

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

In the Matter of:

Patriot 3, Inc.
11040 Pierson Drive
Fredericksburg, VA 22408

Respondent

ORDER RELATING TO PATRIOT 3, INC.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Patriot 3, Inc., of Fredericksburg, Virginia (“Patriot 3”), of its intention to initiate an administrative proceeding against Patriot 3 pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),¹ through the issuance of a Proposed Charging Letter to Patriot 3 that alleges that Patriot 3 committed one violation of the Regulations.² Specifically, the charge is:

¹ The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“the EAA”), which lapsed on August 21, 2001. The President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 (“ECRA”). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

² The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2021). The violations alleged occurred in 2014. The Regulations governing the violations at issue are found in the 2014 version of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2014). The 2021 Regulations govern the procedural aspects of this case.

Charge 1 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

1. On or about October 16, 2014, Patriot 3 sold and/or transferred maritime jet boots with underwater propulsion systems (“JetBoots”), items subject to the Regulations, for export to military end users in Russia with knowledge that a violation of the Regulations had occurred or was about or intended to occur in connection with the items. The items are classified under Export Control Classification Number (“ECCN”) 8A992 and controlled in connection with exports to military end users or for military end uses in Russia as set forth in Section 744.21 of the Regulations,³ and were valued at approximately \$329,760. Patriot 3 sold and transferred the items for export to Russia knowing that they were destined for the Russian Government’s Federal Guard Service (also known by the acronym “FSO”) without the licenses required under Section 744.21.
2. Section 744.21 prohibits the unlicensed export of any item listed in Supplement No. 2 to Part 744, if at the time of the export, the exporter has “knowledge” (as defined in Section 772.1 of the Regulations)⁴ that the item is intended in whole or in part for a “military end user” in Russia. 15 C.F.R. § 744.21(a)(1)(i). Under Section 744.21, “military end users” include the “national armed services (army, navy, marine, air force, or coast guard), as well as the national guard and national police” *Id.* The items listed in Supplement No. 2 to Part 744 include, inter alia, underwater systems classified and controlled under ECCN 8A992, such as the maritime JetBoots sold and transferred by Patriot 3, as alleged above. Section 744.21 states that when an export “would make a material contribution to the military capabilities” of Russia, the license will be denied. 15 C.F.R. § 744.21(e).
3. BIS amended Section 744.21, effective September 17, 2014, to establish this license requirement when an item listed on Supplement No. 2 to Part 744 is intended for a military end user or a military end use in Russia. *See* 79 Fed. Reg. 55,608 (Sept. 17, 2014). This license requirement and the related license requirements set forth in Section 744.21 are designed to prevent exports that would enhance the military capability of certain destinations, including Russia, and thereby threaten the national security and foreign policy of the United States and its allies. *See id.*

³ ECCN 8A992 items are also controlled for anti-terrorism reasons, meaning that a license would also be required for exports, reexports and in-country transfers to Cuba, Iran, North Korea, Sudan and Syria.

⁴ Section 772.1 of the Regulations defines knowledge as “not only positive knowledge that the circumstance exists or is substantially certain to occur, but also an awareness of a high probability of its existence or future occurrence. Such awareness is inferred from evidence of the conscious disregard of facts known to a person and is also inferred from a person’s willful avoidance of facts.” Variants of “knowledge” include “know,” “reasons to know,” or “reason to believe.” 15 C.F.R. § 772.1.

4. Beginning on or about September 16, 2014, Patriot 3 received email notifications putting the company on notice regarding this license requirement. Nonetheless, despite these notifications and publication of the rule in the *Federal Register* on September 17, 2014, Patriot 3 proceeded with the sale and transfer of the Jet Boots knowing that they were destined for the FSO, a military end user under Section 744.21, and specifically its Diver Department.
5. In so doing, Patriot 3 violated Section 764.2(e) of the Regulations.

WHEREAS, BIS and Patriot 3 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 the Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, Patriot 3 shall be assessed a civil penalty in the amount of \$200,000. Patriot 3 shall pay the U.S. Department of Commerce in four installments of: \$50,000 not later than three months from the date of this order and \$50,000 every three months thereafter, until the civil penalty is paid in full. If any of the four installment payments is not fully and timely made, any remaining scheduled installment payments may become due and owing immediately.

SECOND, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2012)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and if any payment required under this Order is not made by the due date specified herein, Patriot 3 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, compliance with the terms of the Settlement Agreement and the Order, including 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 Patriot 3. Accordingly, if Patriot 3 should fail to pay the civil penalty in a full and timely manner or otherwise fail to comply in full with the terms of the Settlement Agreement or this Order, the undersigned may issue an order denying all of Patriot 3's export privileges under the Regulations for a period of two years from the date of issuance of any such denial order.

