

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

\_\_\_\_\_  
In the Matter of: )  
)  
Polar Star International Co. Ltd. )  
9/F. )  
Kras Asia Industrial Building )  
79 Hung To Road )  
Kwun Tong, Kowloon )  
Hong Kong )  
)  
\_\_\_\_\_  
Respondent )

ORDER RELATING TO POLAR STAR INTERNATIONAL CO. LTD.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Polar Star International Co. Ltd. (“Polar Star”) of its intention to initiate an administrative proceeding against Polar Star pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),<sup>1</sup> and Section 13(c) of the Export Administration Act of 1979, as amended (the “Act”),<sup>2</sup> through the issuance of a Proposed Charging Letter to Polar Star that alleged that it committed one violation of the Regulations. Specifically, the charge is:

<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2010). The violation alleged occurred in 2007. The Regulations governing the violation at issue are found in the 2007 version of the Code of Federal Regulations. 15 C.F.R. Parts 730-774 (2007). The 2010 Regulations govern the procedural aspects of this case.

<sup>2</sup> 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 12, 2010 (75 Fed. Reg. 50,681 (Aug. 16, 2010)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701 *et seq.*).

**Charge 1**                      **15 C.F.R. §764.2(a) – Unlicensed Reexport to Entity Designated Under General Order No. 3**

On or about June 15, 2007, Polar Star engaged in conduct prohibited by the Regulations when it reexported electronic components (total value: approximately \$6,600) subject to the Regulations (ECCN<sup>3</sup> 3A991.a.2) to Al-Faris, an entity in the United Arab Emirates, without the export license required by BIS. Pursuant to General Order No. 3 of June 5, 2006, as amended on June 8, 2007 and set forth during the relevant time period in Supplement No. 1 to Part 736 of the Regulations, a license was required to export or reexport any item subject to the Regulations to Al-Faris. By reexporting items subject to the Regulations to this listed entity without the license required by the Regulations, Polar Star committed one violation of Section 764.2(a) of the Regulations.

WHEREAS, BIS and Polar Star 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, Polar Star shall be assessed a civil penalty in the amount of \$50,000, which shall be paid to the U.S. Department of Commerce within 30 days of the date of the Order.

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, Polar Star 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, Polar Star shall complete an external export compliance audit as set forth in this Paragraph. The results of the audit, including any relevant supporting materials, shall be

---

<sup>3</sup> ECCN” refers to “Export Control Classification Number.” See Supp. 1 to 15 C.F.R. § 774.

submitted to the Department of Commerce, Bureau of Industry and Security, Special Agent in Charge, Miami Field Office, 200 E. Las Olas Blvd. Suite 2060, Fort Lauderdale, FL 33301 (“BIS Miami Field Office”). An unaffiliated third-party consultant with expertise in U.S. export control laws and sanctions regulations shall conduct an audit of Polar Star’s compliance with the Export Administration Regulations. The audit shall cover the period of July 1, 2011 through June 30, 2012, and the related report shall be due to the BIS Miami Field Office by September 30, 2012. The audit shall be in substantial compliance with the requirements set out in the Export Management and Compliance Program audit module, which is available from the BIS website at [http://www.bis.doc.gov/complianceandenforcement/emcp\\_audit.pdf](http://www.bis.doc.gov/complianceandenforcement/emcp_audit.pdf), and shall include an assessment of Polar Star’s compliance with the Regulations. In addition, where said audit identifies actual or potential violations of the Regulations, Polar Star must promptly provide copies of the pertinent export control documents to the BIS Miami Field Office. Polar Star shall cooperate in providing additional information related to the audit as requested by BIS.

FOURTH, that the timely payment in full of the civil penalty 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 Polar Star. Accordingly, if Polar Star should fail to pay the civil penalty in a timely manner, the undersigned may issue an Order denying all of Polar Star’s export privileges under the Regulations for a period of one year from the date of this Order.

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 30 day of June, 2011.

