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July 1, 2024 - Volume 19, Issue 13

PROPOSED NEW ITAR REGISTRATION FEE. $3000.

No Effective date yet: https://www.federalregister.gov/documents/2024/04/24/2024-08627/international-traffic-in-arms-regulations-registration-fees
Comment Period Ended June 10, 2024

The Department now proposes to increase the existing fees of Tier 1 and Tier 2 roughly in line with inflation over the last fifteen years. This represents the Department's goal of not asking these registrants to pay an increased amount relative to 2008 costs adjusted to today's dollars. As detailed more below, the Tier 1 annual flat fee would increase from $2,250 to $3,000. This would be a 33% increase over current amounts, but just below the amount of inflation over that same period, which was approximately 40.1%, as calculated by the Department of Labor's Consumer Price Index (CPI). Using the CPI calculator on the Department of Labor's Bureau of Labor Statistics website (*https://www.bls.gov/ data/ inflation_ calculator.htm*), $2,250 in August 2008 would have the same buying power today as around $3,153.40.

New Proposed Registration Fees

Accordingly, the Department proposes amendments to the three registrant tiers as follows:

1. *Tier 1:* The first tier is a set fee of $3,000 per year. This applies to new registrants. It also applies to those who are renewing their registration and for whom the Department did not issue a favorable determination on a license application or other request for authorization, or who did not submit a license application or other request for authorization, during the twelve-month period ending 90 days prior to the expiration of the current registration.
2. *Tier 2:* The second tier is a set fee of $4,000 for those who are renewing their registration and have submitted license applications or other requests for authorization and received five or fewer favorable determinations during the twelve-month period ending 90 days prior to the expiration of their current registration.
3. *Tier 3:* The third tier is a calculated fee for those who are renewing their registration and have submitted license applications or other requests for authorization and received more than five favorable determinations during the twelve-month period ending 90 days prior to the expiration of their current registration. For these registrants, the fee calculation is $4,000 plus $1,110 times the total number of favorable authorizations above five.

Registration fees for persons who engage in brokering activities would remain tied to Tier 1, regardless of authorizations submitted or determinations received. If a person has already registered with DDTC as a manufacturer or exporter, and if that person is listed and identified as a broker within their manufacturer or exporter registration, then no additional fee is currently required to also register as a broker. But if a broker registers separately (*i.e.,* as a “stand-alone broker”), then they are required to pay the Tier 1 fee, as is the case for the current registration fee structure. ***(*Continued On The Following Page)***

NEWSLETTER NOTES

DDTC has also maintained a discount for registrants who would otherwise fall in Tiers 2 or 3, but who are wholly exempt from income taxation pursuant to 26 U.S.C. 501(c)(3). The discount is proposed to still be available; however, guidance on how to apply for the discount will remain on the DDTC website. Currently, and with no proposed change, the qualifying registrant must attach proof of such status (*i.e.,* IRS certification form) for their fee to be reduced to the Tier 1 amount. Importantly, for this discount, the IRS certification must apply to all entities/subsidiaries/affiliates listed in the registration submission.

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United States Establishes Economic Diplomacy Action Group to Bolster U.S. Competitiveness

Media Note

June 24, 2024

Last week, President Biden signed a Presidential Memorandum establishing the Economic Diplomacy Action Group (EDAG), a new whole-of-government initiative to strengthen U.S. commercial diplomacy on the global stage and expand economic prosperity at home, supporting American workers and creating jobs.

The EDAG will ensure our foreign policy continues to create opportunities for American businesses globally and attract foreign investment into the United States in sectors vital to U.S. national security. The EDAG will advance U.S. economic priorities, including supply chain resilience, and deepen our shared prosperity with allies and partners. To advance its mission to promote U.S. exports, the EDAG will also create a trade expansion advisory committee with selected representatives from the private sector, labor, and other organizations to provide comment and advice.

The formation of the EDAG stems from the Championing American Business through Diplomacy Act of 2019, passed to bolster U.S. commercial competitiveness by strengthening U.S. government support of U.S. private sector interests internationally. The Secretary of State will chair the EDAG, in close consultation with the Secretary of Commerce and the U.S. Trade Representative.

For more information about the Office of Commercial and Business Affairs, please send an e-mail to EB-Press-Inquiry@state.gov.

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U.S. Support for the Philippines in the South China Sea

06/17/2024 02:59 PM EDT

Matthew Miller, Department Spokesperson

The United States stands with its ally the Philippines and condemns the escalatory and irresponsible actions by the People's Republic of China (PRC) to deny the Philippines from lawfully delivering humanitarian supplies to service members stationed at the BRP Sierra Madre on June 16. PRC vessels' dangerous and deliberate use of water cannons, ramming, blocking maneuvers, and towing damaged Philippine vessels, endangered the lives of Philippine service members, is reckless, and threatens regional peace and stability.

(*Continued On The Following Column)

This escalatory incident is the latest in a series of PRC provocations to impede critically needed supplies from reaching service members stationed at the BRP Sierra Madre. On May 19, PRC Coast Guard harassed Philippine service members being medically evacuated and unlawful seized airdropped provisions. In addition, on numerous occasions over the past year, they have used water cannons and dangerous maneuvers against Philippine routine supply missions. Beijing's actions reflect consistent disregard for the safety of Filipinos and for international law in the South China Sea.

As unanimously decided by an international tribunal in July 2016, the PRC has no lawful maritime claims to the waters around Second Thomas Shoal – a low-tide feature clearly within the Philippines' exclusive economic zone. As provided under the 1982 Law of the Sea Convention, the decision is final and legally binding on the PRC and the Philippines.

The United States reaffirms that Article IV of the 1951 United States-Philippines Mutual Defense Treaty extends to armed attacks on Philippine armed forces, public vessels, or aircraft – including those of its Coast Guard – anywhere in the South China Sea.

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FOR IMMEDIATE RELEASE BUREAU OF INDUSTRY AND SECURITY

June 17, 2024 Office of Congressional and Public Affairs

https://bis.gov Media Contact: OCPA@bis.doc.gov

Commerce Department Denies Export Privileges of Package Forwarding Company USGoBuy

WASHINGTON, D.C. - The Department of Commerce's Bureau of Industry and Security (BIS) has imposed a three-year denial order against USGoBuy LLC of Portland, Oregon, prohibiting USGoBuy from participating in all exports under BIS jurisdiction from the United States. BIS activated this denial order—originally included as a suspended penalty pursuant to a 2021 settlement agreement with USGoBuy that resolved previous alleged violations of the Export Administration Regulations (EAR)—due to USGoBuy's continued violations of the EAR and failure to address its past compliance failures.

USGoBuy is a package forwarding company 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 and re-packages the items for export from the United States.

"If a forwarding company – with an entire business model based on exports – fails to implement an adequate compliance program even while subject to a suspended denial order, it should not be able to export items subject to the EAR from the United States," said Assistant Secretary for Export Enforcement Matthew S. Axelrod. "Let this denial order serve as a warning: if you don't follow the terms of our administrative settlement and you lack a robust compliance department, you may lose the ability to export at all."

(*Continued On The Following Page)

On June 17, 2021, USGoBuy entered into a settlement agreement with BIS to resolve two alleged violations of the EAR involving unlicensed exports of riflescopes to end users in China and the United Arab Emirates. As part of the settlement agreement, USGoBuy agreed to a three-year suspended denial order, which BIS could activate if the company failed to meet the terms of the settlement agreement or committed additional violations of the EAR during the suspended denial period. The settlement agreement required USGoBuy to conduct an audit of its export control compliance program covering the 12-month period after the agreement and to provide a detailed plan of corrective actions if the audit identified any violations.

The required audit identified significant continued deficiencies in USGoBuy's export compliance program and revealed apparent violations of the EAR that occurred after the company entered into the settlement agreement with BIS. Specifically, the audit identified 176 failures to make Electronic Export Information filings and additional exports for which USGoBuy failed to maintain adequate records as required by the EAR. Despite these violations and the significant and continued compliance failures identified through the audit, USGoBuy did not implement corrective actions to address these issues.

After the audit period, in November 2022, Homeland Security Investigations (HSI), in coordination with BIS, interdicted a shipment of an export-controlled item being sent to USGoBuy's Oregon warehouse for a customer located in China. BIS and HSI added conspicuous labels to the shipping box stating that an export license was required, and replaced the item with one that did not require authorization. Despite the export control markings, USGoBuy exported the package to China the same day that it was received.

As a result of this conduct, BIS has exercised its discretion to activate the suspended denial orderagainst USGoBuy for a period of three years.

