

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

In the Matter of:

**Ali Eslamian**  
2 Bentinck Close  
Prince Albert Road  
St. Johns Wood  
London NW87RY  
United Kingdom

17-BIS-0001

and

Lynwood House 373-375 Station Road  
Harrow  
Middlesex HA12AW  
United Kingdom

Respondent

**Equipco (UK) Ltd.**  
2 Bentinck Close  
Prince Albert Road  
St. Johns Wood  
London, NW87RY  
United Kingdom

and

**Skyco (UK) Ltd.**  
4<sup>th</sup> Floor, 33 Cavendish Square  
London, W1G0PV  
United Kingdom

Related Persons

**ORDER RELATING TO ALI ESLAMIAN,  
EQUIPCO (UK) LTD., AND SKYCO (UK) LTD.**

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has notified Ali Eslamian, of London, United Kingdom ("Eslamian"), that it has initiated an administrative proceeding against Eslamian pursuant to Section 766.3 of the Export

Administration Regulations (the “Regulations”),<sup>1</sup> and Section 13(c) of the Export Administration Act of 1979, as amended (the “Act”),<sup>2</sup> through the issuance of a Charging Letter to Eslamian that alleges that Eslamian committed one violation of the Regulations. Specifically:

**Charge 1                      15 C.F.R. § 764.2(k) – Acting Contrary to the Terms of a Temporary Denial Order**

Between in or about October 2011, and in or about February 2012, Eslamian took actions prohibited by a BIS temporary denial order issued as to Eslamian on August 24, 2011 (“TDO” or “August 24, 2011 TDO”). The TDO was issued pursuant to Section 766.24 of the Regulations, was effective upon issuance, and was published in the *Federal Register* on August 31, 2011. 76 Fed. Reg. 54,198 (Aug. 31, 2011). A copy of the TDO was served on Eslamian, via his U.S.-based counsel, by certified U.S. mail sent on August 26, 2011, and delivered on September 1, 2011. Copies of the TDO as served and as published in the *Federal Register* are attached hereto and incorporated by reference.

The TDO was a renewal of an existing BIS temporary denial order, the primary respondent of which was Mahan Airways, an Iranian airline. See TDO, at 3-5.<sup>3</sup> Pursuant to Section 766.24(c) of the Regulations, a temporary denial order may be made applicable to related persons in accordance with Section 766.23 (Related Persons) of the

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<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2017). The charged violations occurred in 2011-2012. The Regulations governing the violations at issue are found in the 2011-2012 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2011-2012)). The 2017 Regulations set forth the procedures that apply to this matter.

<sup>2</sup> 50 U.S.C. §§ 4601-4623 (Supp. III 2015). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 15, 2017 (82 Fed. Reg. 39,005 (August 16, 2017)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, et seq.) (2012).

<sup>3</sup> BIS first issued a temporary denial order against Mahan Airways on March 17, 2008, which order went into effect on March 21, 2008, when it was published in the *Federal Register*. TDO, at 4; 73 Fed. Reg. 15,130 (Mar. 21, 2008). The initial TDO was issued based on evidence that Mahan Airways and others had knowingly reexported three U.S.-origin Boeing 747 aircraft to Iran without the required U.S. Government authorization and were actively attempting to reexport an additional three aircraft. TDO, at 6. Prior to the August 24, 2011 TDO, the temporary denial order against Mahan Airways had most recently been renewed on February 25, 2011, and modified on July 1, 2011. TDO, at 4; 76 Fed. Reg. 12,318 (March 7, 2011) (publication of the February 25, 2011 renewal order); 76 Fed. Reg. 41,757 (July 15, 2011) (publication of the July 1, 2011 modification order). See also note 6, *infra*.

Regulations. 15 C.F.R. § 766.24(c) (2011, 2016). After Eslamian had been provided notice and an opportunity to respond in accordance with Section 766.23, the Assistant Secretary for Export Enforcement (“Assistant Secretary”) determined in accordance with Section 766.23 that Eslamian and Mahan Airways are related persons by ownership, control, position of responsibility, affiliation, or other connection in the conduct of trade or business, and that it was necessary to deny Eslamian’s export privileges in order to prevent evasion of the denial order against Mahan Airways. TDO, at 10-16.

As set forth in detail in TDO, after consideration of Eslamian’s submissions and the evidence provided by BIS’s Office of Export Enforcement, the Assistant Secretary found that the record amply demonstrated Eslamian’s “long-running, varied and ongoing connections to Mahan Airways, based on evidence submitted by BIS and summarized [in the TDO].” This evidence included, but was not limited to Eslamian’s testimony and statements on February 6, 2009, “during U.K. litigation involving U.K.- based Balli Group PLC and Mahan Airways, and admissions he made during [a] June 23, 2011 meeting with [BIS Special Agents].” TDO, at 16.<sup>4</sup> The Assistant Secretary also found that Eslamian was positioned, “as he had done previously, to participate in or facilitate unlawful conduct by Mahan Airways, as it seeks to obtain or use aircraft, aircraft engines or other parts, and aircraft services, to further its activities in violation of the Regulations and the TDO.” Id.; see also id. at 12-15.

The TDO prohibited Eslamian from directly or indirectly participating in any way in any transaction involving any item subject to the Regulations, or participating in any way in any other activity subject to the Regulations. This sweeping denial of Eslamian export privileges included, but was not limited to, carrying on negotiations concerning or ordering or buying any item subject to the Regulations, or benefitting in any way from any transaction involving such an item or from any other activity subject to the Regulations.

The TDO was issued on August 24, 2011, for a period of 180 days and was subject to potential renewal pursuant to Section 766.24. The TDO, which remains in force and effect, was in force and effect at all times pertinent hereto against Eslamian.<sup>5</sup>

Eslamian violated the TDO by participating in a transaction subject to the Regulations between in or about October 2011, and in or about February 2012, by carrying on negotiations concerning and ordering an aircraft engine subject to the

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<sup>4</sup> As indicated in the TDO, Mr. Eslamian was represented by counsel at the June 23, 2011 meeting.

