

UNITED STATES OF AMERICA
DEPARTMENT OF COMMERCE

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In the Matter of)
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Expeditors International of Washington, Inc.)
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Case No. 06-23

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. Part 730 -774 (2007)) (the “Regulations”), against Expeditors International of Washington, Inc. (“Expeditors”), a domestic concern incorporated in the State of Washington, based on allegations set forth in the Proposed Charging Letter, dated August 3, 2007, that alleged that Expeditors committed two violations of the Regulations;

¹ 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)), which has been extended by successive Presidential Notices, the most recent being that of August 15, 2007 (72 Fed. Reg. 46137 (Aug. 16, 2007)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”).

Specifically, the charges are:

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

During the period March through April 2005, Expeditors engaged in a transaction involving the sale and/or transfer of goods from the United States to Lebanon. In connection with this activity, Expeditors furnished 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, 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 as required by the Regulations the Receipt of a Request to Engage in a Restrictive Trade Practice or Boycott:*

During the period March through April 2005, Expeditors engaged in a transaction involving the sale and/or transfer of goods from the United States to Lebanon. In connection with this activity, Expeditors received a request to take an action which would have the effect of furthering or supporting a restrictive trade practice or unsanctioned foreign boycott. Expeditors failed to report the receipt of this request in a timely manner to the Department of Commerce, as directed by Section 760.5 of the Regulations.

BIS and Expeditors 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:

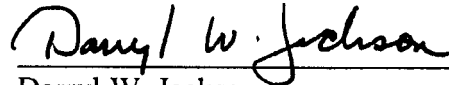
FIRST, civil penalty of \$2250 is assessed against Expeditors which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

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, Expeditors 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 \$2250 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 Expeditors. Accordingly, if Expeditors 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 Expeditors' 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 Expeditors.

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 17th day of October, 2007

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 6622
14th Street & Constitution Avenue, N.W.
Washington, D.C. 20230

Attention: Jennifer Kuo

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 – 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. §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 31 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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Expeditors International of Washington, Inc.

Case No. 06-23

SETTLEMENT AGREEMENT

This agreement is made by and between Expeditors International of Washington, Inc. (“Expeditors”), a domestic concern incorporated in the State of Washington, and the Office of Antiboycott Compliance, Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Part 730 -774 (2007)) (the “Regulations”) issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. §§2401 – 2420 (2000)) (the “Act”)¹.

¹ 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)), which has been extended by successive Presidential Notices, the most recent being that of August 15, 2007 (72 Fed. Reg. 46137 (Aug. 16, 2007)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”).

WHEREAS, BIS has notified Expeditors of its intention to initiate an administrative proceeding against Expeditors, pursuant to Section 11(c) of the Act by issuing the Proposed Charging Letter dated August 3, 2007, a copy of which is attached hereto and incorporated herein by this reference; and

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

WHEREAS, Expeditors 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, Expeditors agrees to be bound by the appropriate Order (Order) when entered;

NOW, THEREFORE, Expeditors and BIS agree as follows:

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

2. BIS will impose a civil penalty in the amount of \$2250. Expeditors will pay to the U.S. Department of Commerce, within 30 days from the date of entry of the Order, and in accordance with the terms of the Order, when entered, the amount of \$2250 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 Expeditors. Failure to make payment of this amount shall result in the denial of all of Expeditors' 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, Expeditors 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 Expeditors 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 Expeditors with respect to any violation of Section 8 of the Act or Part 760 of the Regulations arising out of the transaction 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. Expeditors 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 Expeditors 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 Expeditors 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 Expeditors' 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.

Expeditors International of Washington, Inc.

Rosanne Esposito

DATE: Rosanne Esposito
10/2/07

U.S. DEPARTMENT OF COMMERCE

EO Weant III
Edward O. Weant III
Director
Office of Boycott Compliance

DATE: October 5, 2007

Attachments



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

PROPOSED CHARGING LETTER

August 3, 2007

Expeditors International of Washington, Inc.
1015 Third Avenue
12th Floor
Seattle, WA 98104-1190

Attention: Jeff Dickerman, Esq.
Assistant Corporate Counsel

Case No. 06-23

Gentlemen/Ladies:

We, the Office of Antiboycott Compliance, Bureau of Industry and Security, United States Department of Commerce ("BIS"), have reason to believe that you, Expeditors International of Washington, Inc., on two occasions, have violated the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2007)) (the "Regulations")¹, which are issued under the authority of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§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.

We also charge that you committed one violation of Section 760.5 of the Regulations, in that you failed to report in a timely manner to the Department of Commerce your receipt of a request to engage in a restrictive trade practice or boycott as required by the Regulations.

¹ The alleged violations occurred during the year 2005. The Regulations governing the violations at issue are found in the 2005 version of the Code of Federal Regulations (15 C.F.R. Parts 730 – 774 (2005)). The prior years' Regulations are substantially the same as the 2007 version of the Regulations which govern the procedural aspects of this matter.

² 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)), which has been extended by successive Presidential Notices, the most recent of which was August 3, 2006 (71 Fed. Reg. 44551 (August 7, 2006)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)).



We allege that:

You, Expeditors International of Washington, Inc., are, and at all times relevant were, a domestic concern incorporated in the State of Washington and, as such, you are a United States person as defined in Section 760.1(b) of the Regulations.

During the year 2005, you, through your office in San Diego, engaged in a transaction involving the sale and transfer of goods from the United States to Lebanon, 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 March 22, 2005, pursuant to a documentary requirement of your exporter-customer, you furnished to that customer, an Agent's Certificate, 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 ATTEST THAT:

A) THE VESSEL CARRYING THE GOODS:

IS ELIGIBLE TO ENTER INTO THE PORT OF DESTINATION (BEIRUT), AND IT IS NOT ISRAELI NATIONALITY AND WILL NOT CALL (sic) ANY ISRAELI PORT DURING ITS VOYAGE.

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 – Failing to Report as required by the Regulations 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 March 15, 2005, 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:

SIGNED CERTIFICATE FROM THE CARRIER OR ITS AGENT ATTESTING THAT:

A) THE VESSEL CARRYING THE GOODS:

IS ELIGIBLE TO ENTER INTO THE PORT OF DESTINATION (BEIRUT), AND IT (sic) NOT ISRAELI NATIONALITY AND WILL NOT CALL (sic) ANY ISRAELI PORT DURING ITS VOYAGE.

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

By failing to report your receipt of this request in a timely manner, 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.

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.

Under the Small Business Regulatory Enforcement Flexibility Act, you may be eligible for assistance from the Office of the National Ombudsman of the Small Business Administration in this matter.⁴

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 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 of 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) (2005));
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).

⁴ To determine eligibility and get more information, please see: <http://www.sba.gov/ombudsman/>.

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 the following address:

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

Sincerely,

Edward O. Weant III
Director
Office of Antiboycott Compliance