



UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Industry and Security
Washington, D.C. 20230

CERTIFIED - RETURN RECEIPT REQUESTED

Sturm, Ruger & Company, Inc.
Lacey Place
Southport, Connecticut 06498

Attention: William B. Ruger, Jr.
Chairman of the Board

Dear Mr. Ruger:

The Bureau of Industry and Security, United States Department of Commerce (hereinafter "BIS"),¹ has reason to believe that Sturm, Ruger & Company, Inc. (hereinafter "Sturm") violated the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2002)) (hereinafter the "Regulations"),² which are issued under the authority of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (1994 & Supp. V 1999)). (hereinafter the "Act"),³ Specifically, BIS charges that Sturm committed the following violation:

¹ On April 18, 2002, the Department of Commerce announced that the name of the Bureau of Export Administration ("BXA") had been changed to the Bureau of Industry and Security ("BIS") and made conforming changes in the Export Administration Regulations. 67 Fed. Reg. 20630-32 (April 26, 2002). This change does not affect the substantive activities or responsibilities of BIS. All actions taken before, on or after April 18 under the name of BXA will be deemed to have taken under the name BIS and all references to BXA are deemed to be to BIS. Id.

² The Regulations governing the violation at issue are found in the 1999 version of the Code of Federal Regulations. Those Regulations are codified at 15 C.F.R. Parts 730-774 (1999) and, to the degree to which they pertain to this matter, are substantially the same as the 2002 version.

³ From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations then in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (1994 & Supp. IV 1999)) (IEEPA). On November 13, 2000, the Act was reauthorized by Public Law No. 106-508 and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (66 Fed. Reg. 44025 (August 22, 2001)), has continued the Regulations in effect under IEEPA.



Charge 1: Unauthorized Export to Oman: EAR §764.2(a)

On or about January 1, 1999, Sturm exported 12 rifle scopes (Export Control Classification Number 0A985) that were subject to the Regulations from the United States to Oman without the export license required by Section 742.7 (a)(4) of the Regulations. BIS alleges that by engaging in conduct prohibited by or contrary to the Regulations, Sturm committed one violation of Section 764.2 (a) of the Regulations.

Accordingly, Sturm is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an Order imposing administrative sanctions, including any or all of the following:

A civil penalty of up to \$11,000 for each violation⁴;

A denial of export privileges

A Exclusion from practice before BIS.

If Sturm fails to answer the charging letter contained in this letter within 30 days after being served with notice of issuance of the letter, that failure will be treated as a default. (Regulations, Section 766.6 and 766.7). If Sturm defaults, the Administrative Law Judge may find the charges alleged in this letter are true without hearing or further notice to Sturm. The Under Secretary for Industry and Security may impose up to the maximum penalty on each of the charges in this letter.

Sturm is further notified that it is entitled to an agency hearing on the record if Sturm files a written demand for one with its answer. (Regulation, Section 766.6). Sturm is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. (Regulations, Sections 766.3(a) and 766.4).

The Regulations provide for settlement without a hearing. (Regulations, Section 766.18). Should you have a proposal to settle this case, you or your representative should transmit it to me through the attorney representing BIS named below,

The U.S. Coast Guard provides administrative law judges service in connection with the matters set

⁴ Pursuant to the Federal Civil Penalties Adjustment Act of 1990, (28 U.S.C. 2461, note (1994 & Supp. V 1999)) and 15 C.F.R. §6.4(a)(2) the maximum civil penalty for each violation committed after October 23, 1996 and before November 1, 2000 is \$11,000.

forth in this letter. Accordingly, Sturm's answer should be filed pursuant to 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 Sturm, Ruger & Company, Inc.'s answer must be served on BIS at the following address:

Chief Counsel for Industry and Security
Attention: **Lairold M. Street**
Room H-3839
United States Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Please contact **Lairold M. Street, Esq.** at (202) 482-5301, or at the mailing address below, should you have questions concerning this matter.