<sup>5</sup> The TDO remains in effect against, among others, Mr. Eslamian and Mahan Airways, having been renewed most recently on December 30, 2016. The renewal was effective upon issuance and was published in the *Federal Register* on January 9, 2017. 82 Fed. Reg. 2,312.

Regulations during that time period.<sup>6</sup> Specifically, Eslamian carried on negotiations concerning, and ordered a U.S.-origin International Aero Engine (“IAE”) aircraft engine, bearing manufacturer’s serial number (“MSN”) V12535. In doing so, Eslamian acted at least in part through Equipco (UK) Ltd. (“Equipco”), a company owned and directed or controlled by Eslamian.

The U.S.-origin IAE aircraft engine is an item subject to the Regulations, classified under Export Control Classification Number (“ECCN”) 9A991.d, and controlled for anti-terrorism reasons. The aircraft engine was valued at approximately \$7,700,000.

Eslamian sought to purchase a used IAE aircraft engine from a Brazilian airline. Negotiations among Eslamian and the Brazilian airline in October 2011 and November 2011 included multiple exchanges of correspondence discussing the sale price and commission rate for such an engine. On October 27, 2011, as part of the negotiations, the Brazilian airline offered two IAE engines for Eslamian to choose from. That same day, Eslamian responded that he would buy MSN V12535 “at the right price[.]” The negotiations continued, leading to a November 8, 2011 e-mail from the Brazilian airline to Eslamian stating that the airline would agree to sell Eslamian MSN V12535 for \$7.7 million. Eslamian responded that same day, stating in part, “We agree with thanks. Please arrange the LOI [Letter of Intent].” Having ordered and agreed in principle to buy the engine, Eslamian continued negotiating the terms of the purchase agreement, including, but not limited to, on or about November 16, 2011, and November 21, 2011, respectively, when he proposed a number of edits or amendments to the LOI, including with regard to the delivery date and the timeline for deposit payments. During the course of these negotiations, Eslamian stated by email on December 28, 2011, that he was attempting to acquire the engine on behalf of a “very dear customer of another company of ours, Skyco (UK) Ltd (who does \$20-30Mln business a year with)[.]” (Parenthetical in original).<sup>7</sup>

Despite the TDO’s broad prohibitions against Eslamian directly or indirectly participating in any way in any transaction subject to the Regulations, Eslamian continued his efforts to acquire the IAE aircraft engine even after the Brazilian airline raised concerns on January 30, 2012, about Eslamian’s “name appearing on a US Government sanctions list as affiliated with an Iranian airline.” Eslamian responded by email on January 30, 2012, misleadingly stating that he only “recently” had been added to

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<sup>6</sup> BIS and Mr. Eslamian signed two statute of limitations waivers covering September 15, 2016 through January 31, 2017.

<sup>7</sup> The TDO was modified on April 9, 2012, to add Equipco (UK) Ltd. and Skyco (UK) Ltd. as related persons pursuant to 15 C.F.R. §766.23. See 77 Fed. Reg. 22,756 (Apr. 17, 2012). As discussed in the August 24, 2011 order, Eslamian formed Skyco (UK) Ltd. with Mahan Airways’ managing director Hamid Arabnejad and corporate director Gholamreza Mahmoudi for the purpose of “making arrangements for them [Mahan Airways] which Mahan Air was unable to do directly.” August 24, 2011 TDO, at 12.



a TDO and that he was not subject to U.S. Government sanctions, asserting that the TDO applied “to the US exporters by US companies only.”

Eslamian continued his efforts to negotiate the purchase of the U.S.-origin IAE aircraft engine through at least February 2, 2012.

In so doing, contrary to the terms of the TDO, Eslamian committed one violation of Section 764.2(k) of the Regulations.

WHEREAS, Eslamian was added as a related person to a BIS-issued Temporary Denial Order against Mahan Airways and other parties on August 24, 2011 (“TDO”), pursuant to Sections 766.23 and 766.24 of the Regulations;

WHEREAS, Equipco (UK) Ltd. and Skyco (UK) Ltd. were added to the TDO as related persons on April 9, 2012, pursuant to Sections 766.23 and 766.24 of the Regulations;

WHEREAS, BIS and Eslamian, Equipco (UK) Ltd., and Skyco (UK) Ltd. (the “Parties”) have entered into a Settlement Agreement pursuant to Section 766.18(b) of the Regulations, whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein;

WHEREAS, the Parties stipulated and agreed, as part of the Settlement Agreement, that Equipco (UK) Ltd. and Skyco (UK) Ltd. are each related to Eslamian and each other by affiliation, ownership, control or position of responsibility in the conduct of trade or related services as set forth Section 766.23 of the Regulations; and

WHEREAS, I have approved of the terms of such Settlement Agreement;  
IT IS THEREFORE ORDERED:

FIRST, Eslamian shall be assessed a civil penalty in the amount of \$250,000. The payment of \$100,000 shall be made to the U.S. Department of Commerce in four installments of: \$25,000 no later than November 1, 2017; \$25,000 no later than as

February 1, 2018; \$25,000 no later than May 1, 2018; and \$25,000 no later than August 1, 2018. Payment of the remaining \$150,000 shall be suspended for a period of four years from the date of this Order, and thereafter shall be waived, provided that during this four-year payment probationary period: Eslamian has timely paid \$100,000 to the Department of Commerce as set forth above; has otherwise complied with the provisions of the Settlement Agreement and this Order; and has committed no other violation of the Act or the Regulations or any order, license or authorization issued thereunder.

SECOND, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (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 dates specified herein, Eslamian 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.

THIRD, the full and timely payment of the civil penalty in accordance with the payment schedule 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 Eslamian.

FOURTH, I find that the requirements of Section 766.23 of the Regulations have been met to include Equipco (UK) Ltd. and Skyco (UK) Ltd. in this Order as related persons.