FOURTH, Patriot 3 shall not dispute or deny, directly or indirectly, the allegations contained in the Proposed Charging Letter or this Order or take any position contrary thereto in any public statement. The foregoing does not affect Patriot 3's testimonial obligations in any administrative or judicial 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, 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 related to Patriot 3, is effective immediately.

**KEVIN
KURLAND** Digitally signed by
KEVIN KURLAND
Date: 2021.06.28
09:51:04 -04'00'

Kevin J. Kurland,
Acting Assistant Secretary of Commerce
for Export Enforcement

Issued this 28th day of June, 2021.

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

In the Matter of:

Patriot 3, Inc.
11040 Pierson Drive
Fredericksburg, VA 22408

Respondent

SETTLEMENT AGREEMENT RELATING TO PATRIOT 3, INC.

This Settlement Agreement (“Agreement”) is made by and between Patriot 3, Inc., of Fredericksburg, Virginia (“Patriot 3”), 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

WHEREAS, BIS has notified Patriot 3 of its intentions to initiate an administrative proceeding against Patriot 3, pursuant to the Regulations;²

¹ The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“the EAA”), which lapsed on August 21, 2001. The President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 (“ECRA”). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

² The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2021). The violations alleged occurred in 2014. The Regulations governing the violations at issue are found in the 2014 version of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2014). The 2021 Regulations govern the procedural aspects of this case.

WHEREAS, BIS has issued a Proposed Charging Letter to Patriot 3 that alleges that Patriot 3 committed one violation of the Regulations, specifically:

Charge 1 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

1. On or about October 16, 2014, Patriot 3 sold and/or transferred maritime jet boots with underwater propulsion systems (“JetBoots”), items subject to the Regulations, for export to military end users in Russia with knowledge that a violation of the Regulations had occurred or was about or intended to occur in connection with the items. The items are classified under Export Control Classification Number (“ECCN”) 8A992 and controlled in connection with exports to military end users or for military end uses in Russia as set forth in Section 744.21 of the Regulations,³ and were valued at approximately \$329,760. Patriot 3 sold and transferred the items for export to Russia knowing that they were destined for the Russian Government’s Federal Guard Service (also known by the acronym “FSO”) without the licenses required under Section 744.21.
2. Section 744.21 prohibits the unlicensed export of any item listed in Supplement No. 2 to Part 744, if at the time of the export, the exporter has “knowledge” (as defined in Section 772.1 of the Regulations)⁴ that the item is intended in whole or in part for a “military end user” in Russia. 15 C.F.R. § 744.21(a)(1)(i). Under Section 744.21, “military end users” include the “national armed services (army, navy, marine, air force, or coast guard), as well as the national guard and national police” *Id.* The items listed in Supplement No. 2 to Part 744 include, inter alia, underwater systems classified and controlled under ECCN 8A992, such as the maritime JetBoots sold and transferred by Patriot 3, as alleged above. Section 744.21 states that when an export “would make a material contribution to the military capabilities” of Russia, the license will be denied. 15 C.F.R. § 744.21(e).
3. BIS amended Section 744.21, effective September 17, 2014, to establish this license requirement when an item listed on Supplement No. 2 to Part 744 is intended for a military end user or a military end use in Russia. *See* 79 Fed. Reg. 55,608 (Sept. 17, 2014). This license requirement and the related license requirements set forth in Section 744.21 are designed to prevent exports that would enhance the military capability of certain destinations, including Russia,

³ ECCN 8A992 items are also controlled for anti-terrorism reasons, meaning that a license would also be required for exports, reexports and in-country transfers to Cuba, Iran, North Korea, Sudan and Syria.

⁴ Section 772.1 of the Regulations defines knowledge as “not only positive knowledge that the circumstance exists or is substantially certain to occur, but also an awareness of a high probability of its existence or future occurrence. Such awareness is inferred from evidence of the conscious disregard of facts known to a person and is also inferred from a person’s willful avoidance of facts.” Variants of “knowledge” include “know,” “reasons to know,” or “reason to believe.” 15 C.F.R. § 772.1.

and thereby threaten the national security and foreign policy of the United States and its allies. *See id.*

4. Beginning on or about September 16, 2014, Patriot 3 received email notifications putting the company on notice regarding this license requirement. Nonetheless, despite these notifications and publication of the rule in the *Federal Register* on September 17, 2014, Patriot 3 proceeded with the sale and transfer of the Jet Boots knowing that they were destined for the FSO, a military end user under Section 744.21, and specifically its Diver Department.
5. In so doing, Patriot 3 violated Section 764.2(e) of the Regulations.