"Package forwarding companies cannot turn a blind eye to their requirements under the EAR,"said Office of Export Enforcement ("OEE") Director John Sonderman. "U.S. exporters are required to take reasonable steps to identify whether authorization is required for their exports and to obtain authorization when necessary. USGoBuy did not do this despite being aware of its obligations under the EAR and despite being subject to probationary requirements pursuant to the 2021 settlement agreement. BIS will respond aggressively to companies that knowingly fail to comply with the EAR.

Denial Orders are some of the most significant civil sanctions BIS can issue, cutting off not only the right to export items subject to the EAR from the U.S., but also the right to receive or participate in exports from the United States or reexports of items subject to the EAR. The Assistant Secretary's order denies all of the export privileges described in section 764.3(a)(2) of the EAR, which include (but are not limited to) applying for, obtaining, or using any license, license exception, or export control document, or engaging in or benefitting from such transactions.

The Order is available online here.
Additional Information

*(*Continued On The Following Column)*

BIS actions are taken under the authority of the Export Control Reform Act of 2018 (50 U.S.C. §§ 4801-4852) and its implementing regulations, the EAR. BIS controls exports of dual-use commodities, technology, and software for reasons of national security, missile technology, nuclear non-proliferation, chemical and biological non-proliferation, crime control, and regional stability. Criminal and administrative sanctions can be imposed for violations of the EAR. Under the Export Control Reform Act of 2018, among other possible administrative sanctions, administrative monetary penalties can reach up to $364,992 per violation or twice the value of the transaction, whichever is greater. For more information, please visit https://www.bis.gov/enforcement.

Report suspected export control violations through the BIS online tip portal. You can also call
the Enforcement Hotline at 1-800-424-2980 or email EELead@bis.doc.gov
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USGoBuy is placed under a three-year export ban after it violated a settlement over riflescopes the company shipped to China and the Emirates

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The Order is available online here. The case was investigated by the OEE Portland Resident Office, with substantial investigative assistance from HSI Portland.

Additional Information

BIS actions are taken under the authority of the Export Control Reform Act of 2018 (50 U.S.C. §§ 4801-4852) and its implementing regulations, the EAR. BIS controls exports of dual-use commodities, technology, and software for reasons of national security, missile technology, nuclear non-proliferation, chemical and biological non-proliferation, crime control, and regional stability. Criminal and administrative sanctions can be imposed for violations of the EAR. Under the Export Control Reform Act of 2018, among other possible administrative sanctions, administrative monetary penalties can reach up to $364,992 per violation or twice the value of the transaction, whichever is greater. For more information, please visit https://www.bis.gov/enforcement.

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FOR IMMEDIATE RELEASE
Wednesday, June 26, 2024

Media Contact:
Office of Public Affairs, publicaffairs@doc.gov

Biden-Harris Administration Announces Preliminary Terms with Entegris to Onshore Supply Chain Materials for Leading-Edge Chip Production

Proposed Investment Would Support Construction of a State-of-the-Art Manufacturing Center and Create Over 1,100 Direct Jobs in Colorado Springs, Colorado

Today, the Biden-Harris Administration announced that the Department of Commerce and Entegris, a key supplier of advanced materials and process solutions for leading-edge chipmakers, have reached a non-binding preliminary memorandum of terms (PMT) to provide the company with up to $75 million in proposed federal incentives under the CHIPS and Science Act. President Biden signed the bipartisan CHIPS and Science Act to usher in a new era of semiconductor manufacturing in the United States, bringing with it a revitalized domestic supply chain, good-paying jobs, and investments in the industries of the future. The proposed investment would onshore critical semiconductor supply chain and manufacturing materials for leading-edge chip production and create nearly 600 direct manufacturing jobs over a period of several years and approximately 500 construction jobs by 2030.

"As the Biden-Harris Administration is revitalizing America's semiconductor manufacturing industry, we're not just bringing leading-edge chip technology and fabs to the United States, we're also bolstering the suppliers that make leading-edge manufacturing possible," said **U.S. Secretary of Commerce Gina Raimondo**. "Thanks to President Biden's leadership, we are working to onshore and expand critical pieces of the semiconductor supply chain, and create quality, good-paying jobs for Americans in the process."

"President Biden continues to Invest in America by delivering good-paying jobs, strengthening our supply chains, and rebuilding our economy from the middle-out and bottom up. Today's announcement would create over 1,100 new jobs in Colorado that will help power America's semiconductor industry and drive American competitiveness," said **White House Deputy Chief of Staff Natalie Quillian.**"Thanks to the President's CHIPS and Science Act, Colorado Springs and communities across the country are playing an essential role in America's manufacturing renaissance."

Entegris is a leading supplier of advanced materials and process solutions for the semiconductor and other high-technology industries. Notably, the company invented the Front Opening Unified Pods (FOUPs), which are the highly specialized containers that secure semiconductor wafers while they are handled and transported during the manufacturing process. These internal transportation systems have dramatically enhanced the productivity of semiconductor manufacturing over the last two decades, with some of the world's largest chipmakers, like Intel, TSMC, Micron, and GlobalFoundries, being major customers for these carriers. Entegris is also a global leader in the production of advanced membranes, chemical filters, and chemical storage drums that help with contamination control and the purification of processing chemicals in the production process. As semiconductor technology continues to become more advanced, demand for these materials is rapidly increasing. ***(*Continued On The Following Page)***

"We are excited to be working with the Department of Commerce to help achieve the goal of strengthening the U.S. semiconductor industry infrastructure," said **Entegris President and Chief Executive Officer Bertrand Loy.** "This proposed federal support would help further position us to respond quickly to meet the needs of our customers, the leading chip manufacturers, while also re-establishing Colorado as a major technology hub."

The proposed CHIPS investment would support Entegris' construction of its state-of-the-art manufacturing center in Colorado Springs. The center is being built in multiple phases: the first to support production of FOUPs—which are currently entirely produced abroad—and liquid filter membranes, and the second phase to support the production of advanced liquid filters and purifiers as well as fluid handling solutions. In addition to the manufacturing center, Entegris is also committed to further expanding their R&D capabilities in the United States by the end of the decade.

Entegris is partnering with Microchip Technology Inc., Pikes Peak State College, Pikes Peak Business, and Education Alliance, as well as various school districts and universities, to collaborate on workforce development and create a self-sustaining ecosystem in Colorado Springs and the Mountain West region. Entegris will also designate their project as a Military Center of Excellence that aims to recruit 50% of its entire project workforce from Veteran and military families through partnerships with Hiring our Heroes, Mt. Carmel Veterans Service Center, the SEMI Veteran Foundation, and local military bases.

In addition, according to Entegris, the construction and operation of the facility will align with Entegris' comprehensive Corporate Social Responsibility framework, emphasizing environmental sustainability. Entegris has established a sustainability goal to reduce its greenhouse gas emissions (both type 1 and 2) by 42% by 2030 from the 2020 baseline. Entegris also plans to include facility designs that prioritize water recovery and recycling measures to reduce dependency on freshwater and to recycle 80% of process water.

The company has indicated that it plans to claim the Department of the Treasury's Investment Tax Credit, which is expected to be up to 25% of qualified capital expenditures. As explained in its first Notice of Funding Opportunity, the Department may offer applicants a PMT on a non-binding basis after satisfactory completion of the merit review of a full application. The PMT outlines key terms for a potential CHIPS incentives award, including the amount and form of the award. The award amounts are subject to due diligence and negotiation of award documents and are conditional on the achievement of certain milestones. After the PMT is signed, the Department begins a comprehensive due diligence process on the proposed projects and continues negotiating or refining certain terms with the applicant. The terms contained in any final award documents may differ from the terms of the PMT being announced today.

About CHIPS for America

CHIPS for America has announced up to $29.5 billion in proposed funding across eleven preliminary memoranda of terms to revitalize America's semiconductor industry. These proposed CHIPS for America investments are already delivering significant results, including unlocking more than $300 billion in public and private investment between now and the end of the decade -- far and away the most investment in new production in the history of the U.S. semiconductor industry. ***(*Continued On The Following Column)***

Earlier this year, Secretary Raimondo announced that we anticipate that America will produce 20% of the world's leading-edge chips by the end of the decade, meaning our innovation capacity will no longer be as vulnerable to supply chain disruptions as it is today. The Semiconductor Industry Association released a report saying that America is on track to triple its domestic semiconductor manufacturing capacity from 2022 – when the CHIPS and Science Act was enacted – to 2032. The projected 204% growth is the largest projected percent increase in the world over that time.