FIFTH, for a period of four (4) years from the date of this Order, **Ali Eslamian**, with last known addresses of 2 Bentinck Close, Prince Albert Road, St. Johns Wood, London NW87RY, United Kingdom, and Lynnwood House 373-375 Station Road,

Harrow, Middlesex HA12AW, United Kingdom; **Equipco (UK) Ltd.**, with a last known address of 2 Bentinck Close, Prince Albert Road, St. Johns Wood, London, NW87RY, United Kingdom; and **Skyco (UK) Ltd.**, with a last known address of 33 Cavendish Square, 4<sup>th</sup> Floor, London, W1G0PV, United Kingdom, and when acting for or on their behalf, any successors, assigns, representatives, agents, or employees (each a “Denied Person” and collectively the “Denied Persons”), 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, or in any other activity 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.

SIXTH, that no person may, directly or indirectly, do any of the following:

- A. Export or reexport to or on behalf of a Denied Person any item subject to the Regulations;
- B. Take any action that facilitates the acquisition or attempted acquisition by a 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 a 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 a Denied Person of any item subject to the Regulations that has been exported from the United States;
- D. Obtain from a 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 a Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by a 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.

SEVENTH, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related

to a Denied Person by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of this Order.

EIGHTH, as authorized by Section 766.18(c) of the Regulations, the four-year denial period set forth above shall be suspended during a probationary period of four years under this Order, and shall thereafter be waived, provided that Eslamian has made full and timely payment as set forth above, has otherwise complied with the provisions of the settlement agreement and this Order, and provided that the Denied Persons (as defined in Paragraph FIFTH above) have committed no other violation of the Act or the Regulations or any order, license or authorization issued thereunder. If Eslamian does not make full and timely payment as set forth above, violates the cooperation provision in Paragraph NINTH of this Order, or any of the Denied Persons commits another violation of the Act or the Regulations or any order, license or authorization issued thereunder, during the four-year probationary period under this Order, the suspension may be modified or revoked by BIS and a denial order including a four-year denial period activated against the Denied Persons. If a denial order is activated, any license issued pursuant to the Act or the Regulations in which any of the Denied Persons has an interest at that time shall be revoked.

NINTH, during the period of the suspended denial order, Eslamian shall continue to cooperate fully with BIS, including with regard to the production of documents, in any and all matters concerning any act within the scope of or related to the conduct described in the Charging Letter or related to other potential violations of U.S. export control laws

occurring from October 1, 2005, through the period of the suspended denial order.

Eslamian agrees that his cooperation shall include, but is not limited to, the following:

a. Eslamian shall truthfully disclose, upon request, all factual information not protected by a valid claim of attorney-client privilege with respect to his activities, those of his employees or agents, and companies which he owns and/or operates, concerning all matters relating to the conduct described in the Charging Letter or relating to other potential violations of U.S. export control laws about which Eslamian has any knowledge or about which BIS may inquire, including by third parties or other persons related or unrelated to Eslamian. This obligation of truthful disclosure includes the obligation of Eslamian to provide to BIS, upon request, any such non attorney-client privileged document, record, or other tangible evidence.

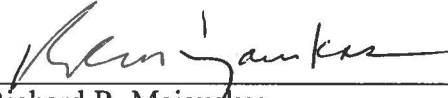
b. Eslamian shall make himself available for interview, deposition, or other sworn testimony, as requested or required by BIS concerning the conduct described in the Charging Letter or related to any potential violations of U.S. export control laws occurring from October 1, 2005, through the period of the suspended denial order. This obligation includes, but is not limited to, providing sworn testimony in federal civil or administrative proceedings in addition to interviews with BIS, including testimony or information relating to the authenticity or admissibility of any documents or other evidence. Cooperation under this paragraph shall include, at the request of BIS, identification of witnesses who, to Eslamian's knowledge, may have material information concerning the conduct described in the Charging Letter or related to any potential violations of U.S. export control laws occurring from October 1, 2005, through the period of the suspended denial order.

c. Eslamian shall notify BIS of credible evidence of any violations of U.S. export control laws occurring during the suspended denial order period committed by him, his employees or agents, or companies he owns and/or operates. Eslamian further agrees that he will provide the requisite notification to BIS of potential violations of U.S. export control laws promptly upon learning of the underlying credible evidence.

TENTH, Eslamian shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegation in the Charging Letter or this Order. The foregoing does not affect Eslamian's testimonial obligations in any proceeding, nor does it affect its right to take legal or factual positions in civil litigation or other civil proceedings in which the U.S. Department of Commerce is not a party.

ELEVENTH, the 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.

  
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Richard R. Majauskas  
Acting Assistant Secretary of Commerce  
for Export Enforcement

Issued this 28<sup>TH</sup> day of September 2017



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

In the Matter of:

Ali Eslamian  
2 Bentinck Close  
Prince Albert Road  
St Johns Wood  
London NW87RY  
United Kingdom

17-BIS-001

and

Lynwood House 373-375 Station Road  
Harrow  
Middlesex HA12AW  
United Kingdom

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between Ali Eslamian, of London, United Kingdom ("Eslamian"), Equipco (UK) Ltd., Skyco (UK) Ltd., and the Bureau of Industry and Security, U.S. Department of Commerce ("BIS") (collectively, the "Parties"), pursuant to Section 766.18(b) of the Export Administration Regulations (the "Regulations"),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (the "Act").<sup>2</sup>

<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2017). The charged violation occurred in 2011-2012. The Regulations governing the violation at issue are found in the 2011-2012 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2017 Regulations set forth the procedures that apply to this matter.

<sup>2</sup> 50 U.S.C. §§ 4601-4623 (Supp. III 2015). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R.,

*Handwritten signature/initials*

WHEREAS, BIS has initiated an administrative proceeding against Eslamian pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a Charging Letter to Eslamian that alleges that Eslamian committed one violation of the Regulations, specifically:

**Charge 1      15 C.F.R. § 764.2(k) – Acting Contrary to the Terms of a Temporary Denial Order**

Between in or about October 2011, and in or about February 2012, Eslamian took actions prohibited by a BIS temporary denial order issued as to Eslamian on August 24, 2011 (“TDO” or “August 24, 2011 TDO”). The TDO was issued pursuant to Section 766.24 of the Regulations, was effective upon issuance, and was published in the *Federal Register* on August 31, 2011. 76 Fed. Reg. 54,198 (Aug. 31, 2011). A copy of the TDO was served on Eslamian, via his U.S.-based counsel, by certified U.S. mail sent on August 26, 2011, and delivered on September 1, 2011. Copies of the TDO as served and as published in the *Federal Register* are attached hereto and incorporated by reference.

