

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Muhammad Inam Bhatti
3836 Jean Avenue
Bethpage, NY 11714

Dear Mr. Bhatti:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has reason to believe that you, Muhammad. Bhatti, acting as Chief Operating Officer of Go-Trans (North America) Inc. of Jamaica, New York (“Go-Trans”), in your individual capacity (“Bhatti”), committed four violations of the Export Administration Regulations (the “Regulations”),¹ which are issued under the authority of the Export Administration Act of 1979 (the “Act”).² Specifically, BIS charges that Bhatti committed the following violations:

Charge 1 (15 C.F.R. § 764.2(d) - Conspiracy to Export Pipe Cutting Equipment to Iran Without the Required U.S. Government Authorization)

From in or about December 2002 to in or about March 2003, Bhatti conspired and acted in concert with others, known and unknown, to bring about an act that constitutes a violation of the Regulations by attempting to export to Iran, via Germany, pipe cutting equipment (the “equipment”), items subject to the Regulations and the Iranian Transactions Regulations,³ without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, authorization was required from the Office

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2005). The violations charged occurred in 2002 and 2003. The Regulations governing the violations at issue are found in the 2002 and 2003 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002-2003)). The 2005 Regulations establish the procedures that apply to this matter.

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 August 3, 2000 (3 C.F.R., 2000 Comp. 397 (2001)), continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)) (“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., 2001 Comp. 783 (2002)), as extended by the Notice of August 2, 2005 (70 *Fed. Reg.* 45273, August 5, 2005), has continued the Regulations in effect under IEEPA.

³ The Iranian Transactions Regulations are currently codified in the Code of Federal Regulations at 31 C.F.R. Part 560 (2005).

of Foreign Assets Control, U.S. Department of the Treasury (“OFAC”) before the equipment could be exported to Iran. In furtherance of the conspiracy, Bhatti and his co-conspirators devised and employed a scheme under which they would list a false company in Germany as the purchaser and have the equipment sent to Germany for forwarding to its ultimate destination in Iran. Those items were then to be forwarded to their ultimate destination in Iran. In so doing, Bhatti committed one violation of Section 764.2(d) of the Regulations.

Charge 2 (15 C.F.R. § 764.2(b) - Aiding an Attempted Export of Pipe Cutting Equipment to Iran without the Required U.S. Government Authorization)

On or about March 19, 2003, Bhatti aided the doing of an act prohibited by the Regulations, namely the attempted export of the equipment to Iran, via Germany, without the required U.S. Government authorization. Specifically, Bhatti was responsible for arranging and finalizing the details of getting the equipment shipped from the United States to Germany where it would then be forwarded to Iran. Section 734.2(b)(6) of the Regulations provides that the export of items subject to the Regulations that transit a country to a third country are deemed to be an export to the third country. Pursuant to Section 746.7 of the Regulations, authorization from OFAC was required for the export of the equipment, items subject to the Regulations and the Iranian Transactions Regulations, from the United States to Iran. No OFAC authorization was obtained for the shipment which was detained by the Department of Commerce prior to export. In so doing, Bhatti committed one violation of Section 764.2(c) of the Regulations.

Charge 3 (15 C.F.R. § 764.2(e) - Forwarding Pipe Cutting Equipment with Knowledge that a Violation of the Regulations was Intended to Occur)

In connection with the attempted export referenced in Charge 2, Bhatti forwarded the equipment from Go-Trans to an airline’s cargo facility for shipment to Germany with knowledge that a violation of the Regulations was intended to occur. At all times relevant hereto, Bhatti knew that prior authorization was required from OFAC to export the equipment, items subject to the Regulations and the Iranian Transactions Regulations, to Iran and he forwarded the items knowing that they would be exported to Iran, via Germany, without the required U.S. Government authorization. In so doing, Bhatti committed one violation of Section 764.2(e) of the Regulations.

