



**U.S. Department of Commerce
Bureau of Industry and Security (BIS)**

Annual Report to the Congress for Fiscal Year 2019

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TABLE OF ACRONYMS

ACE	Automated Commercial Environment
AG	Australia Group
ANPRM	Advance Notice of Proposed Rulemaking
BIS	Bureau of Industry and Security
BWC	Biological Weapons Convention
CBP Outbound	U.S. Customs and Border Protection’s Outbound Division
CCL	Commerce Control List
CFIUS	Committee on Foreign Investment in the United States
CJ	Commodity Jurisdiction
CWC	Chemical Weapons Convention
DPAS	Defense Priorities and Allocations System
EAR	Export Administration Regulations
ECCN	Export Control Classification Number
ECP	Export Compliance Program
ECRA	Export Control Reform Act of 2018
EMCD	Export Management and Compliance Division
ERC	End-User Review Committee
ETTAC	Emerging Technology Technical Advisory Committee
FIRRMA	Foreign Investment Risk Review Modernization Act of 2018
IAEA	International Atomic Energy Agency
IEEPA	International Emergency Economic Powers Act
IIM	Intersessional Implementation Meeting
ITA	International Trade Administration
ITU	Information Triage Unit
LD	Licensing Determination
MIC	National Defense Stockpile Market Impact Committee
MTCR	Missile Technology Control Regime
NATO	North Atlantic Treaty Organization

NETTEM	New and Evolving Technologies Technical Experts Meeting
NOI	Notice of Inquiry
NRC	Nuclear Regulatory Commission
NSIP	National Security Investment Program
NSG	Nuclear Suppliers Group
OAC	Office of Anti-Boycott Compliance
OC	Operating Committee
OESD	Office of Exporter Services' Outreach and Educational Services Division
OPCW	Organization for the Prohibition of Chemical Weapons
RPOC	Reinforced Points of Contact
SCC	Special Compliance Coordinator
TAC	Technical Advisory Committee
TEM	Technical Expert Meeting
TS	Technical Secretariat
UAV	Unmanned Aerial Vehicles
USML	United States Munitions List
UVL	Unverified List
VEU	Validated End-User
WMD	Weapons of Mass Destruction
WRO	Western Regional Office

STATEMENT OF SECRETARY ROSS

I am pleased to present this Annual Report detailing the activities of the Department of Commerce's Bureau of Industry and Security (BIS) during Fiscal Year (FY) 2019.

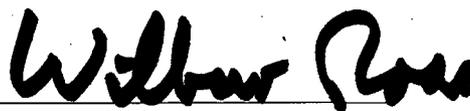
FY 2019 was a significant year as BIS engaged in many high-profile activities to promote U.S. national security and support U.S. foreign policy interests. BIS continued to play a critical role in advancing key priorities of the Administration, employing not only its policy and technical expertise but its regulatory and enforcement authorities as well.

BIS ensures appropriate export controls are placed on dual-use and certain military items through the Export Administration Regulations (EAR). These controls, along with U.S. participation in related multilateral export control regimes and nonproliferation treaties, enable BIS to address threats to the national security and foreign policy of the United States while furthering continued U.S. industrial competitiveness and innovation. BIS educates industry and foreign partners to encourage compliance with export controls and treaty obligations while investigating and prosecuting violators of U.S. export controls.

In FY 2019, BIS intensified its efforts to implement policies and engage in enforcement activities that address strategic national security threats, including threats related to Iran's attempts to obtain U.S. technology and commodities, China's military-civil fusion efforts, and Chinese corporations' activities that were contrary to U.S. national security or foreign policy interests.

In addition to protecting U.S. national security through export controls and treaty compliance, BIS also supports the defense industrial base and critical national infrastructure, which includes conducting investigations pursuant to the Trade Expansion Act of 1962 to determine whether imports of certain articles may threaten to impair national security. For example, BIS led the Department's investigations into the effects of uranium and titanium sponge imports on U.S. national security. BIS also administered the steel and aluminum tariff and quota exclusion request process that included issuing decisions on approximately 76,000 completed exclusion requests.

In sum, as described in this Annual Report, during FY 2019, BIS deployed the full range of its authorities to promote national security and continued U.S. leadership in strategic technologies.



Wilbur Ross

Secretary of Commerce

BIS MISSION

BIS advances U.S. national security, foreign policy, and economic competitiveness by maintaining effective and adaptable export control mechanisms, ensuring treaty compliance and promoting continued U.S. leadership in strategic technologies and defense industries.

BIS administers and enforces controls on the export of: (1) dual-use items, which have chiefly commercial uses but could be used in conventional arms and/or in weapons of mass destruction by terrorists, or to abuse human rights; and (2) certain military items that are not otherwise controlled by the Department of State under the International Traffic in Arms Regulations. The Department of Commerce controls are implemented under the Export Control Reform Act of 2018 through the EAR, in coordination with several other agencies. The EAR set forth license requirements and licensing policy for exports of these items, and incorporate controls on items identified on the control lists of the four major multilateral export control regimes: the Australia Group (AG) (chemical and biological nonproliferation); the Missile Technology Control Regime (MTCR); the Nuclear Suppliers Group (NSG); and the Wassenaar Arrangement (conventional arms and related goods, software, and technologies), in addition to unilateral controls.

BIS participates in U.S. nonproliferation efforts related to the Chemical Weapons Convention (CWC), the Additional Protocol to the U.S.-International Atomic Energy Agency (IAEA) Safeguards Agreement, and the Biological Weapons Convention (BWC).

Enforcement of the EAR is an essential aspect of the BIS mission. Enforcement efforts serve to encourage compliance, prevent and deter violators, disrupt illicit activities, and bring violators to justice. BIS investigates potential violations, supports administrative and criminal prosecutions and helps evaluate the parties, end uses, and destinations of exports, reexports, and in-country transfers of sensitive commodities, software, and technology. BIS also actively enforces prohibitions related to certain foreign boycotts.

BIS carries out activities to support the U.S. defense industrial base, including by: investigating whether certain imports threaten to impair U.S. national security; conducting industry sector surveys and analyses; participating in the interagency Committee on Foreign Investment in the United States (CFIUS) process; administering the Defense Priorities and Allocations System (DPAS); co-chairing the Market Impact Committee (MIC); and providing the Department of Defense with recommendations on the proposed release of excess defense articles.

BIS consults closely with industry on the development of regulatory policy through its Technical Advisory Committees (TACs). The TACs provide valuable input on trends in technology and the likely impact of export control developments. BIS also conducts and participates in numerous outreach events throughout the United States and overseas to educate and update the public and international partners on export controls and policy.

FISCAL YEAR 2019 SUMMARY

This report summarizes the significant events and activities of the Department of Commerce's BIS from October 1, 2018 through September 30, 2019.

BIS addresses threats to U.S. national security and foreign policy through a variety of tools that implement and enforce the EAR, as well as domestic implementation of the CWC and the Additional Protocol to the U.S.-IAEA Safeguards Agreement, efforts to strengthen the BWC, and activities to support the U.S. defense industrial base.

Two laws enacted in FY 2018, the Export Control Reform Act of 2018 (ECRA) and the Foreign Investment Risk Review Modernization Act of 2018 (FIRRMA), directly impacted BIS's authorities and activities in FY 2019.

IMPLEMENTATION OF LEGISLATION

The Export Control Reform Act of 2018

Under ECRA, BIS enacted regulatory amendments, placed restrictions on exports to foreign parties of concern and led efforts to identify and control the export of emerging and foundational technologies. On November 19, 2018, the Department published in the Federal Register an Advance Notice of Proposed Rulemaking (ANPRM) to seek public comment on criteria for identifying emerging technologies that are essential to U.S. national security.

On May 23, 2019, the Department published a rule implementing new controls on five emerging technologies (discrete microwave transistors, continuity of operation software, postquantum cryptographic algorithms, underwater transducers designed to operate as hydrophones, and aircraft specially designed or modified to be air-launch platforms), which were agreed upon at the 2018 Wassenaar Arrangement plenary. *See* 84 Fed. Reg. 23886 (May 23, 2019).

ECRA also directs BIS to utilize its Emerging Technology Technical Advisory Committee (ETTAC) to identify emerging and foundational technologies that may be developed over the next five to ten years. Even before the passage of ECRA, BIS had revised the ETTAC charter so the committee could better advise BIS on emerging technological trends and developments that could impact our national security.

The Foreign Investment Risk Review Modernization Act of 2018

CFIUS is an interagency committee that conducts national security reviews of certain transactions involving foreign investments in the United States. The International Trade Administration (ITA) and BIS play complementary roles in the Department of Commerce's review for CFIUS. Among other things, FIRRMA expanded the scope of CFIUS review, including by authorizing CFIUS to review certain transactions involving critical technologies. BIS plays an important role under FIRRMA, including in the pilot program regulations which went into effect in November 2018. Under the pilot program, BIS determined whether the underlying investment involves a U.S. business involved in a critical technology, which is

defined to include, among other things, multilaterally-controlled items on the Commerce Control List, items controlled for regional stability or surreptitious listening reasons, or items identified as emerging or foundational technology. Because of this enhanced role, which includes both filings and declarations, BIS's CFIUS-related activities increased significantly in FY 2019.

MAJOR ACTIONS

This section highlights major actions taken by BIS to address threats to U.S. national security and foreign policy.

Section 232 Investigations and the Defense Industrial Base

In FY 2019, the Department continued to conduct investigations and administer actions taken by the President under Section 232 of the Trade Expansion Act of 1962 deemed necessary to adjust the imports of articles or derivatives that threaten to impair U.S. national security. These actions ensure that the United States has sufficient domestic production capability to support America's critical infrastructure and other national defense needs. In Section 232, the Congress explicitly recognized the close relationship between a strong economy and our national security, and this Administration's objective is to ensure that the United States retains a robust domestic production capability necessary to meet national security requirements.

A fair, transparent, and effective Section 232 tariff and quota exclusion request process is an important goal of the Department. In FY 2019, BIS decided approximately 76,000 requests submitted by U.S. parties for exclusion from Section 232 tariffs and quotas on steel and aluminum products. The Department's review of all exclusion requests, including objections, rebuttals, and surrebuttals, was conducted on a case-by-case basis, taking into account only information that was submitted on the public record by the parties. In making decisions on exclusion requests, BIS worked closely with industry specialists within ITA, as well as product specialists from the Department of Homeland Security's Customs and Border Protection (CBP).

BIS, in conjunction with ITA, took several actions to improve the exclusion request and review process. To further ensure that every Section 232 exclusion request was analyzed accurately and efficiently, during FY 2019, the Department developed a customized online portal that has replaced the use of the Federal rulemaking portal for organizations' submittals. Launched on June 13, 2019, the new 232 Exclusions Portal streamlined the exclusion process for external parties and provides greater transparency by the public to more easily view all exclusion request, objection, rebuttal, and surrebuttal documents in one web-based system. With the launch of the 232 Exclusions Portal, the time from submission to posting of an exclusion request averaged eight days, a 79% decrease from the processing time under regulations.gov. An exclusion request that received no objections on the 232 Exclusions Portal received a decision within 77 calendar days on average, a 37% decrease compared to regulations.gov, and this continues to improve weekly. The new 232 Exclusions Portal is located at <https://www.trade.gov/232/steelalum>.

On April 14, 2019, the Secretary submitted a completed Section 232 investigation report on the effect of imports of uranium on the national security to the President. On July 12, 2019, the President announced that he had chosen not to adjust imports under Section 232. Instead, the President directed the formation of a government-wide working group, co-chaired by the National Security Council and National Economic Council, to develop recommendations for reviving and expanding domestic nuclear fuel production.

In March 2019, BIS commenced a Section 232 investigation into the effects of imports of titanium sponge on the national security. This report was submitted to the President on November 29, 2019 and is currently under review. Additionally, during FY 2019, ITA completed a Section 232 investigation into the effects of imports of automobiles and automotive parts. That report is also under review.

The Bureau has also experienced an increase in requests for enhanced BIS industrial base surveys and analysis from multiple U.S. government agencies, including the Department of Defense, the National Aeronautics and Space Administration, and the Intelligence Community, to help support informed national defense and technology policy decisions.

ZTE Investigation

In FY 2019, BIS continued to work with a Special Compliance Coordinator (SCC), Mr. Roscoe C. Howard, Jr. (of Barnes & Thornburg, LLP), to monitor the export compliance practices of ZTE Telecommunications Equipment Corporation (ZTE).

In FY 2019, BIS received four quarterly reports from the SCC that included the SCC's findings and recommendations on ZTE's compliance and compliance program enhancements across multiple ZTE business units.

For context, in March 2017, ZTE entered a guilty plea to criminal charges and settled administrative charges with BIS as part of a global settlement that included the Justice Department and the Treasury Department's Office of Foreign Assets Control. ZTE agreed to a combined civil and criminal penalty of \$1.19 billion, active audit and compliance requirements, and a seven-year suspended denial of export privileges, which could be activated in the event of violations during the corresponding probationary period. As reported last year, BIS issued a denial of export privileges against ZTE on April 15, 2018 after determining that ZTE had made false statements to BIS during settlement negotiations in 2016, and that ZTE had continued to make false statements to BIS in 2017 during the seven-year probationary period included in the March 2017 settlement agreement. On June 8, 2018, BIS issued a Superseding Settlement Order based on a superseding settlement with ZTE that resulted in additional civil penalties of \$1.1 billion, for an aggregate BIS civil penalty against ZTE of \$1.761 billion, \$400 million of which was suspended and placed in escrow by ZTE before BIS removed the company from the Denied Persons List. (The monetary sanctions imposed by the U.S. Government against ZTE total approximately \$2.2 billion).