The TDO was a renewal of an existing BIS temporary denial order, the primary respondent of which was Mahan Airways, an Iranian airline. See TDO, at 3-5.<sup>3</sup> Pursuant to Section 766.24(c) of the Regulations, a temporary denial order may be made applicable to related persons in accordance with Section 766.23 (Related Persons) of the Regulations. 15 C.F.R. § 766.24(c) (2011, 2016). After Eslamian had been provided notice and an opportunity to respond in accordance with Section 766.23, the Assistant Secretary for Export Enforcement (“Assistant Secretary”) determined in accordance with

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2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 15, 2017 (82 Fed. Reg. 39,005 (Aug. 16, 2017)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, et seq.) (2012).

<sup>3</sup> BIS first issued a temporary denial order against Mahan Airways on March 17, 2008, which order went into effect on March 21, 2008, when it was published in the *Federal Register*. TDO, at 4; 73 Fed. Reg. 15,130 (Mar. 21, 2008). The initial TDO was issued based on evidence that Mahan Airways and others had knowingly reexported three U.S.-origin Boeing 747 aircraft to Iran without the required U.S. Government authorization and were actively attempting to reexport an additional three aircraft. TDO, at 6. Prior to the August 24, 2011 TDO, the temporary denial order against Mahan Airways had most recently been renewed on February 25, 2011, and modified on July 1, 2011. TDO, at 4; 76 Fed. Reg. 12,318 (March 7, 2011) (publication of the February 25, 2011 renewal order); 76 Fed. Reg. 41,757 (July 15, 2011) (publication of the July 1, 2011 modification order). See also note 6, *infra*.

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Section 766.23 that Eslamian and Mahan Airways are related persons by ownership, control, position of responsibility, affiliation, or other connection in the conduct of trade or business, and that it was necessary to deny Eslamian's export privileges in order to prevent evasion of the denial order against Mahan Airways. TDO, at 10-16.

As set forth in detail in TDO, after consideration of Eslamian's submissions and the evidence provided by BIS's Office of Export Enforcement, the Assistant Secretary found that the record amply demonstrated Eslamian's "long-running, varied and ongoing connections to Mahan Airways, based on evidence submitted by BIS and summarized [in the TDO]." This evidence included, but was not limited to Eslamian's testimony and statements on February 6, 2009, "during U.K. litigation involving U.K.- based Balli Group PLC and Mahan Airways, and admissions he made during [a] June 23, 2011 meeting with [BIS Special Agents]." TDO, at 16.<sup>4</sup> The Assistant Secretary also found that Eslamian was positioned, "as he had done previously, to participate in or facilitate unlawful conduct by Mahan Airways, as it seeks to obtain or use aircraft, aircraft engines or other parts, and aircraft services, to further its activities in violation of the Regulations and the TDO." *Id.*; see also id. at 12-15.

The TDO prohibited Eslamian from directly or indirectly participating in any way in any transaction involving any item subject to the Regulations, or participating in any way in any other activity subject to the Regulations. This sweeping denial of Eslamian export privileges included, but was not limited to, carrying on negotiations concerning or ordering or buying any item subject to the Regulations, or benefitting in any way from any transaction involving such an item or from any other activity subject to the Regulations.

The TDO was issued on August 24, 2011, for a period of 180 days and was subject to potential renewal pursuant to Section 766.24. The TDO, which remains in force and effect, was in force and effect at all times pertinent hereto against Eslamian.<sup>5</sup>

Eslamian violated the TDO by participating in a transaction subject to the Regulations between in or about October 2011, and in or about February 2012, by carrying on negotiations concerning and ordering an aircraft engine subject to the Regulations during that time period.<sup>6</sup> Specifically, Eslamian carried on negotiations

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<sup>4</sup> As indicated in the TDO, Mr. Eslamian was represented by counsel at the June 23, 2011 meeting.

<sup>5</sup> The TDO remains in effect against, among others, Mr. Eslamian and Mahan Airways, having been renewed most recently on December 30, 2016. The renewal was effective upon issuance and was published in the *Federal Register* on January 9, 2017. 82 Fed. Reg. 2,312.

<sup>6</sup> BIS and Mr. Eslamian signed two statute of limitations waivers covering September 15, 2016 through January 31, 2017.

A.G.

concerning, and ordered a U.S.-origin International Aero Engine ("IAE") aircraft engine, bearing manufacturer's serial number ("MSN") V12535. In doing so, Eslamian acted at least in part through Equipco (UK) Ltd. ("Equipco"), a company owned and directed or controlled by Eslamian.

The U.S.-origin IAE aircraft engine is an item subject to the Regulations, classified under Export Control Classification Number ("ECCN") 9A991.d, and controlled for anti-terrorism reasons. The aircraft engine was valued at approximately \$7,700,000.

Eslamian sought to purchase a used IAE aircraft engine from a Brazilian airline. Negotiations among Eslamian and the Brazilian airline in October 2011 and November 2011 included multiple exchanges of correspondence discussing the sale price and commission rate for such an engine. On October 27, 2011, as part of the negotiations, the Brazilian airline offered two IAE engines for Eslamian to choose from. That same day, Eslamian responded that he would buy MSN V12535 "at the right price[.]" The negotiations continued, leading to a November 8, 2011 e-mail from the Brazilian airline to Eslamian stating that the airline would agree to sell Eslamian MSN V12535 for \$7.7 million. Eslamian responded that same day, stating in part, "We agree with thanks. Please arrange the LOI [Letter of Intent]." Having ordered and agreed in principle to buy the engine, Eslamian continued negotiating the terms of the purchase agreement, including, but not limited to, on or about November 16, 2011, and November 21, 2011, respectively, when he proposed a number of edits or amendments to the LOI, including with regard to the delivery date and the timeline for deposit payments. During the course of these negotiations, Eslamian stated by email on December 28, 2011, that he was attempting to acquire the engine on behalf of a "very dear customer of another company of ours, Skyco (UK) Ltd (who does \$20-30Mln business a year with)[.]" (Parenthetical in original).<sup>7</sup>

Despite the TDO's broad prohibitions against Eslamian directly or indirectly participating in any way in any transaction subject to the Regulations, Eslamian continued his efforts to acquire the IAE aircraft engine even after the Brazilian airline raised concerns on January 30, 2012, about Eslamian's "name appearing on a US Government sanctions list as affiliated with an Iranian airline." Eslamian responded by email on January 30, 2012, misleadingly stating that he only "recently" had been added to a TDO and that he was not subject to U.S. Government sanctions, asserting that the TDO applied "to the US exporters by US companies only."

