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For Immediate Release - June 24, 2003

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New Jersey Freight Forwarder Settles Antiboycott Allegations

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The U.S. Department of Commerce announced today that Jagro Customs Brokers and International Freight Forwarders, Inc. (Jagro), of Irvington, New Jersey, has agreed to pay a civil penalty of \$5,700 to settle allegations that the company violated the antiboycott provisions of the Export Administration Regulations (EAR).

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The Commerce Department's Bureau of Industry and Security (BIS) alleged that, in January 1998, in connection with a shipment of goods to Bahrain, Jagro furnished information about another company's business relationships with Israel when it furnished a commercial invoice that contained the statement: "We confirmed that the goods are not of Israeli origin nor do they contain any Israeli material." BIS also alleged that Jagro failed to report its receipt of the request for such an attestation.

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The antiboycott provisions of the EAR prohibit U.S. persons from providing information about their, or any other person's, business relationships with Israel. Additionally, the EAR requires that persons report their receipt of certain boycott requests. BIS investigates alleged violations of the antiboycott provisions, provides support in administrative or criminal litigation of cases involving the antiboycott provisions, and prepares cases for settlement.

While neither admitting nor denying the allegations, Jagro agreed to pay the civil penalty for the two alleged violations.

Acting Assistant Secretary for Export Enforcement Lisa A. Prager commended Senior Compliance Officer Shirley Rockenbaugh, who investigated this case.

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UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE

In the Matter of)
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Jagro Customs Brokers and International)
Freight Forwarders, Inc.)

Case No. 02-07

ORDER

The Office of Antiboycott Compliance, Bureau of Industry and Security, U.S. Department of Commerce (“Department”), 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 (1994 & Supp. V, 1999)) (the “Act”)² and the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2002)) (the “Regulations”), against Jagro Customs Brokers and International Freight Forwarders, Inc. (“Jagro”), a domestic concern, resident in the State of New Jersey, based on allegations set forth in the Proposed Charging

¹ On April 18, 2002, the Department of Commerce announced that the name of the Bureau of Export Administration (“BXA”) had been changed to the Bureau of Industry and Security (“BIS”) and made conforming changes in the Export Administration Regulations. *Fed. Reg.* 20630-32 (April 26, 2002). This change does not affect the substantive activities or responsibilities of BIS. All actions taken before, on or after April 18 under the name of BXA will be deemed to have been taken under the name BIS and all references to BXA are deemed to be to BIS.

² The Act expired on August 20, 2001. Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 14, 2002 (67 *Fed. Reg.* 53721 (August 16, 2002)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1994 & supp. v 1999)).

Letter, dated March 28, 2003, a copy of which is attached hereto and incorporated herein by this reference, for alleged violations of the Regulations committed by Jagro;

The Department and Jagro having entered into a Settlement Agreement, incorporated herein by this reference, whereby the parties have agreed to settle this matter; and

I, the Assistant Secretary for Export Enforcement, having approved the terms of the Settlement Agreement:

IT IS ORDERED THAT,

FIRST, a civil penalty of \$5,700 is assessed against Jagro;

SECOND, Jagro shall pay to the Department the sum of \$5,700 within thirty days of the date of this Order, as specified in the attached instructions;

THIRD, pursuant to the Debt Collections Act of 1982, as amended (31 U.S.C.A. §§ 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, Jagro may be assessed, in addition to interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

FOURTH, as authorized by Section 11 (d) of the Act, the timely payment of the sum of \$5,700 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 Jagro. Accordingly, if Jagro should fail to pay the sum of \$5,700 in the manner prescribed by this Order, I will enter an Order under the authority of Section 11(d) of the Act denying all of Jagro's export privileges for a period of one year from the date of the entry of this Order; and

FIFTH, 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 Jagro.

This Order is effective immediately.



Lisa A. Prager
Acting Assistant Secretary for Export Enforcement

Entered this 24th day of June, 2003

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 688 1 - Attention: Sharon Gardner
14th & Constitution Avenue, N.W.
Washington, D.C. 20230

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.A. §§ 3701-3702E (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.A. § 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.A. § 3717 and 31 C.F.R. §901.9.

