

## DEPARTMENT OF COMMERCE

## Bureau of Industry and Security

**In the Matter of: Ricardo Humberto Varela, Inmate Number: 85044-379, Federal Correctional Institution Bastrop, P.O. Box 1010, Bastrop, TX 78602**

## Order Denying Export Privileges

On February 8, 2016, in the U.S. District Court for the Southern District of Texas, Ricardo Humberto Varela ("Varela") was convicted of violating Section 38 of the Arms Export Control Act (22 U.S.C. 2778 (2012)) ("AECA"). Specifically, Varela was convicted of intentionally and knowingly conspiring and agreeing to knowingly and willfully export and cause to be exported from the United States to Mexico defense articles designated on the United States Munitions List, namely, 5.56 caliber rifles, without the required U.S. Department of State licenses. Varela was sentenced to 46 months in prison, three years of supervised release, and a \$200 assessment.

Section 766.25 of the Export Administration Regulations ("EAR" or "Regulations")<sup>1</sup> provides, in pertinent part, that "[t]he Director of the Office of Exporter Services, in consultation with the Director of the Office of Export Enforcement, may deny the export privileges of any person who has been convicted of a violation of the EAA [Export Administration Act], the EAR, or any order, license, or authorization issued thereunder; any regulation, license or order issued under the International Emergency Economic Powers Act (50 U.S.C. 1701-1706); 18 U.S.C. 793, 794 or 798; section 4(b) of the Internal Security Act of 1950 (50 U.S.C. 783(b)); or section 38 of the Arms Export Control Act (22 U.S.C. 2778)." 15 CFR 766.25(a); *see also* Section 11(h) of the EAA, 50 U.S.C. 4610(h). The denial of export privileges under this provision may be for a period of up to 10 years from the date of the conviction. 15 CFR 766.25(d); *see also* 50 U.S.C. 4610(h). In addition, Section 750.8 of the Regulations states that the Bureau of

Industry and Security's Office of Exporter Services may revoke any Bureau of Industry and Security ("BIS") licenses previously issued pursuant to the Export Administration Act ("EAA" or "the Act") in which the person had an interest at the time of his conviction.

BIS has received notice of Varela's conviction for violating the AECA, and has provided notice and an opportunity for Varela to make a written submission to BIS, as provided in Section 766.25 of the Regulations. BIS has not received a submission from Varela.

Based upon my review and consultations with BIS's Office of Export Enforcement, including its Director, and the facts available to BIS, I have decided to deny Varela's export privileges under the Regulations for a period of five years from the date of Varela's conviction. I have also decided to revoke all licenses issued pursuant to the Act or Regulations in which Varela had an interest at the time of his conviction.

Accordingly, *it is hereby ordered:*

*First*, from the date of this Order until February 8, 2021, Ricardo Humberto Varela, with a last known address of Inmate Number: 85044-379, Federal Correctional Institution Bastrop, P.O. Box 1010, Bastrop, TX 78602, and when acting for or on his behalf, his successors, assigns, employees, agents or representatives (the "Denied Person"), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that is subject to the Regulations, including, but not limited to:

A. Applying for, obtaining, or using any license, license exception, or export control document;

B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or engaging in any other activity subject to the Regulations; or

C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or from any other activity subject to the Regulations.

*Second*, no person may, directly or indirectly, do any of the following:

A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations;

B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby the Denied Person acquires or attempts to acquire such ownership, possession or control;

C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States;

D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or

E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by the Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by the Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

*Third*, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any other person, firm, corporation, or business organization related to Varela by ownership, control, position of responsibility, affiliation, or other connection in the conduct of trade or business may also be made subject to the provisions of this Order in order to prevent evasion of this Order.

*Fourth*, in accordance with Part 756 of the Regulations, Varela may file an appeal of this Order with the Under Secretary of Commerce for Industry and Security. The appeal must be filed within 45 days from the date of this Order and must comply with the provisions of Part 756 of the Regulations.

*Fifth*, a copy of this Order shall be delivered to Varela and shall be published in the **Federal Register**.

*Sixth*, this Order is effective immediately and shall remain in effect until February 8, 2021.

<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 CFR parts 730-774 (2017). The Regulations issued pursuant to the Export Administration Act (50 U.S.C. 4601-4623 (Supp. III 2015)) (available at <http://uscode.house.gov>) ("EAA" or "the Act"). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 CFR, 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 4, 2016 (81 FR 52,587 (Aug. 8, 2016)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. 1701, *et seq.* (2012)).

Issued: August 10, 2017.

