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Haas Automation to Pay Over \$2.5 Million in Combined Civil Penalties to BIS and OFAC for Prohibited Transactions, Including with Entities Affiliated with Chinese and Russian Defense Sectors

WASHINGTON, D.C. — Today, as part of a coordinated enforcement effort, the Department of Commerce’s Bureau of Industry and Security (BIS) and the Department of the Treasury’s Office of Foreign Assets Control (OFAC) imposed approximately \$2.5 million in combined civil penalties against Haas Automation, Inc. (Haas) for alleged and apparent violations of U.S. export controls and sanctions laws, including illegal shipments of Computer Numerical Control (CNC) machine parts to Entity-Listed parties in Russia and China. The transactions charged by BIS involved parties that were added to the Entity List for supporting the defense sectors of China or Russia.

As part of a settlement agreement with Haas, BIS issued an order imposing an administrative penalty of \$1.5 million, as well as an ongoing audit and reporting requirement. In addition to the BIS penalty, Haas entered a corresponding settlement with OFAC whereby Haas agreed to a \$1,044,781 civil penalty to resolve apparent violations of OFAC’s sanctions regulations involving Russia and Ukraine.

“Today’s coordinated resolution with OFAC demonstrates our resolve to hold accountable companies that do not put in place effective compliance programs to prevent exports to Entity Listed companies,” said **Acting Assistant Secretary for Export Enforcement Kevin J. Kurland**. “That’s especially true when parties on the Entity List have ties to China’s or Russia’s destabilizing military modernization programs.”

Under the terms of the BIS Settlement Agreement, Haas admitted to 41 violations of the Export Administration Regulations (EAR) involving sales to Entity-Listed parties in China and Russia without BIS authorization. The relevant sales—parts used to service previously sold Haas CNC machines—were valued in total at approximately \$29,254 and were used to service CNC machines worth far more. Haas also admitted to an additional violation involving the filing of inaccurate Electronic Export Information (EEI) for certain shipments to Russia. Haas cooperated with the investigation by BIS’s Office of Export Enforcement (OEE) Los Angeles Field Office and OFAC, and took remedial measures after discovering the conduct, which resulted in a reduction of the penalty.

“Exporting items to Entity-Listed parties in Russia and China has serious national security implications,” said **OEE Director John Sonderman**. “When choosing to do business in these jurisdictions, industry must enhance screening efforts when it comes to prohibited parties.”

Headquartered in Oxnard, California, Haas is a privately held manufacturer of machine tools and related parts, including CNC vertical and horizontal machining centers and CNC lathes. CNC machines and parts have a wide range of potential applications, including uses across the electronics, transportation, oil and gas, aerospace, marine, and military and defense industries.

On 32 occasions between April 2019 and March 2024, Haas violated the EAR by selling CNC machine parts designated as EAR99, through Haas’s authorized distributors, for export, reexport, or transfer (in-country) to defense sector parties that were on the BIS Entity List in China, including Beijing University of Aeronautics and Astronautics (also known as Beihang University), Shandong Institute of Space Electronic Technology, and China Electronics Technology Group Corporation 14th Research Institute (CETC 14). Additionally, Haas violated the EAR by making nine sales to two defense sector parties on the Entity List in Russia—DJSC Factory Krasnoe Znamya and JSC LEMZ R&P Corporation—between January 2020 and November 2021.

The full order, settlement agreement, and Proposed Charging Letter are available online [here](#).

Additional Information:

BIS actions are taken under the authority of the Export Control Reform Act of 2018 (ECRA, 50 U.S.C. §§ 4801-4852) and its implementing regulations, the EAR. BIS controls exports of dual-use commodities, technology, and software for reasons of national security, missile technology, nuclear non-proliferation, chemical and biological non-proliferation, crime control, and regional stability. Criminal and administrative sanctions can be imposed for violations of the EAR. Under ECRA, among possible administrative sanctions, civil monetary penalties can reach up to \$374,474 per violation or twice the value of the transaction, whichever is greater. For more information, please visit <https://www.bis.gov/enforcement>.

Report suspected export control violations through the BIS online [tip portal](#). You can also call the Enforcement Hotline at 1-800-424-2980 or email EELead@bis.doc.gov.