

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

In the Matter of:

First Call International Inc.
6329 Airport Freeway, Suite G
Haltom City, TX 76117

Respondent

ORDER RELATING TO
FIRST CALL INTERNATIONAL INC.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified First Call International Inc., of Haltom City, Texas (“First Call” or “FCI”), of its intention to initiate an administrative proceeding against First Call pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),¹ through the issuance of a Proposed Charging Letter to First Call that alleges that First Call committed three violations of the Regulations.² Specifically:

¹ The Regulations originally issued under the Export Administration Act of 1979, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“EAA”), which lapsed on August 21, 2001. The President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, including the Notice of August 8, 2018 (83 Fed. Reg. 39,871 (Aug. 13, 2018)), has continued the Regulations in full force and effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*) (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 (“ECRA”). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

² The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2024). The charged violations occurred in 2018-2020. The Regulations governing the violations at issue are found in the 2018-2020 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2024 Regulations set forth the procedures that apply to this matter.

Charge 1 15 C.F.R. § 764.2(g) – Misrepresentation or Concealment of Facts

On or about July 13, 2020, First Call made false or misleading statements to the U.S. Government in connection with an earlier March 6, 2018 export to the United Kingdom of five (5) Secondary Flights Displays with integrated QRS-11 Gyrochip, Micromanaged Angular Rate Sensors (“SFDs”), items subject to the Regulations and valued at approximately \$117,500.³ The SFDs are classified under Export Control Classification Number (“ECCN”) 9A610.x and are controlled on National Security grounds. Pursuant to Section 742.4 of the Regulations, a Department of Commerce export license or authorization was required to export the SFDs to the United Kingdom.

At the time of the March 6, 2018 export of the SFDs to the United Kingdom, First Call submitted an Electronic Export Information filing (“EEI”) (ITN No. X20200108783478) through the Automated Export System, which is maintained by the U.S. Government, falsely indicating No License Required (“NLR”) and using an incorrect ECCN for the SFDs.

Later, on or about September 24, 2018, First Call amended its EEI filing to include the correct ECCN (9A610.x) but also falsely indicating that the SFDs had been lawfully exported under License Exception Strategic Trade Authorization (“STA”),⁴ when in fact the requirements of License Exception STA had not been met.⁵

Subsequently, the original equipment manufacturer of the SFDs informed BIS’s Munitions Control Division (“MCD”) that First Call had not provided it with a Prior Consignee Statement (“PCS”) prior to the March 6, 2018 export as required under License Exception STA See 15 C.F.R. § 740.20(d)(2).⁶ As such, the requirements to use License Exception STA for this export were not met, and therefore it was false to cite License Exception STA as authorization on the September 24, 2018 amended EEI.

³ The SFDs were exported to AVLOC Services in the United Kingdom for ultimate end use by the Turkish Ministry of Defense in Turkey. In First Call’s February 8, 2021 written submission, AVLOC is described as “FCI’s liaison in the UK and the UK importer.”

⁴ “License Exception” is defined in pertinent part as “[a]n authorization described in part 740 of the EAR that allows you to export or reexport, under stated conditions, items subject to the EAR that otherwise would require a license. See 15 C.F.R. § 772.1.

⁵ License Exception “STA” is set forth in 15 C.F.R. § 740.20.

⁶ As set forth in 15 C.F.R. § 740.20(d)(2), which addresses the requirements related to the “Prior Consignee Statement” for purposes of License Exception STA, “[t]he exporter, reexporter, or transferor must obtain the following statement in writing from its consignee(s) *prior to exporting*, reexporting, or transferring (in-country) the item and must retain the statement in accordance with part 762 of the EAR.” (emphasis added).

An MCD compliance officer subsequently requested First Call provide a copy of the PCS connected to the March 6, 2018 export of the SFDs. On or about July 13, 2020, First Call provided MCD a PCS dated January 1, 2018. The MCD officer referred the matter to BIS's Office of Export Enforcement based on the belief that the PCS provided by First Call was backdated and falsified in violation of the EAR.

In its August 10, 2020 written response to a BIS Administrative Subpoena, First Call admitted that "*FCI was not in possession of the required Prior Consignee Statement (PCS) from UK Company 1 prior to amending the EEI filing*" and that "*since FCI amended the EEI filing on September 24, 2018, in order to claim STA, FCI now understands that it unknowingly submitted false statements to BIS through the amended EEI filing.*" Moreover, First Call's August 10, 2020 submission further admitted that "*under FCI advice, UK Company 1 back-dated the PCS to January 1, 2018. On October 8, 2018, UK Company 1 sent the back-dated PCS to FCI for STA documentation purposes.*"

Specifically, in an email dated October 8, 2018 from First Call's President to UK Company 1, First Call advised UK Company 1 to back-date a PCS covering the March 6, 2018 export of five (5) SFDs described above. As referenced above, License Exception STA (15 C.F.R. § 740.20(d)(2)) requires that the exporter obtain the PCS from its consignee prior to exporting the item. UK Company 1 sent the back-dated PCS to First Call on October 8, 2018. FCI then submitted what it knew or had reason to know was a fraudulent document to BIS.

