

UNITED STATES OF AMERICA  
DEPARTMENT OF COMMERCE

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In the Matter of )  
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 Epstein, Edell, Shapiro, Finman & ) Case No. 02-13  
 Lytle LLC )  
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ORDER

The Office of Antiboycott Compliance, Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), following voluntary disclosure of certain information by Epstein, Edell, Shapiro, Finman & Lytle LLC (“Epstein”), having determined to initiate an administrative proceeding pursuant to Section 11(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2001)) (the “Act”)<sup>1</sup> and the Export Administration Regulations (currently codified at 15 C.F.R Parts 730-774 (2005)) (the “Regulations”), against Epstein, a domestic concern resident in the State of Maryland, based on allegations set forth in the Proposed Charging Letter, dated September 13, 2005, that alleged that Epstein committed nine violations of the Regulations.

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<sup>1</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 most recent 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. Sections 1701-1706 (2000)) (IEEPA). On November 13, 2000, the Act was reauthorized and remained in effect through August 20, 2001. 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 2, 2005 (70 Fed. Reg. 45273 (August 2, 2005)), continues the Regulations in effect under IEEPA. The Regulations are available on the Government Printing Office Website at: [www.access.gpo.gov/bis/](http://www.access.gpo.gov/bis/).

Specifically, the charges are:

1. *Eight Violations of 15 C.F.R. §760.2(d) - Furnishing Information about Business Relationships with Boycotted Countries of Blacklisted Persons:*

During February, 2002, Epstein engaged in a transaction involving the transfer of eight items of information from the United States through an intermediary to persons in Syria. By providing that information, Epstein therefore, with intent to comply with, further or support an unsanctioned foreign boycott, knowingly furnished information about its business relationships in a boycotted country, an activity prohibited by Section 760.2(d) of the Regulations, and not excepted.

2. *One Violation of 15 C.F.R. §760.5-Failing to Report in a Timely Manner a Request to Engage in a Restrictive Trade Practice or Foreign Boycott of a Country Friendly To the United States:* During January, 2002, Epstein received a request to engage in the restrictive trade practice or boycott as described in paragraph one above, which it failed to report in a timely manner to the Department of Commerce as directed by the Regulations.

BIS and Epstein having entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations whereby the parties have 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 THAT:

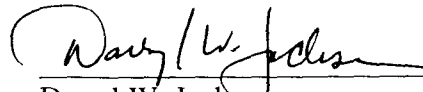
FIRST, a civil penalty of \$17,000 is assessed against Epstein which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

SECOND, that, pursuant to the Debt Collections Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (1983 and Supp. 2001)), 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, Epstein will be assessed, in addition to the full amount of the penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, as authorized by Section 11(d) of the Act, the timely payment of the sum of \$17,000 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 Epstein. Accordingly, if Epstein should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order under the authority of Section 11(d) of the Act denying all of Epstein's export privileges for a period of one year from the date of the entry of this Order.

FOURTH, that the Proposed Charging Letter, the Settlement Agreement and this Order shall be made available to the public, and a copy of this Order shall be served upon Epstein.

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

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

Entered this 24<sup>th</sup> day of October, 2005

Attachments

INSTRUCTIONS FOR PAYMENT OF SETTLEMENT AMOUNT

1. The check should be made payable to:

U.S. DEPARTMENT OF COMMERCE

2. The check should be mailed to:

U.S. Department of Commerce  
Bureau of Industry and Security  
Room 6881  
14th & Constitution Avenue, N.W.  
Washington, D.C. 20230

Attention: Sharon Gardner

## NOTICE

The Order to which this Notice is attached describes the reasons for the assessment of the civil monetary penalty. It also specifies the amount owed and the date by which payment of the civil penalty is due and payable.

Under the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (1983 and Supp. 2001)) and the Federal Claims Collection Standards (65 Fed. Reg. 70390-70406, November 22, 2000, to be codified at 31 C.F.R. Parts 900-904), interest accrues on any and all civil monetary penalties owed and unpaid under the Order, from the date of the Order until paid in full. The rate of interest assessed respondent is the rate of the current value of funds to the U.S. Treasury on the date that the Order was entered. However, interest is waived on any portion paid within 30 days of the date of the Order. See 31 U.S.C. §3717 and 31 C.F.R. §901.9.

The civil monetary penalty will be delinquent if not paid by the due date specified in the Order. If the penalty becomes delinquent, interest will continue to accrue on the balance remaining due and unpaid, and respondent will also be assessed both an administrative charge to cover the cost of processing and handling the delinquent claim and a penalty charge of six percent per year. However, although the penalty charge will be computed from the date that the civil penalty becomes delinquent, it will be assessed only on sums due and unpaid for over 90 days after that date. See 31 U.S.C. §3717 and 4 C.F.R. §901.9.

The foregoing constitutes the initial written notice and demand to respondent in accordance with Section 901.2 of the Federal Claims Collection Standards (31 C.F.R. §901.2(b)).

