
UNITED STATES DEPARTMENT OF
COMMERCE
NEWS

WASHINGTON, D.C. 20230

EG37-1

BUREAU OF
EXPORT
ADMINISTRATION

FOR IMMEDIATE RELEASE
Date: Aug.5, 1999
www.bxa.doc.gov

CONTACTS: Susan Hofer
Eugene Cottilli
202-482-2721

**CHICAGO COMPANY SETTLES CHARGES
OF UNLAWFUL EXPORTS OF CHEMICALS**

WASHINGTON, D.C. -- The Commerce Department's Bureau of Export Administration today imposed a \$25,000 civil penalty on Starlite Technical Service, Inc. of Chicago, Illinois, in connection with the unauthorized exports of U.S.-origin chemicals to Lebanon and Colombia, Commerce Assistant Secretary for Export Enforcement F. Amanda DeBusk announced.

The Department alleged that Starlite Technical Service, Inc. was responsible for exporting the chemicals without the required Commerce Department licenses on five separate occasions between January 1994 and December 1996. The company neither admitted nor denied the charges, but agreed to pay the penalty.

The Department controls certain U.S.-origin chemicals for export to implement a multilateral agreement with the 30-nation Australia Group of chemical producers because, in addition to their legitimate commercial uses, these chemicals have the potential to serve as precursors in chemical weapons.

The Bureau of Export Administration's Chicago Field Office investigated the case.

The Department of Commerce, through its Bureau of Export Administration, administers and enforces export controls for reasons of national security, foreign policy, nonproliferation and short supply. Criminal penalties, as well as administrative sanctions can be imposed for violations of the regulations.

UNITED STATES DEPARTMENT OF COMMERCE
 BUREAU OF EXPORT ADMINISTRATION
 WASHINGTON, D.C. 20230

In the Matter of:)	Docket Number
STARLITE TECHNICAL SERVICE, INC.,)	99-BXA-02
1319 West North Avenue)	
Chicago, Illinois 606622,)	
Respondent)	

ORDER

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), having initiated an administrative proceeding against Starlite Technical Service, Inc. (hereinafter "Starlite")¹ pursuant to Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1999)) (the "Act"),² and the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (1999)) (the "Regulations"),³ based on allegations that, on

¹ Between on or about January 26, 1994 and on or about May 6, 1996, Starlite operated under the assumed corporate name of Starlite Chemicals, Inc. All references herein to Starlite include its assumed corporate name.

² The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)), August 14, 1996 (3 C.F.R., 1996 Comp. 298 (1997)), August 13, 1997 (3 C.F.R., 1997 Comp. 306 (1998)), and August 13, 1998 (3 C.F.R., 1998 Comp. 294 (1999)), continued the Regulations in effect under the International Emergency Economic Powers Act (currently codified at 50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1999)).

³ The alleged violations occurred during 1994, 1995, and 1996. The Regulations governing the violations at issue are found in the 1994, 1995 and 1996 versions of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1994 and 1995) and 15 C.F.R. Parts 768-799 (1996), as amended (61 Fed. Reg. 12714, March 25, 1996)) (hereinafter the "former Regulations"). The March 25, 1996 Federal Register publication redesignated, but did

four separate occasions between on or about January 26, 1994 and on or about May 6, 1996, Starlite exported from the United States to Lebanon and Colombia U.S.-origin chemicals without the validated export licenses required by Section 772.1(b) (redesignated as Section 772A.1(b) on March 25, 1996) of the former Regulations, in violation of Section 787.6 (redesignated as 787A.6 on March 25, 1996) of the former Regulations, and that on or about December 18, 1996, Starlite exported U.S.-origin chemicals to Lebanon without the license required under Section 742.2(a) of the Regulations, in violation of Section 764.2(a) of the Regulations; and

BXA and Starlite having entered into a Settlement Agreement pursuant to Section 766.18(b) of the Regulations whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein, and the terms of the Settlement Agreement having been approved by me;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$25,000 is assessed against Starlite, which shall be paid to the United States Department of Commerce in accordance with the following schedule: \$5,000 within 30 days of the date of this Order; \$5,000 within six months of the date of this Order; \$5,000 within one year of the date of this Order; \$5,000 within 18 months of the date of this Order; and

not republish, the existing Regulations as 15 C.F.R. Parts 768A-799A. In addition, the March 25, 1996 Federal Register publication restructured and reorganized the Regulations, designating them as an interim rule at 15 C.F.R. Parts 730-774, effective April 24, 1996. The former Regulations and the Regulations define the violations that BXA alleges occurred. The reorganized and restructured Regulations establish the procedures that apply to this matter.

\$5,000 within two years of the date of this Order. Each payment shall be made in the manner specified in the attached instructions.