By engaging in the above-described conduct, including the submission to BIS of a falsely dated PCS, First Call committed one violation of Section 764.2(g) of the Regulations. That is, First Call made a false or misleading representation, statement, or certification, or falsified or concealed any material fact, either directly to BIS or an official of any other United States agency, or indirectly through any other person: (i) In the course of an investigation or other action subject to the EAR; and (ii) In connection with the preparation, submission, issuance, use, or maintenance of any "export control document" or any report filed or required to be filed pursuant to the EAR; and (iii) For the purpose of or in connection with effecting an export, reexport, transfer (in-country) or other activity subject to the EAR.

Charge 2 15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct

On one occasion on or about January 8, 2020, First Call engaged in prohibited conduct by exporting military aircraft parts and components, items subject to the Regulations and valued at approximately \$35,925.00, without the required Department of Commerce export license or authorization. The items, which are described further below, are classified under ECCN 9A610.x and controlled on National Security grounds. Pursuant to Section 742.4, a Department of Commerce

export license was required to export or reexport these items to Malaysia via Australia.⁷

First Call shipped the items from the United States to Flite Path Party Ltd. in Penrith, Australia purportedly under License Exception STA.⁸ However, First Call was aware at all pertinent times that the items were for ultimate end use by the Royal Malaysian Air Force (“RMAF”) in Malaysia, a destination which is ineligible for the export of these items under License Exception STA.⁹ The items exported are further described below:

- a. On January 8, 2020, First Call exported three (3) F/A-18 Sensor Units, which are classified under ECCN 9A610.x, to Flite Path Party Ltd., in Penrith, Australia pursuant to purchase order No. P19865, dated December 16, 2019. The purchase order lists a price per Sensor Unit of \$6,150 for a total of \$18,450, and also states that the Sensor Units were for the “RMAF F/A 18”.
- b. On January 8, 2020, First Call exported three (3) F/A-18 Lap Assemblies controlled under ECCN 9A610.x to Flite Path Party Ltd, Penrith, Australia pursuant to Purchase Order No. P19865, dated December 16, 2019. The purchase order lists a price per Lap Assemblies of \$4,100 for a total price of \$12,300, and also states that the Sensor Units were for the “RMAF F/A 18 C/D”.
- c. On January 8, 2020, First Call exported one (1) F/A-18 Spool and Sleeve Assembly controlled under ECCN 9A610.x to Flite Path Party Ltd, Penrith, Australia pursuant to Purchase Order No. P19865, dated December 16, 2019. The purchase order indicates that one Spool and Sleeve Assembly was ordered for \$5,175.00, and also states that the item was for the “RMAF F/A 18 C/D”.

By engaging in the above-described conduct, First Call committed one violation of Section 764.2(a) of the Regulations. That is, First Call engaged in a transaction or took another action prohibited by or contrary to, or refrained from engaging in

⁷ Additionally, Section 744.7 of the Regulations states in pertinent part that you may not export, reexport, or transfer (in-country) an item subject to the EAR to, or for the use of, a foreign aircraft unless a license exception or no license required permits the shipment to be made (1) to the country in which the vessel or aircraft is located, and (2) to the country in which the vessel or aircraft is registered, or will be registered in the case of a vessel or aircraft under construction, and (3) to the country, including a national thereof, which is currently controlling, leasing, or chartering the vessel or aircraft. The items in this instance were intended for installation on an aircraft under Malaysian registration and/or control, a destination that would require an export license and was not eligible for License Exception STA.

⁸ See 15 C.F.R. § 740.20.

⁹ See 15 C.F.R. § 740.20(b)(3) (limiting the use of License Exception STA when exporting “600 series” items to “a country listed in Country Group A:5”).

any transaction or taking any other action required by ECRA, the EAR, or any order, license or authorization issued thereunder.

Charge 3 15 C.F.R. § 764.2(a) –Engaging in Prohibited Conduct

On one (1) occasion on or about July 19, 2019, First Call engaged in prohibited conduct by exporting military aircraft parts and components, items subject to the Regulations and valued in total at approximately \$1,603.44 to South Korea without the required Department of Commerce export license or authorization. The item, which is described further below, is classified under ECCN 9A610.x and controlled on National Security grounds. Pursuant to Section 742.4, a Department of Commerce export license was required to export the item to South Korea.

