

## What happens if I violate export controls in the USA? 30 April 2014

Commerce/BIS Settles with Western Advanced Engineering Company (WAECO) and C.A. Litzler Co., Inc. of Cleveland, OH. Litzler to Pay \$45,000 Penalty to Settle Violation by WAECO before Acquisition by Litzler

(Source:

[http://efoia.bis.doc.gov/index.php/component/docman/doc\\_download/929-e2371?Itemid](http://efoia.bis.doc.gov/index.php/component/docman/doc_download/929-e2371?Itemid))

\* Respondents: Western Advanced Engineering Company (WAECO),

955 North Elm, Orange, CA, and C.A. Litzler Co., Inc., 4800 Cleveland, OH.

\* Charge: One count of 15 CFR 764.2(a); engaging in prohibited conduct by exporting a ECCN 1B001.e Hot Melt Prepreg machine to Spain without the required license; committed on or about May 17, 2005.

\* Fine or Civil Settlement: Civil Settlement of \$45,000 (max penalty \$250,000)

\* Debarred or Suspended from Export Transactions: Not if penalty is paid as agreed.

\* Result of Voluntary Self-Disclosure: No

\* Date of Order: 24 April 2014

\* Editor's Notes: Litzler, a long-time specialist in Solution Prepreg Systems, acquired the WAECO assets in 2011, six years after the alleged export violation was committed by WAECO in 2005. By agreement between BIS, Litzler, and WAECO, the statute of limitations was extended until September 16, 2010, with respect to the any violations committed by WAECO that might otherwise have been barred by the statute of limitations. On September 14, 2010, BIS issued a Charging Letter to WAECO. On August 26, 2013, the ALJ granted BIS's motion to amend the Charging Letter under the "substantial continuity" test or standard adopted by BIS in the Sigma-Aldrich administrative law judge (ALJ) decision in 2002. BIS provided evidence that WAECO had ceased operating, even though it continued to exist as a corporate entity following acquisition, and that Litzler had acquired at least a substantial portion of WAECO's assets, as well as the services of key former WAECO employees. BIS then amended the Charging Letter to add Litzler as a respondent as a successor or successor-in-interest to WAECO, alleging that Litzler is liable for the violation stated in the Charging Letter. In the Settlement Agreement, Litzler waived the statute of limitation defense, and agreed that BIS has jurisdiction over Litzler regarding the charge stated in the Amended Charging Letter.