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



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

PROPOSED CHARGING LETTER

March 28, 2003

Jagro Custom Brokers and
International Freight Forwarders, Inc.
290 Nye Avenue
Irvington, NJ 07111

Attention: Mr. Rene Aebischer
Vice President - Exports

Case No. 02-07

Gentlemen\Ladies:

We, the Bureau of Industry and Security, United States Department of Commerce (“BIS”), have reason to believe that you, Jagro Custom Brokers and International Freight Forwarders, Inc., have violated the Export Administration Regulations,¹ which are issued under the authority of the Export Administration Act of 1979 (the “Act”),² on two occasions.

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2002). The violations charged occurred in 1998. The Regulations governing the violations at issue are found in the 1997 and 1998 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1997 and 1998)). They are substantially the same as the 2002 version of the Regulations which govern the procedural aspects of this case.

² 50 U.S.C. app. §§ 2401-2420 (1994 & Supp. V 1999). 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. §§ 170 1-1 706 (1994 & Supp. V 1999)) (“IEEPA”). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508 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 14, 2002 (67 Fed. Reg. 53721, August 16, 2002)), has continued the Regulations in effect under IEEPA. The Act and Regulations are available on the Government Printing Office website at: <http://w3.access.gpo.gov/bis/>.



We charge that, with intent to comply with, further or support an unsanctioned foreign boycott, you committed one violation of Section 760.2(d) of the Regulations, in that, on one occasion you furnished information about another person's business relationships with or in a boycotted country. We also charge that you committed one violation of Section 760.5, in that, on one occasion you failed to report to the Department of Commerce your receipt of a request to engage in a restrictive trade practice or boycott, as required by the Regulations.

We allege that:

You are a domestic concern incorporated in the State of New York and doing business in the State of New Jersey. As such, you are a United States person as defined in Section 760.1(b) of the Regulations.

During the period November 1997 through February 1998, you engaged in activities involving the sale and transfer of U.S. goods from the United States to Bahrain. Those activities were in the interstate and foreign commerce of the United States, as defined in Section 760.1 (d) of the Regulations.

Charge 1 (Failing to Report, as Required by Section 760.5 of the Regulations, a Request to Engage in a Restrictive Trade Practice or Foreign Boycott of a Country Friendly to the United States)

In connection with the activities referred to above, on or about December 17, 1997, you received a copy of a letter of credit, number 1970607, issued by ABN AMRO Bank in Manama, Bahrain. Paragraph 46B of the letter of credit contained a request to take an action which would have the effect of furthering or supporting a restrictive trade practice or unsanctioned foreign boycott. The boycott request in paragraph 46B read as follows:

COMMERCIAL INVOICE IN THREE COPIES IN ARABIC OR ENGLISH
DULY SIGNED BY BENEFICIARIES ON C.I.F. BASIS CONFIRMING THAT
THE GOODS ARE NOT OF ISRAELI ORIGIN NOR DO THEY CONTAIN
ANY ISRAELI METERIAL [sic].

Section 760.5(b) of the Regulations requires United States persons to report to the Department their receipts of such requests.

You failed to report your receipt of the request described above. By failing to report your receipt of the request as directed by Section 760.5(b) of the Regulations, you are in violation of Section 760.5. Therefore, we charge you with one (1) violation of Section 760.5 of the Regulations.

Charge 2 (Furnishing Information about Business Relationships with Boycotted Countries in Violation of Section 760.2(d) of the Regulations)

In connection with the letter of credit transaction described above, on or about January 20, 1998, you provided to a United States bank a copy of a commercial invoice, which contained the following information:

WE CONFIRMED THAT THE GOODS ARE NOT OF ISRAELI ORIGIN NOR DO THEY CONTAIN ANY ISRAELI MATERIAL.

Section 760.2(d) of the Regulations prohibits U.S. persons from furnishing information about business relationships with or in a boycotted country. By providing the information described above, with intent to comply with, further or support an unsanctioned foreign boycott, you violated Section 760.2(d) on one occasion. Therefore, we charge you with one violation of Section 760.2(d).