On July 19, 2019, First Call shipped one (1) Bracket controlled under ECCN 9A610.x to a helicopter maintenance facility in South Korea, for the Programmed Depot Maintenance of South Korean Navy's UH-1H helicopters. The total value of the item shipped was \$1,603.44.

For the above violations First Call did not apply for or obtain a Department of Commerce export license, nor did the shipment meet the requirements of License Exception STA as set forth in Section 740.20 of the Regulations, as (among other reasons) First Call did not notify the consignee in writing that the shipment was made pursuant to License Exception STA as required by 15 C.F.R. § 740.20(d)(3).

In a February 8, 2021 written submission to BIS, First Call admitted to the July 19, 2019 export including that it had not obtained a BIS export license or satisfied the requirements to use License Exception STA.

By engaging in the above-described conduct, First Call committed one violation of Section 764.2(a) of the Regulations. That is, First Call engaged in a transaction or took another action prohibited by or contrary to, or refrained from engaging in any transaction or taking any other action required by ECRA, the EAR, or any order, license or authorization issued thereunder.

WHEREAS, BIS and First Call have entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations, whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein;

WHEREAS, First Call admits committing the alleged conduct described in the Proposed Charging Letter; and

WHEREAS, I have approved of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, First Call shall be assessed a civil penalty in the amount of \$439,992. First Call shall pay the U.S. Department of Commerce \$75,000 in two installments as follows: \$37,500 no later than November 1, 2024; and \$37,500 no later than May 1, 2025. Payment of the remaining \$364,992 shall be suspended¹⁰ for a period of one year from the date of this Order, and thereafter shall be waived, provided that during this probationary period: First Call has timely paid \$75,000 to the Department of Commerce as set forth above; has otherwise complied with the provisions of the Agreement and this Order including conducting export control compliance training as described below; and has committed no other violation of ECRA or the EAR or any order, license, or authorization issued thereunder. If First Call fails to comply with any of these probationary conditions, the \$364,992 suspended portion of the civil penalty may be activated and become immediately due and owing in full.

SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2012)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and if payment is not made by the due date specified herein, First Call will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

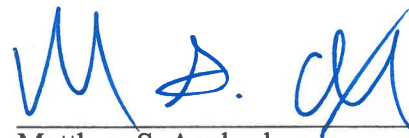
¹⁰ BIS agreed to suspend a portion of the monetary penalty based on a demonstrated limited ability to pay in accordance with BIS's penalty guidance. See Supplement No. 1 to 15 C.F.R. Part 766.

THIRD, First Call shall conduct export control compliance training for its relevant personnel and management within the one-year probationary period described above. No later than one month after First Call completes the export control compliance training, First Call shall submit a certification of such training to the Office of Export Enforcement, Dallas Field Office, 225 E John Carpenter Fwy, #820, Irving, TX 75062.

FOURTH, that the full and timely payment of the civil penalty in accordance with the payment schedule set forth above and completion of the export control compliance training are hereby made conditions to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to First Call. Accordingly, if First Call should fail to pay the civil penalty in a full and timely manner or otherwise fail to comply in full with the terms of the Settlement Agreement or this Order, the undersigned may issue an order denying all of First Call's export privileges under the Regulations for a period of one year from the date of such failure.

FIFTH, the Proposed Charging Letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.



Matthew S. Axelrod
Assistant Secretary of Commerce
for Export Enforcement

Issued this 27th day of September, 2024.

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

In the Matter of:

First Call International Inc.
6329 Airport Freeway, Suite G
Haltom City, TX 76117

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between First Call International Inc., of Haltom City, Texas (“First Call” or “FCI”), and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively, the “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (the “Regulations”).¹

WHEREAS, BIS has notified First Call of its intention to initiate an administrative proceeding against FCI, pursuant to the Regulations;²

¹ The Regulations originally issued under the Export Administration Act of 1979, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“EAA”), which lapsed on August 21, 2001. The President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, including the Notice of August 8, 2018 (83 Fed. Reg. 39,871 (Aug. 13, 2018)), has continued the Regulations in full force and effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*) (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 (“ECRA”). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

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WHEREAS, BIS has issued a Proposed Charging Letter to First Call that alleges that First Call committed three violations of the Regulations, specifically:

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Subsequently, the original equipment manufacturer of the SFDs informed BIS’s Munitions Control Division (“MCD”) that First Call had not provided it with a Prior Consignee Statement (“PCS”) prior to the March 6, 2018 export as required under License Exception STA See 15 C.F.R. § 740.20(d)(2).⁶ As such, the

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requirements to use License Exception STA for this export were not met, and therefore it was false to cite License Exception STA as authorization on the September 24, 2018 amended EEI.