UNITED STATES OF AMERICA  
DEPARTMENT OF COMMERCE

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In the Matter of )  
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) Case No. 02-13  
Epstein, Edell, Shapiro, Finman & )  
Lytle LLC )  
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SETTLEMENT AGREEMENT

This agreement is made by and between Epstein, Edell, Shapiro, Finman & Lytle LLP (“Epstein”), a domestic concern resident in the State of Maryland, and the Office of Antiboycott Compliance, Bureau of Industry and Security, United States Department of Commerce (“BIS”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2005)) (the “Regulations”), issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2001)) (the “Act”).<sup>1</sup>

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<sup>1</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 most recent of which was August 5, 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 remained in effect through August 20, 2001. Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been by successive Presidential Notices, the most recent being that of August 2, 2005 (70 Fed. Reg. 45273 (August 5, 2005)), continues the Regulations in effect under IIEPA. The Regulations are available on the Government Printing Office Website at: [www.access.gpo.gov/bis/](http://www.access.gpo.gov/bis/).

WHEREAS, Epstein has voluntarily disclosed certain information concerning its activities to BIS; and

WHEREAS, BIS has notified Epstein of its intention to initiate an administrative proceeding against Epstein, pursuant to Section 11(c) of the Act by issuing the Proposed Charging Letter dated September 13, 2005, a copy of which is attached hereto and incorporated herein by this reference; and

WHEREAS, Epstein has reviewed the Proposed Charging Letter and is aware of the allegations against it and the administrative sanctions which could be imposed against it if the allegations are found to be true; Epstein fully understands the terms of this Settlement Agreement, and enters into this Settlement Agreement voluntarily and with full knowledge of its rights; and Epstein states that no promises or representations have been made to it other than the agreements and considerations herein expressed; and

WHEREAS, Epstein neither admits nor denies the truth of the allegations, but wishes to settle and dispose of the allegations made in the Proposed Charging Letter by entering into this Settlement Agreement; and



WHEREAS, Epstein agrees to be bound by the appropriate Order (“Order”) when entered;

NOW, THEREFORE, Epstein and BIS agree as follows:

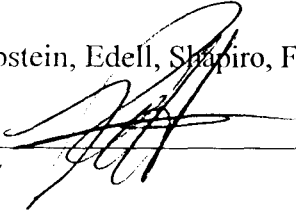
1. Under the Act and the Regulations, BIS has jurisdiction over Epstein with respect to the matters alleged in the Proposed Charging Letter.
2. BIS will impose a civil penalty in the amount of \$17,000. Epstein will pay to the U.S. Department of Commerce, within 30 days of receipt of service of the Order, when entered, the amount of \$17,000 in complete settlement of all matters set forth in the Proposed Charging Letter.
3. As authorized by Section 11(d) of the Act, timely payment of the amount agreed to in paragraph 2 is hereby made a condition of the granting, restoration, or continuing validity of any export license, permission, or privilege granted, or to be granted, to Epstein. Failure to make payment of this amount shall result in the denial of all of Epstein’s export privileges for a period of one year from the date of entry of the Order.

4. Subject to the approval of this Settlement Agreement, pursuant to paragraph 9 hereof, Epstein hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violation of this Settlement Agreement or the Order, when entered) including, without limitation, any right to:
  - A. An administrative hearing regarding the allegations in the Proposed Charging Letter;
  - B. Request a refund of the funds paid by Epstein pursuant to this Settlement Agreement and the Order, when entered; or
  - C. Seek judicial review or otherwise contest the validity of this Settlement Agreement or the Order, when entered.
  
5. BIS, upon entry of the Order, will not initiate any administrative or judicial proceeding, or make a referral to the Department of Justice for criminal proceedings against Epstein with respect to any violation of Section 8 of the Act or Part 760 of the Regulations arising out of the transactions set forth in the Proposed Charging Letter or any other transaction that was disclosed to or reviewed by BIS in the course of its investigation.

6. Epstein understands that BIS will disclose publicly the Proposed Charging Letter, this Settlement Agreement, and the Order, when entered.
7. This Settlement Agreement is for settlement purposes only, and does not constitute an admission by Epstein that it has violated the Regulations, or an admission of the truth of any allegation contained in the Proposed Charging Letter or referred to in this Settlement Agreement. Therefore, if this Settlement Agreement is not accepted and the Order not entered by the Assistant Secretary for Export Enforcement, BIS may not use this Settlement Agreement against Epstein in any administrative or judicial proceeding.
8. No agreement, understanding, representation or interpretation not contained in this Settlement Agreement may be used to vary or otherwise affect the terms of this Settlement Agreement or the Order, when entered, nor shall this Settlement Agreement 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 herein addressed. This paragraph shall not limit Epstein's right to challenge any action brought by any other agency based on a referral by BIS or any employee thereof, in contravention of paragraph 5 of this Settlement Agreement.

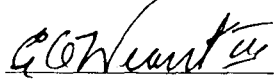
9. This Settlement Agreement will become binding on BIS only when approved by the Assistant Secretary for Export Enforcement by entering the Order.