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<sup>7</sup> The TDO was modified on April 9, 2012, to add Equipco (UK) Ltd. and Skyco (UK) Ltd. as related persons pursuant to 15 C.F.R. §766.23. See 77 Fed. Reg. 22,756 (Apr. 17, 2012). As discussed in the August 24, 2011 order, Eslamian formed Skyco (UK) Ltd. with Mahan Airways' managing director Hamid Arabnejad and corporate director Gholamreza Mahmoudi for the purpose of "making arrangements for them [Mahan Airways] which Mahan Air was unable to do directly." August 24, 2011 TDO, at 12.

A.E.

Eslamian continued his efforts to negotiate the purchase of the U.S.-origin IAE aircraft engine through at least February 2, 2012.

In so doing, contrary to the terms of the TDO, Eslamian committed one violation of Section 764.2(k) of the Regulations.

WHEREAS, Eslamian has reviewed the Charging Letter and is aware of the charge made against him and the administrative sanctions that could be imposed against him if the charge is found to be true;

WHEREAS, Equipco (UK) Ltd. and Skyco (UK) Ltd. are both owned and operated by Eslamian;

WHEREAS, Eslamian, Equipco (UK) Ltd., and Skyco (UK) Ltd., fully understand the terms of this Agreement and the Order ("Order") that the Assistant Secretary of Commerce for Export Enforcement ("Assistant Secretary") will issue if he approves this Agreement as the final resolution of this matter;

WHEREAS, Eslamian, Equipco (UK) Ltd., and Skyco (UK) Ltd. each enters into this Agreement voluntarily and with full knowledge of their rights, after having consulted with counsel;

WHEREAS, Eslamian, Equipco (UK) Ltd., and Skyco (UK) Ltd. state that no promises or representations have been made to them other than the agreements and considerations herein expressed;

WHEREAS, Eslamian was added as a related person to a BIS-issued Temporary Denial Order against Mahan Airways and other parties on August 24, 2011 ("TDO"), pursuant to Sections 766.23 and 766.24 of the Regulations;

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WHEREAS, Equipco (UK) Ltd. and Skyco (UK) Ltd. were added to the TDO as related persons on April 9, 2012, pursuant to Sections 766.23 and 766.24 of the Regulations;

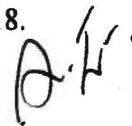
WHEREAS, if the Assistant Secretary approves the agreement and issues a corresponding order, OEE will request that the Assistant Secretary modify the TDO to remove Eslamian, Equipco (UK) Ltd., and Skyco (UK) Ltd. from the TDO;

WHEREAS, Eslamian neither admits nor denies the allegations contained in the Charging Letter;

WHEREAS, Eslamian, Equipco (UK) Ltd., and Skyco (UK) Ltd. each agrees to be bound by the Order, if issued;

NOW, THEREFORE, the Parties hereby agree, for purposes of this Settlement Agreement, as follows:

1. BIS has jurisdiction over Eslamian, under the Regulations, in connection with the matters alleged in the Charging Letter.
2. Equipco (UK) Ltd. and Skyco (UK) Ltd. are related to Eslamian and each other by affiliation, ownership, control or position or responsibility in the conduct of trade or related services.
3. The following sanctions shall be imposed:
  - a. Eslamian shall be assessed a civil penalty in the amount of \$250,000. The payment of \$100,000 shall be made to the U.S. Department of Commerce in four installments of: \$25,000 no later than November 1, 2017; \$25,000 no later than as February 1, 2018; \$25,000 no later than May 1, 2018; and \$25,000 no later than August 1, 2018.



Payment shall be made in the manner specified in the attached instructions. Payment of the remaining \$150,000 shall be suspended for a period of four years from the date of the Order, and thereafter shall be waived, provided that during this four-year payment probationary period under the Order: Eslamian has timely paid \$100,000 to the Department of Commerce as set forth above; has otherwise complied with the provisions of this Agreement and the Order; and has committed no other violation of the Act, or any regulation, order, license or authorization issued thereunder.

b. The full and timely payment of the civil penalty agreed to in Paragraph 3.a 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 Eslamian.

c. For a period of four (4) years from the date of the Order, Eslamian, with last known addresses of 2 Bentinck Close, Prince Albert Road St Johns Wood, London NW87RY, United Kindom, and Lynnwood House 373-375 Station Road, Harrow, Middlesex HA12AW, United Kingdom,; Equipco (UK) Ltd., with a last known address of 2 Bentinck Close, Prince Albert Road, London, NW8 7RY, United Kingdom; and Skyco (UK) Ltd., with a last known address of 33 Cavendish Square, 4<sup>th</sup> Floor, London, W1G 0PV, United Kingdom; and when acting for or on their behalf, any successors, assigns, representatives, agents, or employees (each a "Denied Person" and collectively the "Denied Persons"), may not, directly or indirectly, participate in any way in any

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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, or in any other activity subject to the Regulations, including, but not limited to:

- i. Applying for, obtaining, or using any license, license exception, or export control document;
  - ii. 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
  - iii. 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 in any other activity subject to the Regulations.
- d. BIS agrees that, as authorized by Section 766.18(c) of the Regulations, the four-year denial period set forth in Paragraph 3.c above shall be suspended during a probationary period of four years under the Order, and shall thereafter be waived, provided that Eslamian has made full and timely payment in accordance with Paragraph 3.a above, has otherwise complied with the provisions of this Agreement and the Order, and provided that the Denied Persons (as defined in Paragraph 3.c above) have committed no other violation of the Act or the Regulations or any order, license or authorization issued thereunder. If

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Eslamian does not make full and timely payment in accordance with Paragraph 3.a, violates the cooperation provision set out in Paragraph 4, or any of the Denied Persons commits another violation of the Act or the Regulations or any order, license or authorization issued thereunder during the four-year probationary period under the Order, the suspension may be modified or revoked by BIS and a denial order including a four-year denial period activated against the Denied Persons. If a denial is activated, any license issued pursuant to the Act or Regulations in which any of the Denied Persons has an interest at that time shall be revoked.