An MCD compliance officer subsequently requested First Call provide a copy of the PCS connected to the March 6, 2018 export of the SFDs. On or about July 13, 2020, First Call provided MCD a PCS dated January 1, 2018. The MCD officer referred the matter to BIS's Office of Export Enforcement based on the belief that the PCS provided by First Call was backdated and falsified in violation of the EAR.

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Specifically, in an email dated October 8, 2018 from First Call's President to UK Company 1, First Call advised UK Company 1 to back-date a PCS covering the March 6, 2018 export of five (5) SFDs described above. As referenced above, License Exception STA (15 C.F.R. § 740.20(d)(2)) requires that the exporter obtain the PCS from its consignee prior to exporting the item. UK Company 1 sent the back-dated PCS to First Call on October 8, 2018. First Call then submitted what it knew or had reason to know was a fraudulent document to BIS.

By engaging in the above-described conduct, including the submission to BIS of a falsely dated PCS, First Call committed one violation of Section 764.2(g) of the Regulations. That is, First Call made a false or misleading representation, statement, or certification, or falsified or concealed any material fact, either directly to BIS or an official of any other United States agency, or indirectly through any other person: (i) In the course of an investigation or other action subject to the EAR; and (ii) In connection with the preparation, submission, issuance, use, or maintenance of any "export control document" or any report filed or required to be filed pursuant to the EAR; and (iii) For the purpose of or in connection with effecting an export, reexport, transfer (in-country) or other activity subject to the EAR.

Charge 2 15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct

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Department of Commerce export license or authorization. The items, which are described further below, are classified under ECCN 9A610.x and controlled on National Security grounds. Pursuant to Section 742.4, a Department of Commerce export license was required to export or reexport these items to Malaysia via Australia.⁷

First Call shipped the items from the United States to Flite Path Party Ltd. in Penrith, Australia purportedly under License Exception STA.⁸ However, First Call was aware at all pertinent times that the items were for ultimate end use by the Royal Malaysian Air Force (“RMAF”) in Malaysia, a destination which is ineligible for the export of these items under License Exception STA.⁹ The items exported are further described below:

- a. On January 8, 2020, First Call exported three (3) F/A-18 Sensor Units, which are classified under ECCN 9A610.x, to Flite Path Party Ltd., in Penrith, Australia pursuant to purchase order No. P19865, dated December 16, 2019. The purchase order lists a price per Sensor Unit of \$6,150 for a total of \$18,450, and also states that the Sensor Units were for the “RMAF F/A 18”.
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⁷ Additionally, Section 744.7 of the Regulations states in pertinent part that you may not export, reexport, or transfer (in-country) an item subject to the EAR to, or for the use of, a foreign aircraft unless a license exception or no license required permits the shipment to be made (1) to the country in which the vessel or aircraft is located, and (2) to the country in which the vessel or aircraft is registered, or will be registered in the case of a vessel or aircraft under construction, and (3) to the country, including a national thereof, which is currently controlling, leasing, or chartering the vessel or aircraft. The items in this instance were intended for installation on an aircraft under Malaysian registration and/or control, a destination that would require an export license and was not eligible for License Exception STA.

⁸ See 15 C.F.R. § 740.20.

⁹ See 15 C.F.R. § 740.20(b)(3) (limiting the use of License Exception STA when exporting “600 series” items to “a country listed in Country Group A:5”).

By engaging in the above-described conduct, First Call committed one violation of Section 764.2(a) of the Regulations. That is, First Call engaged in a transaction or took another action prohibited by or contrary to, or refrained from engaging in any transaction or taking any other action required by ECRA, the EAR, or any order, license or authorization issued thereunder.

Charge 3 15 C.F.R. § 764.2(a) –Engaging in Prohibited Conduct

On one (1) occasion on or about July 19, 2019, First Call engaged in prohibited conduct by exporting military aircraft parts and components, items subject to the Regulations and valued in total at approximately \$1,603.44 to South Korea without the required Department of Commerce export license or authorization. The item, which is described further below, is classified under ECCN 9A610.x and controlled on National Security grounds. Pursuant to Section 742.4, a Department of Commerce export license was required to export the item to South Korea.

