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BUREAU OF INDUSTRY AND SECURITY

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BIS IMPOSES \$283,500 PENALTY AGAINST REGAL BELOIT, RESOLVING 84 ALLEGED VIOLATIONS OF THE ANTIBOYCOTT REGULATIONS

Today, the Department of Commerce’s Bureau of Industry and Security (BIS) imposed a civil penalty of \$283,500 against Regal Beloit FZE (Dubai) (Regal Dubai), a controlled-in-fact foreign subsidiary of Regal Beloit America, Inc., in resolution of 84 violations of the antiboycott provisions of Export Administration Regulations (EAR) (antiboycott regulations), alleged in BIS’s Proposed Charging Letter. Regal Dubai voluntarily self-disclosed the conduct to BIS, cooperated with the investigation by BIS’s Office of Antiboycott Compliance (OAC), and took remedial measures after discovering the conduct at issue, which resulted in a significant reduction in penalty.

This settlement is the first major administrative action reached under the [new policy](#) to enhance antiboycott enforcement announced last October. The policy is designed to enhance compliance, increase transparency, incentivize deterrence, and compel accountability for those who violate the antiboycott regulations. One major pillar of the policy includes a renewed focus on foreign subsidiaries of U.S. companies.

“As this penalty makes clear, when foreign subsidiaries of U.S. companies violate U.S. antiboycott regulations, they will pay the price,” said Assistant Secretary for Export Enforcement Matthew S. Axelrod. “Controlled foreign subsidiaries need to report when they receive boycott-related requests, even when they don’t plan to comply with them. We aggressively punish violations of our antiboycott regulations by U.S. companies and their foreign subsidiaries, including failures to report boycott-related requests, no matter where in the world the underlying conduct occurs.”

BIS Case Background:

As part of the BIS settlement, Regal Dubai admitted to the conduct set forth in a Proposed Charging Letter which alleged eighty-four (84) violations of Section 760.5 of the EAR (Failing to Report the Receipt of a Request to Engage in a Restrictive Trade Practice or Foreign Boycott Against a Country Friendly to the United States). Specifically, between February 2017 and September 2021, Regal Dubai received 84 requests from a Saudi Arabian customer to refrain from importing Israeli-origin goods into Saudi Arabia in fulfillment of purchase orders from that customer. Regal Dubai failed to report to BIS the receipt of these requests, as required by Section 760.5 of the Regulations, thereby giving rise to the 84 alleged violations.

The Order, Settlement Agreement and Proposed Charging Letter are available [here](#).

Additional Information:

These BIS actions were taken under the authority of the Anti-Boycott Act of 2018, a subpart of the Export Control Reform Act of 2018, and its implementing regulations, the EAR. The antiboycott provisions set forth in Part 760 of the EAR discourage, and in certain circumstances prohibit, U.S. persons from taking certain actions in furtherance or support of a boycott maintained by a foreign country against a country friendly to the United States (an unsanctioned foreign boycott). Pursuant to Part 760, a “controlled in fact” foreign subsidiary, affiliate, partnership, branch, or office of a U.S. company may constitute a U.S. person subject to antiboycott prohibitions and related reporting requirements.

In addition, U.S. persons, including controlled-in-fact foreign subsidiaries of U.S. companies, must report to OAC their receipt of certain boycott-related requests, whether or not they intend to comply with them. Reports may be filed electronically or by mail on form BIS 621-P for single transactions or on form BIS 6051P for multiple transactions involving boycott requests received in the same calendar quarter. U.S. persons located in the U.S. must postmark or electronically date stamp their reports by the last day of the month following the calendar quarter in which the underlying request was received. For U.S. persons located outside the U.S., the postmark or date stamp deadline is the last day of the second month following the calendar quarter in which the request was received. Forms for both electronic transmission and mail submission may be accessed from the [forms request page](#).

For information regarding the application of the antiboycott regulations, please contact the OAC Advice Line at (202) 482-2381 or through the [online](#) portal.