Charge 4 (15 C.F.R. § 764.2(h) - Actions to Evade the Requirements of the Regulations)

In connection with the attempted export referenced in Charge 2 above, Bhatti took actions to evade the provisions of the Regulations, namely the licensing requirements for the export of the equipment to Iran. Specifically, on or about March 19, 2003, Bhatti directed that a subordinate submit or falsify Air Waybill AEHAWB-10065, an export control document, which falsely listed a company in Germany as the purchaser of the equipment in an effort to conceal that the equipment was being exported to Iran. In so doing, Bhatti committed one violation of Section 764.2(h) of the Regulations.

Accordingly, Bhatti 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 any or all of the following:

The maximum civil penalty allowed by law of \$11,000 per violation;⁴

Denial of export privileges; and/or

Exclusion from practice before BIS.

If Bhatti 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. (Regulations, Sections 766.6 and 766.7). If Bhatti defaults, the Administrative Law Judge may find the charges alleged in this letter are true without hearing or further notice to him. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on each charge in this letter.

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

The Regulations provide for settlement without a hearing. (Regulations, Section 766.18). Should Bhatti have a proposal to settle this case, Bhatti or his representative should transmit the offer to the attorney representing BIS named below.

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

Chief Counsel for Industry and Security

⁴ See 15 C.F.R. § 6.4(a)(2) (2005).

Bhatti
Proposed Charging Letter
Page 4

Attention: Philip Ankel
Room H-3839
United States Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Philip Ankel is the attorney representing BIS in this case. Any communications that Bhatti may wish to have concerning this matter should occur through him. He may be contacted by telephone at (202) 482-5301.

Sincerely,

Michael D. Turner
Director
Office of Export Enforcement

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

In the Matter of:)
)
Mr. Muhammad Inam Bhatti)
3836 Jean Avenue)
Bethpage, NY 11714)
)
Respondent)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Muhammad Inam Bhatti (“Bhatti”), and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively referred to as “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (“Regulations”),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),²

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

WHEREAS, BIS has issued a proposed charging letter to Bhatti that alleged that Bhatti committed four violations of the Regulations, specifically:

¹ The violations charged occurred in 2002 and 2003. The Regulations governing the violations at issue are found in the 2002 and 2003 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002-2003)). The 2006 Regulations establish the procedures that apply to this matter.

² 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)), as extended by the Notice of August 2, 2005 (70 Fed. Reg. 45273, August 5, 2005), has continued the Regulations in effect under International Emergency Economic Powers Act.

1. *One Violation of 15 C.F.R. § 764.2(d) - Conspiracy to Export Pipe Cutting Equipment to Iran Without the Required U.S. Government Authorization:* From in or about December 2002 to in or about March 2003, Bhatti conspired and acted in concert with others, known and unknown, to bring about an act that constitutes a violation of the Regulations by attempting to export to Iran, via Germany, pipe cutting equipment (the “equipment”), items subject to the Regulations and the Iranian Transactions Regulations³, without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, no person may export or reexport items subject to both the Regulations and the Iranian Transactions Regulations without authorization from the Office of Foreign Assets Control, U.S. Department of the Treasury (“OFAC”). In furtherance of the conspiracy, Bhatti and his co-conspirators devised and employed a scheme under which they would list a false company in Germany as the purchaser and have the equipment sent to Germany for forwarding to its ultimate destination in Iran.
2. *One Violation of 15 C.F.R. § 764.2(c) - Aiding the Attempted Export of Pipe Cutting Equipment to Iran without the Required U.S. Government Authorization:* On or about March 19, 2003, Bhatti aided the attempted export of the equipment to Iran in violation of the Regulations when it attempted to ship the equipment from the United States to Germany without the required U.S. Government authorization. Bhatti knew the items were destined for Iran. Pursuant to Section

³ The Iranian Transactions Regulations are currently codified in the Code of Federal Regulations at 31 C.F.R. Part 560 (2005).