The superseding settlement also required that ZTE retain an SCC selected by and answerable to BIS during a ten-year suspended denial order and probationary period. If ZTE commits violations during this ten-year probationary period, the Department could again deny ZTE access to U.S. goods, software, and technology and/or collect the \$400 million in escrow.

U.S. Munitions List (USML) to Commerce Control List (CCL) Review: Firearms

In FY 2019, BIS continued its collaboration with the Departments of Defense and State to transfer designated munitions from the export control jurisdiction of the Department of State to that of the Department. BIS's proposed rule described how articles the President determined no longer warrant control under USML Categories I-III (Category I – Firearms, Close Assault Weapons, and Combat Shotguns; Category II – Guns and Armament; and Category III – Ammunitions and Ordnance) would be controlled on the CCL. The State proposed rule would revise Categories I, II, and III of the USML to more precisely describe the articles warranting continued control on that list.

Pursuant to Section 38(f)(1) of the Arms Export Control Act (22 U.S.C. 2778(f)(1)), the Department of State notified Congress on November 12, 2019, that the Departments of State and Commerce plan to publish final rules to transfer oversight for the export of some types of firearms, ammunition, and related items from the Department of State to the Department of Commerce.

Additions to the Entity List

FY 2019 was an active year for BIS's utilization of the Entity List. The Entity List identifies foreign businesses, universities, or individuals that are prohibited from receiving some or all items subject to the EAR unless the exporter, reexporter, or transferor first receives a license from BIS. The U.S. Government has determined that persons and entities on the Entity List present a significant risk of diverting U.S. items to weapons of mass destruction (WMD) programs, state sponsors of terrorism, or other activities contrary to U.S. national security or foreign policy interests. The Entity List is an important policy tool to protect U.S. national security and foreign policy interests.

In FY 2019, BIS added 154 entities to the Entity List via eight Final Rules, including adding the following entities:

- Huawei Technologies Co., Ltd. (Huawei) for involvement in activities contrary to U.S. national security or foreign policy interests, including Huawei's indictment on 13 counts of violating U.S. law, including for violating and conspiring to violate the International Emergency Economic Powers Act (IEEPA) by violating U.S. sanctions against Iran, and for obstructing justice in connection with the criminal investigation of those alleged violations. BIS also added 114 of Huawei's non-U.S. affiliates to the Entity List, as they present a significant risk of acting on Huawei's behalf to engage in activities contrary to U.S. national security or foreign policy interests.

- Fujian Jinhua Integrated Circuit Company, Ltd. for posing a significant risk of becoming involved in activities contrary to the national security interests of the United States. As noted in the Department’s press release, Jinhua’s imminent production of dynamic random access memory integrated circuits, based on alleged unauthorized use of U.S.-origin technology, could threaten the long-term economic viability of U.S. suppliers of these essential components of U.S. military systems.
- Sugon and three affiliated Chinese entities—Higon, which is majority-owned by Sugon, and two entities in which Higon has ownership interests, Chengdu Haiguang Integrated Circuit and Chengdu Haiguang Microelectronics Technology—for engaging in activities contrary to U.S. national security and foreign policy interests. Sugon is one of the entities leading China’s development of exascale high performance computing. Sugon has publicly acknowledged a variety of military end uses and end users of its high-performance computers, and the business activities of Higon and its related entities include integrated circuits, electronic information, software development, and the design of X86 architecture computer chips for networking servers.
- Twenty-eight Chinese governmental and commercial organizations for engaging in or enabling activities contrary to the foreign policy interests of the United States. These entities have all been implicated in the implementation of China’s campaign of repression, mass arbitrary detention, and high-technology surveillance targeting Uighurs and other predominantly Muslim ethnic minorities in the Xinjiang Uighur Autonomous Region.

Strengthening U.S. National Security and Foreign Policy

Consistent with the National Security Presidential Memorandum on Strengthening the Policy of the United States Toward Cuba, BIS limited the types of aircraft and vessels authorized on temporary sojourn to Cuba. BIS also amended the licensing policy for exports and reexports of such vessels and aircraft to Cuba to a general policy of denial unless the export or reexport is consistent with the foreign policy or national security interests of the United States. These amendments support the Administration’s national security and foreign policy decision to restrict non-family travel to Cuba to prevent U.S. funds from enriching the Cuban regime, which continues to repress the Cuban people and provides ongoing support to the Maduro regime in Venezuela.

In FY 2019, BIS revised the EAR to remove Venezuela from Country Group B, which affords favorable treatment for certain exports of National Security-controlled items, and moved Venezuela to Country Group D:1, which lists countries of national security concern. The revision also added Venezuela to Country Groups D:2-4, which list countries of nuclear, chemical and biological weapons, and missile technology concern, respectively.

Educational and Outreach Activities

To provide guidance and transparency to U.S. exporters in an effort to safeguard U.S. national security and foreign policy, BIS utilizes various types of outreach, including an annual policy conference. The theme of the BIS 2019 Annual Conference on Export Controls was *Emerging*

Technologies, Strategic Trade, and Global Threats. BIS also participated in numerous industry events focused on specific issues, such as revised controls on exports to Cuba, Russia sanctions, deemed exports (i.e., the release of controlled technology to foreign nationals in the United States), export requirements for items controlled for nuclear nonproliferation reasons, and export requirements for less sensitive military items.

During FY 2019, BIS created a series of animated videos introducing key regulatory and process concepts to the business community. The intent behind the initiative was to enable small and new-to-export firms' access to clear and concise guidance, delivered in a viewer-friendly format, via the agency's website and YouTube channel. BIS posted eight videos over the year. The first, entitled "Export Controls: A Quick Start Guide," presents the critical provisions of the EAR in less than ten minutes in direct, easy-to-understand language. The other seven videos cover more specific provisions of the regulations, from classifying items, to how to use the agency's online license submission system. Additional videos are in development for posting next year. In FY 2019, the initial eight videos were viewed over 22,000 times.

BIS continued to inform the regulated community about changes to regulations. These outreach activities included BIS seminars, industry group meetings and seminars, small- and medium-sized business conferences, webinars, and meetings with foreign governments. BIS also utilized web-based decision tools to assist exporters. These tools received more than 30,000 hits. In addition to outreach with the public, BIS continued to support CBP and other law enforcement agencies around the United States with updated training materials containing information about relevant changes to the EAR. BIS worked with CBP to implement and announce new requirements for the Automated Export System as additional final rules were published and became effective throughout the FY.

ADDITIONAL ACTIVITIES

BIS protects and promotes U.S. national security and foreign policy interests through a variety of tools that implement and enforce the EAR and support the U.S. defense industrial base. BIS also engages in a range of activities to implement and ensure compliance with the CWC, the Additional Protocol to the U.S.-IAEA Safeguards Agreement, and the BWC.

The following sections detail BIS's accomplishments in furtherance of these objectives, as well as efforts to support national security by allowing U.S. firms to successfully compete in global markets.

Export License Processing

In FY 2019, BIS processed 34,207 export license applications with a total value of \$486.8 billion. This marked a 3.1% decrease from the 35,308 applications processed in FY 2018. BIS approved 29,327 license applications (85.7%), returned 4,561 applications without action (13.3%), and denied 319 applications (0.9%). BIS's average license application processing time this year was 23 days. This included time for reviews by the Departments of Defense, Energy, and State. Of FY 2019 licenses, Export Control Classification Number (ECCN) 9A610 (military aircraft and related commodities) was the greatest number of approved applications (5,075

licenses valued at a total of \$9.4 billion). ECCN 3C004 (hydrides of phosphorus, arsenic or antimony) was the dual-use ECCN with the highest total value of approved applications (\$353.9 billion involving 29 license approvals).

Through the licensing process, BIS carefully assesses each application for export or reexport, seeking recommendations and information from the Departments of Defense, Energy, State, the Intelligence Community, and other agencies as appropriate. BIS's Information Triage Unit (ITU) is responsible for assembling, analyzing, and disseminating information from all pertinent sources to inform agencies about the *bona fides* of foreign parties to a license application. During FY 2019, the ITU provided information relevant to 675 license applications. In addition, BIS end-use checks help ensure that exported and reexported items have been or will be properly used as authorized and that license conditions are adhered to fully. These activities prevent unauthorized trade and ensure entities and persons of concern are ineligible to receive items subject to the EAR. In FY 2019, BIS completed 1,171 end-use checks in 58 countries. Of these, 55 were Pre-License Checks, which are conducted prior to shipment to prevent the export or reexport of sensitive items to unreliable parties, and 1,116 were Post-Shipment Verifications, which assist the U.S. Government in monitoring export and reexport transactions to conclusion.

License Applications Escalated for Interagency Resolution

Under Executive Order 12981, BIS's Operating Committee (OC) – with membership including the Departments of Commerce, Defense, Energy, and State – is tasked with resolving interagency disagreement on specific license applications. In FY 2019, the OC reviewed 380 cases, and 18 cases were further escalated to the Assistant Secretary-level Advisory Committee on Export Policy for resolution.

Exports under License

BIS obtains data from the Bureau of the Census (Census) on exports subject to BIS licensing requirements to evaluate the impact of controls on U.S. exports. For FY 2019, U.S. companies exported \$6.4 billion of licensed items. BIS-licensed exports represented 0.4% of total U.S. exports. Exports made under a BIS license exception totaled \$18.6 billion, representing approximately 1.1% of overall U.S. exports.

BIS continues to work with Census and CBP to improve the Automated Commercial Environment (ACE) and to increase exporter compliance with the EAR. This year, export reports through the ACE portal were made available to U.S. exporters to review their own export transactions filed in ACE.

Commodity Classifications

If an item is subject to the EAR, exporters need to classify it for export by determining if the item is described by an ECCN on the CCL. Items that are subject to the EAR but not described on the CCL are designated "EAR99." The ECCN or EAR99 designation will help determine if a license requirement applies and, if so, the review policy that will inform the exporter of the likely outcome of a license application review. Other factors that help determine licensing

requirements and review policies include the country to which the item is being exported and the end user and intended end use of the item. While the agency encourages exporters to self-classify items, exporters may submit an official classification request to BIS where there is uncertainty and, in limited instances, may be required to do so because of the nature of the item. In FY 2019, BIS processed 3,258 classification request applications, including 581 encryption requests, with an average response time of 44.3 days per classification request. This compares to BIS's processing of 4,009 classification request applications, including 804 encryption requests, with an average response time of 44.6 days per classification request in FY 2018.

Although BIS provides a web-based tool to assist exporters with self-classifying items, exporters often seek official classification determinations from BIS.

Commodity Jurisdiction Determinations

A commodity jurisdiction (CJ) request is used by exporters to determine whether an item or activity is subject to the EAR or is an article or service on the Department of State's USML. Exporters may request a CJ determination by submitting the request to the Department of State's Directorate of Defense Trade Controls, which has final jurisdiction determination authority. In FY 2019, BIS provided recommendations to the State Department on 398 CJ requests.

Licensing and Export of Items Transferred from the USML to the CCL

In FY 2019, BIS processed 12,912 export license applications for exports of "600 series" items that transferred from the USML to the CCL. Of the "600 series" license applications, BIS approved 11,687 applications (90.5%), returned 1,187 applications without action (9.2%), and denied 38 applications (0.3%).

The "600 series" items with the highest number of approved license applications included military aircraft and related commodities under ECCN 9A610 (5,075), followed by military electronics under ECCN 3A611 (2,265), military aircraft technology under ECCN 9E610 (1,293), and military gas turbine engines and related commodities under ECCN 9A619 (1,186). This year, U.S. companies exported 103,372 shipments of "600 series" items, with a value of over \$6.3 billion. The top exported "600 series" item (by value) was military aircraft and related commodities under ECCN 9A610, with 54,969 shipments valued at \$2.8 billion.

The top destinations for U.S. exports of "600 series" items (by value) included South Korea, the United Kingdom and Japan. The designations most often used by U.S. exporters to export "600 series" items were a BIS license authorization, License Exception Strategic Trade Authorization, and a "No License Required" designation to Canada.

Spacecraft systems and related items previously under the USML that were transferred to the CCL are classified under "9x515" ECCNs. BIS processed 797 export license applications for these spacecraft-related items. Of these, BIS approved 726 (91.1%), returned 64 without action (8.0%), and denied 7 (0.9%). U.S. companies exported 3,319 shipments of "9x515" items for a total value of \$1.08 billion.

Spacecraft and related commodities classified under ECCN 9A515 were both the greatest number of “9x515” items exported, with 2,835 shipments valued at \$1.06 billion, and greatest number of approved licenses in the category. The top destinations for these exports, by value, included French Guiana, Saudi Arabia, and Kazakhstan. The license designations most frequently reported by exporters were a BIS license, License Exception Strategic Trade Authorization, and “No License Required” to Canada for ECCN 9A515.y items.

Validated End-User Program

The Validated End-User (VEU) program is a program that facilitates high-technology civilian trade between the United States and VEU-eligible countries (currently China and India). Exporters’ use of Authorization VEU reduces the licensing burden on industry by allowing U.S. exporters to ship designated items to pre-approved entities under a general authorization instead of individual export licenses and allows U.S. Government review of technology roadmaps, compliance plans, and customers.

