

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:

General Logistics International, Inc.
200 Livingston Ave.
New Brunswick, NJ 08901

Respondent

ORDER RELATING TO
GENERAL LOGISTICS INTERNATIONAL, INC.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified General Logistics International, Inc., of New Brunswick, New Jersey (“GLI”), of its intention to initiate an administrative proceeding against GLI pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (the “Act”),² through the issuance of a Proposed Charging Letter to GLI that alleges that GLI committed four violations of the Regulations. Specifically, the charges are:

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2014). The charged violations occurred in 2009. The Regulations governing the violations at issue are found in the 2009 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2014 Regulations set forth the procedures that apply to this matter.

² 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 7, 2014 (79 Fed. Reg. 46,959 (Aug. 11, 2014)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.* (2006 & Supp. IV 2010)).

**Charges 1-4 15 C.F.R. § 764.2(b): Aiding and Abetting an Act Prohibited
by the Regulations**

On four occasions between on or about November 6, 2009, and on or about November 29, 2009, GLI aided and abetted an act prohibited by the Regulations. Specifically, GLI facilitated the export of scrap steel, an item subject to the Regulations, designated EAR99,³ and with a total value of approximately \$672,022, from the United States to People's Steel Mills, an entity in Pakistan listed on BIS's Entity List set forth in Supplement No. 4 to Part 744 of the Regulations. For each export, GLI, acting on behalf of a Canadian company, arranged for the trucking of the scrap steel from the U.S. exporter's location to the port of export, arranged for the shipping of the scrap steel to People's Steel Mills in Pakistan, and prepared and submitted shipping documentation, including a Shipper's Export Declaration. The Shipper's Export Declaration filed by GLI in the Automated Export System for each of these exports indicated that the export was designated "NLR" (No License Required). GLI's actions aided and abetted these exports of scrap steel to People's Steel Mills without the Department of Commerce licenses required pursuant to Section 744.11 and Supplement No. 4 to Part 744 of the Regulations. In so doing, GLI committed four violations of Section 764.2(b) of the Regulations.

WHEREAS, BIS and GLI have entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations, whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein; and

WHEREAS, I have approved of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, GLI shall be assessed a civil penalty in the amount of \$90,000. GLI shall pay the U.S. Department of Commerce in six installments of: \$15,000 not later than January 30, 2015; \$15,000 not later than March 31, 2015; \$15,000 not later than May 29, 2015; \$15,000 not later than July 31, 2015; \$15,000 not later than September 30, 2015; and \$15,000 not later than November 30, 2015. If any of the six installment payments is

³ EAR99 is a designation for items subject to the Regulations that are not listed on the Commerce Control List, which is set forth at Supplement No. 1 to Part 774 of the Regulations. 15 C.F.R. § 774.1 (2009).

not fully and timely made, any remaining scheduled installment payments may become due and owing immediately.

SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and if payment is not made by the due date specified herein, GLI will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, that the full and timely payment of the civil penalty in accordance with the payment schedule set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to GLI. Accordingly, if GLI should fail to pay the civil penalty in a full and timely manner, the undersigned may issue an order denying all of GLI's export privileges under the Regulations for a period of one year from the date of failure to make such payment.

FOURTH, GLI shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegations in the Proposed Charging Letter or this Order. The foregoing does not affect GLI's testimonial obligations in any proceeding, nor does it affect its right to take legal or factual positions in civil litigation or other civil proceedings in which the U.S. Department of Commerce is not a party.

FIFTH, that the Proposed Charging Letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.



David W. Mills
Assistant Secretary of Commerce
for Export Enforcement

Issued this 21st day of January, 2015.

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:

General Logistics International, Inc.
200 Livingston Ave.
New Brunswick, NJ 08901

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between General Logistics International, Inc., of New Brunswick, New Jersey ("GLI"), and the Bureau of Industry and Security, U.S. Department of Commerce ("BIS") (collectively, the "Parties"), pursuant to Section 766.18(a) of the Export Administration Regulations (the "Regulations"),¹ issued pursuant to the Export Administration Act of 1979, as amended (the "Act").²

WHEREAS, BIS has notified GLI of its intention to initiate an administrative proceeding against GLI, pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a Proposed Charging Letter to GLI that alleges that GLI committed four violations of the Regulations, specifically:

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2014). The charged violations occurred in 2009. The Regulations governing the violations at issue are found in the 2009 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2014 Regulations set forth the procedures that apply to this matter.

² 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 7, 2014 (79 Fed. Reg. 46,959 (Aug. 11, 2014)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.* (2006 & Supp. IV 2010)).

