



**UNITED STATES DEPARTMENT OF COMMERCE**  
**Bureau of Industry and Security**  
Washington, D.C. 20230

**NOV - 7 2003**

REGISTERED MAIL - RETURN RECEIPT REQUESTED

*AMENDED CHARGING LETTER*

Mahmoud Haghsheno Kashani,  
also known as Mike Kashani,  
acting as an officer of Zimex, Inc.  
5557 Northrise Road  
Mississauga, Ontario  
Canada L5M 6E2

Dear Mr. Kashani:

The Bureau of Industry and Security, United States Department of Commerce ("BIS"), hereby charges that, as described below, Mahmoud Haghsheno Kashani, also known as Mike Kashani, acting as an officer of Zimex, Inc. ("Kashani"), has violated the Export Administration Regulations (15 C.F.R. Parts 730-774 (2003)) (the "Regulations"),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the "Act"),<sup>2</sup> on three occasions. Specifically, BIS charges that Kashani committed the following violations:

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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 (2003). The Regulations governing the violations at issue are found in the 1998 version of the Code of Federal Regulations. These Regulations are codified at 15 C.F.R. Parts 730-774 (1998) and, to the degree to which they pertain to this matter, are substantially the same as the 2003 version.

<sup>2</sup>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 7, 2003 (68 *Fed. Reg.* 47833, August 11, 2003)), has continued the Regulations in effect under IEEPA.



**Charge 1      15 C.F.R. § 764.2(c) - Attempted Export of Replacement Parts to Iran  
Without the Required License**

On or about July 8, 1998, Kashani attempted to export replacement parts for multiple gas analyzers that were subject to the Regulations and to the Iranian Transaction Regulations, from the United States through Germany to Iran, without prior authorization from the Office of Foreign Assets Control of the U.S. Department of Treasury, in violation of Section 746.7 of the Regulations. By attempting an export that violated the Regulations, Kashani violated Section 764.2(c) of the Regulations.

**Charge 2      15 C.F.R. § 764.2(e) - Acting with Knowledge of a Violation - Attempted  
Export of Replacement Parts Without the Required License When Kashani  
Knew or Had Reason to Know that the License Was Required**

In connection with the attempted export referenced in Charge 1 above, between on or about March 9, 1998 and July 8, 1998, Kashani ordered and attempted to transfer the commodities from the United States through Germany to Iran knowing that the goods would be exported from the United States in violation of the Regulations. By attempting to transfer goods that Kashani knew would be exported in violation of the Regulations, Kashani violated Section 764.2(e) of the Regulations.

**Charge 3      15 C.F.R. § 764.2(h) - Evasion - Making False Statements to Evade the  
Regulations**

In connection with the attempted export referenced in Charge 1 above, between on or about December 11, 1997 and July 8, 1998, Kashani, with intent to evade the provisions of Section 746.7 of the Regulations with respect to export to Iran, told the supplier of the replacement parts that those goods were bound for an end-user in Saudi Arabia, when Kashani knew that the goods were, in fact, bound for an end-user in Iran. Kashani's false assertion that the end-user was located in Saudi Arabia was intended to induce the supplier to ship the goods from the United States. By making false statements to evade the provisions of the Regulations relating to Iran, Kashani violated Section 764.2(h) of the Regulations.

The transaction is described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference.

BIS alleges that Kashani committed one violation of Section 764.2(c) of the Regulations, one violation of Section 764.2(e) of the Regulations, and one violation of Section 764.2(h) of the Regulations, for a total of three violations.

Mahmoud Haghsheno Kashani  
Amended Charging Letter  
Page 3 of 4

Accordingly, Kashani is hereby notified that an administrative proceeding is instituted against it 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;<sup>3</sup>

Denial of export privileges; and/or

Exclusion from practice before BIS.

If Kashani 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 Kashani defaults, the Administrative Law Judge may find the charges alleged in this letter are true without hearing or further notice to Kashani. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on each of the charges in this letter.

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

The Regulations provide for settlement without a hearing. (Regulations, Section 766.18). Should you have a proposal to settle this case, you or your representative should transmit it to me through 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, Kashani'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 Kashani's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security  
Attention: Christine Lee  
Room H-3839

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<sup>3</sup> Pursuant to the Federal Civil Penalties Adjustment Act of 1990 (28 U.S.C. §2461, note (2000)), and 15 C.F.R. §6.4(a)(2) (2003), the maximum penalty for each violation committed after October 23, 1996 and before November 1, 2000 is \$11,000.