4. During the period of the suspended denial order, Eslamian shall continue to cooperate fully with BIS, including with regard to the production of documents, in any and all matters concerning any act within the scope of or related to the conduct described in the Charging Letter or related to other potential violations of U.S. export control laws occurring from October 1, 2005, through the period of the suspended denial order.

Eslamian agrees that his cooperation shall include, but is not limited to, the following:

a. Eslamian shall truthfully disclose, upon request, all factual information not protected by a valid claim of attorney-client privilege with respect to his activities, those of his employees or agents, and companies which he owns and/or operates, concerning all matters relating to the conduct described in the Charging Letter or relating to other potential violations of U.S. export control laws about which Eslamian has any knowledge or about which BIS may inquire, including by third parties or other persons related or unrelated to Eslamian. This obligation of truthful disclosure includes the obligation of Eslamian to provide to

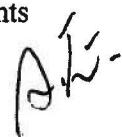
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BIS, upon request, any such non attorney-client privileged document, record, or other tangible evidence.

b. Eslamian shall make himself available for interview, deposition, or other sworn testimony, as requested or required by BIS concerning the conduct described in the Charging Letter or related to any potential violations of U.S. export control laws occurring from October 1, 2005, through the period of the suspended denial order. This obligation includes, but is not limited to, providing sworn testimony in federal civil or administrative proceedings in addition to interviews with BIS, including testimony or information relating to the authenticity or admissibility of any documents or other evidence. Cooperation under this paragraph shall include, at the request of BIS, identification of witnesses who, to Eslamian's knowledge, may have material information concerning the conduct described in the Charging Letter or related to any potential violations of U.S. export control laws occurring from October 1, 2005, through the period of the suspended denial order.

c. Eslamian shall notify BIS of credible evidence of any violations of U.S. export control laws occurring during the suspended denial order period committed by him, his employees or agents, or companies he owns and/or operates. Eslamian further agrees that he will provide the requisite notification to BIS of potential violations of U.S. export control laws promptly upon learning of the underlying credible evidence.

5. Subject to the approval of this Agreement pursuant to Paragraph 10 hereof, Eslamian, Equipco (UK) Ltd., and Skyco (UK) Ltd., each hereby waives all rights



to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, if issued), including, without limitation, any right to: (a) receive an administrative hearing regarding the allegations in any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if issued; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if issued. Eslamian also waives and will not assert any Statute of Limitations defense, and the Statute of Limitations will be tolled, in connection with any violation of the Act or the Regulations arising out of the transactions identified in the Charging Letter or in connection with collection of the civil penalty or enforcement of this Agreement and the Order, if issued, from the date of the Order until Eslamian pays in full the civil penalty agreed to in Paragraph 3.a.

6. Eslamian shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegations in the Charging Letter or the Order. The foregoing does not affect Eslamian's testimonial obligations in any proceeding, nor does it affect his right to take legal or factual positions in civil litigation or other civil proceedings in which the U.S. Department of Commerce is not a party.

7. BIS agrees that upon full and timely payment of the civil penalty as set forth in Paragraph 3.a above and compliance with the other provisions of this Agreement and the Order, BIS will not initiate any further administrative proceeding against Eslamian in connection with any violation of the Act or the Regulations arising out of the transaction specifically detailed in the Charging Letter.

8. 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

*Handwritten signature/initials*

Commerce for Export Enforcement pursuant to Section 766.18(b) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

9. 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, if issued; nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

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

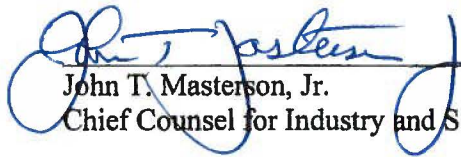
11. If the Order issues, BIS will make the Charging Letter, this Agreement, and the Order available to the public.

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12. 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

  
John T. Masterson, Jr.  
Chief Counsel for Industry and Security

Date: September 28, 2017

ALI ESLAMIAN

  
Ali Eslamian

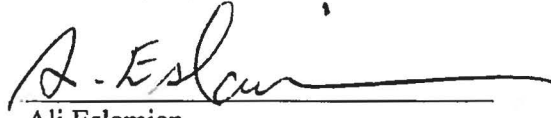
Date: September 15th, 2017

EQUIPCO (UK) LTD.

  
Ali Eslamian  
Chief Executive Officer  
Equipco (UK) Ltd.

Date: September 15th, 2017

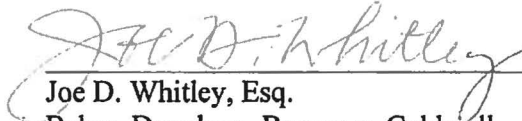
SKYCO (UK) LTD.



Ali Eslamian  
Chief Executive Officer  
Skyco (UK) Ltd.

Date: September 15<sup>th</sup>, 2017

Reviewed and approved by:



Joe D. Whitley, Esq.  
Baker, Donelson, Bearman, Caldwell  
& Berkowitz, PC  
Counsel for Ali Eslamian, Equipco (UK) Ltd.,  
and Skyco (UK) Ltd.