**Charges 1-4 15 C.F.R. § 764.2(b): Aiding and Abetting an Act Prohibited
by the Regulations**

On four occasions between on or about November 6, 2009, and on or about November 29, 2009, GLI aided and abetted an act prohibited by the Regulations. Specifically, GLI facilitated the export of scrap steel, an item subject to the Regulations, designated EAR99,³ and with a total value of approximately \$672,022, from the United States to People's Steel Mills, an entity in Pakistan listed on BIS's Entity List set forth in Supplement No. 4 to Part 744 of the Regulations. For each export, GLI, acting on behalf of a Canadian company, arranged for the trucking of the scrap steel from the U.S. exporter's location to the port of export, arranged for the shipping of the scrap steel to People's Steel Mills in Pakistan, and prepared and submitted shipping documentation, including a Shipper's Export Declaration. The Shipper's Export Declaration filed by GLI in the Automated Export System for each of these exports indicated that the export was designated "NLR" (No License Required). GLI's actions aided and abetted these exports of scrap steel to People's Steel Mills without the Department of Commerce licenses required pursuant to Section 744.11 and Supplement No. 4 to Part 744 of the Regulations. In so doing, GLI committed four violations of Section 764.2(b) of the Regulations.

WHEREAS, GLI has reviewed the Proposed Charging Letter and is aware of the allegations made against it and the administrative sanctions that could be imposed against it if the allegations are found to be true;

WHEREAS, GLI fully understands the terms of this Agreement and the Order ("Order") that the Assistant Secretary of Commerce for Export Enforcement will issue if he approves this Agreement as the final resolution of this matter;

WHEREAS, GLI enters into this Agreement voluntarily and with full knowledge of its rights, after having consulted with counsel;

WHEREAS, GLI states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

WHEREAS, GLI neither admits nor denies the allegations contained in the Proposed Charging Letter;

³ EAR99 is a designation for items subject to the Regulations that are not listed on the Commerce Control List, which is set forth at Supplement No. 1 to Part 774 of the Regulations. 15 C.F.R. § 774.1 (2009).

WHEREAS, GLI agrees to be bound by the Order, if issued;

NOW THEREFORE, the Parties hereby agree, for purposes of this Settlement Agreement, as follows:

1. BIS has jurisdiction over GLI, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.

2. The following sanction shall be imposed against GLI in complete settlement of the alleged violations of the Regulations relating to the transactions specifically detailed in the Proposed Charging Letter:

a. GLI shall be assessed a civil penalty in the amount of \$90,000.

GLI shall pay the U.S. Department of Commerce in six installments of:

\$15,000 not later than January 30, 2015; \$15,000 not later than March 31, 2015;

\$15,000 not later than May 29, 2015; \$15,000 not later than July 31, 2015;

\$15,000 not later than September 30, 2015; and \$15,000 not later than November

30, 2015. Payment shall be made in the manner specified in the attached

instructions. If any of the six installment payments is not fully and timely made,

any remaining scheduled installment payments may become due and owing

immediately

b. The full and timely payment of the civil penalty agreed to in Paragraph 2.a is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to GLI. Failure to make full and timely payment of the civil penalty as set forth above may result in the denial of all of

GLI's export privileges under the Regulations for one year from the date of the failure to make such payment.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, GLI hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, if issued), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if issued; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if issued. GLI also waives and will not assert any Statute of Limitations defense, and the Statute of Limitations will be tolled, in connection with any violation of the Act or the Regulations arising out of the transactions identified in the Proposed Charging Letter or in connection with collection of the civil penalty or enforcement of this Agreement and the Order, if issued, from the date of the Order until GLI pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement.

4. GLI shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegations in the Proposed Charging Letter or the Order. The foregoing does not affect GLI's testimonial obligations in any proceeding, nor does it affect its right to take legal or factual positions in civil litigation or other civil proceedings in which the U.S. Department of Commerce is not a party.

5. BIS agrees that upon full and timely payment of the civil penalty as set forth in Paragraph 2.a BIS will not initiate any further administrative proceeding against

GLI in connection with any violation of the Act or the Regulations arising out of the transactions specifically detailed in the Proposed Charging Letter.

6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.


7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if issued; nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement approves it by issuing the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

9. BIS will make the Proposed Charging Letter, this Agreement, and the Order, if issued, available to the public.

10. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

BUREAU OF INDUSTRY AND
SECURITY
U.S. DEPARTMENT OF COMMERCE


Douglas R. Hassebrock
Director of Export Enforcement

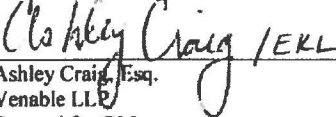
GENERAL LOGISTICS
INTERNATIONAL, INC.


Glenn Nudell
CEO
General Logistics International, Inc.