Sincerely,

Mark D. Menefee
Director
Office of Export Enforcement

Enclosure

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

In the Matter of:)
)
Sturm, Ruger & Company, Inc.)
Lacey Place)
Southport, Connecticut 06498)
)

Respondent

SETTLEMENT AGREEMENT BETWEEN STURM, RUGER & COMPANY, INC. AND THE
BUREAU OF INDUSTRY AND SECURITY

This Settlement Agreement (Agreement) is made by and between Sturm, Ruger & Company, Inc. (Sturm) and the Bureau of Industry and Security, United States Department of Commerce (BIS),¹ pursuant to Section 766.18(a) of the Export Administration Regulations (15 C.F.R. Parts 730-774 (2002)) (the Regulations),² issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (1994 & Supp. V 1999)) (Act), and

¹ On April 18, 2002, the Department of Commerce announced that the name of the Bureau of Export Administration (“BXA”) had been changed to the Bureau of Industry and Security (“BIS”) and made conforming changes in the Export Administration Regulations. *67 Fed. Reg. 20630-32* (April 26, 2002). This change does not affect the substantive activities or responsibilities of BIS. All actions taken before, on or after April 18 under the name of BXA will be deemed to have been taken under the name BIS and all references to BXA are deemed to be to BIS. *Id.*

² The Regulations governing the violation at issue is found in the 1999 version of the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (1999) and, insofar as they pertain to this matter, are substantively identical to the 2002 version.

which are currently maintained in force under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (1994 & Supp. V 1999)) (IEEPA).³

WHEREAS, BIS has notified Sturm of its intention to initiate an administrative proceeding against Sturm pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a proposed charging letter to Sturm that alleged that Sturm committed one violation of the Regulations. Specifically, BIS alleged that on or about January 1, 1999, Sturm exported 12 rifle scopes (Export Control Classification Number 0A985) that were subject to the Regulations from the United States to Oman without the export license required by Section 742.7(a)(4) of the Regulations;

WHEREAS, Sturm has reviewed the proposed charging letter and is aware of the allegations made against it and the administrative sanctions which could be imposed against it if the allegations are found to be true;

WHEREAS, Sturm fully understands the terms of this Agreement and the Order that will be issued to give effect to this Settlement Agreement (Order);

WHEREAS, Sturm enters into this Agreement voluntarily and with full knowledge of its rights;

³ From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was issued on August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the IEEPA. On November 13, 2000, the Act was reauthorized and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2002 Comp. 783-784 (2002)) has continued the Regulations in effect under IEEPA.

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

WHEREAS, Sturm neither admits nor denies the allegations contained in the proposed charging letter;

WHEREAS, Sturm wishes to settle and dispose of all matters alleged in the proposed charging letter by entering into this Agreement; and

WHEREAS, Sturm agrees to be bound by the Order, when entered;

NOW THEREFORE, Sturm and BIS agree as follows:

1. BIS has jurisdiction over Sturm, under the Regulations, in connection with the matter alleged in the proposed charging letter.

2. BIS and Sturm agree that the following sanction shall be imposed against Sturm in complete settlement of the alleged violation of the Regulations set forth in the proposed charging letter:

- a. Sturm shall be assessed a civil penalty in the amount of \$ 11,000, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of the Order.
- b. The timely payment of the civil penalty agreed to in paragraph 2a is hereby made a condition to the granting, restoration, or continuing validity of any export license, permission, or privilege granted, or to be granted, to Sturm. Failure to make timely payment of the civil penalty set forth above shall result in the denial

of all of Sturm's export privileges for a period of one year from the date of entry of the Order imposing the civil penalty.

3. Sturm agrees that, subject to the approval of this Agreement pursuant to paragraph 8 hereof, it hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violation of this Agreement or the Order, when entered), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in the proposed charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, when entered; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, when entered.

4. BIS agrees that, upon entry of the Order, it will not initiate any administrative proceeding against Sturm in connection with any violation of the Act or the Regulations arising out of the transaction identified in the proposed charging letter.