At the close of FY 2019, there were 11 VEUs in China with 46 locations, and one in India with two locations.

Since the effective date of the VEU program in June 2007, U.S. companies have made approximately 1,450 shipments totaling \$670 million worth of controlled items to the VEUs, including 232 export shipments worth approximately \$3.2 million to VEUs in FY 2019.

Entity List and Unverified List

BIS chairs and implements the decisions of the End-User Review Committee (ERC), the interagency group consisting of representatives from the Departments of Commerce, Defense, Energy, State, and where appropriate, the Treasury, that administers the Entity List and decides upon all additions to, removals, or other modifications to the Entity List. The Entity List identifies foreign parties that are prohibited from receiving some or all items subject to the EAR unless the exporter first receives a license. Those entities present a greater risk of diversion to WMD programs, terrorism, or other activities contrary to U.S. national security or foreign policy interests. The Entity List is an important tool to prevent unauthorized trade in items subject to the EAR.

Upon a decision of the ERC, BIS adds to the Entity List a foreign party, such as an individual, business, research institution, or government organization, for the reasons cited above. License exceptions are generally unavailable for the export, reexport, or transfer (in country) to a party on the Entity List of items subject to the EAR. Rather, a license is required for such transactions, and BIS reviews license applications for the export, reexport or transfer (in-country) of U.S.-origin items to nearly all parties on the Entity List with a presumption of denial. The license requirement and license application review policy applicable to a particular party are set forth within that party’s entry on the Entity List. The ERC may determine to remove entities from the Entity List, in accordance with Section 744.16(e) and Supplement No. 5 to Part 744 of the EAR.

In FY 2019, BIS published eight Entity List-related rules adding 154 parties for acting contrary to the national security or foreign policy interests of the United States. As of the end of FY 2019, there are a total of over 1,200 active entries on the Entity List in 75 country locations. These entries represent end-user-based licensing requirements for non-U.S. persons, for whom the export, reexport or transfer (in-country) of specified items subject to the EAR is prohibited without a license.

Entity List additions in FY 2019 included several entities of significance. These additions are described in the Major Actions section of this report, above.

In addition to the requirements found elsewhere in the EAR, persons listed on the Unverified List (UVL) are ineligible to receive items subject to the EAR by means of a license exception. Such persons must also sign an end-use statement and consent to an end-use check before receiving any items subject to the EAR that are not subject to a license requirement. BIS added 50 persons in China, Hong Kong, Indonesia, Malaysia, and the United Arab Emirates (UAE) to the UVL. Further, 18 persons were removed from the UVL in response to information received by BIS pursuant to Section 744.15(d). The UVL's requirements enhance BIS's ability to conduct end-use checks and increase U.S. Government insight into potential transactions of concern involving foreign parties whose *bona fides* BIS has been unable to verify.

Licensing Determinations

Licensing determinations (LDs) are the first step in many successful enforcement actions, as they help to determine whether a violation has potentially occurred by establishing whether a license is or was required. In making LDs, BIS licensing officers analyze the commodities, software and technologies involved in potential violations to determine the proper classification of the item and the licensing requirements associated with them based on the facts of the case. LDs are used to support enforcement actions by BIS and other agencies in connection with potential violations of the EAR.

In FY 2019, BIS completed 1,011 LDs for BIS's Office of Export Enforcement. In addition, BIS processed an additional 1,181 LDs for the Federal Bureau of Investigation and the Department of Homeland Security in support of their respective investigations of potential unlawful exports.

INTERNATIONAL REGIMES

Fulfilling BIS's mission of promoting security depends heavily upon international cooperation with our principal trading partners and other countries of strategic importance, such as major transshipment hubs. Whether seeking to control the spread of dangerous goods and technologies, protect critical infrastructures, or ensure the existence of a strong defense industrial base, international cooperation is critical. With regard to export control laws in particular, effective enforcement is greatly enhanced by both international cooperation and an effort to harmonize the substance of U.S. laws with those of our trading partners.

The U.S. export control system is on the leading edge among our allies in developing controls that protect national security by preventing unauthorized uses of controlled items and fostering

economic competitiveness. BIS works closely with international partners to share information and establish consistency in controls. BIS plays an important role in the U.S. Government's efforts to develop and refine the control lists and operational guidelines for the four major multilateral export control regimes: the AG; the MTCR; the NSG; and the Wassenaar Arrangement. Items controlled by these regimes make up most of the CCL.

Australia Group

The AG, formally established in 1985, is a multilateral export control regime composed of 43 member countries, including the United States, as well as the European Union. The AG seeks to prevent the proliferation of chemical and biological weapons through the harmonization and enhancement of national export controls, sharing of information, enforcement best practices and experiences, exchanges on global proliferation activities, and outreach to non-members. The AG plenary is held annually, and one intersessional implementation meeting is often held at a separate time during the year. Additionally, the AG members communicate between meetings to review and refine the list of controlled chemicals, biological agents, and related equipment and technology.

The AG New and Evolving Technologies Technical Experts Meeting (NETTEM), Intersessional Implementation Meeting (IIM), and the Australia Group Outreach Dialogue were held March 5-7, 2019 in Malta. In the NETTEM, new and emerging technologies that have potential implications for chemical and biological weapons were discussed. Most notably, advances in unmanned aerial sprayer and fogger systems, the evolution of continuous-flow chemical reactors, and the expansion of the "do-it-yourself" (DIY) biology community were reviewed. The IIM addressed a number of outstanding concerns of member states directly related to current controls on fourth generation agent precursors (Novichoks), genetic elements, and chemical and biological production equipment and technology. However, no regulatory changes resulted from this meeting.

In conjunction with the IIM, the AG held an outreach dialogue with representatives of three Middle East nations on March 5, 2019. This meeting featured an overview of the AG and its export control lists and a discussion of the importance and challenges of implementing export controls. As part of the dialogue, the United States led an enforcement tabletop exercise, designed to identify tools for stopping a high-risk, AG-controlled shipment through several countries. During the discussion following the exercise, participants highlighted the difficulties they have experienced with trying to control intangible technology transfers and more generally, issues regarding transshipment hubs.

The AG Plenary Meeting was held in Paris, France from June 3-7, 2019. Regime members shared experiences in implementation and enforcement of the AG export controls and continued discussion of possible list changes regarding pathogens, sprayers and foggers, chemical and biological production equipment, and chemical weapons precursors. There was consensus to add *Bacillus cereus biovar anthracis* to the Warning List for Human and Animal Pathogens and Toxins. However, this change did not alter exporters' responsibilities resulting from U.S. export controls. There was also consensus to modify the control text for Genetic Elements and Genetically Modified Organisms formulated as vaccines to clarify the scope of control. This will

result in a regulatory change. Finally, there was consensus to exercise vigilance on fentanyl proliferation to Iran. However, this change did not alter exporters' responsibilities resulting from U.S. export controls since there is already an embargo on exporting such formulations to Iran.

In FY 2019, BIS approved 4,805 license applications valued at \$1.1 billion for the export or reexport of items controlled by the AG. BIS denied 7 license applications valued at \$0.2 million and returned without action 312 license applications valued at \$376.0 million.

Missile Technology Control Regime

The United States is a member of the MTCR, a multilateral export control regime established in 1987. The MTCR currently includes 35 member countries that have agreed to coordinate their national export controls to prevent missile proliferation.

No MTCR Plenary was held in FY 2019, although a Plenary was held on October 11, 2019. However, Reinforced Points of Contact (RPOC) meetings were held in Paris, France, in December 2018 and April 2019, in order to continue discussions on topics such as proliferation trends, regional issues, and membership. In addition, two Technical Expert Meetings (TEMs) were held in FY 2019 to discuss changes to the Equipment, Software, and Technology Annex, the first in Basel, Switzerland, in November 2018, and the second in Berlin, Germany, in May 2019. Minor updates to the Annex were agreed to, but none of which necessitated changes to the EAR.

A primary topic of discussion at each of these RPOC meetings and TEMs was a U.S. proposal tabled in March 2018 that would allow for the Category II treatment of unmanned aerial vehicles (UAVs) that operate below a certain speed, thus avoiding the strong presumption of denial that currently applies to such UAVs under Category I of the MTCR. These changes would keep pace with the expanding commercial markets for UAVs, as well as recognizing the non-WMD delivery uses of the UAVs and their manufacture in non-MTCR partner countries. The United States has been actively promoting the adoption of this proposal, not only in MTCR venues, but through meetings with a number of MTCR partner countries.

In FY 2019, BIS approved 1,161 export or reexport applications that included missile technology-controlled items, valued at \$7.02 billion. In addition, BIS denied seven applications valued at \$11.9 million and returned without action 58 applications valued at \$70.6 million.

Nuclear Suppliers Group

The NSG is a multilateral export control regime that was formally established in 1992 and now includes 48 participating governments. The regime seeks to impede the proliferation of nuclear weapons through the implementation of guidelines for the control of nuclear and nuclear-related exports. Members pursue the aims of the NSG through voluntary adherence to the NSG Guidelines, which are adopted either by consensus or through exchanges of information on developments of nuclear proliferation concern.

Two Consultative Group meetings were held in Vienna, Austria, one on November 12-13, 2018, and another on April 1-2, 2019. Both meetings were followed by a meeting of the Technical

Experts Group (TEG). The Consultative Group focused on outreach to non-member states, industry, and academia. It also completed an update to International Atomic Energy Agency Information Circular 539, which provides background information on the origins, role, and activities of the NSG. Key technical issues discussed at the TEG meetings involved machine tools and specially designed components for nuclear reactors. No changes to the EAR were required based on TEG decisions.

In April 2019, in Vienna, Austria, representatives of the nuclear industry presented to NSG member states on the impact of NSG controls on trade as well as how differing interpretations of the controls can affect trade.

The NSG Plenary was held in Nur-Sultan, Kazakhstan during the week of June 17, 2019. States continued to report on their interactions pursuant to the Joint Comprehensive Plan of Action and exports made under it. The Plenary also discussed the question of membership for States not party to the Nuclear Non-Proliferation Treaty, particularly India and Pakistan. In conjunction with the Plenary, an Information Exchange Meeting and Licensing and Enforcement Experts Meeting were held, where member states shared information on illegal procurement activities and proliferation trends.

BIS approved 2,220 export or reexport applications that included items controlled for nuclear nonproliferation reasons, valued at \$7.9 billion. In addition, BIS denied 12 applications valued at \$3.2 million and returned without action 107 applications valued at \$1.9 billion.

Wassenaar Arrangement

The Wassenaar Arrangement is a multilateral regime addressing export controls on conventional arms and sensitive dual-use goods and technologies. The Wassenaar Arrangement was founded in 1996 to replace the East-West technology control program under the Coordinating Committee for Multilateral Export Controls regime that ended in 1994. There are currently 42 countries participating in the Wassenaar Arrangement. Members are required to report approvals and denials of certain items controlled under the Wassenaar Arrangement. Reporting denials helps bring to the attention of member countries attempts to obtain strategic items that may undermine the objectives of the Wassenaar Arrangement.

The Wassenaar Arrangement has strived to keep pace with advances in technology and market trends. It has continued its efforts to contribute to international and regional security and stability by promoting transparency and greater responsibility in the transfer of conventional arms and dual-use goods and technologies, thus preventing destabilizing accumulations of such goods and technologies. This year, Wassenaar members continued to cooperate to ensure the detection and denial of undesirable exports, as well as to further refine the existing Wassenaar munitions and dual-use control lists and make them more readily understood and user-friendly for licensing authorities and exporters. Additional progress was also made on a comprehensive and systematic review of the Wassenaar control lists to ensure their continued relevance.

New export controls were added in a number of areas, including military explosives, air-launch platforms, signal generators, and post-quantum cryptography. Existing controls were further

clarified regarding transducer-hydrophone combinations, analog-to-digital converters, non-contact measuring systems, and military helmets. Some controls were relaxed, such as for continuous-wave industrial lasers and ancillary cryptography for Internet-of-Things devices. For those products, performance thresholds were updated taking into account the rapidly evolving capabilities of civil market products.

Members considered a number of new proposals for new best practice guidelines and identified other existing guidelines for updating as part of a regular review cycle. Also, members underlined the importance of further strengthening export controls and intensifying cooperation to prevent arms trafficking and the acquisition of conventional arms by terrorists, including small arms and light weapons, and dual-use goods and technologies. They discussed how to strengthen export control implementation in areas such as arms trade risk assessment, effective end-use and end-use assurances, reexports, and controls on intangible transfers of technology, as well as catch-all provisions.

BIS approved 25,195 applications, valued at \$442.3 billion, for the export or reexport of items controlled for national security reasons. In addition, BIS denied 189 applications valued at \$74.7 million and returned without action 3,331 applications valued at \$7.8 billion.

TREATY COMPLIANCE

The Department, through BIS, serves as the lead agency for ensuring U.S. industry compliance with the Convention on the Prohibition of the Development, Production, Stockpiling, and Use of Chemical Weapons and on their Destruction (the CWC), as well as the lead agency for implementation of the Additional Protocol to the U.S.-IAEA Safeguards Agreement and the International Atomic Energy Agency for the Application of Safeguards in the United States. BIS also participates in activities to strengthen international implementation of the BWC.

