period two years from the date of entry of the Order, Zlatko Brkic, 5712 North Campbell, #2, Chicago, IL 60659-5116, his successors or assigns, and when acting for or on behalf of Brkic, his officers, representatives, agents, or employees ("Denied Person") may not participate, directly or indirectly, 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 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 in any other activity subject to the Regulations.

FIFTH, 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.

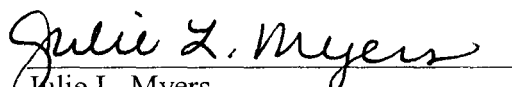
SIXTH, that, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to Brkic by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made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

SEVENTH, that this Order does not prohibit any export, reexport, or other transaction subject to the Regulations where the only items involved that are subject to the Regulations are the foreign-produced direct product of U.S.-origin technology.

EIGHTH, that, as authorized by Section 766.18 (c) of the Regulations, the \$20,000 civil penalty set forth above shall be suspended in its entirety for one year from the date of this Order, and shall thereafter be waived, provided that during the period of suspension, Brkic has committed no violation of the Act or any regulation, order or license issued thereunder.

NINTH, 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.

  
Julie L. Myers  
Assistant Secretary of Commerce  
for Export Enforcement

Entered this 12<sup>th</sup> day of August 2004.