5. Sturm understands that BIS will make the proposed charging letter, this Agreement, and the Order, when entered, available to the public.

6. BIS and Sturm agree that 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 pursuant to Section 766.1 S(a) of the Regulations, BIS and Sturm agree that they may not use this Agreement in any administrative or judicial proceeding and that the parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

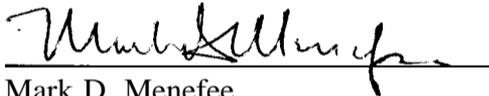
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, when entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department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

8. This Agreement shall become binding on BIS only when the Assistant Secretary of Commerce for Export Enforcement approves it by entering the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

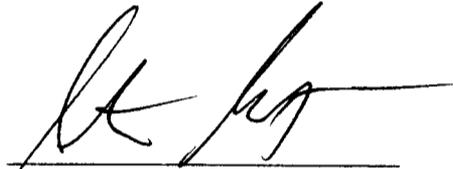
9. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE

Sturm, Ruger & Company, Inc.



Mark D. Menefee
Director
Office of Export Enforcement



Stephen L. Sanetti
Senior Executive
Vice President and General Counsel

Date: 8/22/02

Date: 8/8/02

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

In the Matter of:)
)
Sturm, Ruger & Company, Inc.)
Lacey Place)
Southport, Connecticut 06498)
)
Respondent)

ORDER RELATING TO RESPONDENT, STURM, RUGER & COMPANY, INC.

The Bureau of Industry and Security, United States Department of Commerce (BIS),¹ having notified Sturm, Ruger & Company, Inc. (Sturm), of its intention to initiate an administrative proceeding against it pursuant to Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (1994 & Supp. V 1999)) (Act),² and the Export Administration Regulations

¹ On April 18, 2002, the Department of Commerce announced that the name of the Bureau of Export Administration (“BXA”) had been changed to the Bureau of Industry and Security (“BIS”) and made conforming changes in the Export Administration Regulations. 67 Fed. Reg. 20630-32 (April 26, 2002). This change does not affect the substantive activities or responsibilities of BIS. All actions taken before, on or after April 18 under the name of BXA will be deemed to have been taken under the name BIS and all references to BXA are deemed to be to BIS. Id.

² From August 21, 1994 through November 12, 2000, the Act was in lapse. During that period, the President, through Executive Order 12924, which had been extended by successive Presidential Notices, the last of which was issued on August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations then in effect under the International Emergency Economic Powers Act (50 U.S.C. §§1701 - 1706 (1994 & Supp. V 1999)) (IEEPA). On November 13, 2000, the Act was reauthorized by Pub. L. No. 106-508 and it remained in effect through August 20, 2001. Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2002 Comp. 783-784 (2002)) , has continued the Regulations in effect under IEEPA.

(currently codified at 15 C.F.R. Parts 730-774 (2002)) (**Regulations**),³ based on allegations in a proposed charging letter issued to Sturm that alleged that Sturm committed one violation of the Regulations. Specifically, BIS alleged that on or about January 1, 1999, Sturrn exported 12 rifle scopes (Export Control Classification Number 0A985) that were subject to the Regulations from the United States to Oman without the export license required by Section 742.7(a)(4) of the Regulations;

BIS and Sturm having 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, and the terms of the Settlement Agreement having been approved by me;

IT IS THEREFORE ORDERED:

FIRST, that a civil penalty of \$11,000 is assessed against Sturm, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§3701-3720E (1983 and Supp. 2000)), 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, Sturm 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.

³ The Regulations governing the violation at issue is found in the 1999 version of the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (1999)) and, insofar as they pertain to this matter, are substantively identical to the 2002 version.

THIRD, that the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Sturm. Accordingly, if Sturm should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Sturm's export privileges for a period of one year from the date of entry of this Order.

FOURTH, that 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.



Michael J. Garcia
Assistant Secretary of Commerce
for Export Enforcement

Entered this 8th day of November 2002.