

# Locke Lord QuickStudy: BIS Penalizes U.S. Corporation for Anti-Boycott Violations

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On January 29, 2024, the Department of Commerce's Bureau of Industry and Security ("BIS") imposed a civil penalty of \$153,175 against a global rail technology manufacturer headquartered in Pittsburgh, Pennsylvania (the "Manufacturer"). The penalty was in response to 43 alleged violations of anti-boycott provisions within the Export Administration Regulations ("EAR") involving the Manufacturer's failure to report a customer's attempt to impose restrictive trade practices against Israel. Between February 2018 and July 2022, on 43 occasions, the Manufacturer received requests from the customer to refrain from importing Israeli-origin goods to fulfill its orders. Section 760.5 of the EAR requires U.S. persons to report the receipt of a boycott request in violation of U.S. anti-boycott laws to the BIS whether or not accepted. U.S. anti-boycott laws prohibit U.S. persons from participating in or supporting foreign boycotts against countries friendly to the United States.

The Manufacturer voluntarily disclosed the conduct to the BIS, cooperated with the investigation by BIS's Office of Antiboycott Compliance, and took remedial measures after discovering the conduct at issue, which resulted in a significant reduction in the penalty.

Anti-boycott compliance is an important part of a comprehensive international trade compliance program. As global trade grows more politically challenging, staying abreast of current law and enforcement priorities becomes increasingly important. We anticipate that the BIS will continue to actively enforce anti-boycott laws.

Please also see our recent QuickStudy on the related topic of the new Foreign Extortion Prevention Act which requires U.S. persons to report any requests or demands for bribes.

## Conclusion

This paper is intended as a guide only and is not a substitute for specific legal or tax advice. Please reach out to the authors for any specific questions. We expect to continue to monitor the topics addressed in this paper and provide future client updates when useful.

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