Commerce Department Imposes $2.12 Million Civil Penalty on McDonnell Douglas for Alleged Export Control Violations

The Department of Commerce today imposed a $2.12 million civil penalty against McDonnell Douglas Corporation of St. Louis, Mo., as part of a settlement of charges that the company violated federal export control laws. The penalty is the maximum fine possible for the alleged violations.

"This settlement concludes a six-year investigation with the second-largest civil fine ever imposed by the Commerce Department in an export control case," noted Under Secretary of Commerce for Export Administration Kenneth I. Juster.

The Order imposing the penalty, issued by the Assistant Secretary of Commerce for Export Enforcement Michael J. Garcia, terminates a six-year investigation into exports of machine tools to China between 1994 and 1995. The Department alleged that McDonnell Douglas submitted license applications containing false and misleading statements about the end-use and end-user of the machine tools. The Department also alleged that the exports violated the conditions of U.S. export licenses issued to the company.

In a related case concluded in May, the Department had imposed a $1.32 million civil penalty and a denial of export privileges on a group of Chinese government-owned companies and their U.S. affiliates that had received the machine tools from McDonnell Douglas.

In addition to the civil penalty, the Order and settlement agreement require that McDonnell Douglas' parent company, The Boeing Company, assume responsibility and liability for all exports under the Commerce Department's jurisdiction made or to be made by McDonnell Douglas.

Assistant Secretary Garcia commented that "this case demonstrates that
the Commerce Department will hold exporters strictly accountable for misrepresentations made in securing export licenses and for abiding by the terms and conditions of licenses once issued."

The investigation was conducted by the Office of Export Enforcement's Intelligence and Field Support Division in the Department of Commerce's Bureau of Export Administration.

**Note**

In April of 2002 the Bureau of Export Administration (BXA) changed its name to the Bureau of Industry and Security (BIS). For historical purposes we have not changed the references to BXA in the legacy documents found in the Archived Press and Public Information.