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

In the Matter of:	)
	)
Polar Star International Co. Ltd.	)
9/F.	)
Kras Asia Industrial Building	)
79 Hung To Road	)
Kwun Tong, Kowloon	)
Hong Kong	)
	)
Respondent	)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Polar Star International Co. Ltd. (“Polar Star”) 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”),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (the “Act”).<sup>2</sup>

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

WHEREAS, BIS has issued a Proposed Charging Letter to Polar Star that alleged that Polar Star committed one violation of the Regulations, specifically:

<sup>1</sup> The Regulations are currently codified at 15 C.F.R. Parts 730-774 (2010). The violation alleged occurred in 2007. The Regulations governing the violation at issue are found in the 2007 version of the Code of Federal Regulations. 15 C.F.R. Parts 730-774 (2007). The 2010 Regulations govern the procedural aspects of this case.

<sup>2</sup> 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 12, 2010 (75 Fed. Reg. 50,681 (Aug. 16, 2010)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701 *et seq.*).

**Charge 1                    15 C.F.R. §764.2(a) – Unlicensed Reexport to Entity  
Designated Under General Order No. 3**

On or about June 15, 2007, Polar Star engaged in conduct prohibited by the Regulations when it reexported electronic components (total value: approximately \$6,600) subject to the Regulations (ECCN<sup>3</sup> 3A991.a.2) to Al-Faris, an entity in the United Arab Emirates, without the export license required by BIS. Pursuant to General Order No. 3 of June 5, 2006, as amended on June 8, 2007 and set forth during the relevant time period in Supplement No. 1 to Part 736 of the Regulations, a license was required to export or reexport any item subject to the Regulations to Al-Faris. By reexporting items subject to the Regulations to this listed entity without the license required by the Regulations, Polar Star committed one violation of Section 764.2(a) of the Regulations.

WHEREAS, Polar Star has reviewed the Proposed Charging Letter and is aware of the allegation made against it and the administrative sanctions which could be imposed against it if the allegation is found to be true;

WHEREAS, Polar Star 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, Polar Star enters into this Agreement voluntarily and with full knowledge of its rights;

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

WHEREAS, Polar Star neither admits nor denies the allegation contained in the Proposed Charging Letter;

WHEREAS, the Parties wish to settle and dispose of all matters alleged in the Proposed Charging Letter by entering into this Agreement; and

---

<sup>3</sup> ECCN” refers to “Export Control Classification Number.” See Supp. 1 to 15 C.F.R. § 774.

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

NOW THEREFORE, the Parties hereby agree as follows:

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

2. The following sanction shall be imposed against Polar Star in complete settlement of the alleged violation of the Regulations relating to the transaction detailed in the Proposed Charging Letter:

a. Polar Star shall be assessed a civil penalty in the amount of \$50,000, which shall be paid to the U.S. Department of Commerce within 30 days of the date of the Order.

b. The timely payment in full 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, or to be granted, to Polar Star. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of Polar Star's export privileges for a period of one year from the date of imposition of the penalty.

c. Polar Star shall complete an external export compliance audit as set forth in this Paragraph. The results of the audit, including any relevant supporting materials, shall be submitted to the Department of Commerce, Bureau of Industry and Security, Special Agent in Charge, Miami Field Office, 200 E. Las Olas Blvd. Suite 2060, Fort Lauderdale, FL 33301 ("BIS Miami Field Office"). An unaffiliated third-party consultant with expertise in U.S. export control laws and sanctions regulations shall conduct an audit of Polar Star's

compliance with the Export Administration Regulations. The audit shall cover the period of July 1, 2011 through June 30, 2012, and the related report shall be due to the BIS Miami Field Office by September 30, 2012. The audit shall be in substantial compliance with the requirements set out in the Export Management and Compliance Program audit module, which is available from the BIS website at [http://www.bis.doc.gov/complianceand enforcement/emcp\\_audit.pdf](http://www.bis.doc.gov/complianceand enforcement/emcp_audit.pdf), and shall include an assessment of Polar Star's compliance with the Regulations. In addition, where said audit identifies actual or potential violations of the Regulations, Polar Star must promptly provide copies of the pertinent export control documents to the BIS Miami Field Office. Polar Star shall cooperate in providing additional information related to the audit as requested by BIS.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, Polar Star 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. Polar Star also waives and will not assert any Statute of Limitations defense, and the Statute of Limitations will be tolled, for the time period between the date of the Order, if issued, and the later of the date Polar Star pays in full the civil penalty set forth in Paragraph 2 of this Agreement or the date Polar Star submits the results of the completed compliance audit set forth in Paragraph 2, in connection with any violation of the Act or the Regulations arising out of the



transaction identified in the Proposed Charging Letter, or in connection with collection of the civil penalty or enforcement of the Agreement and Order, if issued.