Date: September 15<sup>th</sup>, 2017





UNITED STATES DEPARTMENT OF COMMERCE  
Bureau of Industry and Security  
Office of Export Enforcement  
1401 Constitution Avenue, Suite 4508  
Washington, DC 20230

MAR 13 2017

CHARGING LETTER

BY FEDERAL EXPRESS

Ali Eslamian  
2 Bentinck Close  
Prince Albert Road  
St Johns Wood  
London NW87RY  
United Kingdom

and

Lynwood House 373-375 Station Road  
Harrow  
Middlesex HA12AW  
United Kingdom

Dear Mr. Eslamian,

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that you, Ali Eslamian ("Eslamian"), of London, United Kingdom, violated the Export Administration Regulations ("EAR" or "Regulations"),<sup>1</sup> which issued under the authority of the Export Administration Act of 1979, as amended (the "Act").<sup>2</sup> Specifically, BIS alleges that you committed the following violations:

**Charge 1      15 C.F.R. § 764.2(k) – Acting Contrary to the Terms of a Temporary Denial Order**

I.      Between in or about October 2011, and in or about February 2012, Eslamian took actions prohibited by a BIS temporary denial order issued as to Eslamian on August 24, 2011

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<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2016). The violation alleged occurred in 201-2012. The Regulations governing the violation at issue are found in the 2011-2012 versions of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2011-2012). The 2016 Regulations govern the procedural aspects of this case.

<sup>2</sup> 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (available at <http://uscode.house.gov>). 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., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 4, 2016 (81 Fed. Reg. 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., (2006 & Supp. IV 2010)).



("TDO" or "August 24, 2011 TDO"). The TDO was issued pursuant to Section 766.24 of the Regulations, was effective upon issuance, and was published in the *Federal Register* on August 31, 2011. 76 Fed. Reg. 54,198 (Aug. 31, 2011). A copy of the TDO was served on Eslamian, via his U.S.-based counsel, by certified U.S. mail sent on August 26, 2011, and delivered on September 1, 2011. Copies of the TDO as served and as published in the *Federal Register* are attached hereto and incorporated by reference.

2. The TDO was a renewal of an existing BIS temporary denial order, the primary respondent of which was Mahan Airways, an Iranian airline. See TDO, at 3-5.<sup>3</sup> Pursuant to Section 766.24(c) of the Regulations, a temporary denial order may be made applicable to related persons in accordance with Section 766.23 (Related Persons) of the Regulations. 15 C.F.R. § 766.24(c) (2011, 2016). After Eslamian had been provided notice and an opportunity to respond in accordance with Section 766.23, the Assistant Secretary for Export Enforcement ("Assistant Secretary") determined in accordance with Section 766.23 that Eslamian and Mahan Airways are related persons by ownership, control, position of responsibility, affiliation, or other connection in the conduct of trade or business, and that it was necessary to deny Eslamian's export privileges in order to prevent evasion of the denial order against Mahan Airways. TDO, at 10-16.

3. As set forth in detail in TDO, after consideration of Eslamian's submissions and the evidence provided by BIS's Office of Export Enforcement, the Assistant Secretary found that the record amply demonstrated Eslamian's "long-running, varied and ongoing connections to Mahan Airways, based on evidence submitted by BIS and summarized [in the TDO]." This evidence included, but was not limited to Eslamian's testimony and statements on February 6, 2009, "during U.K. litigation involving U.K.-based Balli Group PLC and Mahan Airways, and admissions he made during [a] June 23, 2011 meeting with [BIS Special Agents]." TDO, at 16.<sup>4</sup> The Assistant Secretary also found that Eslamian was positioned, "as he had done previously, to participate in or facilitate unlawful conduct by Mahan Airways, as it seeks to obtain or use aircraft, aircraft engines or other parts, and aircraft services, to further its activities in violation of the Regulations and the TDO." Id.; see also id. at 12-15.

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<sup>3</sup> BIS first issued a temporary denial order against Mahan Airways on March 17, 2008, which order went into effect on March 21, 2008, when it was published in the *Federal Register*. TDO, at 4; 73 Fed. Reg. 15,130 (Mar. 21, 2008). The initial TDO was issued based on evidence that Mahan Airways and others had knowingly reexported three U.S.-origin Boeing 747 aircraft to Iran without the required U.S. Government authorization and were actively attempting to reexport an additional three aircraft. TDO, at 6. Prior to the August 24, 2011 TDO, the temporary denial order against Mahan Airways had most recently been renewed on February 25, 2011, and modified on July 1, 2011. TDO, at 4; 76 Fed. Reg. 12,318 (March 7, 2011) (publication of the February 25, 2011 renewal order); 76 Fed. Reg. 41,757 (July 15, 2011) (publication of the July 1, 2011 modification order). See also note 6, *infra*. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC") designated Mahan Airways a Specially Designated Global Terrorist on October 12, 2011, pursuant to Executive Order 13224. 76 Fed. Reg. 64,427 (Oct. 18, 2011).

<sup>4</sup> As indicated in the TDO, Mr. Eslamian was represented by counsel at the June 23, 2011 meeting.

4. The TDO prohibited Eslamian from directly or indirectly participating in any way in any transaction involving any item subject to the Regulations, or participating in any way in any other activity subject to the Regulations. This sweeping denial of Eslamian export privileges included, but was not limited to, carrying on negotiations concerning or ordering or buying any item subject to the Regulations, or benefitting in any way from any transaction involving such an item or from any other activity subject to the Regulations.

5. The TDO was issued on August 24, 2011, for a period of 180 days and was subject to potential renewal pursuant to Section 766.24. The TDO, which remains in force and effect, was in force and effect at all times pertinent hereto against Eslamian.<sup>5</sup>

6. Eslamian violated the TDO by participating in a transaction subject to the Regulations between in or about October 2011, and in or about February 2012, by carrying on negotiations concerning and ordering an aircraft engine subject to the Regulations during that time period.<sup>6</sup> Specifically, Eslamian carried on negotiations concerning, and ordered a U.S.-origin International Aero Engine ("IAE") aircraft engine, bearing manufacturer's serial number ("MSN") V12535. In doing so, Eslamian acted at least in part through Equipco (UK) Ltd. ("Equipco"), a company owned and directed or controlled by Eslamian.