On July 19, 2019, First Call shipped one (1) Bracket controlled under ECCN 9A610.x to a helicopter maintenance facility in South Korea, for the Programmed Depot Maintenance of South Korean Navy's UH-1H helicopters. The total value of the item shipped was \$1,603.44.

For the above violations First Call did not apply for or obtain a Department of Commerce export license, nor did the shipment meet the requirements of License Exception STA as set forth in Section 740.20 of the Regulations, as (among other reasons) First Call did not notify the consignee in writing that the shipment was made pursuant to License Exception STA as required by 15 C.F.R. § 740.20(d)(3).

In a February 8, 2021 written submission to BIS, First Call admitted to the July 19, 2019 export including that it had not obtained a BIS export license or satisfied the requirements to use License Exception STA.

By engaging in the above-described conduct, First Call committed one violation of Section 764.2(a) of the Regulations. That is, First Call engaged in a transaction or took another action prohibited by or contrary to, or refrained from engaging in any transaction or taking any other action required by ECRA, the EAR, or any order, license or authorization issued thereunder.

WHEREAS, First Call has reviewed the Proposed Charging Letter and is aware of the allegations made against it and the administrative sanctions that could be imposed against it if the allegations are found to be true;

WHEREAS, First Call fully understands the terms of this Agreement and the Order (“Order”) that the Assistant Secretary of Commerce for Export Enforcement, or appropriate designee, will issue if he approves this Agreement as the final resolution of this matter;

WHEREAS, First Call enters into this Agreement voluntarily and with full knowledge of its rights, after having consulted with counsel;

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

WHEREAS, First Call admits committing the alleged conduct described in the Proposed Charging Letter; and

WHEREAS, First Call agrees to be bound by the Order, if issued;

NOW THEREFORE, the Parties hereby agree, for purposes of this Settlement Agreement, as follows:

1. BIS has jurisdiction over First Call, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.
2. The following sanctions shall be imposed against First Call:
 - a. First Call shall be assessed a civil penalty in the amount of \$439,992. First Call shall pay the U.S. Department of Commerce \$75,000 in two installments as follows: \$37,500 no later than November 1, 2024; and \$37,500 no later than May 1, 2025. Payment shall be made in the manner specified in the attached instructions. Payment of the remaining \$364,992 shall be suspended¹⁰

¹⁰ BIS agreed to suspend a portion of the monetary penalty based on a demonstrated limited ability to pay in accordance with BIS’s penalty guidance. *See* Supplement No. 1 to 15 C.F.R. Part 766.

for a period of one year from the date of the Order, and thereafter waived, provided that during this probationary period: First Call has timely paid \$75,000 to the Department of Commerce as set forth above; has otherwise complied with the provisions of the Agreement and the Order including conducting export control compliance training as described below; and has committed no other violation of ECRA or the EAR or any order, license, or authorization issued thereunder. If First Call fails to comply with any of these probationary conditions, the \$364,992 suspended portion of the civil penalty may be activated and become immediately due and owing in full.

b. First Call shall conduct export control compliance training for its relevant personnel and management during the one-year probationary period described above. No later than one month after First Call completes the export control compliance training, First Call shall submit a certification of such training to the Office of Export Enforcement, Dallas Field Office, 225 E John Carpenter Fwy, #820, Irving, TX 75062.

c. The full and timely payment of the civil penalty in accordance with the payment schedule agreed to in Paragraph 2.a and the export control compliance training described in Paragraph 2.b are hereby made conditions to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to First Call. Failure to make full and timely payment of the civil penalty or to otherwise comply in full with the terms of this Agreement or the Order, if issued, may result in the denial

of all of First Call's export privileges under the Regulations for one year from the date of such failure.

3. Subject to the approval of this Agreement pursuant to Paragraph 7 hereof, First Call hereby waives all rights to further procedural steps in this matter (except the procedural steps set forth in Sections 766.17(c) and 766.18(c) of the Regulations with respect to the possible activation of suspended sanctions due to a violation of this Agreement or the Order, if issued), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if issued; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if issued. First Call also waives and will not assert any Statute of Limitations defense, and the Statute of Limitations will be tolled, in connection with any violation of the Act or the Regulations arising out of the transactions identified in the Proposed Charging Letter or in connection with collection of the civil penalty or enforcement of this Agreement and the Order, if issued, from the date of the Order, until the later of the date First Call pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement, or has completed the export control compliance training described in Paragraph 2.b.

4. BIS agrees that upon full and timely payment of the civil penalty as set forth in Paragraph 2.a and completion of the export control compliance training described in paragraph 2.b, BIS will not initiate any further administrative proceeding against First Call in connection with any violation of the Regulations arising out of the transactions specifically detailed in the Proposed Charging Letter.

5. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement, or appropriate designee, pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.


6. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if issued; nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

7. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement, or appropriate designee, approves it by issuing the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

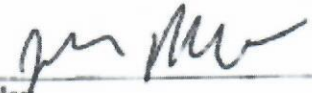
8. BIS will make the Proposed Charging Letter, this Agreement, and the Order, if issued, available to the public.

9. Each signatory affirms that he/she has authority to enter into this Settlement Agreement and to bind his/her respective party to the terms and conditions set forth herein.

BUREAU OF INDUSTRY AND SECURITY FIRST CALL INTERNATIONAL INC.
U.S. DEPARTMENT OF COMMERCE



John Sonderman
Director of Export Enforcement

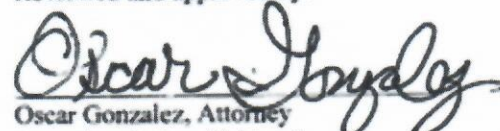


Joe Pavloy
President

Date: 9/24/2024

Date: 9/23/2024

Reviewed and approved by:



Oscar Gonzalez, Attorney
Gonzalez, Rolon, Valdespino
& Rodriguez, LLC
Counsel for First Call International Inc.

Date: Sept 23, 2024



UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Industry and Security
Office of Export Enforcement
1401 Constitution Avenue, Suite 4508
Washington, DC 20230

PROPOSED CHARGING LETTER

VIA UPS

First Call International
6329 Airport Freeway, Suite G
Haltom City, TX 76117
(817) 831-2220

Attn: *Joe Pavlov, President*

Dear Mr. Pavlov:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that First Call International (“First Call” or “FCI”) of Haltom City, Texas, has committed three (3) violations of the Export Administration Regulations (the “Regulations” or the “EAR”).¹ Specifically, BIS alleges the following violations:

Charge 1 15 C.F.R. § 764.2(g) – Misrepresentation or Concealment of Facts

1. On or about July 13, 2020, First Call made false or misleading statements to the U.S. Government in connection with an earlier March 6, 2018 export to the United Kingdom of five (5) Secondary Flights Displays with integrated QRS-11 Gyrochip, Micromanaged Angular Rate Sensors (“SFDs”), items subject to the Regulations and valued at approximately \$117,500.² The SFDs are classified under Export Control Classification Number (“ECCN”) 9A610.x and are controlled on National Security grounds. Pursuant to Section 742.4 of the Regulations, a Department of Commerce export license or authorization was required to export the SFDs to the United Kingdom.

¹ The Regulations originally issued under the Export Administration Act of 1979, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (EAA), which lapsed on August 21, 2001. The President continued the Regulations under the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-1708 (2012) (IEEPA), including during the time period of the violations at issue here. On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801 - 4852 (ECRA). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment, shall continue in effect according to their terms until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA. The 2024 Regulations govern the procedural aspects of this case.

² The SFDs were exported to AVLOC Services in the United Kingdom for ultimate end use by the Turkish Ministry of Defense in Turkey. In First Call’s February 8, 2021 written submission, AVLOC is described as “FCI’s liaison in the UK and the UK importer.”

2. At the time of the March 6, 2018 export of the SFDs to the United Kingdom, First Call submitted an Electronic Export Information filing (“EEI”) (ITN No. X20200108783478) through the Automated Export System, which is maintained by the U.S. Government, falsely indicating No License Required (“NLR”) and using an incorrect ECCN for the SFDs.

3. Later, on or about September 24, 2018, First Call amended its EEI filing to include the correct ECCN (9A610.x) but also falsely indicating that the SFDs had been lawfully exported under License Exception Strategic Trade Authorization (“STA”),³ when in fact the requirements of License Exception STA had not been met.⁴

4. Subsequently, the original equipment manufacturer of the SFDs informed BIS’s Munitions Control Division (“MCD”) that First Call had not provided it with a Prior Consignee Statement (“PCS”) prior to the March 6, 2018 export as required under License Exception STA. *See* 15 C.F.R. § 740.20(d)(2).⁵ As such, the requirements to use License Exception STA for this export were not met, and therefore it was false to cite License Exception STA as authorization on the September 24, 2018 amended EEI.

5. An MCD compliance officer subsequently requested First Call provide a copy of the PCS connected to the March 6, 2018 export of the SFDs. On or about July 13, 2020, First Call provided MCD a PCS dated January 1, 2018. The MCD officer referred the matter to BIS’s Office of Export Enforcement based on the belief that the PCS provided by First Call was backdated and falsified in violation of the EAR.

