

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

In the Matter of:

USGoBuy, LLC
6804 NE 79th Ct.
Building A
Portland, OR 97218

Respondent

ORDER ACTIVATING SUSPENDED PORTION OF CIVIL PENALTY AND
ACTIVATING SUSPENDED DENIAL OF EXPORT PRIVILEGES AGAINST
USGOBUY, LLC

On June 17, 2021, then-Acting Assistant Secretary of Commerce for Export Enforcement, Kevin J. Kurland signed an order (the “June 17, 2021 Order”) approving the terms of a settlement agreement (the “Settlement Agreement”) between the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), and USGoBuy, LLC (“USGoBuy” or “the Company”). USGoBuy is a package forwarding company based in Portland, Oregon that offers a service that allows non-U.S.-based customers to purchase items online from U.S. retailers and have those items shipped to the Company’s warehouse in Oregon. USGoBuy then consolidates various items ordered by its customers and re-packages the items for export from the United States. USGoBuy also offers a “BuyForMe” service in which it purchases U.S.-origin items on behalf of its customers, and then exports the items to a foreign addressee and address provided by the customer.

The Settlement Agreement and the June 17, 2021 Order relate to an enforcement action brought by BIS against USGoBuy for exporting riflescopes, items classified under Export Control Classification Number (“ECCN”) 0A987.a, controlled for Crime Control reasons, to China and the United Arab Emirates, without seeking or obtaining the licenses

required for these exports, in violation of the Export Administration Regulations (the “Regulations”).¹

The Settlement Agreement and June 17, 2021 Order imposed on USGoBuy a civil penalty of \$20,000. USGoBuy was required to pay \$5,000 of this amount to the Department of Commerce by July 17, 2021. Payment of the remaining \$15,000 was suspended for a probationary period of three years from the date of the June 17, 2021 Order, after which it would be waived, provided that during this three-year probationary period, USGoBuy paid the \$5,000 non-suspended portion of the civil penalty, committed no other violation of the Regulations, and completed an independent, external audit (the “Export Compliance Audit” or “Audit”).

The June 17, 2021 Order required that the Export Compliance Audit cover the 12-month period after the June 17, 2021 Order and be in substantial compliance with the Export Compliance Program sample audit module published by BIS. To the extent USGoBuy identified any violations of the Regulations through the Audit, the June 17, 2021 Order required USGoBuy to promptly provide supporting documentation related to the violations and a detailed plan of corrective actions to be taken.

In addition, the June 17, 2021 Order also imposed a three-year denial of USGoBuy’s export privileges under the Regulations. This denial order was suspended pursuant to Section 766.18(c) of the Regulations, subject to the same probationary conditions described above. According to the June 17, 2021 Order, if USGoBuy failed to

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2024). The violations at issue in the Settlement Agreement occurred in 2015. The Regulations governing those violations are found in the 2015 version of the Code of Federations (15 C.F.R. Parts 730-774). The 2024 Regulations set forth the procedures that apply to this matter.

make full and timely payment of the non-suspended penalty, did not complete the audit and submit the results as required by the Settlement Agreement, or if USGoBuy committed additional violations of the Regulations during the three-year probationary period, BIS could modify or revoke the suspended denial order and activate against USGoBuy a denial order including a denial period of up to three years.

BIS has brought to my attention that following the imposition of the June 17, 2021 Order, USGoBuy failed to implement corrective actions in response to the 2015 violations and committed additional violations of the Regulations during the probationary period in violation of the June 17, 2021 Order.² Moreover, even after identifying violations that occurred during the probationary period, USGoBuy failed to implement corrective actions to address those additional violations.

Specifically, through the Export Compliance Audit, the results of which USGoBuy submitted over 18 months after the June 17, 2021 Order, USGoBuy identified significant continued deficiencies in its export compliance program, including with respect to identifying items for which export authorization may be required and related recordkeeping requirements under the Regulations. The Company also identified through the Audit 176 instances in which the Company failed to submit Electronic Export Information as required by the Regulations and additional exports for which the Company failed to maintain adequate records as required by the Regulations. Despite identifying these continued deficiencies through the Audit, USGoBuy did not implement corresponding corrective actions to address the findings of its Audit as required by the

² USGoBuy also only paid the \$5,000 non-suspended portion of its monetary penalty on October 19, 2021—over 90 days after the date established in the June 17, 2021 Order.