Chemical Weapons Convention

The United States ratified the CWC on April 25, 1997. The United States recognizes 192 States Parties to the CWC. The CWC provides for an extensive verification regime to ensure CWC States Parties' adherence to its terms. BIS works actively with the Department of State, other CWC States Parties, and the Technical Secretariat (TS) of the Organization for the Prohibition of Chemical Weapons (OPCW), the international organization charged with implementing the CWC, to ensure that all States Parties are implementing the CWC's provisions in a rigorous, analytically sound, and equitable manner.

The CWC requires many commercial chemical facilities to submit compliance data in the form of declarations that include chemical production, processing, consumption, and import/export activities, and also requires chemical traders to submit reports on exports and imports of Scheduled chemicals. BIS collects and compiles this information and then submits it to the U.S. National Authority (Department of State) to transmit to the TS of the OPCW.

During FY 2019, BIS collected 707 declarations and reports from 520 facilities and trading companies. Additionally, BIS's Host Teams managed the inspections at 23 domestic chemical

facilities that were selected for inspection by the TS of the OPCW. BIS successfully demonstrated compliance of the United States' chemical industry with the CWC, protected industry's confidential business information and other trade secrets, and minimized the burden imposed by the CWC.

BIS gathered requisite data and prepared the congressionally mandated annual certification that the legitimate commercial activities and interests of the chemical, biotechnology, and pharmaceutical industry in the United States were not significantly harmed by the limitations imposed by the CWC on access to Schedule 1 chemicals. Additionally, BIS gathered and provided the requisite data to the U.S. National Authority for its annual report on the cost of inspections for both industry and the U.S. Government.

On August 14, 2019, BIS published a Notice of Inquiry (NOI) to assist in assessing whether chemical, biotechnology, and pharmaceutical firms in the United States would be significantly harmed by the limitations the CWC will impose on access to, and production of, compounds included in proposals to add five chemical families to "Schedule 1" of the CWC Annex on Chemicals. "Schedule 1" chemicals include chemical weapon agents, binary agents, and other similar agents with high potential for use in activities prohibited by the CWC. On October 16, 2018, the United States, Canada, and the Netherlands submitted a proposal to the Director General of the OPCW to add two families of chemicals to "Schedule 1," including the family of the chemical Novichok that was used in the chemical weapon attack in Salisbury, England on March 4, 2018. On December 7, 2018, Russia submitted its own proposal to the Director General, which included adding three additional families to "Schedule 1." Each proposal required a report to Congress in accordance with Condition 23(B) of the U.S. Senate's resolution of advice and consent to the ratification of the CWC. Condition 23(B) requires an assessment of the likely impact on U.S. industry of any proposed additions to the CWC Annex on Chemicals. No comments were received to the NOI during FY 2019.

BIS attended international meetings with States Parties and supported the permanent U.S. delegation to the OPCW during meetings of the Executive Council, the Conference of States Parties, and other meetings of the policy-making and technical organs of the OPCW in The Hague, Netherlands.

Additional Protocol to the U.S.-International Atomic Energy Agency (IAEA) Safeguards Agreement

The Additional Protocol is a bilateral treaty between the United States and the IAEA that supplements and amends verification arrangements under the existing U.S.-IAEA Safeguards Agreement. The Additional Protocol requires the United States to provide the IAEA with information on certain civil nuclear and nuclear-related items, materials, and activities not covered by the Safeguards Agreement.

The Additional Protocol entered into force for the United States on January 6, 2009. Under Executive Order 13458, BIS is the lead agency for all subject commercial activities and locations not licensed by the Nuclear Regulatory Commission (NRC) or an NRC Agreement State, and not located at certain other government sites. BIS administers the compliance program involving

private sector nuclear fuel cycle activities that are not subject to the jurisdiction of the NRC. BIS receives declarations from industry, academia, the NRC, and the Department of Energy to assemble the U.S. national declaration and other reports for submission to the IAEA. All declared activities and locations were vetted by the interagency for national security concerns and reviewed by Congress. For 2019, BIS submitted to the IAEA the annual Additional Protocol declarations containing 257 changes and new activities, and quarterly reports to the IAEA on a total of 241 exports of nuclear equipment.

Biological Weapons Convention

The BWC prohibits developing, producing, stockpiling, or otherwise acquiring or retaining biological agents or toxins for non-peaceful purposes. The BWC entered into force in 1975. In 2001, international efforts to develop a verification protocol for the BWC failed because the draft protocol would not have strengthened confidence in compliance with the BWC but would have restricted the potential scope of its prohibitions, removed effective barriers to proliferation, and put national security and confidential business information at risk. As written, the BWC establishes the international norm prohibiting the development, production, and stockpiling of biological weapons. In FY 2019, BIS actively supported U.S. Government efforts, in accordance with the National Strategy for Countering Biological Threats, to improve confidence in States Parties' compliance with the BWC.

BIS prepared for and participated in the annual Meeting of Experts (July 29-August 9, 2019) in Geneva, Switzerland. For this meeting, BIS drafted the U.S. national paper on available U.S. programs to assist developing States Parties to strengthen their intellectual property laws, improve market access, and create attractive business environments in order to avail themselves of the benefits from international cooperation and capacity building under Article X of the BWC. BIS also consulted with the U.S. private sector through its Materials Technical Advisory Committee and various trade and professional associations in order to provide the private sector's perspective on pertinent BWC issues.

INDUSTRY OUTREACH AND COMPLIANCE

In accordance with Section 1757 of ECRA, on September 4, 2019, the Department provided a report to Congress entitled "A Plan to Assist Small-and Medium-Sized United States Businesses with Export Licensing and Other Processes." This report outlined both near-term and long-term initiatives, including: reexamining the agency's mission statement to more explicitly affirm its commitment to assist small businesses; to better coordinate and leverage the range of federal resources designed to assist small businesses; and to improve techniques to better support these businesses. This initiative complements the agency's continuing efforts to educate and inform exporters about the EAR, using a variety of outreach tools and activities described below.

SEMINARS AND CONFERENCES

BIS held its 32nd Annual Conference on Export Controls on July 9-11, 2019, with the theme of *Emerging Technologies, Strategic Trade, and Global Threats*, which was attended by approximately 900 registrants. The three-day conference provided sessions on a wide range of

topics including the implementation of ECRA, CFIUS and the implementation of the FIRRMA, Section 232 investigations, and U.S. and global 5G competitiveness. Roundtable sessions on the third day of the program were an opportunity for attendees to meet one-on-one or in small group environments to learn from subject matter experts on nearly two dozen distinct topics. The conference also featured keynote addresses from Secretary Wilbur Ross and Deputy Secretary Karen Dunn Kelley.

BIS's export outreach and educational offerings constitute the first line in BIS's contact with exporters and provide guidance and transparency to new, as well as experienced, exporters regarding the EAR. BIS counseling operations have been instrumental in assisting the exporting community in understanding and complying with critical national security and foreign policy-based regulations. Each year, counselors in the BIS Office of Exporter Services' Outreach and Educational Services Division (OESD) and Western Regional Office (WRO) provide regulatory, policy, and process guidance to tens of thousands of exporters, forwarders, universities, and individuals, assisting them to meet their obligations under the EAR.

In addition, BIS provides one-on-one counseling assistance on both coasts for extended periods of operation each day. Counselors also conduct numerous highly regarded seminars throughout the United States in the high technology communities most affected by these regulations. Over the past several years, BIS has also developed additional capabilities to offer training online. These services have been particularly useful for small- and medium-sized businesses that operate with limited compliance resources.

BIS conducted 22 domestic export control seminars in 15 states. These seminars provided guidance to new and experienced exporters regarding the EAR, providing them an overview of changes in export policy and licensing procedures, as well as technical data issues.

Of the attendees who participated in the post-event survey, 95% rated the seminars either "very good" or "excellent." WRO and OESD personnel also provided presentations or staffed information booths at additional events hosted by other organizations in various cities around the country, including in Baltimore, Maryland and Detroit, Michigan.

BIS participated in ten major trade shows, including:

1. SelectUSA event sponsored by the Department;
2. National Customs Brokers and Forwarders Association of America, Inc.;
3. Association of University Export Control Officers in San Diego, CA;
4. America's Small Business Development Centers;
5. American Association of Exporters and Importers;
6. 2019 State International Development Organizations (SIDO) Washington Forum and the SIDO Annual Conference in Denver, CO;
7. Export-Import Bank Annual Conference and Trade Show;
8. 8th Annual Detroit Trade Day;
9. US-EU Small and Medium Enterprise Workshop in Little Rock, AR; and
10. Small Business Development Center Annual Conference in San Diego, CA.

BIS also participated in numerous industry events focused on specific issues, such as revised controls on exports to Cuba and Russia sanctions. In total, BIS employees from Export Administration offices (including but not limited to OESD and WRO) participated in more than 114 outreach activities.

BIS continued to support the Census Bureau's coordinated ACE compliance seminars. BIS participated in seminars in two U.S. cities on how to properly determine licensing requirements and report export control requirements in the ACE.

BIS provided training programs specific to the needs of other federal and state agencies that also serve the international trade community. BIS continued to work with CBP's Outbound Division (CBP Outbound) to ensure that port officers understand the regulatory changes affecting controlled items in order to facilitate legitimate exports and disrupt unauthorized ones. BIS also delivered in-person training sessions for CBP Outbound officers at the Port of San Francisco. BIS conducted training programs for the U.S. Commercial Service domestic field officers at their annual conference in Scottsdale, Arizona, for the District International Trade Officers working in the Small Business Administration, and for the State International Development personnel in events in both Washington, D.C. and Denver, Colorado.

In addition, BIS continued to focus on the enforcement aspects of expanded outreach and deemed export compliance involving individuals and companies that had not previously submitted applications for export or deemed export licenses. In FY 2019, BIS's Office of Export Enforcement conducted more than 710 enforcement outreach visits to such individuals and companies within the export community. BIS also initiated 90 leads and cases involving allegations of deemed export licensing violations.

EXPORT COMPLIANCE PROGRAM

BIS's Export Management and Compliance Division (EMCD) conducted 10 Export Compliance Program (ECP) reviews of corporate written export compliance programs and conducted three seminars on how to develop an effective ECP in New Orleans, Dallas, and Detroit. EMCD also participated with the Society for International Affairs and the Department of State in providing training on the elements of an effective ECP at two conferences held in Savannah, Georgia, and Washington, D.C.

EMCD conducted 21 on-site compliance reviews and 23 remote reviews conducted from Washington, D.C. with exporters located in eight different U.S. states for parties with ACE filing errors. EMCD initiated these reviews to better understand the specific reasons these errors occurred, provide guidance on correcting them, find out what export compliance procedures the companies had in place, and offer export counseling assistance to enhance their compliance with the EAR. The overwhelming majority of these parties were small- to medium-sized exporters who had never previously received any formal export control education.

Additionally, BIS's Office of Strategic Industries and Economic Security conducted 157 600-series compliance reviews during FY 2019.

PROJECT GUARDIAN

BIS maintains a constructive and cooperative relationship with the business community through outreach programs sponsored by BIS's Export Enforcement. BIS's Project Guardian focuses on specific items that illicit proliferation networks actively seek to acquire. BIS contacts U.S. manufacturers and exporters of these items to apprise them of these acquisition threats and to solicit cooperation in identifying and responding to suspicious purchase requests. BIS initiated 148 Project Guardian leads (i.e., alerts to Special Agents about a suspicious transaction) in FY 2019.

COUNSELING

BIS received more than 20,654 phone and email inquiries through its counseling programs at OESD in Washington, D.C. and 5,154 at WRO in California. Through these programs, BIS offers guidance on regulations, policies, and practices and helps to increase compliance with U.S. export control regulations.

INTERNATIONAL COOPERATION

BIS staff participated in bilateral discussions related to export control policy, licensing, and enforcement issues with Armenia, Australia, Belgium, Bulgaria, Canada, China, Finland, France, Germany, Hong Kong, India, Indonesia, Israel, Italy, Japan, Latvia, Luxembourg, Malaysia, the Netherlands, New Zealand, the Philippines, the Republic of Korea, Romania, Singapore, Sweden, Switzerland, Thailand, Taiwan, the UAE, and the United Kingdom.

BIS planned, organized, and implemented a number of outreach engagements on strategic trade controls with industry and government counterparts independently and in conjunction with the Department of State's Export Control and Related Border Security program. BIS also participated in the U.S. Department of Energy's International Nonproliferation Export Control Program events in the following countries: Armenia, Malaysia, Singapore, Ukraine, and the UAE.

REGULATORY CHANGES

BIS published 18 regulatory notices and rules in the *Federal Register* during FY 2019, including the following:

EMERGING TECHNOLOGIES

On November 19, 2018, BIS published an ANPRM seeking public comment on identifying emerging technologies that have not yet been evaluated for their national security impacts, consistent with ECRA.

On May 23, 2019, the Department published a rule implementing new controls on five emerging technologies (discrete microwave transistors, continuity of operation software, postquantum cryptographic algorithms, underwater transducers designed to operate as hydrophones, and

aircraft specially designed or modified to be air-launch platforms), which were agreed upon at the 2018 Wassenaar Arrangement plenary. *See* 84 Fed. Reg. 23886 (May 23, 2019).

TRANSFERS FROM THE USML TO THE CCL

On December 20, 2018, BIS published a final rule correcting two entries on the CCL that control Global Navigation Satellite Systems to properly implement controls over items that no longer warrant control on the USML.