7. The U.S.-origin IAE aircraft engine is an item subject to the Regulations, classified under Export Control Classification Number ("ECCN") 9A991.d, and controlled for anti-terrorism reasons. The aircraft engine was valued at approximately \$7,700,000.

8. Eslamian sought to purchase a used IAE aircraft engine from a Brazilian airline. Negotiations among Eslamian and the Brazilian airline in October 2011 and November 2011 included multiple exchanges of correspondence discussing the sale price and commission rate for such an engine. On October 27, 2011, as part of the negotiations, the Brazilian airline offered two IAE engines for Eslamian to choose from. That same day, Eslamian responded that he would buy MSN V12535 "at the right price[.]" The negotiations continued, leading to a November 8, 2011 e-mail from the Brazilian airline to Eslamian stating that the airline would agree to sell Eslamian MSN V12535 for \$7.7 million. Eslamian responded that same day, stating in part, "We agree with thanks. Please arrange the LOI [Letter of Intent]." Having ordered and agreed in principle to buy the engine, Eslamian continued negotiating the terms of the purchase agreement, including, but not limited to, on or about November 16, 2011, and November 21, 2011, respectively, when he proposed a number of edits or amendments to the LOI, including with regard to the delivery date and the timeline for deposit payments. During the course of these negotiations, Eslamian stated by email on December 28, 2011, that he was attempting to

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<sup>5</sup> The TDO remains in effect against, among others, Mr. Eslamian and Mahan Airways, having been renewed most recently on December 30, 2016. The renewal was effective upon issuance and was published in the *Federal Register* on January 9, 2017. 82 Fed. Reg. 2,312.

<sup>6</sup> BIS and Mr. Eslamian signed two statute of limitations waivers covering September 15, 2016 through January 31, 2017.

acquire the engine on behalf of a “very dear customer of another company of ours, Skyco (UK) Ltd (who does \$20-30Mln business a year with)[.]” (Parenthetical in original).<sup>7</sup>

9. Despite the TDO’s broad prohibitions against Eslamian directly or indirectly participating in any way in any transaction subject to the Regulations, Eslamian continued his efforts to acquire the IAE aircraft engine even after the Brazilian airline raised concerns on January 30, 2012, about Eslamian’s “name appearing on a US Government sanctions list as affiliated with an Iranian airline.” Eslamian responded by email on January 30, 2012, misleadingly stating that he only “recently” had been added to a TDO and that he was not subject to U.S. Government sanctions, asserting that the TDO applied “to the US exporters by US companies only.”

10. Eslamian continued his efforts to negotiate the purchase of the U.S.-origin IAE aircraft engine through at least February 2, 2012.

11. In so doing, contrary to the terms of the TDO, Eslamian committed one violation of Section 764.2(k) of the Regulations.

\* \* \* \* \*

Accordingly, Eslamian is hereby notified that an administrative proceeding is instituted against him 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, but not limited to any or all of the following:

- The maximum civil penalty allowed by law of up to the greater of \$289,238 per violation,<sup>8</sup> or twice the value of the transaction that is the basis of the violation;<sup>9</sup>
- Denial of export privileges;

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<sup>7</sup> The TDO was modified on April 9, 2012, to add Equipco (UK) Ltd. and Skyco (UK) Ltd. as related persons pursuant to 15 C.F.R. §766.23. See 77 Fed. Reg. 22,756 (Apr. 17, 2012). As discussed in the August 24, 2011 order, Eslamian formed Skyco (UK) Ltd. with Mahan Airways’ managing director Hamid Arabnejad and corporate director Gholamreza Mahmoudi for the purpose of “making arrangements for them [Mahan Airways] which Mahan Air was unable to do directly.” August 24, 2011 TDO, at 12. Pursuant to Executive Order 13224, OFAC designated Arabnejad and Mahmoudi as Specially Designated Global Terrorists on May 31, 2013, and February 6, 2014, respectively, based on their relationship to Mahan Airways. See 78 Fed. Reg. 34,705 (Jun.10, 2013) and 79 Fed. Reg. 8,540 (Feb. 12, 2013); see also note 3, supra.

<sup>8</sup> See 15 C.F.R. § 6.4(b)(4). This amount is subject to annual increases pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Sec. 701 of Public Law 114-74, enacted on November 2, 2015. See also 81 Fed. Reg. 9,532 (Dec. 28, 2016).

<sup>9</sup> See International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

- Exclusion from practice before BIS; and/or
- Any other liability, sanction, or penalty available under law.

If Eslamian fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. See 15 C.F.R. §§ 766.6 and 766.7. If Eslamian defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to Eslamian. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charges in this letter.

Eslamian is further notified that he is entitled to an agency hearing on the record if he files a written demand for one with his answer. See 15 C.F.R. § 766.6. Eslamian is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent him. See 15 C.F.R. §§ 766.3(a) and 766.4.

The Regulations provide for settlement without a hearing. See 15 C.F.R. § 766.18. Should Eslamian have a proposal to settle this case, Eslamian or his representative should transmit it to the attorney representing BIS named below.

Eslamian is further notified that under the Small Business Regulatory Enforcement Flexibility Act, Eslamian may be eligible for assistance from the Office of the National Ombudsman of the Small Business Administration in this matter. To determine eligibility and get more information, please see: <http://www.sba.gov/ombudsman/>.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Eslamian's answer must be filed in accordance with 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 Eslamian's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security  
U.S. Department of Commerce  
14th Street and Constitution Avenue, N.W.  
Room H-3839  
Washington, D.C. 20230  
Attention: Gregory Michelsen, Esq.

Charging Letter  
Ali Eslamian  
Page 6 of 6

Gregory Michelsen is the attorney representing BIS in this case. Any communications that Eslamian may wish to have concerning this matter should occur through Mr. Michelsen, who may be contacted by telephone at (202) 482-5301.

Sincerely,

A handwritten signature in black ink, appearing to read 'Douglas R. Hassebrock', with a long horizontal flourish extending to the right.

Douglas R. Hassebrock  
Director  
Office of Export Enforcement