With these announcements, America now has four of the world's five leading-edge companies aggressively expanding on our shores. No other economy in the world has more than two of these companies producing leading-edge chips on its shores.

The Department has received more than 665 statements of interest, more than 167 pre-applications and 89 full applications for NOFO 1, and more than 160 small supplier concept plans for NOFO 2. The Department is continuing to conduct rigorous evaluation of applications to determine which projects will advance U.S. national and economic security, attract more private capital, and deliver other economic benefits to the country. The announcement with Entegris is the eleventh PMT announcement the Department of Commerce has made under the CHIPS and Science Act, with additional PMT announcements expected to follow throughout 2024.

CHIPS for America is part of President Biden's economic plan to invest in America, stimulate private sector investment, create good-paying jobs, make more in the United States, and revitalize communities left behind. CHIPS for America includes the CHIPS Program Office, responsible for manufacturing incentives, and the CHIPS Research and Development Office, responsible for R&D programs, that both sit within the National Institute of Standards and Technology (NIST) at the Department of Commerce. NIST promotes U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that enhance economic security and improve our quality of life. NIST is uniquely positioned to successfully administer the CHIPS for America program because of the bureau's strong relationships with U.S. industries, its deep understanding of the semiconductor ecosystem, and its reputation as fair and trusted. Visit www.chips.gov to learn more.

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U.S. DEPARTMENT OF THE TREASURY OFFICE OF FOREIGN AS SETS CONTROL

Enforcement Release: June 26, 2024
Mondo TV, S.p.a. Settles with OFAC for $538,000 for
Apparent Violations of the North Korea Sanctions Regulations

Mondo TV, S.p.a. ("Mondo"), an animation company headquartered in Rome, Italy, has agreed to pay $538,000 to settle its potential civil liability for apparent violations of OFAC sanctions on the Democratic People's Republic of Korea (DPRK or "North Korea"). Between May 2019 and November 2021, Mondo remitted approximately $537,939 to a Government of North Korea-owned studio in payment for outsourced animation work. In doing so, Mondo caused U.S. financial institutions to process wire transfers that contained the blocked property interests of the Government of North Korea and to export financial services to North Korea. The settlement amount reflects OFAC's determination that Mondo's apparent violations were not voluntarily self-disclosed and non-egregious.

(*Continued on the Following Page)

Description of the Apparent Violations Mondo's business dealings with the Scientific Educational Korea Studio ("SEK"), a Government of North Korea-owned animation firm in North Korea, began in the 1990s, when Mondo began subcontracting animation work to SEK for a variety of programming, including children's animation.1 Mondo's senior management communicated with SEK through individual SEK representatives in the DPRK and Europe. Occasionally, Mondo hosted SEK animators in Italy when they visited Europe for training provided by Mondo.

Mondo accumulated approximately $1,123,120 in outstanding debt owed to SEK for several projects. In July 2019, SEK and Mondo executed an agreement whereby Mondo would pay SEK in monthly installments for work SEK completed for Mondo prior to 2016, when Mondo paused their relationship due to human rights concerns, and for new projects SEK would undertake for Mondo beginning in 2019.

Before each monthly payment, SEK would issue an invoice to Mondo that named a third-party company and its bank account details for Mondo to remit payment. Among them, SEK identified two third-party companies in China and one U.S. company, along with their respective account information at several U.S. financial institutions. Mondo then remitted the monthly payments to these intermediaries according to SEK's instructions. Mondo appeared to believe the payments to these third-party companies were to satisfy debts SEK had to these companies.

Throughout the course of their relationship, and while remitting payments pursuant to the 2019 agreement, Mondo understood it was paying a DPRK company. Mondo's Chief Executive Officer approved and signed the 2019 agreement, which made explicit reference to North Korea, as did two additional contracts he signed on behalf of Mondo with SEK for additional projects performed in 1 OFAC designated SEK on December 10, 2021, for being owned or controlled by, or having acted or purported to act for or on behalf of, directly or indirectly, the Government of North Korea. Press Release, December 10, 2021, https://home.treasury.gov/news/press-releases/jy0526.

Associated invoices, payment receipts, and emails between Mondo's management and representatives of SEK also frequently identified SEK, North Korea, or Pyongyang. Moreover,emails between Mondo's management and representatives of SEK directly reference specific payments to a named U.S. company and named U.S. financial institutions. Mondo's Chief Operations Officer and Head of Legal and Corporate Affairs personally approved all the transactions. Mondo did not have a sanctions compliance policy at the time the conduct at issue occurred.

In fulfillment of the 2019 agreement, including the two additional animation projects that SEK performed at Mondo's request, between May 2019 and November 2021, Mondo initiated 18 wire transfers ultimately destined for SEK that were processed by or settled at U.S. financial institutions. These transfers consisted of 12 payments to a U.S. company's account at a U.S. bank; one U.S. dollar-denominated transfer that was cleared by a U.S. correspondent bank; and five transfers to a foreign company's account at a U.S. bank.

(*Continued On The Following Column)

In making these payments to proxies of a North Korean company at U.S. financial institutions, Mondo appears to have caused U.S. financial institutions to: (1) deal in the blocked property or interests in property of the Government of North Korea; and (2) export financial services to the DPRK, activities that would have been prohibited by §§ 510.201 and 510.206 of the North Korea Sanctions Regulations, 31 C.F.R. part 510 ("NKSR"), if engaged in by a U.S. person directly. As a result, Mondo's remittance of funds for SEK in North Korea between May 2019 and November 2021 appears to have violated § 510.212 of the NKSR (the "Apparent Violations").

Penalty Calculations and General Factors Analysis

The statutory maximum civil monetary penalty applicable in this matter is $6,626,448. OFAC determined that Mondo did not voluntarily self-disclose the Apparent Violations and that the Apparent Violations constitute a non-egregious case. Accordingly, under OFAC's Economic Sanctions Enforcement Guidelines ("Enforcement Guidelines"), 31 C.F.R. Part 501, app. A., the base civil monetary penalty applicable in this matter equals the sum of the applicable schedule amount for each violation, which is $725,000.

The settlement amount of $538,000 reflects OFAC's consideration of the General Factors under the Enforcement Guidelines. OFAC determined the following to be aggravating factors:

(1) Mondo acted with reckless disregard for U.S. sanctions laws and regulations when it remitted payments to SEK through the U.S. financial system and caused U.S. banks to deal in the property and interests in property of the Government of North Korea and export financial services to the DPRK;
(2) Mondo's senior management knew that it was engaging a DPRK entity and making payments to the DPRK entity through intermediaries with accounts in the United States; and 3
(3) Mondo harmed the U.S. foreign policy objectives of OFAC's North Korea sanctions by making payments to a DPRK state entity and providing revenue for the regime while involving the U.S. financial system. North Korea's commercial enterprises are an important source of revenue for the regime and help contribute to its malign conduct. OFAC determined the following to be mitigating factors:

(1) Mondo has not been issued a Finding of Violation or Penalty Notice in the past five years;
(2) Mondo's cooperation with OFAC's investigation by providing additional documents, and promptly responding to requests for information; and
(3) Mondo's substantive assistance supporting broader U.S. government policy objectives. Compliance Considerations

This case demonstrates how non-U.S. persons remitting financial transactions from a foreign jurisdiction to U.S. companies or U.S. financial institutions may expose themselves to civil liability for sanctions violations. Such risks can occur when non-U.S. persons initiate payment, even originating in a foreign currency, to a U.S. company or U.S. financial institution that is intended for sanctioned government or its instrumentalities, or other sanctioned persons. Foreign entities engaged in commercial activities with such parties should be aware of any nexus to the United States and U.S. persons and take efforts to mitigate the attendant risks.2 Such steps may be particularly appropriate in light of the broad range of prohibitions attached to activities involving sanctioned governments and persons, which include restrictions on exporting goods, technology, or services, as well as virtually any dealings with blocked persons.

(*Continued on the Following Page)

Among the sectors in which these risks may be heightened are those in which the DPRK is known to operate. While the DPRK is broadly known to operate in a range of illicit business activities, such as narcotics trafficking and malicious cyber activities, it also generates revenue for the regime through otherwise legitimate commercial activities such as graphic animation or other information technology (IT) sector activities.

