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U.S. Department of Commerce



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For Immediate Release: Sep 30, 2004
Contact - BIS Public Affairs 202-482-2721

Arab Bank Settles Charges of Antiboycott Violations

The U.S. Department of Commerce today announced that Arab Bank Plc. (Arab Bank), of New York, has agreed to pay a \$9,000 civil penalty to settle charges that it violated the antiboycott provisions of the Export Administration Regulations (EAR).

The Commerce Department's Bureau of Industry and Security (BIS) charged that Arab Bank, in connection with a transaction involving the sale of goods to Oman, furnished prohibited information about another company's business relationships in violation of the EAR. BIS also charged that Arab Bank failed to maintain records relating to a reportable boycott request.

The antiboycott provisions of the EAR prohibit U.S. persons from complying with certain requirements of unsanctioned foreign boycotts, including providing information about business relationships with another person who is known or believed to be restricted from having a business relationship with or in a boycotting country. In addition, the EAR requires that persons report their receipt of certain boycott requests to the Department of Commerce.

Assistant Secretary for Export Enforcement Julie L. Myers commended Compliance Officer Cathleen Ryan of BIS's Office of Antiboycott Compliance, for her work on this case.

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UNITED STATES OF AMERICA

DEPARTMENT OF COMMERCE

_____))
))
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In the Matter of))
)) Case No. 04-09
Arab Bank Plc (New York)))
))
_____)

SETTLEMENT AGREEMENT

This agreement is made by and between Arab Bank Plc (New York) (“Arab Bank”), a branch of a foreign concern doing business in the State of New York, 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 (2004)) (the “Regulations”), issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2001)) (the “Act”).¹

¹ 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. §§ 1701-1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized and 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 6, 2004 (69 Fed. Reg. 48763 (August 10, 2004)), has continued the Regulations in effect under IEEPA.

WHEREAS, BIS has notified Arab Bank of its intention to initiate an administrative proceeding against Arab Bank, pursuant to Section 11(c) of the Act by issuing the Proposed Charging Letter dated April 30, 2004, a copy of which is attached hereto and incorporated herein by this reference; and

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

WHEREAS, Arab Bank 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, Arab Bank agrees to be bound by the appropriate Order ("Order") when entered;

NOW, THEREFORE, Arab Bank and BIS agree as follows:

1. Under the Act and the Regulations, BIS has jurisdiction over Arab

Bank with respect to the matters alleged in the Proposed Charging Letter.

2. BIS will impose a civil penalty in the amount of \$ 9,000. Arab Bank will pay to the U.S. Department of Commerce, within 30 days of receipt of service of the Order, when entered, the amount of \$ 9,000 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 Arab Bank. Failure to make payment of this amount shall result in the denial of all of Arab Bank'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, Arab Bank 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 Arab Bank. 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 Arab Bank 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. Arab Bank 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 Arab Bank 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 Arab Bank 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 Arab Bank'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.

Arab Bank Plc (New York)



Emmanuel Caravanos
First Vice President

DATE: 9/1/04

U.S. DEPARTMENT OF COMMERCE



Edward O. Weant III
Acting Director
Office of Antiboycott Compliance

DATE: 9-3-04

Attachment

PROPOSED CHARGING LETTER

30 April 2004

Arab Bank Plc
520 Madison Avenue
New York , NY 10022

Attention : Maher Barsoum,
Assistant Vice President,
Letter of Credit Department

Case No. 04 - 09

Gentlemen/Ladies:

We, the Bureau of Industry and Security, United States Department of Commerce (“BIS”), have reason to believe that you, Arab Bank Plc (New York), on two occasions, have violated the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2003)) (the “Regulations”),¹ which are issued under the authority of the Export Administration Act of 1979, as amended (50 U.S.C. §§ 2401-2420 (1994 & Supp. V 2000)) (the “Act”).²

We charge that you committed one violation of Section 760.2(d) of the Regulations, in that, on one occasion, with intent to comply with, further or support an unsanctioned foreign boycott, you furnished information concerning another person’s business relationship with another person who is known or believed to be restricted from having any business relationship with or in a boycotting country.

¹ The alleged violations occurred in 1999 and 2001. The Regulations governing the violations at issue are found in the 1999 and 2001 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (1999 and 2001)). They are substantially the same as the 2003 version of the Regulations which govern the procedural aspects of this matter.

² 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. §§ 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 IEEPA.

We also charge that you committed one violation of Section 760.5 (b)(8) and Part 762 of the Regulations in that, on one occasion, you failed to maintain records containing information relating to a reportable boycott request for a five-year period after your receipt of the request, as required by the Regulations.

We allege that:

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

During the period 1999 through 2001, you engaged in transactions involving the sale and/or transfer of goods or services (including information) from the United States to Oman, activities in the interstate or foreign commerce of the United States, as defined in Section 760.1(d) of the Regulations.