June 17, 2021 Order. Most notably, the Company did not implement adequate enhancements designed to appropriately identify items in the packages it exports that may require export authorization from BIS and a corresponding process to either refrain from exporting such items or to seek appropriate authorization.

Separately, in November 2022, Homeland Security Investigations (“HSI”) intercepted a shipment of an item to USGoBuy on behalf of one of the Company’s customers. The item required authorization for export from the United States to China. After intercepting the shipment, HSI replaced the item with one that did not require authorization, and added conspicuous markings to the outside of the package indicating that authorization to export the package was required. HSI then allowed the package to continue in transit to USGoBuy. Despite the conspicuous export control markings on the package, USGoBuy exported the package to China on the same day it received it without attempting to obtain authorization. This event illustrates that despite being subject to a suspended three-year denial order, USGoBuy did not have in place appropriate export clearance procedures to prevent an unauthorized export even where a package had explicit export control markings notifying USGoBuy that export authorization was required.

As a result of the conduct described above, USGoBuy has violated the probationary conditions relating to the suspension of the denial of their export privileges. In accordance with Sections 766.17(c) and 766.18(c) of the Regulations, by letter dated May 15, 2024 (the “Notice Letter”), I provided USGoBuy with notice of my preliminary determination that the Company violated the probationary conditions of the June 17, 2021 Order and included a summary of the facts on which I based my preliminary

determination, which are also outlined above. The Notice Letter provided the Company with an opportunity to respond and to show why I should not activate the \$15,000 suspended penalty amount, issue an active three-year denial order against them, or take both actions.

In response, USGoBuy submitted a written submission to me on May 30, 2024, which I fully considered. In the response, USGoBuy did not dispute any of the facts outlined above that form the basis of my determination that the Company violated the probationary conditions related to the suspended penalties in this matter. In addition, USGoBuy provided no explanation as to why it failed to implement adequate compliance controls after the June 17, 2021 Order or after the findings from the Audit. USGoBuy did outline in its response certain compliance enhancements that it implemented in May 2024, but these enhancements do not appear reasonably designed to address the Company's past violations or to identify and prevent future potential misconduct. As a result, the Company's response did not provide a sufficient showing as to why I should not activate the suspended penalties in this matter.

Based on the totality of circumstances here, I have determined within my discretion that it is appropriate to activate a denial order for a period of three years.

IT IS THEREFORE ORDERED:

FIRST, for a period of three years from the date of this Order, USGoBuy, LLC, with a last known address of 6804 NE 79th Ct., Building A, Portland, OR 97218, and when acting for or on its behalf, its successors, assigns, representatives, agents, or employees (hereinafter collectively referred to as "Denied Persons"), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported

from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- A. Applying for, obtaining, or using any license, license exception, or export control document;
- B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or engaging in any other activity subject to the Regulations; or
- C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

SECOND, that no person may, directly or indirectly, do any of the following:

- A. Export or reexport to or on behalf of a Denied Person any item subject to the Regulations;
- B. Take any action that facilitates the acquisition or attempted acquisition by a Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby a Denied Person acquires or attempts to acquire such ownership, possession or control;

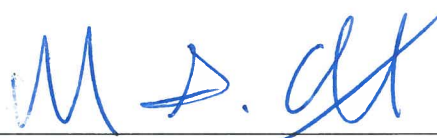
- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from a Denied Person of any item subject to the Regulations that has been exported from the United States;
- D. Obtain from a Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or
- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by a Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by a Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

THIRD, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to a Denied Person by ownership, control, position of responsibility, affiliation, or other connection in the conduct of trade or business may also be made subject to the provisions of this Order.

FOURTH, any license issued pursuant to the Act or Regulations in which USGoBuy has an interest of the date of this Order is hereby revoked.

FIFTH, this Order shall be served on USGoBuy, and shall be published in the *Federal Register*.

This Order is effective immediately.



Matthew S. Axelrod
Assistant Secretary of Commerce
for Export Enforcement

Issued this 14th day of June, 2024.