On March 8, 2019, BIS published an ANPRM seeking public comment on a review of launch vehicles, spacecraft and related items therefor, items that form part of the “500” and “600 series” on the CCL, concurrent with the Department of State’s review of Categories IV and XV of the USML. Among other things, the notice sought input on the clarity of the descriptions of the items on the CCL.

ENTITY LIST

As previously discussed, in FY 2019, BIS published eight Final Rules in the *Federal Register* that implemented the decisions of the ERC to add a total of 154 persons and entities to the Entity List. A total of four persons and entities were removed from the Entity List and the entries for 25 existing entries were modified. In accordance with Section 744.11(b) of the EAR, BIS added these entities because the ERC determined they were engaging in activities contrary to U.S. national security or foreign policy interests.

COUNTRY POLICY

Cuba

On June 5, 2019, BIS published a final rule that further limited the types of aircraft and vessels authorized on temporary sojourn to Cuba, and amended the licensing policy for exports and reexports of such vessels and aircraft to Cuba to a general policy of denial absent a foreign policy or national security interest as determined by the U.S. Government. This rule is consistent with the June 16, 2017 National Security Presidential Memorandum on Strengthening the Policy of the United States Toward Cuba.

Venezuela

On May 24, 2019, BIS published a final rule that moved Venezuela from a country group that affords favorable treatment for certain exports of National Security-controlled items into a country group that lists countries of national security concern. The rule also added Venezuela to a country group that lists countries of proliferation concern.

Wassenaar Arrangement

On October 24, 2018, BIS published a final rule revising the CCL to implement changes made to the Wassenaar Arrangement List of Dual-Use Goods and Technologies at the December 2017 plenary meeting.

On May 23, 2019, BIS published a final rule revising the CCL to implement changes made to the Wassenaar Arrangement List of Dual-Use Goods and Technologies at the December 2018 plenary meeting to the extent that those changes applied to recently developed or developing technologies not previously controlled that are essential to the national security of the United States and warrant early implementation.

UNVERIFIED LIST

On April 11, 2019, BIS added 50 persons to the UVL and added an address for one person currently listed. BIS could not verify the suitability and reliability of these persons as parties to transactions subject to the EAR through end-use checks. On June 27, 2019, BIS removed an additional eight persons and corrected the name of one person currently listed. The eight persons were removed because BIS was able to verify their bona fides resulting from an end-use check.

E-WASTE

On October 23, 2018, BIS published a notice of inquiry seeking public comments on the effects and costs that would result from implementing a mechanism for tracking and controlling electronic waste exports.

EXPORT ENFORCEMENT ACTIONS

This was again a record-breaking year for export enforcement in BIS. This year's highlights include the imposition of a record civil penalty against an individual, as well as the implementation of ECRA which codified BIS's national security-based investigative and law enforcement authorities. Across the United States and in seven embassies and consulates around the world, BIS Special Agents and intelligence analysts enforce U.S. export laws by using criminal and administrative investigative tools. By leveraging BIS's authorities, as well as collaborating with other U.S. Government law enforcement and intelligence agencies and international partners, Export Enforcement identifies, disrupts, and deters violations of the EAR.

CRIMINAL AND CIVIL PENALTIES

BIS investigations resulted in the criminal conviction of 36 individuals and companies for export violations, as compared to 30 convictions in FY 2018. The penalties for FY 2019 convictions amounted to \$1,238,470 in criminal fines, \$1,064,015 in forfeitures, and more than 1,038 months of imprisonment.

BIS investigations resulted in the completion of 38 administrative enforcement actions (35 export control matters and three antiboycott matters), and the imposition of a total of

\$18,072,500 in civil penalties (\$17,998,500 derived from export control matters and \$74,000 derived from antiboycott matters) in FY 2019.

PREVENTION AND COMPLIANCE

BIS continued to emphasize enforcement activities that focus on prevention and compliance. Export Enforcement officials participate in the export licensing process by making recommendations on license applications, detaining shipments that may have been undertaken in violation of the EAR, and in some significant cases seeking the issuance of Temporary Denial Orders to prevent imminent export violations.

End-use checks involving the physical verification of parties to an export transaction continue to serve as a valuable safeguard and preventive enforcement tool for verifying the *bona fides* of foreign end users. In addition, end-use checks seek to ensure the recipients of the exported items are or will be using the items as authorized and that they are adhering to license conditions.

BIS end-use checks have been effective in revealing unauthorized end uses, including improper or unauthorized diversion of items subject to BIS jurisdiction.

In FY 2019, BIS completed 1,171 end-use checks in 58 countries. Of these, 55 were Pre-License Checks, which BIS conducts prior to shipment to prevent the export of sensitive items to unreliable parties, and 1,116 were Post-Shipment Verifications, which assist the U.S. Government in monitoring export transactions to conclusion.

Approximately 76% of the checks were conducted by BIS Export Control Officers stationed at U.S. Embassies and Consulates in Beijing, Dubai, Frankfurt, Hong Kong, Istanbul, New Delhi, and Singapore. These Export Control Officers also have regional responsibilities. The remaining checks were conducted by Office of Export Enforcement Special Agents and Analysts deployed from the United States, or Foreign Commercial Service Officers at various U.S. Embassies. BIS uses the results of negative checks to prevent future exports to unsuitable end users and to take enforcement action where appropriate.

Pursuant to Section 1213 of the National Defense Authorization Act of 1998, there were no Post-Shipment Verifications conducted on high performance computers in “Computer Tier 3” eligible countries during FY 2019, as there were no licenses issued for the specified items. Tier 3 destinations, as listed in Section 740.7(d) of the EAR, are: Afghanistan, Algeria, Andorra, Angola, Armenia, Azerbaijan, Bahrain, Belarus, Bosnia & Herzegovina, Cambodia, China (People’s Republic of), Comoros, Djibouti, Egypt, Georgia, India, Iraq, Israel, Jordan, Kazakhstan, Kosovo, Kuwait, Kyrgyzstan, Laos, Lebanon, Libya, Macau, Macedonia (The Former Yugoslav Republic of), Mauritania, Moldova, Mongolia, Montenegro, Morocco, Oman, Pakistan, Qatar, Russia, Saudi Arabia, Serbia, Tajikistan, Tunisia, Turkmenistan, Ukraine, United Arab Emirates, Uzbekistan, Vanuatu, Vietnam, and Yemen.

In situations where an end-use check indicates a diversion of U.S.-origin goods has or may have occurred, or the U.S. Government was unable to conduct the check or was otherwise unable to verify the existence or authenticity of the end user, BIS will take action to mitigate such

concerns, including license denials, Entity List or UVL designations, or investigative referrals. Thirty-seven percent of BIS end-use checks resulted in such follow-up actions.

BIS completed a significant number of additional preventive enforcement actions in FY 2019, including the issuance of 485 warning letters, 503 detentions, and 170 seizures. Two existing Temporary Denial Orders were renewed. In FY 2019, BIS issued 25 Denial Orders against parties convicted under certain Federal statutes following their criminal convictions and made 1,769 outreach contacts with industry.

ANTIBOYCOTT ACTIVITIES

The United States Government continues to oppose actions by U.S. persons in support of foreign boycotts of countries friendly to the United States. The Anti-Boycott Act of 2018, a subpart of the ECRA, encourages, and in specified cases requires, U.S. persons to refuse to participate in foreign boycotts that the U.S. does not sanction. BIS, through its Office of Antiboycott Compliance (OAC), takes enforcement action against U.S. persons who violate the antiboycott provisions set forth in part 760 of the EAR.

During FY 2019, three companies agreed to pay civil penalties totaling \$74,000 to settle allegations that they violated the antiboycott provisions of the EAR, as compared to four companies that agreed to pay civil penalties totaling \$170,225 in FY 2018 in connection with violations of those provisions.

During FY 2019, BIS responded to 954 requests from U.S. companies for guidance on compliance with the antiboycott provisions of the EAR. Through its Advice Line, BIS provided extensive same-day counseling to individual companies, both large and small, with boycott-specific concerns, including the removal of boycott-related language from letters of credit, tenders, and contracts originating in boycotting countries. In addition, through presentations at banking and international trade conferences, BIS reached out to exporters, manufacturers, freight forwarders, bankers, and attorneys involved in international trade.

Data compiled by OAC indicate that the number of prohibited requests received by U.S. firms from the UAE decreased from 94 in FY 2018 to 81 in FY 2019, while the number from Iraq increased from 21 in FY 2018 to 45 in FY 2019. Many of the prohibited requests from Iraq reported to OAC were contained in boycott-related requirements in documentation from the medical and pharmaceutical sectors, particularly in invitations to bid from the Iraqi Ministry of Health requesting information about a firm's business relationship with Israel.

For additional information related to significant BIS enforcement activities, see Appendices A and B.

SUMMARY OF APPROVED LICENSE APPLICATIONS TO PROSCRIBED PERSONS

In FY 2019, BIS approved 34,207 license applications. Of those approved licenses, 678 applications were flagged for potential matches to entities on the Consolidated Screening List,

which includes restricted persons on a variety of lists maintained by the Departments of Commerce, State, and the Treasury.

In FY 2019, 104 licenses were approved that contained parties verified as matches to persons listed on the Consolidated Screening List. For FY 2019, this accounts for 0.003% of all approved licenses. As of September 30, 2019, 22 licenses (21.1%) of these 104 licenses approved for proscribed entities had been exported against, while the other 82 licenses have not been shipped against.

EMERGING TECHNOLOGIES

BIS seeks to protect U.S. national security and enable conditions to ensure U.S. industry continues to be a leader in technological development. As a result, BIS continues to focus on the important and dynamic topic of export controls related to emerging technologies.

Consistent with the requirements of Section 1758 of ECRA, efforts are underway at the Department to identify and control the export of emerging and foundational technologies.

As noted earlier, BIS published an ANPRM on November 19, 2018. BIS sought comments on:

- 1) how to define emerging technology to assist identification of such technology in the future;
- 2) criteria to apply to determine whether there are specific technologies within these general categories that are important to U.S. national security;
- 3) sources to identify such technologies;
- 4) other general technology categories that warrant review to identify emerging technology that are important to U.S. national security;
- 5) the status of development of these technologies in the United States and other countries;
- 6) the impact specific emerging technology controls would have on U.S. technological leadership; and
- 7) any other approaches to the issue of identifying emerging technologies important to U.S. national security, including the stage of development or maturity level of an emerging technology that would warrant consideration for export control.

The ANPRM also described 14 categories of technology for public comment: biotechnology; artificial intelligence and machine learning technology; position, navigation, and timing technology; microprocessor technology; advanced computing technology; data analytics technology; quantum information and sensing technology; logistics technology; additive manufacturing; robotics; brain-computer interfaces; hypersonics; advanced materials; and advanced surveillance technologies.

The ANPRM had a 30-day comment period that was extended until January 10, 2019, based on requests the Department received for additional time to submit comments. The Department

received over 230 comments in response to the ANPRM. These comments helped inform the interagency process led by the Department to identify and describe emerging technologies.

During FY 2019, the Department identified several emerging technologies, working with the interagency expert group and, as to one technology, via the CJ process with the Department of State. Federal Register Notices are being prepared to control the export, reexport, and in-country transfer of these items.

ECRA reinforces the continued need to modernize and update the lists of controlled items, especially through the various multilateral export control regimes. In coordination with other members of the Wassenaar Arrangement on Export Controls for Conventional Arms and Dual-Use Goods and Technologies, in 2019, the United States implemented new controls on recently developed or developing technologies that are essential to the national security of the United States. These new controls were published on May 23, 2019 and relate to certain discrete microwave transistors (a major component of wideband semiconductors), continuity of operation software, post-quantum cryptography, underwater transducers designed to operate as hydrophones, and air-launch platforms.

In FY 2019, the Department undertook the selection process for candidates to the ETTAC. The ETTAC will consist of experts drawn from academia, industry, federal laboratories, and pertinent U.S. Government departments and agencies who are engaged in the development and production of innovative technology in areas key to maintain a U.S. forward-leaning presence in the world economy. Following completion of security clearance reviews for members, the ETTAC will begin its work to advise the interagency process with respect to emerging technology.

INDUSTRIAL BASE ACTIVITIES

BIS's mission includes supporting continued U.S. technology leadership in industries that are essential to U.S. national security.

In addition to the Section 232 investigations and related actions described above, BIS engaged in the following activities related to the defense industrial base.

ADMINISTERING THE DEFENSE PRIORITIES AND ALLOCATIONS SYSTEM

BIS's administration of the DPAS plays an important role in supporting the deployment of U.S. and allied forces abroad, meeting critical national defense and homeland security requirements, and facilitating recovery from natural disasters. The U.S. Government places DPAS priority ratings on approximately 300,000 contracts and orders annually to support national defense requirements.

BIS participated in interagency discussions with the Departments of Agriculture, Defense, Energy, Health and Human Services, Homeland Security, and Transportation on standards and procedures for prioritizing contracts and orders to promote the national defense under emergency and non-emergency conditions. BIS undertook 15 official actions under the DPAS authorizing

certain entities to use the DPAS to place priority ratings on contracts in support of national security programs.

