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Oceanic Container Line Inc. Settles Allegations of Antiboycott Violations

The U.S. Department of Commerce today announced that Oceanic Container Line Inc., located in Staten Island, New York, agreed to pay an \$8,250 civil penalty to settle allegations that it violated the antiboycott provisions of the Export Administration Regulations (EAR).

The Commerce Department's Bureau of Industry and Security (BIS) charged that, on one occasion, Oceanic furnished prohibited information about another company's business relationships by transmitting an agent certification regarding the eligibility of the carrying vessel to enter the port of Qatar. BIS also charged that, on one occasion, Oceanic failed to report in a timely manner its receipt of a request to provide such certification. Lastly, BIS charged that, on one occasion, Oceanic failed to maintain records containing information relating to that request.

The antiboycott provisions of the EAR prohibit U.S. persons, including foreign subsidiaries of U.S. companies, from complying with certain requirements of unsanctioned foreign boycotts. In addition, the EAR requires that U.S. persons report their receipt of certain boycott requests to the Department of Commerce and maintain records containing information relating to such reportable boycott requests.

Assistant Secretary of Commerce for Export Enforcement Darryl W. Jackson commended BIS's Office of Antiboycott Compliance for its work on the investigation.

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UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE

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In the Matter of)
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OCEANIC CONTAINER LINE INC) **Case No. 05-20**
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_____)

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. §§ 2401-2420 (2000)) (the “Act”)¹ and the Export Administration Regulations (currently codified at 15 C.F.R Parts 730-774 (2005))(the “Regulations”), against Oceanic Container Line Inc (“Oceanic”), a domestic concern incorporated in the State of New York, based on allegations set forth in the Proposed Charging Letter, dated 8 September 2005, that alleged that Oceanic committed three 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 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 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 5, 2005)), continues 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 year 2001, Oceanic engaged in a transaction involving the sale and/or transfer of goods from the United States to Qatar. In connection with this activity, Oceanic, on one occasion, with intent to comply with, further or support an unsanctioned foreign boycott, furnished information concerning another person's business relationships with another person who is known or 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 - Failing to Report the Receipt of a Request to Engage in a Restrictive Trade Practice or Foreign Boycott Against a Country Friendly to the United States:*

During the year 2001, Oceanic engaged in a transaction involving the sale and/or transfer of goods from the United States to Qatar. In connection with this activity, Oceanic, on one occasion, received a request to take an action which would have the effect of furthering or supporting a restrictive trade practice or unsanctioned foreign boycott. Oceanic failed to report its receipt of this request to the Department of Commerce, as directed by Section 760.5 of the Regulations.

3. *One Violation of 15 C.F.R. §760.5(b)(8) - Failure to Maintain Records:*

During the year 2001, Oceanic engaged in a transaction involving the sale and/or transfer of goods from the United States to Qatar. In connection with this activity, Oceanic, on one occasion, received a request to take an action which would have the effect of furthering or supporting a restrictive trade practice or unsanctioned foreign boycott. In subsequent contacts, BIS' Office of Antiboycott Compliance requested Oceanic to produce and make available certain document(s) related to this transaction. Section 760.5(b)(8) of the Regulations requires Oceanic to maintain records containing information relating to a reportable boycott request for a five year period. Oceanic failed to produce the requested records, as directed by Section 760.5(b)(8) of the Regulations.

BIS and Oceanic 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 \$ 8,250 is assessed against Oceanic and shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment of these sums shall be made in the manner specified in the attached instructions.

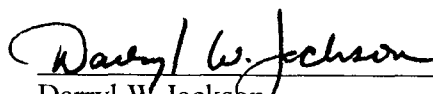
SECOND, pursuant to the Debt Collections Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (1983 and Supp. 2001)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due dates specified herein, Oceanic will be assessed, 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 \$ 8,250 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 Oceanic.

Accordingly, if Oceanic 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 Oceanic'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 Oceanic.

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 22nd day of November, 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))
)) **Case No. 05-20**
OCEANIC CONTAINER LINE INC))
))
_____))

SETTLEMENT AGREEMENT

This agreement is made by and between Oceanic Container Line Inc (“Oceanic”), a domestic concern incorporated 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 (2005)) (the “Regulations”), issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. §§ 2401-2420 (2000)) (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 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 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 5, 2005)), continues the Regulations in effect under IEEPA.

WHEREAS, BIS has notified Oceanic of its intention to initiate an administrative proceeding against Oceanic, pursuant to Section 11(c) of the Act by issuing the Proposed Charging Letter dated 8 September 2005, a copy of which is attached hereto and incorporated herein by this reference; and

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

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

NOW, THEREFORE, Oceanic and BIS agree as follows:

1. Under the Act and the Regulations, BIS has jurisdiction over Oceanic with respect to the matters alleged in the Proposed Charging Letter.