In 2018, OFAC issued a joint advisory providing businesses whose supply chains might have exposure to North Korea with information and tools to identify and prevent the DPRK's involvement in legitimate business arrangements. In 2022, OFAC built on this guidance with a second joint advisory that outlines the exposure to OFAC sanctions for several industries, describes the DPRK's use of IT workers to generate revenue, including in the animation industry, and proposes further potential mitigation measures. In addition, the 2022 advisory highlights DPRK IT workers' use of different platforms, applications, and websites to obtain development contracts, and their use of alternative payment methods to receive payment for their work and launder the funds they receive. Foreign firms operating in or near high-risk jurisdictions should pay special attention to these illicit practices when considering exposure to U.S. sanctions laws and regulations.

2 U.S. Department of the Treasury, Tri-Seal Compliance Note: Obligations of foreign-based persons to comply with U.S. sanctions and export control laws, March 6, 2024, pp. 1-10.

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Finally, this matter makes clear how the absence of a thorough and effective sanctions compliance program that accounts for U.S. sanctions risks can increase the likelihood of a potential OFAC sanctions violation. A compliance program that includes sanctions risk assessments and proper due diligence, for example, can help identify sanctions exposure associated with business partners or activities such as instrumentalities of comprehensively sanctioned jurisdictions, as well as other sanctioned parties.

OFAC Enforcement and Compliance Resources On May 2, 2019, OFAC published A Framework for OFAC Compliance Commitments (the "Framework") in order to provide organizations subject to U.S. jurisdiction, as well as foreign entities that conduct business in or with the United States or U.S. persons, or that use goods or services exported from the United States, with OFAC's perspective on the essential components of a sanctions compliance program. The Framework also outlines how OFAC may incorporate these components into its evaluation of apparent violations and resolution of investigations resulting in settlements. The Framework includes an appendix that offers a brief analysis of some of the root causes of apparent violations of U.S. economic and trade sanctions programs OFAC has identified during its investigative process.

Information concerning the civil penalties process can be found in the OFAC regulations governing each sanctions program; the Reporting, Procedures, and Penalties Regulations, 31 C.F.R. part 501; and the Economic Sanctions Enforcement Guidelines, 31 C.F.R. part 501, app. A. These references, as well as recent civil penalties and enforcement information, can be found on OFAC's website at https://ofac.treasury.gov/civil-penalties-and-enforcement-nformation.

(*Continued On The Following Column)

Sanctions Whistleblower Program

The U.S. Department of the Treasury's Financial Crimes Enforcement Network (FinCEN) maintains a whistleblower incentive program for violations of OFAC-administered sanctions, in addition to violations of the Bank Secrecy Act. Individuals who provide information may be eligible for awards, if the information they provide leads to a successful enforcement action that results in monetary penalties exceeding $1,000,000. FinCEN is currently accepting whistleblower tips.

For more information regarding OFAC regulations, please go to: https://ofac.treasury.gov.

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FOR IMMEDIATE RELEASE

Wednesday, June 26, 2024
Media Contact:

Office of Public Affairs, publicaffairs@doc.gov

Readout of U.S.-EU-Japan-Republic of Korea Ministerial Meeting

Today, U.S. Secretary of Commerce Gina Raimondo met with European Commission Executive Vice President Margrethe Vestager, Japanese Minister of Economy, Trade and Industry Saito Ken, and Republic of Korea Minister of Trade, Industry and Energy Ahn Duk-geun to discuss the importance of trustworthy and resilient supply chains in key sectors.

The Ministers discussed shared concerns regarding the potential for non-market policies and practices to distort markets and undermine our workers, industries, and the resilience and security of our economies. In alignment with the approach taken through other multilateral forums, including the U.S.-Japan-Republic of Korea Trilateral Commerce and Industry Ministerial Meeting, the Ministers discussed the need to diversify supply chains where necessary and appropriate, and will continue to communicate on this issue.

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FOR IMMEDIATE RELEASE

Thursday, June 27, 2024
Media Contact:
Office of Public Affairs, publicaffairs@doc.gov

U.S. Department of Commerce, U.S. Chamber of Commerce and U.S. Chamber of Commerce Foundation Convene Private Sector, Non-Profit and Philanthropic Leaders for First-of-Its-Kind National Child Care Innovation Summit

Commerce Secretary Gina Raimondo Announces New Census Bureau Action to Track Child Care Data to Inform and Target Solutions to Child Care Crisis.

WASHINGTON – Today, the U.S. Department of Commerce co-hosted, with the U.S. Chamber of Commerce and the U.S. Chamber of Commerce Foundation, a first-of-its-kind National Child Care Innovation Summit. The event brought together hundreds of key public- and private-sector stakeholders from more than 40 states to discuss the vital role of child care as economic infrastructure and work towards accessible, affordable, and high-quality child care. The program highlighted and explored child care solutions during a series of panels, including creative care models and policies, emerging employer approaches, and public-private partnerships that can help address the child care crisis.

(*Continued on the Following Page)

During the summit, Secretary Raimondo announced that the Census Bureau will be expanding the Current Population Survey Annual Social and Economic Supplement (CPS/ASEC) – the primary source of employment, household income, and poverty statistics for the United States – to more comprehensively understand the economic relevance of child care. More data will enable policymakers, researchers, and advocates to address the child care challenges that American families face daily at scale and will help inform targeted solutions that can support them and strengthen the U.S. economy.

The President's Council of Economic Advisers also released a new issue brief that underscores the original, positive impacts of American Rescue Plan (ARP) funding, including reduced relative price growth and increased labor supply for mothers of young children. The new issue brief explores whether the evidence of those positive impacts has persisted after ARP fund expiration—finding suggestive evidence that these gains have stalled. The brief also highlights state-level efforts, showing that states that implemented stopgap funding in place of federal ARP dollars have been more resilient in the post-funding period.

Finally, the U.S. Chamber of Commerce announced *Data Deep Dive: Women in the Workforce*, which examines the shortage of women in the workforce, the root causes that hinder women's full return, and how this phenomenon continues to cause long-term economic challenges for our nation.

"Cost and accessibility are systemic barriers to child care in the United States, and are holding too many families back from entering, staying and moving up in the workforce. This isn't a social issue – this is an economic issue. My job is to make the United States the most competitive nation on Earth and we can only do that if we're tapping into the full potential of our workforce. To do that, American workers need affordable, reliable, and accessible child care options," said Secretary Raimondo. "We're taking action under the Biden-Harris Administration to bring relief to families, but government can't – and shouldn't – go it alone. We need private sector leaders at the table to work with us, and other stakeholders across the care economy, to identify and target solutions that will support workers, families, and businesses. That's what today was all about. We took an important step forward through this first-of-its-kind event, and I look forward to building on this work as we move forward."

"The President knows that affordable, quality child care unlocks better earnings opportunities for parents and boosts retention and recruitment for businesses," said Lael Brainard, White House National Economic Advisor. "That is why the President is making historic investments in child care directly and in partnership with the private sector and is taking action to support care workers."

"Rethinking and reimagining child care in this country will go a long way in helping us build stronger families and communities, and a more robust workforce**,"** said U.S. Chamber of Commerce President and CEO Suzanne P. Clark. "This is one of the defining challenges of our time—one that will require the talent, strength, and ingenuity of business and the partnership of our leaders in government. The Chamber, and the entire business community, is ready to get to work."

In addition to Secretary Raimondo, speakers included National Economic Council Director Lael Brainard, Domestic Policy Council Director Neera Tanden, Gender Policy Council Director Jennifer Klein, U.S. Chamber of Commerce President and CEO Suzanne Clark, U.S. Chamber of Commerce Foundation President Michael Carney, Etsy CEO Josh Silverman, Suffolk Construction Chairman and CEO John - Fish, IBM CEO and Chairman Arvind Krishna, Massachusetts Governor Maura Healey, Colorado Governor Jared Polis, Indiana Governor Eric Holcomb, Congresswoman and Minority Whip Katherine Clark (D-MA), Congresswoman Ashley Hinson (R-IA), philanthropist Melinda French Gates, Moms First CEO Reshma Saujani, Caring Across Generations Executive Director Ai-jen Poo, SEIU Executive Vice President Heather Conroy, National Association for Family Child Care CEO Erica Phillips, National Association for the Education of Young Children CEO Michelle Kang, among many other private sector leaders, public officials, and care economy advocates and stakeholders. In addition to announcements from the Department of Commerce, the White House, and the U.S. Chamber of Commerce, the private sector also announced efforts to address the accessibility and affordability of child care:

Investing in America Child Care Partnership Announces New Coordinated Effort

A group of national funders announced the *Investing in America Child Care Partnership*, a new philanthropic coordinated effort to leverage federal infrastructure and child care funding to strengthen local child care systems and increase the supply of high-quality, affordable child care in communities where highways, roads, bridges, and climate/energy-related projects are underway and semiconductor chips manufacturers are set to begin building or expanding plants. In select counties in Arizona, Michigan, New Hampshire, and Ohio (with potential to add others), the Partnership will fund technical assistance to employers to support their diverse workforce and build partnerships with the child care sector; support child care providers to strengthen their business practices by combining federal and state dollars, hire and train staff, and provide quality care; work with county and city officials to ensure supportive local policies to allow for child care supply expansion; and support local grassroots organizations to elevate the voices of child care providers and families to create solutions that work for the community, as a whole. The effort will support immediate community needs and allow for important learnings to inform and strengthen state and federal advocacy and systems improvement.

