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Bureau of Industry and Security
Office of Congressional and Public Affairs
Media Contact: OCPA@bis.doc.gov
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First Non-Monetary Administrative Resolution Reached Under New Enforcement Policies

On August 1, 2022, the Bureau of Industry and Security (BIS) settled an administrative enforcement matter involving Luis Fernando Gracia (“Gracia”) of Nogales, Arizona. The settlement resolves an allegation that Gracia, the owner and operator of GE Equipos de Seguridad, a company located in Nogales, Arizona and in Sonora, Mexico, committed one violation of the Export Administration Regulations (“Regulations”), 15 C.F.R. Parts 730-774, in connection with the attempted unlicensed export of controlled items to Mexico. To resolve the matter, Gracia will be subject to a two-year suspended denial of his export privileges under the Regulations. He must also complete a twelve-month internal audit of his company’s export controls compliance program and an export compliance training.

This settlement is the first one reached under new settlement policies announced by Assistant Secretary of Commerce for Export Enforcement Matthew S. Axelrod during last month’s BIS Update Conference on Export Controls and Policy. In circumstances involving conduct that is relatively less serious from a national security perspective, BIS will seek to resolve administrative enforcement actions with non-monetary penalties such as suspended denials of export privileges. In order to be eligible for such treatment, respondents must accept responsibility, including by admitting to the underlying conduct, and also agree to other remediation-oriented measures such as participation in training programs and compliance audits.

As part of the settlement, Gracia admitted committing the alleged conduct described in the Proposed Charging Letter issued by BIS. Specifically, the Proposed Charging Letter alleged that Gracia ordered controlled ballistic helmets and rifle scopes from a U.S. supplier and provided them to an individual located in Nogales, Arizona, to transport to Mexico. Gracia had intended to receive the items in Sonora, Mexico, where his company has operations, for resale to Mexican government customers and retailers and distributors with whom he regularly conducted business. The required BIS license was not obtained for the contemplated export of these items to Mexico. As detailed in the Proposed Charging Letter, by engaging in such conduct, Gracia caused, aided, or abetted an attempted export from the United States to Mexico of these items without the required BIS license.

Additional information is available at: <https://bis.doc.gov/index.php/enforcement>.

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