2. BIS will impose a civil penalty in the amount of \$ 8,250. Oceanic will pay to the U.S. Department of Commerce, within 30 days of receipt of service of the Order, and in accordance with the terms of the Order, when entered, the amount of \$ 8,250 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 Oceanic. Failure to make payment of this amount shall result in the denial of all of Oceanic's export privileges for a period of one year from the date of entry of the Order.

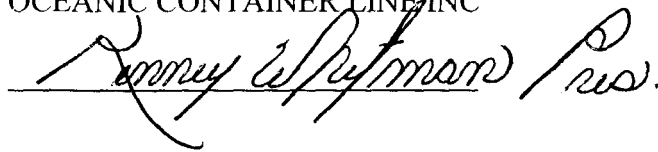
4. Subject to the approval of this Settlement Agreement, pursuant to paragraph 9 hereof, Oceanic hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violation of this Settlement Agreement or the Order, when entered) including, without limitation, any right to:
 - A. An administrative hearing regarding the allegations in the Proposed Charging Letter;

- B. Request a refund of the funds paid by Oceanic 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 Oceanic 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. Oceanic 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 Oceanic 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 Oceanic 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 Oceanic'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.

OCEANIC CONTAINER LINE, INC



DATE: 11/3/05

U.S. DEPARTMENT OF COMMERCE



Edward O. Weant III
Acting Director
Office of Antiboycott Compliance

DATE: 11-15-05

Attachment



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

PROPOSED CHARGING LETTER

8 September 2005

Oceanic Container Line Inc
2350 Hylan Boulevard
Staten Island, NY 10306

Attention : Kenney Whitman, President

Case No. 05-20

Gentlemen/Ladies:

We, the Bureau of Industry and Security, United States Department of Commerce ("BIS"), have reason to believe that you, Oceanic Container Line Inc, on three occasions, have violated the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2005)) (the "Regulations"),¹ which are issued under the authority of the Export Administration Act of 1979, as amended (50 U.S.C. §§ 2401-2420 (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 during the years 2001 and 2005. The Regulations governing the violations at issue are found in the 2001 and 2005 respective versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001 and 2005)). The prior years' Regulations are substantially the same as the 2005 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 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 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 5, 2005)), continues the Regulations in effect under IEEPA.



We also charge that you committed one violation of Section 760.5 of the Regulations 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.

Lastly, we 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 domestic concern incorporated, and 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 year 2001, you engaged in a transaction involving the sale and transfer of goods from the United States to Qatar, an activity 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 activity referred to above, on or about 25 January 2001, pursuant to a documentary requirement of your freight forwarder-customer, you furnished to that customer, a letter, signed "AS AGENT FOR THE CARRIER," 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:

...AS AGENTS FOR THE CARRIER, WE OFFER THE FOLLOWING INFORMATION
...THE CARRYING VESSEL IS NOT REGISTERED IN ISRAEL OR OWNED BY
NATIONALS OR RESIDENTS OF ISRAEL. THE VESSEL IS ELIGIBLE TO ENTER
INTO THE PORTS OF QATAR IN CONFORMITY WITH IT'S (sic) LAWS AND
REGULATIONS...

THE UNDERSIGNED, OCEANIC CONTAINER LINE, AS AGENTS FOR THE
CARRIER...DECLARES THAT THE INFORMATION PROVIDED ABOVE IS
CORRECT AND COMPLETE....

Furnishing 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 - Failing to Report the Receipt of a Request to Engage in a Restrictive Trade Practice or Foreign Boycott Against a Country Friendly to the United States)

In connection with the activity referred to above, on or about 25 January 2001, you received 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 contained a documentary requirement to furnish text which read, in part, as follows:

... THE VESSEL IS ELIGIBLE TO ENTER INTO THE PORTS OF QATAR
IN CONFORMITY WITH IT'S (sic) LAWS AND REGULATIONS...

Section 760.5 of the Regulations requires United States persons to report to the Department their receipt of such requests. You failed to report to the Department your receipt of this request.

By failing to report your receipt of this request, as directed by Section 760.5 of the Regulations, you are in violation of Section 760.5. We therefore charge you with one violation of Section 760.5 of the Regulations.

Charge 3 (15 C.F.R. § 760.5(b)(8) - Failing to Maintain Records)

In connection with the activity referred to above, on or about 25 January 2001, you received 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 contained a documentary requirement to furnish text which read, in part, as follows:

... THE VESSEL IS ELIGIBLE TO ENTER INTO THE PORTS OF QATAR
IN CONFORMITY WITH IT'S (sic) LAWS AND REGULATIONS...

In contacts dated 18 April 2005 and 3 June 2005, BIS' Office of Antiboycott Compliance requested that you produce and make available certain document(s) related to this transaction. Section 760.5(b)(8) of the Regulations requires you to maintain records containing information relating to a reportable boycott request for a five year period. You failed to produce the requested record(s) in response. We, therefore, charge you with one violation of Section 760.5(b)(8) 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.⁵

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

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:

⁵ 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).

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,

Edward O Weant, III
Acting Director
Office of Antiboycott Compliance