Accordingly, administrative proceedings are instituted against you pursuant to Part 766 of the Regulations for the purpose of obtaining an order imposing administrative **sanctions**.³

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 of the Regulations, I am referring this matter to the Administrative Law Judge. Pursuant to an Interagency Agreement between BIS and the U.S. Coast Guard, the U.S. Coast Guard is providing administrative law judge services, to the extent that such services

³ Administrative sanctions may include any or all of the following:

- a. A civil penalty of \$11,000 per violation (see Section 764.3(a)(1) of the Regulations and 15 C.F.R. § 6.4(a)(3), 2002);
- b. Denial of export privileges (see Section 764.3(a)(2) of the Regulations); and/or
- c. Exclusion from practice before BIS (see Section 764.3(a)(3) of the Regulations).

are required under the Regulations, in connection with matters 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:

Attention: Administrative Law Judge
U.S. Coast Guard ALJ Docketing Center
40 South Gay Street
Baltimore, Maryland 21202-4022

Also, in accordance with the instruction in Section 766.5(b) of the Regulations, a copy of your answer should also be served on BIS at:

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

Sincerely,

Dexter M. Price
Director
Office of Antiboycott Compliance

UNITED STATES OF AMERICA

DEPARTMENT OF COMMERCE

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)	
In the Matter of)	
)	Case No. <u>02-07</u>
Jagro Customs Brokers and International)	
Freight Forwarders, Inc.)	

SETTLEMENT AGREEMENT

This agreement is made by and between Jagro Customs Brokers and International Freight Forwarders, Inc. (“Jagro”), a domestic concern, resident in the State of New Jersey, and the Office of Antiboycott Compliance, Bureau of Industry and Security’, United States Department of Commerce (“Department”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2002)) (the “Regulations”), issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (1994 & Supp. V 1999)) (the “Act”).²

¹ On April 18, 2002, the Department of Commerce announced that the name of the Bureau of Export Administration (“BXA”) had been changed to the Bureau of Industry and Security (“BIS”) and made conforming changes in the Export Administration Regulations. *Fed. Reg.* 20630-32 (April 26, 2002). This change does not affect the substantive activities or responsibilities of BIS. All actions taken before, on or after April 18 under the name of BXA will be deemed to have been taken under the name BIS and all references to BXA are deemed to be to BIS.

² The Act expired on August 20, 2001. Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by the Notice of August 14, 2002 (67 *Fed. Reg.* 53721 (August 16, 2002)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C.A. §§ 1701-1706 (1994 & supp. v 1999)).

WHEREAS, the Department has notified Jagro of its intention to initiate an administrative proceeding against Jagro pursuant to Section 1 l(c) of the Act by issuing the Proposed Charging Letter dated March 28, 2003, a copy of which is attached hereto and incorporated herein by this reference, for alleged violations of the Regulations committed by Jagro; and

WHEREAS, Jagro 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; Jagro fully understands the terms of this Settlement Agreement, and enters into this Settlement Agreement voluntarily and with full knowledge of its rights; and Jagro states that no promises or representations have been made to it other than the agreements and considerations herein expressed; and

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

NOW, THEREFORE, Jagro and the Department agree as follows:

1. Under the Act and the Regulations, the Department has jurisdiction over Jagro with respect to the matters alleged in the Proposed Charging Letter.
2. In complete settlement of all matters set forth in the Proposed Charging Letter, Jagro will pay to the Department the amount of \$5,700 within 30 days of the date of the Order, when entered.
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 Jagro. Failure to make payment of this amount shall result in the denial of all of Jagro'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, Jagro 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 Jagro 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. The Department, upon entry of the Order, will not initiate any administrative or judicial proceeding, or make a referral to the Department of Justice or to any other agency of the United States Government for possible enforcement action, against Jagro or any of its officers, directors or employees, 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 the Department in the course of its investigation.


6. Jagro understands that the Department 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 Jagro 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, the Department may not use this Settlement Agreement against Jagro 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.

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

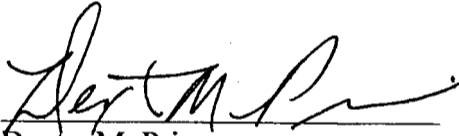
JAGRO CUSTOMS BROKERS AND
INTERNATIONAL FREIGHT FORWARDERS, INC.



Rene P. Aebischer
Vice President - Exports

DATE: 4 - 1 - 03

U.S. DEPARTMENT OF COMMERCE



Dexter M. Price
Director
Office of Antiboycott Compliance
Bureau of Industry and Security

DATE: June 11, 2003