The group of funders who are implementation partners include the Century Foundation, Child Care for Every Family Network, Community Change, EPIC - Executives Partnering to Invest in Children, National Association of Counties, National Children's Facilities Network led by IFF, LISC, Low-Income Investment Fund, Policy Equity Group, Public Private Strategies Institute, SEMI Foundation, and the U.S. Chamber of Commerce Foundation.

Intel Corporation Announces Expansion of Child Care Services

Intel Corporation announced an expansion of its child care services. Specifically, the major U.S. chip company announced an increase in the child care provider networks available to its employees, an expansion to its current backup child care benefits, the launch of a new child care subsidy pilot for non-exempt employees, the launch of a new subsidy program with contractors for apprentices working on its construction sites, and efforts to increase child care availability near its facilities. A full list of speakers and participants are available here and here. Secretary Raimondo first announced the National Child Care Innovation Summit in April during an event at the White House on expanding access to care and other supportive services workers need to train for and stay in good-paying jobs. A White House fact sheet on the Biden-Harris Administration's progress toward providing care and other supportive services for workers is available here.

In Milwaukee, Secretary Raimondo Announces New Wisconsin-Based Companies Join Million Women in Construction Community Pledge

FOR IMMEDIATE RELEASE
Monday, June 24, 2024
Office of Public Affairs
Public affairs

Wisconsin-based companies, Miron and Boldt join a growing list of construction industry leaders, including Bechtel and Turner who announced their support earlier last week.

On Friday, U.S. Secretary of Commerce Gina Raimondo traveled to Milwaukee to join Governor Tony Evers and the Wisconsin Regional Training Partnership WRTP | BIG STEP for a roundtable on women in construction and the trades, where she called on Wisconsin companies, unions, and training organizations to sign on to the Million Women in Construction Community Pledge to bring more women into the construction workforce.

Following her event, which included two Wisconsin-based companies, The Boldt Company and Miron Construction – two of the largest contractors in the state – she announced that both will sign on to the Department of Commerce's Million Women in Construction Community Pledge. These two companies join a growing list of leading construction companies that have signed on to the Pledge, including Bechtel and Turner Construction, Baker Construction, Gilbane Building Company, McKissack & McKissack, Mortenson, Power Design, Shawmut Design and Construction, and Suffolk.

"President Biden's Investing in America agenda is creating a construction boom all over the country, and with that boom comes a huge increase in jobs and opportunities for workers in construction and the trades. But to fill these jobs and get projects underway, we need to ensure we are tapping into the full potential of our workforce and that means we have to get more women in the door," said Secretary Raimondo. "I am thrilled to be expanding our Million Women in Construction Community Pledge with Boldt and Miron's commitment to support proven strategies that will help women and underserved communities in Wisconsin get access to good-paying, quality jobs in construction and the trades."

By signing on to the Million Women in Construction Community Pledge, leaders in the industry are demonstrating an ongoing commitment to increase women's access to training, jobs and leadership opportunities. Signers will focus on or scale up equitable hiring and workforce development efforts that create broader pipelines and opportunities for women. This industry-wide call to action encourages signers to voluntarily take action by utilizing best practices, including building community partnerships to reach women and girls, investing in solutions that increase supportive services such as child care, and fostering safe, healthy, and respectful workplaces.

In October of 2022, Secretary Raimondo announced the Million Women in Construction initiative, which aims to help build a new inclusive American workforce by doubling the number of women in construction over the next decade.

(*Continued On The Following Column)

Last month, the Commerce Department announced a new industry voluntary pledge to bring more women into the construction industry, which included a number of leading construction companies. In addition, the Department also recently announced a CHIPS Women in Construction Framework with the goal of expanding the U.S. construction workforce. Under the Framework, semiconductor manufacturing companies will work with contractors, trade unions, and other community and workforce partners to implement best practices that will expand the construction workforce by increasing the participation of women and economically disadvantaged individuals.

"We at The Boldt Group recognize the importance of women at every level of our organization, from our leadership team to our skilled tradespeople. I am proud to sign the Million Women in Construction Community Pledge on behalf of The Boldt Group," said Dave Kievet, President and CEO, The Boldt Group. "Boldt will continue to build on women's access to training, jobs and leadership coaching; scale our equitable hiring and workforce development efforts; adopt more best practices and support women in a safe, healthy and respectful workplace in alignment with the pledge."

"Miron Construction understands that diversity drives innovation. With women comprising 10.9 percent of the construction industry and only 4.3 percent of skilled trade workers, our industry has an imbalance in gender diversity. Miron is committed to the equitable inclusion of all traditionally marginalized groups; we are excited to see the Million Women in Construction pledge help fill the skilled trades gap with passionate and smart individuals and increase gender diversity in the construction industry," said Dave Walsh, Executive Vice President, Human Resources for Miron Construction.

The Million Women in Construction initiative is a nationwide call to action for the construction industry – construction contractors, trade unions, and training institutions – to commit to bold steps that will ensure a robust and diverse workforce in the years ahead. It will be necessary to recruit, train, hire, and retain thousands of new and non-traditional workers – the next generation of skilled laborers and leaders who are prepared to rebuild U.S. infrastructure and supply chains and complement Federal government investments
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Designating Entities and Vessels Engaged in Iranian Petroleum or Petrochemical Products Trade

Fact Sheet Office of the Spokesperson June 27, 2024

The Department of State is imposing sanctions today on three United Arab Emirates companies involved in the transport of Iranian petroleum or petrochemical products, under Executive Order (E.O.) 13846.

- **Sea Route Ship Management FZE** is involved in the transport of Iranian petrochemical products as the commercial manager of the vessel ASTRA (IMO 9162928). Sea Route Ship Management FZE knowingly engaged in a significant transaction for the transport on the ASTRA of petrochemical products from Iran in late November 2021. Sea Route Ship Management FZE is being designated pursuant to section 3(a)(iii) of E.O. 13846 for on or after November 5, 2018, having knowingly engaged in a significant transaction for the purchase, acquisition, sale, transport, or marketing of petrochemical products from Iran.

(*Continued on the Following Page)

- **Almanac Ship Management LLC** is involved in the transport of Iranian petroleum products as the commercial manager of the vessel BERENICE PRIDE (IMO 9216559). Almanac Ship Management LLC knowingly engaged in a significant transaction for the transport on the BERENICE PRIDE of petroleum products from Iran in late October 2022. Almanac Ship Management LLC is being designated pursuant to section 3(a)(ii) of E.O. 13846 for on or after November 5, 2018, having knowingly engaged in a significant transaction for the purchase, acquisition, sale, transport, or marketing of petroleum or petroleum products from Iran.
- **Al Anchor Ship Management FZE** is involved in the transport of Iranian petroleum products as the commercial manager of the vessel PARINE (IMO 9257503). Al Anchor Ship Management FZE knowingly engaged in a significant transaction for the transport on the PARINE of petroleum products from Iran in late October 2022. Al Anchor Ship Management FZE is being designated pursuant to section 3(a)(ii) of E.O. 13846 for on or after November 5, 2018, having knowingly engaged in a significant transaction for the purchase, acquisition, sale, transport, or marketing of petroleum or petroleum products from Iran.

The Department is also identifying these 11 vessels associated with these entities as blocked property:

- ASTRA
- BALTIC HORIZON
- NILE
- YAMUNA
- BERENICE PRIDE
- HARMONY
- EURO VIKING
- EURO FORTUNE
- ARABIAN ENERGY
- PARINE
- ROAD

As a result of today's action, all property and interests in property of these targets that are in the United States, that hereafter come within the United States, or that are or hereafter come within the possession or control of any U.S. persons, including any foreign branches, are blocked and must be reported to the Department of the Treasury's Office of Assets Control (OFAC.) In addition, any entities that are owned, directly or indirectly, 50 percent or more by one or more blocked persons are also blocked. OFAC's regulations generally prohibit all dealings by U.S. persons or within the United States (including transactions transiting the United States) that involve any property or interests in property of blocked or designated persons.