Pursuant to Section 560.204 of the Iranian Transactions Regulations, an export to a third country intended for transshipment or reexport to Iran is a transaction subject to the Iranian Transactions Regulations that requires OFAC authorization. Pursuant to Section 746.7 of the Regulations, no person may export or reexport items subject to both the Regulations and the Iranian Transactions Regulations without authorization from OFAC. No OFAC authorization was obtained for the export which was detained by the Department of Commerce prior to export.

3. *One Violation of 15 C.F.R. § 764.2(e) - Forwarding Pipe Cutting Equipment with Knowledge that a Violation of the Regulations was Intended to Occur:* In connection with the attempted export referenced above, Bhatti forwarded the equipment to an airline's cargo facility at JFK International Airport for shipment to Germany with knowledge that a violation of the Regulations was intended to occur. At all times relevant hereto, Bhatti knew that prior authorization was required from OFAC to export the equipment, items subject to the Regulations and the Iranian Transactions Regulations, to Iran. Bhatti forwarded the items knowing that they would be exported to Iran, via Germany, without the required U.S. Government authorization
4. *One Violation of 15 C.F.R. § 764.2(h) - Actions to Evade the Requirements of the Regulations:* In connection with the attempted export referenced above, Bhatti took actions to evade the provisions of the Regulations, namely the licensing requirements for the export of the equipment to Iran. Specifically, on or about

March 19, 2003, Bhatti falsified Air Waybill AEHAWB-10065, an export control document, to conceal that the equipment was being exported to Iran.

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

WHEREAS, Bhatti fully understands the terms of this Agreement and the Order ("Order") that the Assistant Secretary of Commerce for Export Enforcement will issue if he approves this Agreement as the final resolution of this matter;

WHEREAS, Bhatti enters into this Agreement voluntarily and with full knowledge of his rights;

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

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

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

WHEREAS, Bhatti agrees to be bound by the Order, if entered;

NOW THEREFORE, the Parties hereby agree as follows:

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

2. The following sanction shall be imposed against Bhatti in complete settlement of the violations of the Regulations relating to the transactions specifically detailed in the proposed charging letter:

- a. Bhatti shall be assessed a civil penalty in the amount of \$34,000 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 2.a. 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 Bhatti. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of Bhatti's export privileges for a period of one year from the date of imposition of the penalty.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, Bhatti 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 entered), including, without limitation, any right to: (a) 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 entered; (c) request any relief from the Order, if entered, including without limitation relief from the terms of a denial order under 15 C.F.R. § 764.3(a)(2); and (d) seek judicial review or otherwise contest the validity of this Agreement or the Order, if entered.

4. Upon entry of the Order and timely payment of the \$34,000 civil penalty, BIS will not initiate any further administrative proceeding against Bhatti in connection with any violation of

the Act or the Regulations arising out of the transactions identified in the proposed charging letter.

5. BIS will make the proposed charging letter, this Agreement, and the Order, if entered, available to the public.

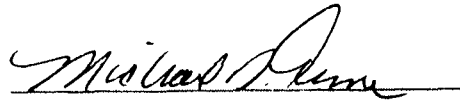
6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

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, if entered, 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.

8. This Agreement shall become binding on BIS only if 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



Michael D. Turner
Director
Office of Export Enforcement

MUHAMMED INAM BHATTI



Muhammed Inam Bhatti

Date: 7/26/06

Date: July 24, 2006

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

In the Matter of:)
)
Mr. Muhammad Inam Bhatti)
3836 Jean Avenue)
Bethpage, NY 11714)
)
Respondent)

ORDER RELATING TO MUHAMMAD INAM BHATTI

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has notified Muhammad Inam Bhatti (“Bhatti”) of its intention to initiate an administrative proceeding against Bhatti, in his individual, capacity pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (“Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),² by issuing a proposed charging letter to Bhatti that alleged that Bhatti committed four violations of the Regulations. Specifically, the charges are:

1. *One Violation of 15 C.F.R. § 764.2(d) - Conspiracy to Export Pipe Cutting Equipment to Iran Without the Required U.S. Government Authorization:* From in or about December 2002 to in or about March 2003, Bhatti conspired and acted

¹ The violations charged occurred in 2002 and 2003. The Regulations governing the violations at issue are found in the 2002 and 2003 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2002-2003)). The 2006 Regulations establish the procedures that apply to this matter.