4. Upon timely payment in full of the \$50,000 civil penalty, and timely completion of the external export compliance audit and submission of the results thereof following issuance of the Order, BIS agrees that it will not initiate any further administrative proceeding against Polar Star in connection with any violation of the Act or the Regulations arising out of the transaction specifically detailed in the Proposed Charging Letter.

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

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.

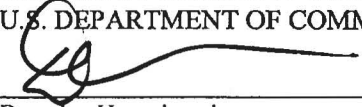
7. No oral agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if issued; nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department 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. 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 Hassebrock  
Director  
Office of Export Enforcement

Polar Star International Co. Ltd.



Lin Yan Xing  
Director

Date: 28 March 2011

Date: 24 Mar, 2011

PROPOSED CHARGING LETTER

REGISTERED MAIL - RETURN RECEIPT REQUESTED

Polar Star International Co. Ltd.  
9/F.  
Kras Industrial Building  
79 Hung To Road  
Kwun Tong, Kowloon  
Hong Kong

Attn: *Lin Yan Xing*  
*Director*

Dear Mr. Lin Yan Xing:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Polar Star International Co. Ltd. of Hong Kong (“Polar Star”) has committed one violation of the Export Administration Regulations (the “Regulations”),<sup>1</sup> which are issued under the authority of the Export Administration Act of 1979, as amended (the “Act”).<sup>2</sup> Specifically, BIS charges that Polar Star committed the following violation:

**Charge 1                      15 C.F.R. §764.2(a) – Unlicensed Reexport to Entity Designated Under General Order No. 3**

On or about June 15, 2007, Polar Star engaged in conduct prohibited by the Regulations when it reexported electronic components (total value: approximately \$6,600) subject to the Regulations (ECCN<sup>3</sup> 3A991.a.2) to Al-Faris, an entity in the United Arab Emirates, without the export license required by BIS. Pursuant to General Order No. 3 of June 5, 2006, as amended on June

---

<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2010). The charged violation occurred in 2007. The Regulations governing the violation at issue are found in the 2007 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2007)). The 2010 Regulations set forth the procedures that apply to this matter.

<sup>2</sup> 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 12, 2010 (75 Fed. Reg. 50681 (Aug. 16, 2010)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701 *et seq.*).

<sup>3</sup> ECCN” refers to “Export Control Classification Number.” See Supp. 1 to 15 C.F.R. § 774.

8, 2007 and set forth during the relevant time period in Supplement No. 1 to Part 736 of the Regulations, a license was required to export or reexport any item subject to the Regulations to Al-Faris. By reexporting items subject to the Regulations to this listed entity without the license required by the Regulations, Polar Star committed one violation of Section 764.2(a) of the Regulations.

\* \* \* \* \*

Accordingly, Polar Star 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;<sup>4</sup>
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

If Polar Star 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 Polar Star defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to Polar Star. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charges in this letter.

Polar Star 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. Polar Star 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 Polar Star have a proposal to settle this case, Polar Star should transmit it to the attorney representing BIS named below.

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

---

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

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

Chief Counsel for Industry and Security  
Attention: Parvin R. Huda, Esq.  
Room H-3839  
United States Department of Commerce  
14th Street and Constitution Avenue, N.W.  
Washington, D.C. 20230

Parvin R. Huda is the attorney representing BIS in this case; any communications that Polar Star may wish to have concerning this matter should occur through her. Ms. Huda may be contacted by telephone at (202) 482-5301.

Sincerely,

Douglas Hassebrock  
Director  
Office of Export Enforcement