Mahmoud Haghsheno Kashani  
Amended Charging Letter  
Page 4 of 4

United States Department of Commerce  
14th Street and Constitution Avenue, N.W.  
Washington, D.C. 20230

Christine Lee is the attorney representing BIS in this case; any communications that you may wish to have concerning this matter should occur through her. Ms. Lee may be contacted by telephone at (202) 482-5301.

Sincerely,

A handwritten signature in black ink, appearing to read "Mark D. Menefee". The signature is written in a cursive style with a large initial "M".

Mark D. Menefee  
Director  
Office of Export Enforcement

Enclosure

# **SCHEDULE A**

**SCHEDULE OF VIOLATIONS  
ATTEMPTED EXPORT BY  
MAHMOUD HAGHSHENO KASHANI,  
ALSO KNOWN AS MIKE KASHANI,  
ACTING AS AN OFFICER OF ZIMEX, INC.**

<b>Charge No.</b>	<b>Export Date (on or about)</b>	<b>Commodity</b>	<b>Air Waybill No.</b>	<b>Invoice No.</b>	<b>Destination</b>
1-3	7/08/98	REPLACEMENT PARTS	014-81841336	33778	IRAN

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

In the Matter of:	)	
	)	
Mahmoud Haghsheno Kashani,	)	
also known as Mike Kashani,	)	
acting as an officer of Zimex, Inc.	)	
5557 Northrise Road	)	
Mississauga, Ontario	)	Docket No. 03-BIS-01
Canada L5M 6E2,	)	
	)	
Respondent.	)	
	)	

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Respondent, Mahmoud Haghsheno Kashani, also known as Mike Kashani, acting as an officer of Zimex, Inc. (“Kashani”), and the Bureau of Industry and Security, United States Department of Commerce (“BIS”), (collectively referred to as “Parties”), pursuant to Section 766.18(b) of the Export Administration Regulations (15 C.F.R. Parts 730-774 (2003)) (“Regulations”),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”).<sup>2</sup>

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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 (2003). The Regulations governing the violations at issue are found in the 1998 version of the Code of Federal Regulations. These Regulations are codified at 15 C.F.R. Parts 730-774 (1998) and, to the degree to which they pertain to this matter, are substantially the same as the 2003 version.

<sup>2</sup> 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

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

WHEREAS, BIS has issued an amended charging letter to Kashani alleging that Kashani committed three violations of the Regulations. Specifically, the charges are:

1. 15 C.F.R. § 764.2(c) - Attempted Export of Replacement Parts to Iran Without the Required License: On or about July 8, 1998, Kashani attempted to export replacement parts for multiple gas analyzers that were subject to the Regulations and to the Iranian Transaction Regulations from the United States through Germany to Iran without prior authorization from the Office of Foreign Assets Control of the U.S. Department of Treasury, in violation of Section 746.7 of the Regulations.
2. 15 C.F.R. § 764.2(e) - Acting with Knowledge of a Violation: In connection with the attempted export referenced above, between on or about March 9, 1998 and July 8, 1998, Kashani ordered and attempted to transfer the commodities from the United States through Germany to Iran knowing that the goods would be exported from the United States in violation of the Regulations.
3. 15 C.F.R. § 764.2(h) - Evasion - Making False Statements to Evade the Regulations: In connection with the attempted export referenced above, between

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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 7, 2003 (68 *Fed. Reg.* 47833, August 11, 2003)), has continued the Regulations in effect under IEEPA.



on or about December 11, 1997 and July 8, 1998, Kashani, with intent to evade the provisions of Section 746.7 of the Regulations with respect to export to Iran, told the supplier of the replacement parts that those goods were bound for an end-user in Saudi Arabia, when Kashani knew that the goods were, in fact, bound for an end-user in Iran. Kashani's false assertion that the end-user was located in Saudi Arabia was intended to induce the supplier to ship the goods from the United States.

WHEREAS, Kashani has reviewed the amended 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, Kashani fully understands the terms of this Agreement and the Order ("Order") that the Assistant Secretary of Commerce for Export Enforcement will issue if she approves the terms of this Agreement as an appropriate resolution of the matter;

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

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

WHEREAS, Kashani neither admits nor denies the allegations contained in the amended charging letter;

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

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

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over Kashani, under the Regulations, in connection with the matter alleged in the amended charging letter.
2. The following sanction shall be imposed against Kashani in complete settlement of the alleged violations of the Regulations set forth in the amended charging letter:
  - a. For a period five years from the date of entry of the Order, Kashani, and when acting for or on behalf of Kashani, his representatives, agents, assigns or employees (“denied person”) may not participate, directly or indirectly, 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:
    - 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 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.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, Kashani hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violation of this Agreement or the Order, when entered), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in the amended charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, when entered; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, when entered.