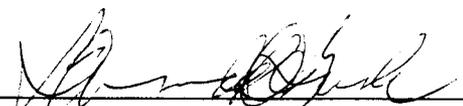
SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C.A. §§ 3701-3720E (1983 and Supp. 1998)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and, if payment is not made by the due date specified herein, Starlite will be assessed, in addition to interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, that, as authorized by Section 11(d) of the Act, the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, permission, or privilege granted to, or to be granted, to Starlite. Starlite has agreed that this one year period be extended for an additional one year period, to run concurrent with the schedule for the payment of the civil penalty set forth above. Accordingly, if Starlite should fail to pay the civil penalty set forth above in accordance with the payment schedule, the undersigned will enter an Order under the authority of Section 11(d) of the Act and this Order denying all of Starlite's export privileges for a period of one year.

FOURTH, that a copy of this Order shall be delivered to the United States Coast Guard ALJ Docketing Center, 40 South Gay Street, Baltimore, Maryland 21202-4022, notifying that office that this case is withdrawn from adjudication, as provided by Section 766.18(b) of the Regulations.

FIFTH, that the 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.



F, Amanda DeBusk
Assistant Secretary
for Export Enforcement

Entered this 5th day of August, 1999.

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF EXPORT ADMINISTRATION
WASHINGTON, D.C. 20230

In the Matter of:)	Docket Number
)	
STARLITE TECHNICAL SERVICE, INC.,)	99-BXA-02
1319 West North Avenue)	
Chicago, Illinois 606622,)	
)	
Respondent)	

SETTLEMENT AGREEMENT

This Agreement is made by and between Starlite Technical Service, Inc. (hereinafter "Starlite")¹ and the Bureau of Export Administration, United States Department of Commerce, pursuant to Section 766.18(b) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (1999)) (the "Regulations"),² issued pursuant to the Export Administration Act

¹ Between on or about January 26, 1994 and on or about May 6, 1996, Starlite operated under the assumed corporate name of Starlite Chemicals, Inc. All references herein to Starlite include its assumed corporate name.

² The alleged violations occurred during 1994, 1995, and 1996. The Regulations governing the violations at issue are found in the 1994, 1995 and 1996 versions of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1994 and 1995) and 15 C.F.R. Parts 768-799 (1996), as amended (61 Fed. Reg. 12714, March 25, 1996)) (hereinafter the "former Regulations"). The March 25, 1996 Federal Register publication redesignated, but did not republish, the existing Regulations as 15 C.F.R. Parts 768A-799A. In addition, the March 25, 1996 Federal Register publication restructured and reorganized the Regulations, designating them as an interim rule at 15 C.F.R. Parts 730-774, effective April 24, 1996. The former Regulations and the Regulations define the violations that BXA alleges occurred. The reorganized and restructured Regulations establish the procedures that apply to this matter.

of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1999)) (the "Act").³

Whereas, on January 13, 1999, the Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (BXA), initiated an administrative proceeding against Starlite pursuant to the Act and the Regulations by issuing a Charging Letter alleging that, on four separate occasions between on or about January 26, 1994 and on or about May 6, 1996, Starlite exported from the United States to Lebanon and Colombia U.S.-origin chemicals without the validated export licenses required by Section 772.1(b) (redesignated as Section 772A.1(b) on March 25, 1996) of the former Regulations, in violation of Section 787.6 (redesignated as 787A.6 on March 25, 1996) of the former Regulations, and that on or about December 18, 1996, Starlite exported U.S.-origin chemicals to Lebanon without the license required under Section 742.2(a) of the Regulations, in violation of Section 764.2(a) of the Regulations;

Whereas, Starlite received notice of issuance of the Charging Letter pursuant to Section 766.3(b) of the Regulations;

³ The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)), August 14, 1996 (3 C.F.R., 1996 Comp. 298 (1997)), August 13, 1997 (3 C.F.R., 1997 Comp. 306 (1998)), and August 13, 1998 (3 C.F.R., 1998 Comp. 294 (1999)), continued the Regulations in effect under the International Emergency Economic Powers Act (currently codified at 50 U.S.C.A. §§ 1701-1706 (1991 & Supp. 1999)).