**Karen H. Nies-Vogel,**

*Director, Office of Exporter Services.*

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**BILLING CODE P**

## DEPARTMENT OF COMMERCE

### Bureau of Industry and Security

**In the Matter of: Jose Luis Benavides-Cira, Inmate Number: 85055-379, Great Plains Correctional Institution, P.O. Box 400, Hinton, OK 73047**

### Order Denying Export Privileges

On November 30, 2015, in the U.S. District Court for the Southern District of Texas, Jose Luis Benavides-Cira was convicted of violating Section 38 of the Arms Export Control Act (22 U.S.C. 2778 (2012)) (“AECA”). Specifically, Jose Luis Benavides-Cira was convicted of intentionally and knowingly conspiring and agreeing with other persons to knowingly and willfully export, and cause to be exported, from the United States to Mexico defense articles designated on the United States Munitions List, namely, 5.56 caliber rifles, without the required U.S. Department of State licenses. Jose Luis Benavides-Cira was sentenced to 46 months in prison and a \$100 assessment.

Section 766.25 of the Export Administration Regulations (“EAR” or “Regulations”)<sup>1</sup> provides, in pertinent part, that “[t]he Director of the Office of Exporter Services, in consultation with the Director of the Office of Export Enforcement, may deny the export privileges of any person who has been convicted of a violation of the EAA [Export Administration Act], the EAR, or any order, license, or authorization issued thereunder; any regulation, license or order issued under the International Emergency Economic Powers Act (50 U.S.C. 1701-1706); 18 U.S.C. 793, 794 or 798; section 4(b) of the Internal Security Act of 1950 (50 U.S.C. 783(b)); or section 38 of the Arms Export Control Act (22 U.S.C. 2778).” 15 CFR 766.25(a); *see also* Section 11(h) of

the EAA, 50 U.S.C. 4610(h). The denial of export privileges under this provision may be for a period of up to 10 years from the date of the conviction. 15 CFR 766.25(d); *see also* 50 U.S.C. 4610(h). In addition, Section 750.8 of the Regulations states that the Bureau of Industry and Security’s Office of Exporter Services may revoke any Bureau of Industry and Security (“BIS”) licenses previously issued pursuant to the Export Administration Act (“EAA” or “the Act”) or the Regulations in which the person had an interest at the time of his conviction.

BIS has received notice of Jose Luis Benavides-Cira’s conviction for violating Section 38 of the AECA, and has provided notice and an opportunity for Jose Luis Benavides-Cira to make a written submission to BIS, as provided in Section 766.25 of the Regulations. BIS has not received a submission from Jose Luis Benavides-Cira.

Based upon my review and consultations with BIS’s Office of Export Enforcement, including its Director, and the facts available to BIS, I have decided to deny Jose Luis Benavides-Cira’s export privileges under the Regulations for a period of five years from the date of Jose Luis Benavides-Cira’s conviction. I have also decided to revoke all licenses issued pursuant to the Act or Regulations in which Jose Luis Benavides-Cira had an interest at the time of his conviction.

Accordingly, *it is hereby ordered:*

*First*, from the date of this Order until November 30, 2020, Jose Luis Benavides-Cira, with a last known address of Inmate Number: 85055-379, Great Plains Correctional Institution, P.O. Box 400, Hinton, OK 73047, and when acting for or on his behalf, his successors, assigns, employees, agents or representatives (“the Denied Person”), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as “item”) exported or to be exported from the United States that is subject to the Regulations, including, but not limited to:

A. Applying for, obtaining, or using any license, license exception, or export control document;

B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or engaging

in any other activity subject to the Regulations; or

C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or from any other activity subject to the Regulations.

*Second*, no person may, directly or indirectly, do any of the following:

A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations;

B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby the Denied Person acquires or attempts to acquire such ownership, possession or control;

C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States;

D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or

E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by the Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by the Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

*Third*, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any other person, firm, corporation, or business organization related to Jose Luis Benavides-Cira by ownership, control, position of responsibility, affiliation, or other connection in the conduct of trade or business may also be made subject to the provisions of this Order in order to prevent evasion of this Order.

*Fourth*, in accordance with Part 756 of the Regulations, Jose Luis Benavides-Cira may file an appeal of this Order with the Under Secretary of Commerce for Industry and Security. The appeal must be filed within 45 days from the date of this Order and must comply

<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 CFR parts 730-774 (2017). The Regulations issued pursuant to the Export Administration Act (50 U.S.C. 4601-4623 (Supp. III 2015) (available at <http://uscode.house.gov>)) (“EAA” or “the Act”). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 CFR, 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 4, 2016 (81 FR 52,587 (Aug. 8, 2016)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. 1701, *et seq.* (2012)).