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BIS IMPOSES PENALTIES AGAINST A MANUFACTURER OF DEFENSE WEAPON SYSTEMS AND A DEFENSE CONTRACTOR, RESOLVING ALLEGED VIOLATIONS OF ANTIBOYCOTT REGULATIONS

WASHINGTON, D.C.,-- Today, the Department of Commerce’s Bureau of Industry and Security (BIS) announced the imposition of civil penalties against a manufacturer of defense weapon systems and a defense contractor in resolution of alleged violations of the antiboycott provisions of the Export Administration Regulations (EAR) (antiboycott regulations) in connection with a 2019 trade show in Bahrain.

Profense LLC (Profense), a manufacturer of defense weapon systems located in Phoenix, AZ, has agreed to pay a civil penalty of \$48,500 in resolution of four violations of the antiboycott regulations as alleged in BIS’s Proposed Charging Letter. B.E. Meyers & Co, Inc (Meyers), a defense contractor located in Redmond, WA, has agreed to pay a civil penalty of \$44,750 in resolution of three violations of the antiboycott regulations as alleged in BIS’s Proposed Charging Letter.

Both companies voluntarily self-disclosed the conduct to BIS, cooperated with the investigation by BIS’s Office of Antiboycott Compliance (OAC), and took remedial action after discovering the conduct at issue, which resulted in a significant reduction in penalty.

“Today’s penalties send a clear message to those receiving boycott requests, even as a participant in a trade show: You must not furnish prohibited information and you must report any such requests to BIS,” said Assistant Secretary for Export Enforcement Matthew S. Axelrod. “If anyone asks you to sign off on problematic boycott language, you need to be aware of the prohibitions and reporting requirements in the antiboycott rules.”

BIS Case Background:

As part of the settlements with BIS, both Profense and Meyers admitted to the conduct set forth in the Proposed Charging Letters which alleged violations involving the furnishing of information by U.S. persons about their business relationships with boycotted countries or blacklisted persons and the failure to report the receipt of requests to take action in support of a foreign boycott of a country friendly to the United States. Specifically, both Profense and Meyers participated in a trade show in Bahrain in 2019. In connection with the shipment of products (goods) for display at the trade show, each company furnished to its freight forwarder a commercial invoice/packing list certifying that the goods were not of Israeli origin and not manufactured by a company on the “Israeli Boycott Blacklist.” A “blacklist” in this context is a

boycott-based list of persons with whom a boycotting country requires U.S. Persons to refuse to do business (*see* Section 760.2(a)(4) of the EAR). Furnishing such information is prohibited by Section 760.2(d) of the EAR. In addition, both companies failed to report to BIS the receipt of the request to furnish such information as required by Section 760.5 of the EAR. The Order, Settlement Agreement and Proposed Charging Letter for Profense are available [here](#), and for Meyers, [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 (*i.e.*, an unsanctioned foreign boycott).

In addition, U.S. persons 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-621P 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.