Petitions for removal from the Specially Designated Nationals and Blocked Persons (SDN) List may be sent to: OFAC.Reconsideration@treasury.gov. Petitioners may also refer to the Department of State's Delisting Guidance page.
To see the full text of E.O. 13846.

FOR IMMEDIATE RELEASE

Monday, July 1, 2024
Media Contact: Office of Public Affairs, publicaffairs@doc.gov
U.S. Department of Commerce Announces Preliminary Terms with Rogue Valley Microdevices to Support the Construction of New Foundry

Proposed Investment Would Nearly Triple Production Capacity per Month

Today, the Biden-Harris Administration announced that the U.S. Department of Commerce and Rogue Valley Microdevices (RVM) have signed a non-binding preliminary memorandum of terms (PMT) to provide up to $6.7 million in proposed direct funding under the CHIPS and Science Act. The proposed CHIPS investment would support the construction of RVM's pure play microelectromechanical systems (MEMS) and sensor foundry facility in Palm Bay, Florida, and is estimated to nearly triple RVM's manufacturing capacity. MEMS are microscale devices that integrate electrical and mechanical components; their integration with semiconductor components across a wide range of applications enables technology advancements and improved performance. RVM is one of the only U.S.-based pure play MEMS foundries which specializes in the high-mix, low-volume wafer and MEMS foundry services that are important to the defense industrial base and to the biomedical industry. With this proposed investment, the Biden-Harris Administration would be supporting a reliable, domestic supply of MEMS devices manufactured on 300mm wafers, further strengthening U.S. supply chain resilience while creating over 75 jobs in the state of Florida.

"The proposed investment in RVM is another example of how the Biden-Harris Administration is making targeted investments across the semiconductor supply chain to reignite U.S. leadership in semiconductor manufacturing," said U.S. Secretary of Commerce Gina Raimondo. "Because of President Biden's CHIPS and Science Act, we are working to secure U.S.-based companies a stable, domestic supply of MEMS technology when demand is increasing across the globe."

"This investment in Rogue Valley Microdevices is another demonstration of President Biden's commitment to America's semiconductor comeback – benefitting businesses of all sizes, including women and minority-owned businesses, and creating jobs in communities throughout the country," said National Economic Advisor Lael Brainard.

"As one of the only U.S. based MEMS foundries, RVM is positioned to support the U.S. semiconductor ecosystem with its 300mm MEMS foundry services. President Biden's bipartisan CHIPS and Science Act is ensuring the United States continues to lead in technological leadership and RVM's facility in Florida will support this effort," said Under Secretary of Commerce for Standards and Technology and National Institute of Standards and Technology Director Laurie E. Locascio.

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"As the first MEMS foundry to secure proposed CHIPS and Science Act funding, Rogue Valley Microdevices is deeply committed to the onshore manufacturing of advanced microelectronics. We plan to use this capital infusion to increase production of the miniature, intelligent sensors that are critical to markets for which a robust supply chain is essential, including automotive, biomedical, and industrial. We'll also ramp expansion from our west coast foundry in Oregon to our new location on the Space Coast of Florida, which will soon become the industry's first MEMS pure-play foundry to offer 300mm capability," said Rogue Valley Microdevices Founder and CEO Jessica Gomez.

The proposed CHIPS investment would support the construction of the facility including the renovation of the clean room and equipment installation. RVM's first wafers produced at the Palm Bay, Florida, facility are expected to ship in early 2025, with final completion of the facility to be completed by mid 2025. Additionally, RVM intends to establish on-site child care and seeks to partner with a local child care provider to deliver STEM-based early child care education and after school academic support.

This is the first proposed CHIPS investment in a women- and minority-owned business. The proposed investment also highlights the important role smaller businesses play in the semiconductor ecosystem, especially in the development and innovation of specialized technologies such as MEMS.

The company has also indicated that it plans to claim the Department of the Treasury's Investment Tax Credit, which is expected to be up to 25% of qualified capital expenditures. RVM has received state and federal support for the construction of its facility, including $5 million from a Florida Department of Commerce loan and $3.2 million from other state and incentives and additional grants.

As explained in its first Notice of Funding Opportunity, the Department may offer applicants a PMT on a non-binding basis after satisfactory completion of the merit review of a full application. The PMT outlines key terms for a potential CHIPS incentives award, including the amount and form of the award. The award amounts are subject to due diligence and negotiation of award documents and are conditional on the achievement of certain milestones. After the PMT is signed, the Department begins a comprehensive due diligence process on the proposed projects and continues negotiating or refining certain terms with the applicant. The terms contained in any final award documents may differ from the terms of the PMT being announced today.

About CHIPS for America

CHIPS for America has announced up to $29.5 billion in proposed funding across eleven preliminary memoranda of terms to revitalize America's semiconductor industry. These proposed CHIPS for America investments are already delivering significant results, including unlocking more than $300 billion in public and private investment between now and the end of the decade – far and away the most investment in new production in the history of the U.S. semiconductor industry.

Earlier this year, Secretary Raimondo announced that we anticipate that America will produce 20% of the world's leading-edge chips by the end of the decade, meaning our innovation capacity will no longer be as vulnerable to supply chain disruptions as it is today. The Semiconductor Industry Association released a report saying that America is on track to triple its domestic semiconductor manufacturing capacity from 2022 – when the CHIPS and Science Act was enacted – to 2032. The projected 204% growth is the largest projected percent increase in the world over that time.

(*Continued On The Following Column)

With these announcements, America now has four of the world's five leading-edge companies aggressively expanding on our shores. No other economy in the world has more than two of these companies producing leading-edge chips on its shores.

The Department has received more than 670 statements of interest, more than 230 pre-applications and full applications for NOFO 1, and more than 160 small supplier concept plans for NOFO 2. The Department is continuing to conduct rigorous evaluation of applications to determine which projects will advance U.S. national and economic security, attract more private capital, and deliver other economic benefits to the country. The announcement with RVM is the twelfth PMT announcement the Department of Commerce has made under the CHIPS and Science Act, with additional PMT announcements expected to follow throughout 2024.

CHIPS for America is part of President Biden's economic plan to invest in America, stimulate private sector investment, create good-paying jobs, make more in the United States, and revitalize communities left behind. CHIPS for America includes the CHIPS Program Office, responsible for manufacturing incentives, and the CHIPS Research and Development Office, responsible for R&D programs, that both sit within the National Institute of Standards and Technology (NIST) at the Department of Commerce. NIST promotes U.S. innovation and industrial competitiveness by advancing measurement science, standards, and technology in ways that enhance economic security and improve our quality of life. NIST is uniquely positioned to successfully administer the CHIPS for America program because of the bureau's strong relationships with U.S. industries, its deep understanding of the semiconductor ecosystem, and its reputation as fair and trusted. Visit www.chips.gov to learn more.

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FOR IMMEDIATE RELEASE
June 20, 2024
www.bis.gov

BUREAU OF INDUSTRY AND SECURITY
Office of Congressional and Public Affairs
OCPA@bis.doc.gov

Commerce Department Prohibits Russian Kaspersky Software for U.S. Customers

WASHINGTON, D.C. – Today, the Department of Commerce's Bureau of Industry and Security (BIS) announced a Final Determination prohibiting Kaspersky Lab, Inc., the U.S. subsidiary of a Russia-based anti-virus software and cybersecurity company, from directly or indirectly providing anti-virus software and cybersecurity products or services in the United States or to U.S. persons. The prohibition also applies to Kaspersky Lab, Inc.'s affiliates, subsidiaries and parent companies (together with Kaspersky Lab, Inc., "Kaspersky").

This action is the first of its kind and is the first Final Determination issued by BIS's Office of Information and Communications Technology and Services (OICTS), whose mission is to investigate whether certain information and communications technology or services transactions in the United States pose an undue or unacceptable national security risk. Kaspersky will generally no longer be able to, among other activities, sell its software within the United States or provide updates to software already in use. The full list of prohibited transactions can be found at oicts.bis.gov/kaspersky.

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In addition to this action, BIS added three entities—AO Kaspersky Lab and OOO Kaspersky Group (Russia), and Kaspersky Labs Limited (United Kingdom)—to the Entity List for their cooperation with Russian military and intelligence authorities in support of the Russian Government's cyber intelligence objectives.