COMMITTEE ON FOREIGN INVESTMENT IN THE UNITED STATES

BIS participates in the CFIUS by evaluating national security equities in transactions that could result in foreign control of a U.S. business. BIS worked closely with ITA and interagency CFIUS partners to review a record 324 CFIUS filings to determine the effects of those transactions on the national security of the United States. The filings are reviewed pursuant to the Foreign Investment and National Security Act of 2007 regulations published by the Department of the Treasury as well as the Critical Technology Pilot Program launched by CFIUS in November 2018 pursuant to FIRREA.

MONITORING THE STRENGTH OF THE U.S. DEFENSE INDUSTRIAL AND TECHNOLOGICAL BASE

BIS conducted the following industrial base survey and assessment activities:

Software Integration in Information Network Systems and Critical Infrastructure Assessment

BIS developed a survey to support an assessment of the types of select security-related hardware and software products developed, manufactured, or marketed for use in information network devices and systems. The principal objective of this effort is to gain a comprehensive understanding of the domestic information, communication and technology supply chain's use of select software in private, public, and federal information network systems. The survey covers a range of topics, such as technology sharing, network devices incorporating software, software design and manufacturing, and related supply chain issues. The resulting aggregate data and subsequent analysis will allow industry representatives and government officials to monitor trends, benchmark industry performance, and raise awareness of potential issues of concern surrounding use of select software.

U.S. Air Force Industrial Base Sustainment and Readiness Assessment

BIS developed a survey to support an assessment of the supply chain network of the U.S. Air Force Sustainment Center (AFSC), headquartered at Tinker Air Force Base. This will be a comprehensive, multi-year effort, including U.S. Air Force facilities at Hill, Warner Robins, Tinker, and Wright-Patterson Air Force bases, to gather industrial data from prime contractors, subcontractors, and lower tier organizations affiliated with the sustainment and readiness of U.S. Air Force systems (aircraft, aircraft engines, inter-continental ballistic missiles, communication systems, space systems, subsystems, and parts/components thereof). The resulting data will be used to assess the health and competitiveness of the AFSC supply chain network, ensure U.S. Government visibility into the organizations supporting Air Force systems, and address supply chain deficiencies, manufacturing capability, surge responsiveness, foreign sourcing and dependencies, financial performance, strategic and specialty materials, workforce issues, and research and development, among others.

OFFSETS IN DEFENSE TRADE

BIS also completed its 23rd congressionally mandated report on the impact of offsets in defense trade and transmitted it to Congress in April 2019. In addition, the implementation of the Conventional Arms Transfer Policy, which was signed in April 2018, established an Interagency Working Group on Offsets, which is co-chaired by BIS and the Department of State. The Working Group was established to coordinate U.S. Government policy discussions on offset-related issues and is the primary liaison with industry. During FY 2019, the Working Group met several times, including three times with industry, to identify the most pressing offset issues facing U.S. companies.

REVIEW OF SECURITY COOPERATION PROPOSALS

BIS reviewed 65 proposed transfers of excess defense equipment to foreign governments through the Department of Defense's Excess Defense Articles program and provided the Department of Defense with determinations whether these transfers would interfere with the ongoing sales or marketing activities of U.S. industry. As part of its review, BIS contacts original equipment manufacturers and suppliers of similar products to assess whether proposed transfers would have an adverse impact on their operations. BIS reviewed 48 proposed international armament cooperative agreements and provided the Department of Defense with comments on these agreements' commercial implications and potential effects on the international competitive position of the U.S. defense industrial and technological bases.

NATIONAL DEFENSE STOCKPILE

BIS continued to co-chair the interagency National Defense Stockpile Market Impact Committee (MIC) with the Department of State's Bureau of Energy Resources. The MIC advises the Defense Logistics Agency regarding proposed plans to sell portions of the material in the stockpile and proposed plans to acquire new material. The advice relates to avoiding undue market disruptions during the sale or acquisition of such materials.

SUPPORTING THE U.S. DEFENSE INDUSTRY'S INTERNATIONAL COMPETITIVENESS

BIS also continued to administer the Department's North Atlantic Treaty Organization (NATO) Security Investment Program (NSIP), a certification requirement for U.S. companies interested in competing to supply goods and services in NSIP-funded procurements. BIS vetted and approved 212 U.S. firms that were interested in participating in NATO procurement competitions.

Appendix A: Summaries and Tables of Closed Export Enforcement Cases

Table 1
Criminal Convictions during FY 2019¹

Sentencing Date	Defendant	Criminal Charges	Criminal Sanctions	Case Details
10/01/18	Si Chen	One count of conspiracy, attempt, and violation of the International Emergency Economic Powers Act in violation of 50 U.S.C. 1705; one count of forgery or false use of a passport in violation of 18 U.S.C. 1543; and one count of international promotional money laundering and aiding and abetting in violation of 18 U.S.C. 1956 and 2	46 months in prison; three years of supervised release; and a \$300 special assessment	Export of sensitive space communications technology to China via Hong Kong
10/31/18	Irina Morgovsky	One count of conspiracy to violate the International Traffic in Arms Regulations in violation of the Arms Export Control Act in violation of 22 U.S.C. 2778	18 months in prison; three years of supervised release; a \$15,000 criminal fine; forfeiture of three night vision rifle scopes; and a \$100 special assessment	Export of night vision devices to Russia
11/01/18	Michael Sheehan	One count of making false statements in violation of 18 U.S.C. 1001; and one count of submitting false or misleading information in violation of 13 U.S.C. 305	Two years of probation; a \$500 criminal fine; and a \$200 special assessment	False statements related to the export of diaphragm meters and valves
11/13/18	Kenneth Chait	One count of violating the International Emergency Economic Powers Act in violation of 50 U.S.C. 1705	12 months and one day in prison; two years of supervised release; and a \$100 special assessment	Attempted export of nuclear trigger spark gaps to Pakistan

¹ Three convictions are not included in this chart because the information has been sealed by the court.

<i>Sentencing Date</i>	<i>Defendant</i>	<i>Criminal Charges</i>	<i>Criminal Sanctions</i>	<i>Case Details</i>
11/13/18	Umair Yasin	One count of a scheme to defraud money, state tax stamps and aiding and abetting in violation of 18 U.S.C. 2314 and 2	Six months in prison; one year of supervised release; \$394,490 in restitution (with Adnan Vadria); a \$246,197.44 forfeiture (with Adnan Vadria); and a \$100 special assessment	Export of stolen iPads to Hong Kong and Dubai
11/13/18	Adnan Vadria	One count of a scheme to defraud money, state tax stamps in violation of 18 U.S.C. 2314	Six months in prison; one year of supervised release; \$394,490 in restitution (with Umair Yasin); a \$246,197.44 forfeiture (with Umair Yasin); and a \$100 special assessment	Export of stolen iPads to Hong Kong and Dubai
11/13/18	Naum Morgovsky	One count of conspiracy to violate the International Traffic in Arms Regulations in violation of the Arms Export Control Act in violation of 22 U.S.C. 2778; and two counts of money laundering in violation of 18 U.S.C. 1956	108 months in prison; three years of supervised release; a \$1,000,000 criminal fine; a \$222,929.61 forfeiture; and a \$300 special assessment	Export of night vision devices to Russia
11/21/18	Leonard Zelster	One count of structuring transactions to evade reporting requirements in violation of 31 U.S.C. 5324	Two years of probation; 100 hours of community service; a \$115,000 forfeiture; and a \$100 special assessment	Export of stolen iPads to Hong Kong and Dubai

<i>Sentencing Date</i>	<i>Defendant</i>	<i>Criminal Charges</i>	<i>Criminal Sanctions</i>	<i>Case Details</i>
11/28/18	Gennadiy Boyko	One count of conspiracy to violate the Arms Export Control Act in violation of 18 U.S.C. 371	18 months in prison; one year of supervised release; 100 hours of community service; and a \$100 special assessment	Export of rifle scopes to Russia and Ukraine
12/20/18	Rasheed Al Jijakli	One count of conspiracy to violate the International Emergency Economic Powers Act in violation of 50 U.S.C. 1705	46 months in prison; two years of supervised release; a \$5,000 criminal fine; and a \$100 special assessment	Export of tactical gear to Syria
01/11/19	Rawnd Khaleel Al Dalawi	One count of conspiracy in violation of 18 U.S.C. 371	One year and one day in prison; three years of supervised release; and a \$100 special assessment	Export of defense articles to Turkey and Iraq
01/25/19	Arzu Sagsoz	One count of conspiracy to defraud the United States in violation of 18 U.S.C. 371 and 50 U.S.C. 1705	20 months in prison (time served); one year of supervised release; and a \$100 special assessment	Export of aircraft parts to Iran via Turkey
01/30/19	Eric Baird	One count of smuggling goods from the United States in violation of 18 U.S.C. 554 and 2	Two years of probation; and a \$100 special assessment	Filing false export information
01/31/19	Paul Burnell	One count of conspiracy to commit wire fraud in violation of 18 U.S.C. 1349 and 3551	Three years of probation; a \$15,000 criminal fine; and a \$100 special assessment	Conspiracy to defraud export companies purchasing scrap metal for shipment to foreign customers and extortion
02/26/19	Arash Sepehri	One count of conspiracy to unlawfully export United States goods to Iran and to defraud the United States and Department of Treasury in violation of 18 U.S.C. 371	25 months in prison; a \$125,661 forfeiture; and a \$100 special assessment	Export of analog input board to Iran via Hong Kong

<i>Sentencing Date</i>	<i>Defendant</i>	<i>Criminal Charges</i>	<i>Criminal Sanctions</i>	<i>Case Details</i>
3/1/19	Paul Brunt	One count of conspiracy to violate the Arms Export Control Act in violation of 18 U.S.C. 371; and two counts of violating the Arms Export Control Act in violation of 22 U.S.C. 2778	Three years of probation; a \$20,000 criminal fine; 200 hours of community service; and a \$300 special assessment	Export of firearms designated as defense articles to Turkey and Iraq
03/21/19	David Levick	Four counts of exports and attempted exports to Embargoed country and aiding and abetting in violation of 50 U.S.C. 1705 and 18 U.S.C. 2	24 months in prison; 12 months of supervised release; a \$199,227.41 forfeiture; and a \$400 special assessment	Export of aircraft parts to Iran via Australia
04/17/19	Syed Razvi	One count conspiracy to smuggle goods out of the U.S. and to violate the International Emergency Economic Powers Act in violation of 18 U.S.C. 371	46 months in prison; three years of supervised release; a \$20,000 criminal fine; and a \$100 special assessment	Export of radiation hardened integrated circuits to Chinese military and Russian space programs
04/24/19	Darus Zehrbach	One count of false statements to a federal agent in violation of 18 U.S.C. 1001	Six months in prison; one year of supervised release; and a \$100 special assessment	False statement related to the export of electric scooters to Iran
05/16/19	Patrick Germain	One count of smuggling goods from the United States in violation of 18 U.S.C. 554	23 days in prison (time served); two years of supervised release; and a \$100 special assessment	Export of firearms, including shotguns and ammunition, to Haiti
06/07/19	Erik Zarins	One count of conspiracy to defraud the United States by mail and wire fraud in violation of 18 U.S.C. 371	Two years of probation; \$600 in restitution; and a \$100 special assessment	Filing a false auto-theft loss claim when the vehicle was exported to China

<i>Sentencing Date</i>	<i>Defendant</i>	<i>Criminal Charges</i>	<i>Criminal Sanctions</i>	<i>Case Details</i>
07/09/19	Nelson Morejon	One count of transporting prohibited weapons without a license in violation of 18 U.S.C. 922 and 924	30 months in prison; three years of supervised release; and a \$100 special assessment	Attempted export of firearms to Mexico
08/01/19	Alfredo Dimas-Leyva	One count of false documents in violation of 18 U.S.C. 1546; one count of falsely claiming to be a U.S. citizen in violation of 18 U.S.C. 911; and one count of being an illegal alien found in the U.S. in violation of 8 U.S.C. 1326	18 months in prison; three years of supervised release; and a \$300 special assessment	Attempted export of a rifle scope to Mexico
08/14/19	Mojtaba Biria	One count of conspiracy to violate the International Emergency Economic Powers Act and U.S. sanctions against Iran in violation of 50 U.S.C. 1705	Time Served in prison; a \$5,000 criminal fine; and a \$100 special assessment	Export of gas turbine engine parts to Iran via Germany
08/19/19	Rami Najm Asad-Ghanem	Two counts of violating the Arms Export Control Act and aiding and abetting and causing an act to be done in violation of 22 U.S.C. 2778 and 18 U.S.C. 2; one count of smuggling goods out of the United States and aiding and abetting and causing an act to be done in violation of 18 U.S.C. 554 and 2; two counts of money laundering in violation of 18 U.S.C. 1956; one count of conspiracy in violation of 18 U.S.C. 371; and one count of conspiracy to use and to transfer missile systems designed to destroy aircraft in violation of 18 U.S.C. 2332	360 months in prison; five years of supervised release; and a \$700 special assessment	Export of defense articles, including pistols and night vision weapon sights, to Libya, Syria and Iraq