WHEREAS, Patriot 3 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, Patriot 3 fully understands the terms of this Agreement and the Order that the Assistant Secretary of Commerce for Export Enforcement will issue if he approves this Agreement as the final resolution of this matter (the "Order");

WHEREAS, Patriot 3 enters into this Agreement voluntarily and with full knowledge of its rights, after having consulted with counsel;

WHEREAS, Patriot 3 states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

WHEREAS, Patriot 3 admits the allegation contained in the Proposed Charging Letter; and

WHEREAS, Patriot 3 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 Patriot 3, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.

2. The following sanction shall be imposed against Patriot 3:

a. Patriot 3 shall be assessed a civil penalty in the amount of \$200,000. Patriot 3 shall pay the U.S. Department of Commerce in four installments of: \$50,000 not later than three months from the date of the Order and \$50,000 every three months thereafter, until civil penalty is paid in full. Payment shall be made in the manner specified in the attached instructions. If any of the four installment payments is not fully and timely made, any remaining scheduled installment payments may become due and owing immediately.

b. Compliance with the terms of this Agreement and the Order, including full and timely payment of the civil penalty agreed to in Paragraph 2.a., 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 Patriot 3. Failure to make full and timely payment of the civil penalty or to otherwise comply in full with the terms of this Agreement and the Order, if issued, may result in the denial of all of Patriot 3's export privileges under the Regulations for a period of two years from the date of issuance of any such denial order.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, Patriot 3 hereby waives all rights to further procedural steps in this matter (except the procedural steps set forth in Sections 766.17(c) and 766.18(c) of the Regulations with respect to the possible activation of a suspended sanction due to an alleged violation or violations of this Agreement or the Order, if issued), including, without limitation, any right to: (a) receive 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. Patriot 3 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 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, if issued, until Patriot 3 pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement.

4. Patriot 3 shall not dispute or deny, directly or indirectly, the allegations contained in the Proposed Charging Letter or Order, if issued, or take any position contrary thereto in any public statement. The foregoing does not affect Patriot 3's testimonial obligations in any administrative or judicial 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 compliance in full with the terms of this Agreement and the Order, if issued, BIS will not initiate any further administrative proceeding against Patriot 3 in connection with any violation of 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. This Agreement constitutes and contains the entire agreement and understanding among the parties, and the terms of this Agreement or the Order, if issued, may not be varied or otherwise altered or affected by any agreement, understanding, representation, or interpretation not contained in this Agreement; 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.

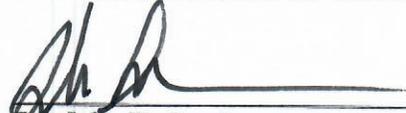
8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement approves it by issuing the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

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

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

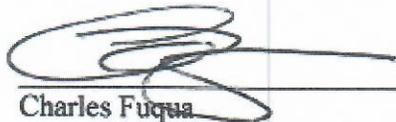
11. If any provision of this Settlement Agreement is found to be unlawful, only the specific provision in question shall be affected and the other provisions shall remain in full force and effect.

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


By: John D. Sonderman
Director, Office of Export Enforcement

Date: 6/27/2021

PATRIOT 3, INC.


Charles Fuqua
President and Chief Executive Officer

Date: 6/14/2021

Reviewed and approved by:


Barry Coburn
Coburn & Greenbaum LLC

Date: 6/23/21

PROPOSED CHARGING LETTER

CERTIFIED MAIL- RETURN RECEIPT REQUESTED

Patriot 3, Inc.
11040 Pierson Drive
Fredericksburg, VA 22408

Attention: Charles Fuqua, Sr., President and Chief Executive Officer

Dear Mr. Fuqua:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Patriot 3, Inc. (“Patriot 3”), of Fredericksburg, Virginia, has violated the Export Administration Regulations (the “Regulations”).¹ Specifically, BIS alleges that Patriot 3 committed the following violation of the Regulations:²

Charge 1 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

1. On or about October 16, 2014, Patriot 3 sold and/or transferred maritime jet boots with underwater propulsion systems (“JetBoots”), items subject to the Regulations, for export to military end users in Russia with knowledge that a violation of the Regulations had occurred or was about or intended to occur in connection with the items. The items are classified under Export Control Classification Number (“ECCN”) 8A992 and controlled in connection with

¹ The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“the EAA”), which lapsed on August 21, 2001. The President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended by successive Presidential Notices, including the Notice of August 8, 2018 (83 Fed. Reg. 39,871 (Aug. 13, 2018)), continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018 (“ECRA”), codified at 50 U.S.C. §§ 4801-4852. While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect according to their terms until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

² The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2021). The violations alleged occurred in 2014. The Regulations governing the violations at issue are found in the 2014 version of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2014). The 2021 Regulations govern the procedural aspects of this case.