Today's Final Determination and Entity Listing are the result of a lengthy and thorough investigation, which found that the company's continued operations in the United States presented a national security risk—due to the Russian Government's offensive cyber capabilities and capacity to influence or direct Kaspersky's operations—that could not be addressed through mitigation measures short of a total prohibition.

Individuals and businesses that utilize Kaspersky software are strongly encouraged to expeditiously transition to new vendors to limit exposure of personal or other sensitive data to malign actors due to a potential lack of cybersecurity coverage. Individuals and businesses that continue to use existing Kaspersky products and services will not face legal penalties under the Final Determination. However, any individual or business that continues to use Kaspersky products and services assumes all the cybersecurity and associated risks of doing so.

In order to minimize disruption to U.S. consumers and businesses and to give them time to find suitable alternatives, the Department's determination will allow Kaspersky to continue certain operations in the United States—including providing anti-virus signature updates and codebase updates—until 12:00AM Eastern Daylight Time (EDT) on September 29, 2024.

"The Biden-Harris Administration is committed to a whole-of-government approach to protect our national security and out-innovate our adversaries," said Secretary of Commerce Gina Raimondo. "Russia has shown time and again they have the capability and intent to exploit Russian companies, like Kaspersky Lab, to collect and weaponize sensitive U.S. information, and we will continue to use every tool at our disposal to safeguard U.S. national security and the American people. Today's action, our first use of the Commerce Department's ICTS authorities, demonstrates Commerce's role in support of our national defense and shows our adversaries we will not hesitate to act when they use their technology poses a risk to United States and its citizens."

"Whether you are shopping online or sending an email, Americans need to know they can rely on the safety and security of their devices," said Secretary of Homeland Security Alejandro N. Mayorkas. "The actions taken today are vital to our national security and will better protect the personal information and privacy of many Americans. We will continue to work with the Department of Commerce, state and local officials, and critical infrastructure operators to protect our nation's most vital systems and assets."

"With today's action, the American cyber ecosystem is safer and more secure than it was yesterday," said Under Secretary for Industry and Security Alan Estevez. "We will not hesitate to protect U.S. individuals and businesses from Russia or other malign actors who seek to weaponize technology that is supposed to protect its users."

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Kaspersky provides IT security solutions—including tools meant to defend against cyberthreats, such as malware, spam, hackers, distributed denial of services attacks, cyber espionage tools, and cyber weapons that target critical infrastructure—to home computer users, small companies, large corporations, and governments.

Today's Final Determination finds ICTS transactions involving such products and services, such as the ability to gather valuable U.S. business information, including intellectual property, and to gather U.S. persons' sensitive data for malicious use by the Russian Government, pose an undue or unacceptable national security risk and therefore prohibits continued transactions involving Kaspersky's products and services.

"The Russian Government has proven that it has the capability and intent to exploit Russian companies like Kaspersky to collect sensitive U.S. personal information and compromise the systems and networks that use these products," said Elizabeth Cannon, Executive Director of the Office of Information and Communications Technology and Services. "The Department of Commerce stands ready to assist U.S. businesses and individual consumers across the country to respond appropriately to today's action."

BIS has determined that Kaspersky poses an undue or unacceptable risk to national security for the following reasons:

- **Jurisdiction, control, or direction of the Russian Government:** Kaspersky is subject to the jurisdiction of the Russian Government and must comply with requests for information that could lead to the exploitation of access to sensitive information present on electronic devices using Kaspersky's anti-virus software.
- **Access to sensitive U.S. customer information through administrative privileges:** Kaspersky has broad access to, and administrative privileges over, customer information through the provision of cybersecurity and anti-virus software. Kaspersky employees could potentially transfer U.S. customer data to Russia, where it would be accessible to the Russian Government under Russian law.
- **Capability or opportunity to install malicious software and withhold critical updates:** Kaspersky has the ability to use its products to install malicious software on U.S. customers' computers or to selectively deny updates, leaving U.S. persons and critical infrastructure vulnerable to malware and exploitation.
- **Third-party integration of Kaspersky products:** Kaspersky software is integrated into third-party products and services through resale of its software, integration of its cybersecurity or anti-virus software into other products and services, or licensing of Kaspersky cybersecurity or anti-virus software for purposes of resale or integration into other products or services. Third-party transactions such as these create circumstances where the source code for the software is unknown. This increases the likelihood that Kaspersky software could unwittingly be introduced into devices or networks containing highly sensitive U.S. persons data.

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Kaspersky is a multinational company with offices in 31 countries, servicing users in over 200 countries and territories. Kaspersky provides cybersecurity and anti-virus products and services to over 400 million users and 270,000 corporate clients globally.

The U.S. Government previously took action against Kaspersky in 2017, when the Department of Homeland Security issued a directive requiring federal agencies to remove and discontinue use of Kaspersky-branded products on federal information systems. Additionally, the National Defense Authorization Act (NDAA) for Fiscal Year 2018 prohibited the use of Kaspersky by the Federal Government. In addition, in March 2022, the U.S. Federal Communications Commission added to its "List of Communications Equipment and Services that Pose a Threat to National Security" information security products, solutions, and services supplied, directly or indirectly, by Kaspersky. Today's determination by the Department is the latest U.S. Government action in an ongoing effort to protect U.S. citizens' national security.

The Department is working with the Department of Homeland Security (DHS) and Department of Justice (DOJ) to inform U.S. customers, including State, Local, Tribal, and Territorial (SLTT) government agencies, non-government customers at the SLTT level, and critical infrastructure operators, about ways to easily remove the software. In addition, the Department is working with federal departments and agencies to inform users about this action and ensure a smooth transition for customers.

Additional information about this action and publicly available resources can be found on our website [oicts.bis.gov/kaspersky] and Frequently Asked Questions (FAQs) page.

The text of the Final Determination and a non-exhaustive list of prohibited products and services are available in the Federal Register online here.

Additional Information:
EO 13873, "Securing the Information and Communications Technology and Services Supply Chain," and its implementing regulation at 15 C.F.R. Part 7 allow the Department of Commerce to investigate whether certain ICTS transactions (1) pose an undue or unacceptable risk of sabotage to or subversion of ICTS in the United States; (2) pose an undue risk of catastrophic effects on the security or resiliency of U.S. critical infrastructure or the digital economy of the United States; or (3) otherwise pose an unacceptable risk to the national security of the United States or the security and safety of U.S. persons. If the Department determines that an ICTS transaction poses an undue or unacceptable risk, the Department, in consultation with its interagency partners, may prohibit the transaction or impose mitigation measures.

As a consequence of this investigation, Kaspersky is prohibited from conducting or participating in certain ICTS transactions with U.S. persons pursuant to today's Final Determination.

The ICTS program became a mission within BIS in 2022. For more information on the ICTS program, visit oicts.bis.gov.

The Entity List (supplement no. 4 to part 744 of the EAR) identifies entities for which there is reasonable cause to believe, based on specific and articulable facts, that the entities—including businesses, research institutions, government and private organizations,

(*Continued On The Following Column)

individuals, and other types of legal persons—that have been involved, are involved, or pose a significant risk of being or becoming involved in activities contrary to the national security or foreign policy of the United States. Parties on the Entity List are subject to individual licensing requirements and policies supplemental to those found elsewhere in the EAR.

Entity List additions are determined by the interagency End-User Review Committee (ERC), comprised of the Departments of Commerce (Chair), Defense, State, Energy, and where appropriate, the Treasury, based on specific and articulable facts that the entities have been involved, are involved, or pose a significant risk of being or becoming involved in activities contrary to the national security or foreign policy interests of the United States.
Additional information on the Entity List is available on BIS's website at: https://www.bis.gov/entity-list.
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U.S. Department of State Debars Sixteen Persons for Violating or Conspiring to Violate the Arms Export Control Act

MEDIA NOTE
JUNE 25, 2024

On June 25, 2024, the U.S. Department of State published in the **Federal Register** a notice of sixteen persons statutorily debarred for having been convicted of violating, or conspiring to violate, the Arms Export Control Act (22 U.S.C. 2751, *et seq.*). This action, pursuant to section 127.7(b) of the International Traffic in Arms Regulations (ITAR) (22 CFR parts 120-130), highlights the Department's responsibility to protect the integrity of U.S. defense trade.

This notice is provided for purposes of making the public aware that these statutorily debarred persons are prohibited from participating directly or indirectly in activities regulated by the ITAR. This includes any brokering activities and any export from or temporary import into the United States of defense articles, related technical data, or defense services in any activity regulated by the ITAR.