² 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)), as extended by the Notice of August 2, 2005 (70 Fed. Reg. 45273, August 5, 2005), has continued the Regulations in effect under International Emergency Economic Powers Act.

in concert with others, known and unknown, to bring about an act that constitutes a violation of the Regulations by attempting to export to Iran, via Germany, pipe cutting equipment (the “equipment”), items subject to the Regulations and the Iranian Transactions Regulations³, without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, no person may export or reexport items subject to both the Regulations and the Iranian Transactions Regulations without authorization from the Office of Foreign Assets Control, U.S. Department of the Treasury (“OFAC”). In furtherance of the conspiracy, Bhatti and his co-conspirators devised and employed a scheme under which they would list a false company in Germany as the purchaser and have the equipment sent to Germany for forwarding to its ultimate destination in Iran.

2. *One Violation of 15 C.F.R. § 764.2(c) - Aiding the Attempted Export of Pipe Cutting Equipment to Iran without the Required U.S. Government Authorization:*
On or about March 19, 2003, Bhatti aided the attempted export of the equipment to Iran in violation of the Regulations when he attempted to ship the equipment from the United States to Germany without the required U.S. Government authorization. Bhatti knew the items were destined for Iran. Pursuant to Section 560.204 of the Iranian Transactions Regulations, an export to a third country intended for transshipment or reexport to Iran is a transaction subject to the Iranian Transactions Regulations that requires OFAC authorization. Pursuant to Section 746.7 of the Regulations, no person may export or reexport items subject

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to both the Regulations and the Iranian Transactions Regulations without authorization from OFAC. No OFAC authorization was obtained for the export which was detained by the Department of Commerce prior to export.

3. *One Violation of 15 C.F.R. § 764.2(e) - Forwarding Pipe Cutting Equipment with Knowledge that a Violation of the Regulations was Intended to Occur:* In connection with the attempted export referenced above, Bhatti forwarded the equipment to an airline's cargo facility at JFK International Airport for shipment to Germany with knowledge that a violation of the Regulations was intended to occur. At all times relevant hereto, Bhatti knew that prior authorization was required from OFAC to export the equipment, items subject to the Regulations and the Iranian Transactions Regulations, to Iran. Bhatti forwarded the items knowing that they would be exported to Iran, via Germany, without the required U.S. Government authorization
4. *One Violation of 15 C.F.R. § 764.2(h) - Actions to Evade the Requirements of the Regulations:* In connection with the attempted export referenced above, Bhatti took actions to evade the provisions of the Regulations, namely the licensing requirements for the export of the equipment to Iran. Specifically, on or about March 19, 2003, Bhatti falsified Air Waybill AEHAWB-10065, an export control document, to conceal that the equipment was being exported to Iran.

WHEREAS, BIS and Bhatti have 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

WHEREAS, I have approved of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

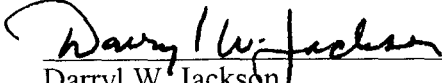
FIRST, that a civil penalty of \$34,000 is assessed against Bhatti, which shall be paid to the U.S. Department of Commerce within 30 days from the date of entry of this Order. Payment shall be made in the manner specified in the attached instructions.

SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (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, Bhatti 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, 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 Bhatti. Accordingly, if Bhatti should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Bhatti'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.



Darryl W. Jackson
Assistant Secretary of Commerce
for Export Enforcement

Entered this 4th day of August 2006.