- exports to military end users or for military end uses in Russia as set forth in Section 744.21 of the Regulations,³ and were valued at approximately \$329,760. Patriot 3 sold and transferred the items for export to Russia knowing that they were destined for the Russian Government's Federal Guard Service (also known by the acronym "FSO") without the licenses required under Section 744.21.
2. Section 744.21 prohibits the unlicensed export of any item listed in Supplement No. 2 to Part 744, if at the time of the export, the exporter has "knowledge" (as defined in Section 772.1 of the Regulations)⁴ that the item is intended in whole or in part for a "military end user" in Russia. 15 C.F.R. § 744.21(a)(1)(i). Under Section 744.21, "military end users" include the "national armed services (army, navy, marine, air force, or coast guard), as well as the national guard and national police . . ." *Id.* The items listed in Supplement No. 2 to Part 744 include, inter alia, underwater systems classified and controlled under ECCN 8A992, such as the maritime JetBoots sold and transferred by Patriot 3, as alleged above. Section 744.21 states that when an export "would make a material contribution to the military capabilities" of Russia, the license will be denied. 15 C.F.R. § 744.21(e).
 3. BIS amended Section 744.21, effective September 17, 2014, to establish this license requirement when an item listed on Supplement No. 2 to Part 744 is intended for a military end user or a military end use in Russia. *See* 79 Fed. Reg. 55,608 (Sept. 17, 2014). This license requirement and the related license requirements set forth in Section 744.21 are designed to prevent exports that would enhance the military capability of certain destinations, including Russia, and thereby threaten the national security and foreign policy of the United States and its allies. *See id.*
 4. Beginning on or about September 16, 2014, Patriot 3 received email notifications putting the company on notice regarding this license requirement. Nonetheless, despite these notifications and publication of the rule in the *Federal Register* on September 17, 2014, Patriot 3 proceeded with the sale and transfer of the Jet Boots knowing that they were destined for the FSO, a military end user under Section 744.21, and specifically its Diver Department.

³ ECCN 8A992 items are also controlled for anti-terrorism reasons, meaning that a license would also be required for exports, reexports and in-country transfers to Cuba, Iran, North Korea, Sudan and Syria.

⁴ Section 772.1 of the Regulations defines knowledge as "not only positive knowledge that the circumstance exists or is substantially certain to occur, but also an awareness of a high probability of its existence or future occurrence. Such awareness is inferred from evidence of the conscious disregard of facts known to a person and is also inferred from a person's willful avoidance of facts." Variants of "knowledge" include "know," "reasons to know," or "reason to believe." 15 C.F.R. § 772.1.

5. In so doing, Patriot 3 violated Section 764.2(e) of the Regulations.

* * * * *

Accordingly, Patriot 3 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, including, but not limited to any or all of the following:

- The maximum civil penalty allowed by law of up to the greater of \$302,584 per violation,⁵ or twice the value of the transaction that is the basis of the violation;⁶
- Denial of export privileges;
- Exclusion from practice before BIS; and/or
- Any other liability, sanction, or penalty available under law.⁷

If Patriot 3 fails to answer the charge 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 Patriot 3 defaults, the Administrative Law Judge may find the charge alleged in this letter is true without a hearing or further notice to Patriot 3. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charge in this letter.

Patriot 3 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. Patriot 3 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.

⁵ *See* 15 C.F.R. §§ 6.3(b)(4), 6.4. This amount is subject to annual increases pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Sec. 701 of Public Law 114-74, enacted on November 2, 2015. *See also* 84 Fed. Reg. 2,447 (Feb. 7, 2019) (Adjusting for inflation the maximum civil monetary penalty under IEEPA from \$295,141 to \$302,584, effective March 1, 2019); note 1, *supra*.

⁶ *See* International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

⁷ The alleged violations occurred prior to August 13, 2018, the date of enactment of ECRA. *See* note 1, *supra*. Consequently, the applicable potential sanctions are provided for under IEEPA, rather than ECRA. *See id.*

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should Patriot 3 have a proposal to settle this case, Patriot 3 should transmit it to the attorney representing BIS named below.

Patriot 3 is further notified that under the Small Business Regulatory Enforcement Flexibility Act, Patriot 3 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/>.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Patriot 3'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 Patriot 3's answer must be served on BIS at the following address:

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

Anthony Saler is the attorney representing BIS in this case; any communications that Patriot 3 may wish to have concerning this matter should occur through him. Mr. Saler may be contacted by telephone at (202) 482-5301.

Sincerely,

John Sonderman
Director
Office of Export Enforcement