The Department's Office of Defense Trade Controls Compliance in the Bureau of Political-Military Affairs, working in collaboration with the Department of Justice, Homeland Security Investigations, and the Federal Bureau of Investigation, identified the persons subject to statutory debarment based on their criminal conviction by a court of the United States.

Under the terms of the statutory debarment, these individuals are prohibited from participating directly or indirectly in any activities that are subject to the ITAR. Each individual on this list will remain debarred until the Department approves an application request for reinstatement. All persons engaged in activities subject to the ITAR should be vigilant in their compliance with all export control regulations and ensure that their activities do not involve debarred persons.

The notice of statutory debarment listing the names of the debarred individuals was published in the **Federal Register** on June 25. A full list of all persons subject to statutory debarment is available on the website of the PM Bureau's Directorate of Defense Trade Controls (DDTC) at: **Statutory Debarment List**.
For additional information, please contact the Bureau of Political-Military Affairs' Office of Congressional and Public Affairs at PM-CPA@state.gov.

FOR IMMEDIATE RELEASE

June 27, 2024
www.bis.gov

BUREAU OF INDUSTRY AND SECURITY
Office of Congressional and Public Affairs
OCPA@bis.doc.gov

BIS Updates Boycott Requester List

WASHINGTON, D.C. – Today, the Department of Commerce's Bureau of Industry and Security (BIS) published its first quarterly update of the boycott Requester List. This list notifies companies, financial institutions, freight forwarders, individuals, and other U.S. persons of potential sources of certain boycott-related requests they may receive during the regular course of business.

The updated public list of entities who have been identified as having made a boycott-related request in reports received by BIS includes 57 additions. BIS has also removed 127 entities. The list is posted on the Office of Antiboycott Compliance (OAC) webpage link with the objective of helping U.S. persons comply with the reporting requirements of the antiboycott regulations set forth in Part 760 of the Export Administration Regulations (EAR), 15 CFR Parts 730-774.

"In its first three months of existence, the boycott Requester List has enabled numerous U.S. companies to identify potential sources of reportable boycott-related requests, and today's update will further support these compliance efforts," said **Assistant Secretary for Export Enforcement Matthew S. Axelrod**. "At the same time, by publicly highlighting those making boycott-related requests, our actions have encouraged foreign companies to reconsider their active support of boycotts."

Each entity on this list has been recently reported to BIS on a boycott request report form, as required by Section 760.5 of the EAR, as having made a boycott-related request in connection with a transaction in the interstate or foreign commerce of the United States. Those added to today's updated list, which is not exhaustive, have been identified on the Requester List with "June 2024" in column C. A total of 127 parties have also been removed from the Requester List. BIS removed these parties, identified below, after being made aware that U.S. persons had misidentified a foreign party as having made a reportable boycott request or because the foreign party removed boycott language in transaction documents with U.S. entities. If you believe that you have been listed in error or would like to discuss a listing, please contact OAC.

U.S. persons are encouraged to diligently review transaction documents from all sources, but especially transaction documents with or involving these listed parties – given that they have been identified by others as a source of boycott-related requests – to identify possible boycott-related language and to determine whether U.S.-person recipients have a reporting requirement to BIS pursuant to Part 760 of the EAR. The boycott request reporting form can be found here.

*(*Continued On The Following Column)*

Additional Information:

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).

In addition, U.S. persons must report to OAC their receipt of certain boycott-related requests. 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 United States 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 United States, 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.

Pursuant to Section 764.8 of the EAR, a party may submit a voluntary self-disclosure if it believes that it may have violated Parts 760 or Part 762 of the EAR.

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

See table on the next page:

Parties Removed from the Requester List

REQUESTER	REQUESTING COUNTRY
3M GULF LTD	OMAN
ACS TEXTILES (BANGLADESH) LTD.	BANGLADESH
AFAQ STEEL	PAKISTAN
ALI CONTAINERS (PVT) LIMITED	PAKISTAN
ALWADI DEVELOPMENT COMPANY	SAUDI ARABIA
ALZERAI ADWALI COMPANY	LIBYAN ARAB JAMAHIRIYA
AMBER DENIM MILLS LTD.	BANGLADESH
ANWAR ISPAT LTD	BANGLADESH
ARSHAD TEXTILE MILLS LIMITED	PAKISTAN
ATTOCK REFINERY LIMITED	PAKISTAN
BANGLADESH RAILWAY	BANGLADESH
BANGLADESH STEEL RE-ROLLING MILLS LTD	BANGLADESH
BASHUNDHARA MULTI FOOD PRODUCTS LIMITED	BANGLADESH
BASRAH OIL COMPANY	IRAQ
BENGAL AIRLIFT LIMITED	BANGLADESH
BHANERO TEXTILE MILLS LTD	PAKISTAN
BIOCARD LIMITED	BANGLADESH
BISMILLAH SCIENTIFIC CO	BANGLADESH
BRIDGES MANUFACTURING SERVICESTONE AMERICAS TIRE OPERATIONS, LLC	UNITED ARAB EMIRATES
BRIDGES MANUFACTURING SERVICESTONE MIDDLE EAST AND AFRICA FZE	KUWAIT
BSRM STEELS LIMITED	BANGLADESH
C & A AVIATION SDN. BHD.	MALAYSIA
CDIGITAL	PAKISTAN
CHAMBAL FERTILISERS AND CHEMICALS LIMITED (CFCL)	INDIA
CHOON TAN	MALAYSIA
CRESCENT CHEMICALS LTD	BANGLADESH
DELIOPOLIS WLL	QATAR
DSV AIR & SEA INC	OMAN
ELECTRICITY AND WATER AUTHORITY OF THE KINGDOM OF BAHRAIN	BAHRAIN
EPIC HEALTH CARE LIMITED	BANGLADESH
FAISAL ENTERPRISE	BANGLADESH
FAZAL CLOTH MILLS	PAKISTAN
FKL SPINNING LIMITED	BANGLADESH
FRONTIER FOUNDRY STEEL PVT LTD	PAKISTAN
GE ENGINEER SERVICES MALAYSIA SDN BHD	MALAYSIA
GRAPHICS TEXTILES LTD.	BANGLADESH
HAMA MEDICAL CORPORATION	QATAR
HASSAN OIL MILLS	BANGLADESH
HEINKE INDUSTRIES	MALAYSIA
HOTAYI ELECTRONIC	MALAYSIA
I BRANDS ME FZCO	UNITED ARAB EMIRATES
IBRAHIM FIBRES LIMITED	PAKISTAN
ICONIC ENGINEERING LTD.	BANGLADESH
INDUS HOME LIMITED	PAKISTAN
INTERLOOP LIMITED	PAKISTAN
INTERNATIONAL ASEPTIC PAPERBOARD MANUFACTURING LLC	UNITED ARAB EMIRATES
ISMAIL INDUSTRIES LTD	PAKISTAN
KSB PUMPS LTD.	INDIA

BIS Releases New Edition of “Don’t Let This Happen to You!”

Washington, D.C. – Today, the Department of Commerce’s Bureau of Industry and Security (BIS) Export Enforcement published an updated version of Don’t Let This Happen to You!, a compendium of case examples highlighting BIS criminal and administrative enforcement efforts. The publication was last updated in March 2024.

The updated version includes new enforcement cases involving a voluntary self-disclosure by an academic institution, violations of the antiboycott regulations, firearms export violations, export violations related to China and Iran, and non-compliance with a BIS settlement agreement. Exporters are encouraged to review the publication, which provides useful illustrations of the type of conduct that gets companies and universities in trouble.

BIS Export Enforcement protects and promotes U.S. national security by aggressively investigating violations of export control and antiboycott regulations and by partnering with industry and academia to facilitate compliance with those regulations.

BIS urges everyone to report suspected export control violations through the BIS Export Enforcement online tip portal. You can also call the Enforcement Hotline at 1-800-424-2980 or emailEELead@bis.doc.gov.

More information about the work of BIS Export Enforcement to keep our country’s most sensitive items out of the world’s most dangerous hands can be found at https://www.bis.gov/enforcement.

MISSION STATEMENT:

Given the geopolitical state of affairs with China, Russia, and Crimea, the Occupied territories of UKRAINE, Donetsk and Luhansk Oblast, embargoed countries and other specific threatening end users and entities, located in the United States and around the globe;

Evolutions in Business and the companies we serve, armed with robust compliance to the Export Administration Regulations, will adhere to best practices to protect our revenue and yours, and ensure the national security interests of the United States.

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