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

In connection with the activities referred to above, on or about 9 January 2001, pursuant to a documentary requirement of Letter of Credit # 00.02005, which you advised as Letter of Credit # 00.20940, you furnished to Oman Arab Bank, the issuing bank, a "Shipping Company Certificate," signed on behalf of the owner, which contained the following information about another person's business relationship with another person who is known or believed to be restricted from having any business relationship with or in a boycotting country:

"WE HEREBY CERTIFY THAT....THE VESSEL CARRYING THE GOODS IS ALLOWED TO ENTER OMANI/UAE PORT (sic) ACCORDING TO OMANI/UAE LAWS..."

Providing this information, with intent to comply with, further or support an unsanctioned foreign boycott, is an activity prohibited by Section 760.2(d) of the Regulations, and not excepted. We therefore charge you with one violation of Section 760.2(d).

Charge 2 (15 C.F.R. § 760.5(b)(8) - Failure to Maintain Records)

In connection with the activities referred to above, on or about 29 July 1999, you received Letter of Credit # 99.01226, which you confirmed and advised as Letter of Credit # 99.20754. Paragraph 46A, item 3, 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 the Letter of Credit read as follows:

CERTIFICATE OF ORIGIN....STATING THAT THE GOODS ARE OF 'NON ISRAELI' ORIGIN.

Section 760.5 of the Regulations requires United States persons to report to the Department of Commerce ("Department") their receipt of such request.

On or about 31 August 1999, you received from the beneficiary, for negotiation under the letter of credit, documents including, *inter alia*, a Certificate of Origin, which you transmitted to the issuing bank under L/C Sight Negotiation Advice dated 2 September 1999.

On 22 April 2003, the Department's Office of Antiboycott Compliance requested you to submit to it records containing information relating to the above-referenced reportable boycott request; specifically, the certificate of origin. On 26 September 2003 and 4 March 2004, in response to the same request, your representatives confirmed that you did not maintain the certificate of origin. Section 760.5(b)(8) and Part 762 of the Regulations required you to maintain records containing information relating to a reportable boycott request for a five year period after receipt of the request. We therefore charge you with one violation of Section 760.5(b)(8) and Part 762 of the Regulations.

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, 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 are required under the Regulations, in connection with the 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:

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

³ 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
Room H-3839
Bureau of Industry and Security
U.S. Department of Commerce
14th Street & Constitution Avenue, N.W.
Washington, D.C. 20230

Sincerely,

Dexter M. Price
Director
Office of Antiboycott Compliance

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE

_____))
))
))
In the Matter of))
)) Case No. 04-09
Arab Bank Plc (New York)))
))
_____)

ORDER

The Office of Antiboycott Compliance, Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), 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”)¹ and the Export Administration Regulations (currently codified at 15 C.F.R Parts 730-774 (2004))(the “Regulations”), against Arab Bank Plc (New York) (“Arab Bank”), a branch of a foreign concern doing business in the State of New York, based on allegations set forth in the Proposed Charging Letter, dated April 30, 2004, that alleged that Arab Bank committed two violations of the Regulations;

¹ 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. §§ 1701-1706 (2000)) (“IEEPA”). On November 13, 2000, the Act was reauthorized and 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 6, 2004 (69 Fed. Reg. 48763 (August 10,2004)), has continued the Regulations in effect under IEEPA.

Specifically, the charges are:

1. *One Violation of 15 C.F.R. §760.2(d) - Furnishing Information about Business Relationships with Boycotted Countries or Blacklisted Persons:*
During the period 2000 through 2001, Arab Bank engaged in transaction(s) involving the sale and/or transfer of goods or services (including information) from the United States to Oman. In connection with these activities, on or about January 9, 2001, Arab Bank, with intent to comply with, further or support an unsanctioned foreign boycott, furnished to Oman Arab Bank a Shipping Company Certificate which contained information about another person's business relationship with another person who is believed to be restricted from having any business relationship with or in a boycotting 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(b)(8) - Failure to Maintain Records :*
During the period June through December 1999, Arab Bank engaged in transaction(s) involving the sale and/or transfer of goods or services (including information) from the United States to Oman. In connection with these activities, on or about July 29, 1999, Arab Bank received a Letter of Credit, which it confirmed and advised, which contained a request to take an action which would have the effect of furthering or supporting a restrictive trade practice or unsanctioned foreign boycott.

On several occasions thereafter, BIS' Office of Antiboycott Compliance requested Arab Bank to submit records containing information relating to the above-referenced reportable boycott request; specifically, the certificate of origin. Arab Bank did not maintain the certificate of origin as directed by Section 760.5(b)(8) and Part 762 of the Regulations which required Arab Bank to maintain records containing information relating to a reportable boycott request for a five year period after receipt of the request;

BIS and Arab Bank 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:

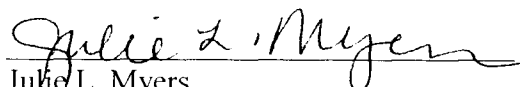
FIRST, a civil penalty of \$ 9,000 is assessed against Arab Bank and shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

SECOND, 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, Arab Bank 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 \$ 9,000 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 Arab Bank. Accordingly, if Arab Bank 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 Arab Bank's export privileges for a period of one year from the date of the entry of this Order.

FOURTH, 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 Arab Bank.

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 29th day of September, 2004

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)).