<i>Sentencing Date</i>	<i>Defendant</i>	<i>Criminal Charges</i>	<i>Criminal Sanctions</i>	<i>Case Details</i>
08/29/19	Resit Tavan	One count of conspiracy to defraud the U.S. and commit offense against the U.S. by smuggling in violation of 18 U.S.C. 371	28 months in prison; and a \$100 special assessment	Export of marine engines to Iran via Turkey
09/09/19	Richard Luthmann	One count of conspiracy to commit wire fraud in violation of 18 U.S.C. 1343 and 18 U.S.C. 1349; and one count of conspiracy to extortiate collection of credit in violation of 18 U.S.C. 894	48 months in prison; three years of supervised release; a \$130,000 forfeiture; \$559,911.26 in restitution; and a \$200 special assessment	Conspiracy to defraud export companies purchasing scrap metal for shipment to foreign customers and extortion
09/10/19	Parisa Mohamadi	Two counts of conspiracy to violate the International Emergency Economic Powers Act in violation of 50 U.S.C. 1705	24 months in prison; two years of supervised release; and a \$200 special assessment	False statements related to the export of diaphragm meters and valves
09/11/19	Tyler Sumlin	One count of attempt to smuggle goods from the United States in violation of 18 U.S.C. 554	Five years of probation; a \$150 criminal fine; and a \$100 special assessment	Attempted export of firearms to Mexico
09/16/19	James Falk	One count of conspiracy to transport stolen goods in violation of 18 U.S.C. 371	Time Served in prison; two years of supervised release; \$3,874.90 in restitution; and a \$100 special assessment	Export of stolen goods to Russia and Georgia
09/19/19	Kiet Mai	One count of smuggling goods from the United States, aiding and abetting in violation of 18 U.S.C. 554 and 18 U.S.C. 2	18 months of probation; a \$5,000 criminal fine; and a \$100 special assessment	Export of connectors and custom cable assemblies to China
09/24/19	Ron Hansen	One count of attempt to gather or deliver defense information in violation of 18 U.S.C. 794	120 months in prison; five years of supervised release; and a \$100 special assessment	Export of software to China

<i>Sentencing Date</i>	<i>Defendant</i>	<i>Criminal Charges</i>	<i>Criminal Sanctions</i>	<i>Case Details</i>
09/24/19	Negar Ghodskoni	One count of conspiracy to defraud the United States and to Commit Offenses Against the United States in violation of 18 U.S.C. 371	Time served in prison; and a \$100 special assessment	Export of electronics to Iran through Malaysia

Table 2

Department of Commerce Export Enforcement Administrative Cases during FY 2019

<i>Date</i>	<i>Respondent</i>	<i>Case Details</i>	<i>Provision Violated [# of violations]</i>	<i>Penalty</i>
10/12/18	Luis Antonio Urdaneta Pozo	Underlying criminal conviction for violating Section 38 of the AECA by knowingly and willfully exporting from the United States to Venezuela items designated as defense articles on the USML, namely, handguns and ammunition of various calibers, without the required U.S. Department of State licenses.	22 U.S.C. 2778	Export privileges denied until June 27, 2027, pursuant to Section 766.25 of the EAR.
11/15/18	Gregory Allen Justice	Underlying criminal conviction for violating Section 38 of the AECA by knowingly and willfully attempting to export, cause others to export, and aid and abet the export to Russia, for the intended benefit of the Russian Government, of defense articles designated on the USML, without the required U.S. Department of State licenses. Justice, an engineer who worked for a defense contractor, knowingly and willfully sold and provided USML-controlled technical data relating to U.S. military satellite programs to a person he believed to be an agent of a Russian intelligence service, but who was in fact an undercover Federal Bureau of Investigation employee.	22 U.S.C. 2778	Export privileges denied until September 19, 2027, pursuant to Section 766.25 of the EAR.

<i>Date</i>	<i>Respondent</i>	<i>Case Details</i>	<i>Provision Violated [# of violations]</i>	<i>Penalty</i>
12/10/18	Shai Gear LLC, d/b/a Spider Camera Holster, d/b/a Spider Camera	Exported camera accessories to Iran via transshipment through the United Arab Emirates, valued at approximately \$6,058. Spider Camera exported the camera accessories to an Iranian customer, which directed Spider Camera to designate a UAE general trading company as the consignee of the export. Spider Camera then changed its invoices and packing lists to list the UAE company as the consignee. (EAR99)	764.2(a) [1] 764.2 refers to Section 764.2 of the EAR, 15 CFR 764.2	Settlement Agreement – civil penalty of \$8,500.
12/10/18	Yantai Jereh Oilfield Services Group Co., Ltd.	Attempted unlicensed export of EAR99 oilfield equipment valued at approximately \$383,882 to Iran, with knowledge that a violation of the Regulations had occurred or was about or intended to occur; and false statements made to BIS during the course of the investigation by a then-vice-president of the respondent. (The respondent and a Hong Kong-based subsidiary of respondent, as well as three now-former officers or employees of respondent, were added to the BIS Entity List on March 21, 2016).	764.2(e) [3] 764.2(g) [1] 764.2 refers to Section 764.2 of the EAR, 15 CFR 764.2	Settlement Agreement - civil penalty of \$600,000, and a five-year conditionally suspended denial order. The respondent also agreed to pay OFAC a civil penalty of \$2,774,972. (If respondent complies with the BIS and OFAC settlement agreements, BIS's Office of Export Enforcement will recommend that the respondent and its Hong Kong-based subsidiary be removed from the Entity List).

<i>Date</i>	<i>Respondent</i>	<i>Case Details</i>	<i>Provision Violated [# of violations]</i>	<i>Penalty</i>
12/11/18	Mahan Airways; Pejman Mahmood Kosarayanifard, a/k/a Kosarian Fard; Mahmoud Amini; Kerman Aviation, a/k/a GIE Kerman Aviation; Sirjanco Trading LLC; Mahan Air General Trading LLC; Mehdi Bahrami; Al Naser Airlines, a/k/a Al-Naser Airlines, a/k/a Alnaser Airlines and Air Freight Ltd.; Ali Abdullah Alhay, a/k/a Ali Alhay, a/k/a Ali Abdullah Ahmed Alhay; Bahar Safwa General Trading; Sky Blue Bird Group, a/k/a Sky Blue Bird Aviation, a/k/a Sky Blue Bird Ltd., a/k/a Sky Blue Bird FZC; and Issam Shammout, a/k/a Muhammad Isam Muhammad Anwar Nur Shammout, a/k/a Issam Anwar	Temporary denial order (“TDO”) in matter that has involved the reexport and attempted or intended reexport of U.S.-origin Boeing 747s, false statements to BIS regarding the ultimate destination and end user of these aircraft, and the failure to comply with a BIS order to return the aircraft to the United States. This matter also has involved exports and reexports, or attempted or intended exports or reexports, during renewal periods of the TDO of U.S.-origin McDonnell Douglas aircraft, Airbus aircraft with U.S.-origin engines, U.S.-origin jet engines, and other items subject to the Regulations.	764.2(d) 764.2(k) 764.2 refers to Section 764.2 of the EAR, 15 CFR 764.2	TDO renewed for 180 days.

<i>Date</i>	<i>Respondent</i>	<i>Case Details</i>	<i>Provision Violated [# of violations]</i>	<i>Penalty</i>
12/14/18	Eric Baird	Caused, aided, or abetted violations of the EAR. These violations included 144 charges related to undervaluing items designated EAR99 and making false statements in or failing to file Automated Export System records in connection with the export of those items, and twenty-two charges related to unlicensed exports and attempted unlicensed exports of Crime Control items classified under Export Control Classification Number 0A987.	764.2(b) [166] 764.2 refers to Section 764.2 of the EAR, 15 CFR 764.2	Settlement Agreement (after filing of charging letter) - civil penalty of \$17 million, with \$10 million paid out of pocket and \$7 million conditionally suspended for a period of five years; also subject to a five-year denial of export privileges (with four years active and one year suspended). As part of a global settlement with the U.S. Attorney's Office for the Middle District of Florida, Baird pled guilty to one count of felony smuggling.

<i>Date</i>	<i>Respondent</i>	<i>Case Details</i>	<i>Provision Violated [# of violations]</i>	<i>Penalty</i>
12/19/18	Asim Fareed	Conspired to export a Humboldt Bending Beam Rheometer and a Humboldt Pressure Aging Vessel, items subject to the Regulations, designated EAR99, and valued at nearly \$50,000, from the United States to Iran, via the United Arab Emirates, without the required U.S. Government authorization.	764.2(d) [1] 764.2 refers to Section 764.2 of the EAR, 15 CFR 764.2	Settlement Agreement - Fareed shall be subject to a three-year conditionally suspended denial of export privileges and shall provide two annual reports of all export and reexport transactions involving items subject to the Regulations in which he participates in any way.
12/31/18	Joel Prado, Jr.	Underlying criminal conviction for violating Section 38 of the AECA by conspiring to knowingly and willfully export and cause to be exported from the United States to Mexico .223 caliber rifles, items designated as defense articles on the USML, without the required U.S. Department of State licenses.	22 U.S.C. 2778	Export privileges denied until February 23, 2027, pursuant to Section 766.25 of the EAR.
12/31/18	Jose Jesus Campos-Flores	Underlying criminal conviction for violating Section 38 of the AECA by knowingly exporting and attempting to export from the United States to Mexico firearms designated as defense articles on the USML, without the required U.S. Department of State licenses.	22 U.S.C. 2778	Export privileges denied until November 16, 2024, pursuant to Section 766.25 of the EAR.

<i>Date</i>	<i>Respondent</i>	<i>Case Details</i>	<i>Provision Violated [# of violations]</i>	<i>Penalty</i>
12/31/18	Alexander Fishenko	Underlying criminal conviction for violating IEEPA and Section 38 of the AECA. Specifically, Fishenko was convicted of knowingly, intentionally, and willfully exporting from the United States to Russia microelectronics without the required U.S. Department of Commerce licenses, in violation of IEEPA. Fishenko also was convicted of knowingly, intentionally, and willfully exporting from the United States to Russia power amplifiers designated as defense articles on the USML, namely five TriQuint parts TGA2517, without the required U.S. Department of State licenses, in violation of the AECA.	50 U.S.C. 1702 and 1705(c); 22 U.S.C. 2778	Export privileges denied until July 21, 2026, pursuant to Section 766.25 of the EAR.
12/31/18	Shavkat Abdullaev	Underlying criminal conviction for violating IEEPA by knowingly and intentionally exporting from the United States to Russia microelectronics without the required U.S. Department of Commerce licenses.	50 U.S.C. 1702 and 1705(c)	Export privileges denied until December 1, 2021, pursuant to Section 766.25 of the EAR.

<i>Date</i>	<i>Respondent</i>	<i>Case Details</i>	<i>Provision Violated [# of violations]</i>	<i>Penalty</i>
12/31/18	Veronica Trujillo	Underlying criminal conviction for violating Section 38 of the AECA by attempting to willfully and knowingly export and cause to be exported from the United States to Mexico 2000 rounds of Wolf 7.62x39mm ammunition and 1,000 rounds of Wolf 9MM luger ammunition, items designated as defense articles on the USML, without the required U.S. Department of State licenses.	22 U.S.C. 2778	Export privileges denied until August 11, 2024, pursuant to Section 766.25 of the EAR.
12/31/18	Eduard Roel Vazquez	Underlying criminal conviction for violating Section 38 of the AECA by knowingly and willfully aiding and abetting the export of, and attempting to export, two 7.62x39mm rifles and a 5.56mm rifle, items designated as defense articles on the USML, from the United States to Mexico, without the required U.S. Department of State licenses.	22 U.S.C. 2778	Export privileges denied until March 22, 2028, pursuant to Section 766.25 of the EAR.
01/16/19	Multiwire Laboratories, Ltd.	Exported Real-Time Back Reflection Laue Camera Detectors and Accessories, items subject to the Regulations, designated as EAR99, and valued at \$177,156, to the University of Electronic Science and Technology of China in Chengdu, People's Republic of China, an entity listed on BIS's Entity List, without the required BIS licenses.	764.2(a) [2] 764.2 refers to Section 764.2 of the EAR, 15 CFR 764.2	Settlement Agreement – civil penalty of \$80,000.

<i>Date</i>	<i>Respondent</i>	<i>Case Details</i>	<i>Provision Violated [# of violations]</i>	<i>Penalty</i>
01/17/19	Folasade Omowanile	Caused, aided and/or abetted one or more violations of the Regulations in connection with the export of handcuffs and legcuffs, items classified under ECCN 0A982, controlled for Crime Control reasons and valued at approximately \$12,343, to Nigeria without the required BIS license.	764.2(b) [1] 764.2 refers to Section 764.2 of the EAR, 15 CFR 764.2	Settlement Agreement – civil penalty of \$10,000, with \$9,000 suspended; subject to three-year suspended denial.
03/08/19	Shavkat Abdullaev	Underlying criminal conviction for violating IEEPA by knowingly and intentionally exporting from the United States to Russia microelectronics without the required U.S. Department of Commerce licenses.	50 U.S.C. 1702 and 1705(c)	Affirmed the December 31, 2018 denial order issued against Shavkat Abdullaev after amending it to reflect receipt and consideration by BIS of Abdullaev’s written submission dated December 19, 2018, which was not received by BIS until January 30, 2019, apparently due to the partial U.S. Government shutdown.