6. In its August 10, 2020 written response to a BIS Administrative Subpoena, First Call admitted that “*FCI was not in possession of the required Prior Consignee Statement (PCS) from UK Company 1 prior to amending the EEI filing*” and that “*since FCI amended the EEI filing on September 24, 2018, in order to claim STA, FCI now understands that it unknowingly submitted false statements to BIS through the amended EEI filing.*” Moreover, First Call’s August 10, 2020 submission further admitted that “*under FCI advice, UK Company 1 back-dated the PCS to January 1, 2018. On October 8, 2018, UK Company 1 sent the back-dated PCS to FCI for STA documentation purposes.*”

7. Specifically, in an email dated October 8, 2018 from First Call’s President to UK Company 1, First Call advised UK Company 1 to back-date a PCS covering the March 6, 2018 export of five (5) SFDs described above. As referenced above, License Exception STA (15 C.F.R. § 740.20(d)(2)) requires that the exporter obtain the PCS from its consignee prior to exporting the item. UK Company 1 sent the back-dated PCS to First

³ “License Exception” is defined in pertinent part as “[a]n authorization described in part 740 of the EAR that allows you to export or reexport, under stated conditions, items subject to the EAR that otherwise would require a license. *See* 15 C.F.R. § 772.1.

⁴ License Exception “STA” is set forth in 15 C.F.R. § 740.20.

⁵ As set forth in 15 C.F.R. § 740.20(d)(2), which addresses the requirements related to the “Prior Consignee Statement” for purposes of License Exception STA, “[t]he exporter, reexporter, or transferor must obtain the following statement in writing from its consignee(s) **prior to exporting**, reexporting, or transferring (in-country) the item and must retain the statement in accordance with part 762 of the EAR.” (emphasis added).

Call on October 8, 2018. First Call then submitted what it knew or had reason to know was a fraudulent document to BIS.

8. By engaging in the above-described conduct, including the submission to BIS of a falsely dated PCS, First Call committed one violation of Section 764.2(g) of the Regulations. That is, First Call made a false or misleading representation, statement, or certification, or falsified or concealed any material fact, either directly to BIS or an official of any other United States agency, or indirectly through any other person: (i) In the course of an investigation or other action subject to the EAR; and (ii) In connection with the preparation, submission, issuance, use, or maintenance of any “export control document” or any report filed or required to be filed pursuant to the EAR; and (iii) For the purpose of or in connection with effecting an export, reexport, transfer (in-country) or other activity subject to the EAR.

Charge 2 15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct

9. On one occasion on or about January 8, 2020, First Call engaged in prohibited conduct by exporting military aircraft parts and components, items subject to the Regulations and valued at approximately \$35,925.00, without the required Department of Commerce export license or authorization. The items, which are described further below, are classified under ECCN 9A610.x and controlled on National Security grounds. Pursuant to Section 742.4, a Department of Commerce export license was required to export or reexport these items to Malaysia via Australia.⁶

10. First Call shipped the items from the United States to Flite Path Party Ltd. in Penrith, Australia purportedly under License Exception STA.⁷ However, First Call was aware at all pertinent times that the items were for ultimate end use by the Royal Malaysian Air Force (“RMAF”) in Malaysia, a destination which is ineligible for the export of these items under License Exception STA.⁸ The items exported are further described below:

- a. On January 8, 2020, First Call exported three (3) F/A-18 Sensor Units, which are classified under ECCN 9A610.x, to Flite Path Party Ltd., in Penrith, Australia pursuant to purchase order No. P19865, dated December

⁶ Additionally, Section 744.7 of the Regulations states in pertinent part that you may not export, reexport, or transfer (in-country) an item subject to the EAR to, or for the use of, a foreign aircraft unless a license exception or no license required permits the shipment to be made (1) to the country in which the vessel or aircraft is located, and (2) to the country in which the vessel or aircraft is registered, or will be registered in the case of a vessel or aircraft under construction, and (3) to the country, including a national thereof, which is currently controlling, leasing, or chartering the vessel or aircraft. The items in this instance were intended for installation on an aircraft under Malaysian registration and/or control, a destination that would require an export license and was not eligible for License Exception STA.

⁷ See 15 C.F.R. § 740.20.

⁸ See 15 C.F.R. § 740.20(b)(3) (limiting the use of License Exception STA when exporting “600 series” items to “a country listed in Country Group A:5”).

16, 2019. The purchase order lists a price per Sensor Unit of \$6,150 for a total of \$18,450, and also states that the Sensor Units were for the “RMAF F/A 18”.