Whereas, Starlite has reviewed the Charging Letter and is aware of the allegations made against it and the administrative sanctions which could be imposed against it if the allegations are found to be true; it fully understands the terms of this Settlement Agreement and the proposed Order; it enters into this Settlement Agreement voluntarily and with full knowledge of its rights, and it states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

Whereas, Starlite neither admits nor denies the allegations contained in the Charging Letter;

Whereas, Starlite wishes to settle and dispose of all matters alleged in the Charging Letter by entering into this Settlement Agreement; and

Whereas, Starlite agrees to be bound by an appropriate Order giving effect to the terms of this Settlement Agreement, when entered (appropriate Order);

Now Therefore, Starlite and BXA agree as follows:

1. BXA has jurisdiction over Starlite, under the Act and the Regulations, in connection with the matters alleged in the Charging Letter.
2. BXA and Starlite agree that the following sanction shall be imposed against Starlite in complete settlement of the violations of the Act and the Regulations set forth in the Charging Letter:

- a. Starlite shall be assessed a civil penalty in the amount of \$25,000, which shall be paid in accordance with the following schedule: Starlite shall pay \$5,000 of the civil penalty within 30 days of the date of entry of an appropriate Order; \$5,000 within six months of the date of entry of an appropriate order; \$5,000 within one year of the date of entry of an appropriate order; \$5,000 within 18 months of the date of entry of an appropriate order; and \$5,000 within two years of the date of entry of an appropriate order.
- b. As authorized by Section 11(d) of the Act, the 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, permission, or privilege granted to, or to be granted, to Starlite. Starlite agrees that the one year period set forth in Section 11(d) of the Act be extended for an additional one year period, to run concurrent with the schedule for the payment of the civil penalty set forth above. Failure to make timely payment of the civil penalty shall result in the denial of all of Starlite's export privileges for a period of one year.
3. Starlite agrees that, subject to the approval of this Settlement Agreement pursuant to paragraph 8 hereof, it hereby waives all rights to further procedural steps in this matter

(except with respect to any alleged violations of this Settlement Agreement or the appropriate Order, when entered), including, without limitation, any right: (a) to an administrative hearing regarding the allegations in the Charging Letter; (b) to request a refund of the civil penalty imposed pursuant to this Settlement Agreement and the appropriate Order, when entered; and (c) to seek judicial review or otherwise to contest the validity of this Settlement Agreement or the appropriate Order, when entered.

4. BXA agrees that, upon entry of an appropriate Order, it will not initiate any administrative proceeding against Starlite in connection with any violation of the Act or the Regulations arising out of the transactions identified in the Charging Letter.

5. Starlite understands that BXA will make the Charging Letter, this Settlement Agreement, and the appropriate Order, when entered, available to the public.

6. BXA and Starlite agree that this Settlement Agreement is for settlement purposes only. Therefore, if this Settlement Agreement is not accepted and an appropriate Order is not issued by the Assistant Secretary for Export Enforcement pursuant to Section 766.18(b) of the Regulations, BXA and Starlite agree that they may not use this Settlement Agreement in any administrative or judicial proceeding and that neither party shall be bound by the terms contained in this Settlement Agreement in any subsequent administrative or judicial proceeding.

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

8. This Settlement Agreement shall become binding on BXA only when the Assistant Secretary for Export Enforcement approves it by entering an appropriate Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

BUREAU OF EXPORT ADMINISTRATION
U.S. DEPARTMENT OF COMMERCE

STARLITE TECHNICAL SERVICE,
INC.

Cecil Hunt

Cecil Hunt
Acting Chief Counsel
Office of Chief Counsel
for Export Administration

Date:

21 July 1999

Satwant S. Sohdi

Satwant S. Sohdi
President

Date:

7/6/99

JAN 13 1999



E637-12
UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Export Administration
Washington, D.C. 20230

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Starlite Technical Service, Inc.
1319 West North Avenue
Chicago, Illinois 60622

Attention: Satwant S. Sohdi
President

Dear Mr. Sohdi:

The Office of Export Enforcement, Bureau of Export Administration, United States Department of Commerce (hereinafter "BXA"), hereby charges that Starlite Technical Service, Inc. (hereinafter "Starlite")¹ has violated the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (1998)) (hereinafter the "Regulations"),² issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C.A. app. §§ 2401-2420 (1991 & Supp. 1998)) (hereinafter the "Act"), as set forth below.³

¹ Between on or about January 26, 1994 and on or about May 6, 1996, Starlite operated under the assumed corporate name of Starlite Chemicals, Inc. All references herein to Starlite include its assumed corporate name.

² The alleged violations occurred during 1994, 1995, and 1996. The Regulations governing the violations at issue are found in the 1994, 1995 and 1996 versions of the Code of Federal Regulations (15 C.F.R. Parts 768-799 (1994 and 1995) and 15 C.F.R. Parts 768-799 (1996), as amended (61 Fed. Reg. 12714, March 25, 1996)) (hereinafter the "former Regulations"). The March 25, 1996 Federal Register publication redesignated, but did not republish, the existing Regulations as 15 C.F.R. Parts 768A-799A. In addition, the March 25, 1996 Federal Register publication restructured and reorganized the Regulations, designating them as an interim rule at 15 C.F.R. Parts 730-774, effective April 24, 1996. The former Regulations and the Regulations define the violations that BXA alleges occurred. The reorganized and restructured Regulations establish the procedures that apply to this matter.