Epstein, Edell, Shapiro, Finman & Lytle, LLC.

by  \_\_\_\_\_

DATE: 9/29/05

U.S. DEPARTMENT OF COMMERCE

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DATE: 9-19-05

Edward O. Weant III  
Acting Director  
Office of Antiboycott Compliance

Attachment



**UNITED STATES DEPARTMENT OF COMMERCE**  
**Bureau of Industry and Security**  
Washington, D.C. 20230

PROPOSED CHARGING LETTER

September 13, 2005

Epstein, Edell, Shapiro, Finman & Lytle, LLC  
1901 Research Blvd. #400  
Rockville, MD 20850

Case No. 04-21

Gentlemen/Ladies:

We, the Bureau of Industry and Security (BIS), have reason to believe and charge that you, Epstein, Edell, Shapiro, Finman & Lytle LLC have committed nine violations of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2003)) (the "Regulations"),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (1994 & Supp. V 1999)) ("the Act").<sup>2</sup>

We charge that you committed eight violations of Section 760.2(d) of the Regulations, in that, with intent to comply with, further or support an unsanctioned foreign boycott, you furnished eight items of information about other persons' business relationships with or in a boycotted country.

We further charge that you committed one violation of Section 760.5 of the Regulations in that you failed to report to the Department in a timely manner your receipt of a request to engage in restrictive trade practices or boycotts.

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<sup>1</sup> The alleged violations occurred in 2002. The Regulations governing the violations at issue are found in the 2002 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002)). They are substantially the same as the 2005 version of the Regulations which govern the procedural aspects of this case.

<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 most recent 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.A. §§ 1701-1706 (1991 & Supp. 2001)) (IEEPA). On November 13, 2000, the Act was reauthorized and remained in effect through August 20, 2001. 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 of August 2, 2005 (70 *Fed. Reg.* 45273 (August 5, 2005)), continues the Regulations in effect under the IEEPA.



We allege that:

You are, and at all times relevant were, a domestic concern resident in the State of Maryland. As such, you are a United States person as defined in Section 760.1(b) of the Regulations.

During the period January through March, 2002, you engaged in activities involving the transfer of goods and/or services, including information, between the United States and Syria, activities in the interstate or foreign commerce of the United States as defined in Section 760.1(d) of the Regulations.

**Charges 1-8 (15 C.F.R. §760.2(d)-Furnishing Information about Business Relationships with Boycotted Countries or Blacklisted Persons )**

In connection with the activities described in paragraph 2 above, in February, 2002, you furnished through an intermediary to persons in Syria a document containing eight items of information as described in Table A, which is attached and herein incorporated.

By providing that information you, with intent to comply with, further or support an unsanctioned foreign boycott, provided eight items of information about other persons' business relationships with or in a boycotted country, an activity prohibited by Section 760.2(d) of the Regulations, and not excepted. We therefore charge you with eight (8) violations of Section 760.2(d).

**Charge 2 (15 C.F.R. § 760.5)-Failing to Report, as Required by the Regulations, a Request to Engage in a Restrictive Trade Practice or Foreign Boycott of a Country Friendly to the United States**

In January, 2002, in connection with the activities referred to above, you received a request to engage in restrictive trade practices or boycotts, which you failed to report to the Department in a timely manner. We therefore charge you with one (1) violation of Section 760.5.

Accordingly, administrative proceedings are instituted against you pursuant to Part 766 of the Regulations for the purpose of obtaining an Order imposing administrative sanctions.<sup>3</sup>

You are entitled to a hearing on the record as provided in Section 766.6 of the Regulations. If you wish to have a hearing on the record, you must file a written demand for it with your answer. You are entitled to be represented by counsel and, under Section 766.18 of the Regulations, to seek a settlement agreement.

If you fail to answer the allegations contained in this letter within thirty (30) days after service as provided in Section 766.6, such failure will be treated as a default under Section 766.7.

As provided in Section 766.3, I am referring this matter to the Administrative Law Judge. Pursuant to an Interagency Agreement between the Bureau of Industry and Security and the U.S. Coast Guard, the U.S. Coast Guard is providing administrative law judge services, to the extent that such services are required under the Regulations, in connection with the matter set forth in this letter. Therefore, in accordance with the instructions in Section 766.5(a) of the Regulations, your answer should be filed with:

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

Attention: Administrative Law Judge

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<sup>3</sup> Administrative sanctions may include any or all the following:

- a. A civil penalty of \$11,000 per violation (see § 764.3(a)(1) of the Regulations and 15 C.F.R. §6.4(a)(4), 2004);
- b. Denial of export privileges (see § 764.3(a)(2) of the Regulations); and/or
- c. Exclusion from practice before BIS (see § 764.3(a)(3) of the Regulations).

Also, in accordance with the instructions in Section 766.5(b) of the Regulations, a copy of your answer should also be served on the Bureau of Industry and Security at:

Office of the Chief Counsel for Industry and Security  
U.S. Department of Commerce  
Room H-3839  
14th Street & Constitution Avenue, N.W.  
Washington, D.C. 20230

Sincerely,

Ned Weant  
Acting Director  
Office of Antiboycott Compliance