- b. On January 8, 2020, First Call exported three (3) F/A-18 Lap Assemblies controlled under ECCN 9A610.x to Flite Path Party Ltd, Penrith, Australia pursuant to Purchase Order No. P19865, dated December 16, 2019. The purchase order lists a price per Lap Assemblies of \$4,100 for a total price of \$12,300, and also states that the Sensor Units were for the “RMAF F/A 18 C/D”.
- c. On January 8, 2020, First Call exported one (1) F/A-18 Spool and Sleeve Assembly controlled under ECCN 9A610.x to Flite Path Party Ltd, Penrith, Australia pursuant to Purchase Order No. P19865, dated December 16, 2019. The purchase order indicates that one Spool and Sleeve Assembly was ordered for \$5,175.00, and also states that the item was for the “RMAF F/A 18 C/D”.

11. By engaging in the above-described conduct, First Call committed one violation of Section 764.2(a) of the Regulations. That is, First Call engaged in a transaction or took another action prohibited by or contrary to, or refrained from engaging in any transaction or taking any other action required by ECRA, the EAR, or any order, license or authorization issued thereunder.

Charges 3 15 C.F.R. § 764.2(a) –Engaging in Prohibited Conduct

12. On one (1) occasion on or about July 19, 2019, First Call engaged in prohibited conduct by exporting military aircraft parts and components, items subject to the Regulations and valued in total at approximately \$1,603.44 to South Korea without the required Department of Commerce export license or authorization. The item, which is described further below, is classified under ECCN 9A610.x and controlled on National Security grounds. Pursuant to Section 742.4, a Department of Commerce export license was required to export the item to South Korea.

13. On July 19, 2019, First Call shipped one (1) Bracket controlled under ECCN 9A610.x to a helicopter maintenance facility in South Korea, for the Programmed Depot Maintenance of South Korean Navy’s UH-1H helicopters. The total value of the item shipped was \$1,603.44.

14. For the above violations First Call did not apply for or obtain a Department of Commerce export license, nor did the shipment meet the requirements of License Exception STA as set forth in Section 740.20 of the Regulations, as (among other reasons) First Call did not notify the consignee in writing that the shipment was made pursuant to License Exception STA as required by 15 C.F.R. § 740.20(d)(3).

15. In a February 8, 2021 written submission to BIS, First Call admitted to the July 19, 2019 export including that it had not obtained a BIS export license or satisfied the requirements to use License Exception STA.

16. By engaging in the above-described conduct, First Call committed one violation of Section 764.2(a) of the Regulations. That is, First Call engaged in a transaction or took another action prohibited by or contrary to, or refrained from engaging in any transaction or taking any other action required by ECRA, the EAR, or any order, license or authorization issued thereunder.

* * * * *

Accordingly, First Call is hereby notified that an administrative proceeding is instituted against it pursuant to Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including, but not limited to any or all of the following:

- The maximum civil penalty of an amount not to exceed the greater of \$364,992 per violation or an amount that is twice the amount of the transaction that is the basis of the violation with respect to which the penalty is imposed;⁹
- Denial of export privileges;
- Exclusion from practice before BIS; and/or
- Any other liability, sanction, or penalty available under law.

If First Call fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. *See* 15 C.F.R. §§ 766.6 and 766.7. If First Call defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to First Call. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charges in this letter.

First Call is further notified that it is entitled to an agency hearing on the record if it files a written demand for one with its answer. *See* 15 C.F.R. § 766.6. First Call is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. *See* 15 C.F.R. §§ 766.3(a) and 766.4.

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should First Call have a proposal to settle this case, First Call should transmit it to the attorney representing BIS named below.

⁹ *See* 50 U.S.C. § 4819(c) (prescribing civil monetary penalty amount for ECRA violation); 15 C.F.R. §§ 6.3(c)(4), 6.4 (adjusting for inflation the civil monetary penalty amount for ECRA).

First Call is further notified that under the Small Business Regulatory Enforcement Flexibility Act, First Call may be eligible for assistance from the Office of the National Ombudsman of the Small Business Administration in this matter. To determine eligibility and get more information, please see: <http://www.sba.gov/ombudsman/>.

The United States Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, First Call's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center
40 S. Gay Street
Baltimore, Maryland 21202-4022

In addition, a copy of First Call's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security
Attention: Greg Michelsen and Anne Fisher
Room H-3839
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Greg Michelsen and Anne Fisher are the attorneys representing BIS in this case; any communications that First Call may wish to have concerning this matter should occur through them. Mr. Michelsen and Ms. Fisher may be contacted by e-mail at gmichelsen@doc.gov and afisher@doc.gov, respectively.

Sincerely,

John Sonderman
Director
Office of Export Enforcement