<i>Date</i>	<i>Respondent</i>	<i>Case Details</i>	<i>Provision Violated [# of violations]</i>	<i>Penalty</i>
03/25/19	Mohan L. Nirala	Underlying criminal conviction for violating Section 793(e) of the Espionage Act by having unauthorized possession of a document relating to the national defense, namely, a forty-seven page classified document containing emails, exhibits, and PowerPoint slides, each individually marked as being classified, and willfully retaining the document and failing to deliver it to the officer and employee of the United States entitled to receive it.	18 U.S.C. 793(e)	Export privileges denied until March 13, 2027, pursuant to Section 766.25 of the EAR.
03/25/19	Arnoldo Antonio Arredondo	Underlying criminal conviction for violating Section 38 of the AECA by conspiring and agreeing with others to knowingly and willfully export and cause to be exported, from the United States to Mexico, .223 caliber rifles, which were designated as defense articles on the USML, without the required U.S. Department of State licenses.	22 U.S.C. 2778	Export privileges denied until November 28, 2027, pursuant to Section 766.25 of the EAR.

<i>Date</i>	<i>Respondent</i>	<i>Case Details</i>	<i>Provision Violated [# of violations]</i>	<i>Penalty</i>
06/05/19	Mahan Airways; Pejman Mahmood Kosarayanifard, a/k/a Kosarian Fard; Mahmoud Amini; Kerman Aviation, a/k/a GIE Kerman Aviation; Sirjanco Trading LLC; Mahan Air General Trading LLC; Mehdi Bahrami; Al Naser Airlines, a/k/a Al-Naser Airlines, a/k/a Alnaser Airlines and Air Freight Ltd.; Ali Abdullah Alhay, a/k/a Ali Alhay, a/k/a Ali Abdullah Ahmed Alhay; Bahar Safwa General Trading; Sky Blue Bird Group, a/k/a Sky Blue Bird Aviation, a/k/a Sky Blue Bird Ltd., a/k/a Sky Blue Bird FZC; and Issam Shammout, a/k/a Muhammad Isam Muhammad Anwar Nur Shammout, a/k/a Issam Anwar	Temporary denial order (“TDO”) in matter that has involved the reexport and attempted or intended reexport of U.S.-origin Boeing 747s, false statements to BIS regarding the ultimate destination and end user of these aircraft, and the failure to comply with a BIS order to return the aircraft to the United States. This matter also has involved exports and reexports, or attempted or intended exports or reexports, during renewal periods of the TDO of U.S.-origin McDonnell Douglas aircraft, Airbus aircraft with U.S.-origin engines, U.S.-origin jet engines, and other items subject to the Regulations.	764.2(d) 764.2(k) 764.2 refers to Section 764.2 of the EAR, 15 CFR 764.2	TDO renewed for 180 days.

<i>Date</i>	<i>Respondent</i>	<i>Case Details</i>	<i>Provision Violated [# of violations]</i>	<i>Penalty</i>
06/28/19	Olaf Tepper	Underlying criminal conviction for violating IEEPA by willfully conspiring to export and causing to be exported from the United States to Germany gas turbine parts, with knowledge and reason to know that such goods were intended specifically for reexportation, directly and indirectly, to Iran, without having first obtained the required U.S. Government authorization.	50 U.S.C. 1702 and 1705(c)	Export privileges denied until August 3, 2028, pursuant to Section 766.25 of the EAR.
07/08/19	Pouran Aazad, a/k/a Pouran Azad, a/k/a Pourandokt Aazad, a/k/a Pourandokt Azad; Sadr Emad-Vaez, a/k/a Seid Sadredin Emad Vaez; and Ghareh Sabz Co., a/k/a Ghare Sabz Co., a/k/a GHS Technology	Conspired to export a highly accurate micro drill press with a video edge finder, process inspection camera and spray mister system, items subject to the Regulations, designated EAR99, and valued at nearly \$15,199, from the United States to Iran, via the United Arab Emirates, without the required U.S. Government authorization.	764.2(d) [1] 764.2 refers to Section 764.2 of the EAR, 15 CFR 764.2	Settlement Agreement (after filing of charging letter) - civil penalty of \$300,000 and a 10-year denial of export privileges.
08/05/19	Michael Shapovalov a/k/a Mikhail Shapovalov	Underlying criminal conviction for violating Section 38 of the AECA by knowingly and willfully exporting and causing to be exported, from the United States to Latvia, a barrel and breech casing for a Glock carbine pistol with markings "G17 19123 mech-tech made in USA," items designated as defense articles on the USML, without the required U.S. Department of State licenses.	22 U.S.C. 2778	Export privileges denied until May 23, 2025, pursuant to Section 766.25 of the EAR.

<i>Date</i>	<i>Respondent</i>	<i>Case Details</i>	<i>Provision Violated [# of violations]</i>	<i>Penalty</i>
08/05/19	Juan Jesus De La Rosa	Underlying criminal conviction for violating Section 38 of the AECA by knowingly and willfully aiding and abetting the export and attempting to export from the United States to Mexico approximately 1,000 rounds of 7.62x39mm ammunition, which were designated as defense articles on the USML, without the required U.S. Department of State licenses.	22 U.S.C. 2778	Export privileges denied until August 28, 2028, pursuant to Section 766.25 of the EAR.
08/05/19	Si Chen, a/k/a Cathy Chen, a/k/a Celia Chen, a/k/a Cecelia Chen, and a/k/a Chunping Ji	Underlying criminal conviction for violating IEEPA by knowingly and willfully conspiring and agreeing to export space communications technology from the United States to Hong Kong without the required U.S. Department of Commerce licenses and without filing Electronic Export Information in the Automated Export System.	50 U.S.C. 1702 and 1705(c)	Export privileges denied until October 10, 2028, pursuant to Section 766.25 of the EAR.
08/13/19	Ali Afif Al Herz	Underlying criminal conviction for violating Section 38 of the AECA by knowingly and willfully attempting to export and cause to be exported, from the United States to Lebanon, firearms, ammunition, parts, accessories, attachments, and associated equipment designated as defense articles on the USML, without the required U.S. Department of State licenses.	22 U.S.C. 2778	Export privileges denied until October 31, 2026, pursuant to Section 766.25 of the EAR.

<i>Date</i>	<i>Respondent</i>	<i>Case Details</i>	<i>Provision Violated [# of violations]</i>	<i>Penalty</i>
08/13/19	Adam Al Herz	Underlying criminal conviction for violating Section 38 of the AECA by knowingly and willfully attempting to export and cause to be exported, from the United States to Lebanon, firearms, ammunition, parts, accessories, attachments, and associated equipment designated as defense articles on the USML, without the required U.S. Department of State licenses.	22 U.S.C. 2778	Export privileges denied until October 13, 2026, pursuant to Section 766.25 of the EAR.
08/13/19	Bassem Afif Herz	Underlying criminal conviction for violating Section 38 of the AECA by knowingly and willfully attempting to export and cause to be exported, from the United States to Lebanon, firearms and ammunition designated as defense articles on the USML, without the required U.S. Department of State licenses.	22 U.S.C. 2778	Export privileges denied until December 12, 2026, pursuant to Section 766.25 of the EAR.
08/13/19	Sarah Majid Zeaiter	Underlying criminal conviction for violating Section 38 of the AECA by knowingly and willfully attempting to export and cause to be exported, from the United States to Lebanon, firearms and ammunition designated as defense articles on the USML, without the required U.S. Department of State licenses.	22 U.S.C. 2778	Export privileges denied until October 14, 2026, pursuant to Section 766.25 of the EAR.

<i>Date</i>	<i>Respondent</i>	<i>Case Details</i>	<i>Provision Violated [# of violations]</i>	<i>Penalty</i>
08/30/19	Sammy Smith	Underlying criminal conviction for violating Section 38 of the AECA by knowingly and willfully attempting to export from the United States to Turkey firearms components designated as defense articles on the USML, namely, Glock pistol upper receivers, barrels and recoil springs, Lone Wolf pistol upper receivers with matching barrels, and a Beretta PX4 pistol short barrel, without the required U.S. Department of State licenses.	22 U.S.C. 2778	Export privileges denied until July 9, 2025, pursuant to Section 766.25 of the EAR.
09/30/19	Benjamin James Cance	Underlying criminal conviction for violating Section 38 of the AECA by knowingly and willfully exporting without the required U.S. Department of State licenses gun components designated as defense articles on the USML.	22 U.S.C. 2778	Export privileges denied until January 15, 2026, pursuant to Section 766.25 of the EAR.
09/30/19	Barbara Jo Luque	Underlying criminal conviction for violating Section 38 of the AECA by intentionally attempting to willfully and knowingly export and cause to be exported from the United States to Mexico items designated as defense articles on the USML, namely, 5,000 rounds of FMJ Russian 7.62x39 mm ammunition and 125 AK-47 KCI thirty-round magazines, without the required U.S. Department of State licenses.	22 U.S.C. 2778	Export privileges denied until April 25, 2025, pursuant to Section 766.25 of the EAR.

<i>Date</i>	<i>Respondent</i>	<i>Case Details</i>	<i>Provision Violated [# of violations]</i>	<i>Penalty</i>
09/30/19	Eldar Rezvanov	Underlying criminal conviction for violating Section 38 of the AECA by knowingly and willfully exporting, causing the export of, and attempting to export items designated as defense articles on the USML from the United States to Russia without the required U.S. Department of State licenses. The items included, seven assembled firearms, ten firearm stocks, 130 fully assembled lower receivers, 133 firearm frames, 158 firearm barrels, 266 firearm slides, 453 functional firearm parts (including springs and firing pins), and 966 firearm magazines.	22 U.S.C. 2778	Export privileges denied until July 24, 2028, pursuant to Section 766.25 of the EAR.
09/30/19	Kenneth S. Chait	Underlying criminal conviction for violating IEEPA by knowingly and willfully agreeing to attempt to export without the required Department of Commerce license ceramic metal triggered spark gaps, which are also known as nuclear triggered spark gaps and are listed on the CCL.	50 U.S.C. 1702 and 1705(c)	Export privileges denied until November 13, 2023, pursuant to Section 766.25 of the EAR.
09/30/19	Rasheed Al Jijakli	Underlying criminal conviction for violating IEEPA by conspiring with others to export tactical gear from the United States to Syria without having obtained the required license from BIS. The tactical gear included U.S.-origin laser boresighters and day- and night-vision rifle scopes.	50 U.S.C. 1702 and 1705(c)	Export privileges denied until December 20, 2028, pursuant to Section 766.25 of the EAR.

<i>Date</i>	<i>Respondent</i>	<i>Case Details</i>	<i>Provision Violated [# of violations]</i>	<i>Penalty</i>
09/30/19	Arash Sepehri, a/k/a William Anderson, a/k/a Aresh Sepheri Eshtajran	Underlying criminal conviction for violating 18 U.S.C. 371 by knowingly and willfully conspiring to export U.S.-origin items, including high-resolution sonar equipment, data input boards, acoustic transducers, and rugged laptops, from the United States to Iran without the required licenses from the U.S. Government.	18 U.S.C. 371 (Conspiracy)	Export privileges denied until February 26, 2026, under ECRA.

Appendix B: Summaries of Antiboycott Cases and Boycott Requests

Table 1

Summary of Antiboycott Cases in FY 2019

<i>Company Name & Location</i>	<i>Date Order Signed</i>	<i>Alleged Violations of EAR³</i>	<i>Settlement Amount</i>
Mitsubishi International Corporation (New York, NY)	06/13/19	1 x 760.2(d) – Furnishing information about business relationships with boycotted countries or blacklisted persons 2 x 760.5 - Failure to report receipt of a boycott request	\$5,000
Mitsubishi International Polymer Trade Corporation (Newark, NJ)	06/13/19	2 x 760.2(d) – Furnishing information about business relationships with boycotted countries or blacklisted persons 9 x 760.5 - Failure to report receipt of a boycott request	\$15,000
Zurn Industries, LLC (Erie, PA)	05/20/19	27 x 760.5 - Failure to report receipt of a boycott request	\$54,000

³ The references are to the number of alleged violations of the identified subsections of EAR part 760.

Table 2

Boycott Requests Reported to the Office of Antiboycott Compliance

FY 2019

	Prohibited Boycott Requests	Permissible Boycott-Related Requests	Amended Boycott Requests	Boycott Exceptions	Totals
Algeria	0	0	0	1	1
Bahrain	3	0	1	1	5
Iraq	45	0	1	1	47
Jordan	0	0	0	0	0
Kuwait	4	3	0	3	10
Lebanon	6	3	0	5	14
Libya	2	21	0	8	31
Oman	0	3	0	0	3
Qatar	17	42	3	160	222
Saudi Arabia	17	3	1	6	27
Syria	3	0	0	1	4
United Arab Emirates	81	44	3	37	165
Yemen	0	0	0	0	0
Total (Arab League members)	178	119	9	223	<u>529</u>
Bangladesh	3	6	1	8	18
Iran	0	0	0	0	0
Malaysia	2	3	0	866	871
Nigeria	0	0	0	0	0
Pakistan	4	2	0	34	40
All other Countries	5	3	0	8	16
Total (All countries & Arab League members)	192	133	10	1139	<u>1474</u>

Prohibited boycott-related requests describe those requests to take an action that would be prohibited under Section 760.2 of the EAR, mainly actions to enforce the secondary and tertiary aspects of a foreign unsanctioned boycott.

Permissible boycott-related requests are for actions that fall outside the prohibitions of the EAR but still require compliance with some level of a foreign unsanctioned boycott.

Amended boycott-related requests were ones that were prohibited as an initial matter but were subsequently adjusted and reclassified as permissible or as falling within an exception under the EAR.

Boycott-related exceptions are requests to take actions that would otherwise be prohibited, but are allowed under Section 760.3 of the EAR.

#####END OF REPORT#####