Date: January 20, 2015

Date: January 6, 2015

Reviewed and approved by:


Ashley Craig, Esq.
Venable LLP
Counsel for GLI

Date: January 8, 2015

PROPOSED CHARGING LETTER

REGISTERED MAIL - RETURN RECEIPT REQUESTED

General Logistics International, Inc.
200 Livingston Ave.
New Brunswick, NJ 08901

Attention: Glenn Nudell, CEO and President

Dear Mr. Nudell,

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that General Logistics International, Inc., of New Brunswick, New Jersey ("GLI"), has committed four violations of the Export Administration Regulations (the "Regulations"),¹ which are issued under the authority of the Export Administration Act of 1979 (the "Act").² Specifically, BIS alleges that GLI committed the following violations:

Charges 1-4 15 C.F.R. § 764.2(b) – Aiding and Abetting an Act Prohibited by the Regulations

As described in further detail in the attached Schedule of Violations, which is incorporated herein, on four occasions between on or about November 6, 2009, and on or about November 29, 2009, GLI aided and abetted an act prohibited by the Regulations. Specifically, GLI facilitated the export of scrap steel, an item subject to the Regulations, designated EAR99,³ and with a total value of approximately \$672,022, from the United States to People's Steel Mills, an entity in Pakistan listed on BIS's Entity List set forth in Supplement No. 4 to Part 744 of the Regulations. For each export, GLI, acting on behalf of a Canadian company, arranged for the trucking of the scrap steel from the U.S. exporter's location to the port of export, arranged for the shipping of the scrap steel to People's Steel Mills in Pakistan, and prepared and submitted shipping

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2014). The violations alleged occurred in 2009. The Regulations governing the violations at issue are found in the 2009 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2009)). The 2014 Regulations govern the procedural aspects of this case.

² 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 7, 2014 (79 Fed. Reg. 46959 (Aug. 11, 2014)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.* (2006 & Supp. IV 2010)).

³ EAR99 is a designation for items subject to the Regulations that are not listed on the Commerce Control List, which is set forth at Supplement No. 1 to Part 774 of the Regulations. 15 C.F.R. § 774.1 (2009).

documentation, including a Shipper's Export Declaration. The Shipper's Export Declaration filed by GLI in the Automated Export System for each of these exports indicated that the export was designated "NLR" (No License Required). GLI's actions aided and abetted these exports of scrap steel to People's Steel Mills without the Department of Commerce licenses required pursuant to Section 744.11 and Supplement No. 4 to Part 744 of the Regulations. In so doing, GLI committed four violations of Section 764.2(b) of the Regulations

* * * * *

Accordingly, GLI is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions and any other liability sanction or penalty available under law, including, but not limited to any or all of the following:

- The maximum civil penalty allowed by law of up to the greater of \$250,000 per violation or twice the value of the transaction that is the basis of the violation;⁴
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

If GLI fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. *See* 15 C.F.R. §§ 766.6 and 766.7. If GLI defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to GLI. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charges in this letter.

GLI is further notified that it is entitled to an agency hearing on the record if it files a written demand for one with its answer. *See* 15 C.F.R. § 766.6. GLI is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. *See* 15 C.F.R. §§ 766.3(a) and 766.4.

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should GLI have a proposal to settle this case, GLI or its representative should transmit it to the attorney representing BIS named below.

GLI is further notified that under the Small Business Regulatory Enforcement Flexibility Act, GLI may be eligible for assistance from the Office of the National Ombudsman of the Small Business Administration in this matter. To determine eligibility and get more information, please see: <http://www.sba.gov/ombudsman/>.

⁴ *See* International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

General Logistics International, Inc.
Proposed Charging Letter
Page 3 of 3

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, GLI's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center
40 S. Gay Street
Baltimore, Maryland 21202-4022

In addition, a copy of GLI's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security
Attention: Brian Volsky
Room H-3839
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Brian Volsky is the attorney representing BIS in this case; any communications that GLI may wish to have concerning this matter should occur through him. Mr. Volsky may be contacted by telephone at (202) 482-8050.

Sincerely,

Douglas R. Hassebrock
Director
Office of Export Enforcement

General Logistics International, Inc.
Proposed Charging Letter
Schedule of Violations
Page 1 of 1

Charge No.	Export Date	Description of Items	ECCN	Destination	Shipment Weight (in kilograms)	Invoice No.	Value	Violation
1	06-Nov-09	Scrap Steel	EAR99	People's Steel Mills, Pakistan	644,770	GLI29953	\$188,595.00	15 C.F.R. § 764.2(b)
2	13-Nov-09	Scrap Steel	EAR99	People's Steel Mills, Pakistan	41,584	GLI29987	\$12,163.00	15 C.F.R. § 764.2(b)
3	21-Nov-09	Scrap Steel	EAR99	People's Steel Mills, Pakistan	1,085,260	GLI29883	\$317,439.00	15 C.F.R. § 764.2(b)
4	29-Nov-09	Scrap Steel	EAR99	People's Steel Mills, Pakistan	460,618	GLI30178	\$153,825.00	15 C.F.R. § 764.2(b)