³ The Act expired on August 20, 1994. Executive Order 12924 (3 C.F.R., 1994 Comp. 917 (1995)), extended by Presidential Notices of August 15, 1995 (3 C.F.R., 1995 Comp. 501 (1996)), August 14, 1996 (3 C.F.R., 1996 Comp. 298 (1997)), August 13, 1997 (3 C.F.R., 1997 Comp. 306 (1998)), and August 13, 1998 (63 Fed. Reg. 44121, August 17, 1998), continued the Regulations in effect under the International Emergency Economic Powers Act (currently codified at 50 U.S.C.A. §§ 1701-1706 (1991 & Supp.



Facts constituting violations:

Charges 1-4

On four separate occasions between on or about January 26, 1994 and on or about May 6, 1996, as described in greater detail in the Schedule of Violations, which is enclosed herewith and incorporated herein by reference, Starlite exported from the United States to Lebanon and Colombia U.S.-origin chemicals without the validated export licenses required by Section 772.1(b) (redesignated as Section 772A.1(b) on March 25, 1996) of the former Regulations. BXA alleges that, by exporting U.S.-origin commodities to any person or to any destination in violation of or contrary to the provisions of the Act, or any regulation, order, or license issued thereunder, Starlite violated Section 787.6 (redesignated as 787A.6 on March 25, 1996) of the former Regulations.

Charge 5

On or about December 18, 1996, as described in greater detail in the Schedule of Violations, which is enclosed herewith and incorporated herein by reference, Starlite exported U.S.-origin chemicals to Lebanon without the license required under Section 742.2(a) of the Regulations.⁴ BXA alleges that, by engaging in conduct prohibited by or contrary to the Act, the Regulations, or any order, license or authorization issued thereunder, Starlite violated Section 764.2(a) of the Regulations.

BXA alleges that Starlite committed three violations of Section 787.6 and one violation of Section 787A.6 of the former Regulations, and one violation of Section 764.2(a) of the Regulations, for a total of five violations.

Accordingly, Starlite is hereby notified that an administrative proceeding is instituted against it pursuant to Part 766 of the Regulations for the purpose of obtaining an Order imposing administrative sanctions, including any or all of the following:

1998)).

⁴ The Shipper's Export Declaration completed for this shipment uses the term "NLR", a term established in the Regulations published on March 25, 1996. As such, BXA's allegation in this charge refers to those Regulations, rather than to the former Regulations.

- a. The maximum civil penalty of \$10,000 per violation (see Section 764.3(a)(1));⁵
- b. Denial of export privileges (see Section 764.3(a)(2)); and/or
- c. Exclusion from practice (see Section 764.3(a)(3)).

Copies of relevant Parts of the Regulations are enclosed.

If Starlite fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter as provided in Section 766.6 of the Regulations, that failure will be treated as a default under Section 766.7.

Starlite is further notified that it is entitled to an agency hearing on the record as provided by Section 766.6 of the Regulations if a written demand for one is filed with its answer, to be represented by counsel, and to seek a settlement.

Pursuant to an Interagency Agreement between BXA and the U.S. Coast Guard, the U.S. Coast Guard is providing administrative law judge services, to the extent that such services are required under the Regulations, in connection with the matters set forth in this charging letter. Accordingly, Starlite's answer should be filed with the U.S. Coast Guard ALJ Docketing Center, 40 S. Gay Street, Baltimore, Maryland 21202-4022, in accordance with the instructions in Section 766.5 of the Regulations. In addition, a copy of Starlite's answer should be served on BXA at the address set forth in Section 766.5, adding "ATTENTION: Thomas C. Barbour, Esq." below the address. Mr. Barbour may be contacted by telephone at (202) 482-5311.

Sincerely,

John J. Menefee For

Mark D. Menefee
Director
Office of Export Enforcement

Enclosures

⁵ The maximum civil penalty for any violation committed on or after October 23, 1996 is \$11,000 (15 C.F.R. § 6.4(a)(3) (1998)).

SCHEDULE OF VIOLATIONS

- STARLITE TECHNICAL SERVICE, INC.

Charge No.	Date of export (on or about)	Commodity	Destination	Invoice No.	Bill of Lading No.
1	01/26/94	Sodium Cyanide	Lebanon	19957	W0236-1
2	02/10/95	Sodium Cyanide Compound (Electrostar Black)	Colombia	20605	CHI/BRQ/00054
3	11/12/95	Sodium Cyanide and Potassium Cyanide	Lebanon	021029	MSCUW0388063
4	05/06/96	Sodium Cyanide Compound (Electrostar Black)	Colombia	021224	CHI/BRQ/05126
5	12/18/96	Sodium Cyanide and Potassium Cyanide	Lebanon	21491	03219-01