4. BIS agrees that, upon entry of the Order, it will not initiate any further administrative proceeding against Kashani in connection with any violation of the Act or the Regulations arising out of the transaction identified in the charging letter.

5. Kashani understands that BIS will make the amended charging letter, this Agreement, and the Order, when entered, available to the public.

6. BIS and Kashani agree that 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(b) of the Regulations, BIS and Kashani agree that they may not use this Agreement in any administrative or judicial proceeding and that the parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

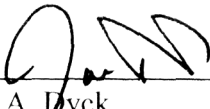
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, when entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the United States Government with respect to the facts and circumstances addressed herein.

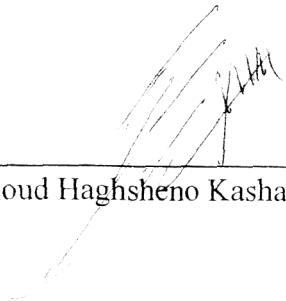
8. This Agreement shall become binding on BIS only if the Assistant Secretary of Commerce for Export Enforcement approves it by entering the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

9. Each signatory affirms that he has authority to enter into this 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

MAHMOUD HAGHSHENO KASHANI

  
\_\_\_\_\_  
Jon A. Dyck  
Chief Counsel  
Office of Chief Counsel  
for Industry and Security

  
\_\_\_\_\_  
Mahmoud Haghsheno Kashani

Date: 11/19/07

Date: 11/19/07

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

In the Matter of:	)	
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Mahmoud Haghsheno Kashani,	)	
also known as Mike Kashani,	)	
acting as an officer of Zimex, Inc.	)	
5557 Northrise Road	)	
Mississauga, Ontario	)	Docket No. 03-BIS-01
Canada L5M 6E2,	)	
	)	
Respondent.	)	
	)	

ORDER

The Bureau of Industry and Security, United States Department of Commerce (“BIS”), having initiated an administrative proceeding against Mahmoud Haghsheno Kashani, also known as Mike Kashani, acting as an officer of Zimex, Inc. (“Kashani”), pursuant to Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”),<sup>1</sup> and the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2003)) (“Regulations”),<sup>2</sup> based on the amended charging letter issued to Kashani that

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<sup>1</sup> 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 7, 2003 (68 *Fed. Reg.* 47833, August 11, 2003)), has continued the Regulations in effect under IEEPA.

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alleged that Kashani violated the Regulations on three occasions. Specifically, the charges are:

1. 15 C.F.R. § 764.2(c) - Attempted Export of Replacement Parts to Iran Without the Required License: On or about July 8, 1998, Kashani attempted to export replacement parts for multiple gas analyzers that were subject to the Regulations and to the Iranian Transaction Regulations from the United States through Germany to Iran without prior authorization from the Office of Foreign Assets Control of the U.S. Department of Treasury, in violation of Section 746.7 of the Regulations.
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as the 2003 version.

Saudi Arabia was intended to induce the supplier to ship the goods from the United States.

BIS and Kashani having 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, and the terms of the Settlement Agreement having been approved by me;

IT IS THEREFORE ORDERED:

FIRST, that for a period of five years from the date of this Order, Kashani, and when acting for or on behalf of Kashani, his representatives, agents, assigns or employees (“denied person”) 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 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 in any other activity subject to the Regulations.

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

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

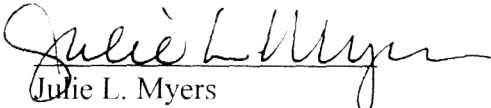
THIRD, that after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to Kashani by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be subject to the provisions of this Order.

FOURTH, that this Order does not prohibit any export, reexport, or other transaction subject to the Regulations where the only items involved that are subject to the Regulations are the foreign-produced direct product of U.S.-origin technology.

FIFTH, that a copy of this Order shall be delivered to the United States Coast Guard ALJ Docketing Center, 40 Gay Street, Baltimore, Maryland 21202-4022, notifying that office that this case is withdrawn from adjudication, as provided by Section 766.18 of the Regulations.

SIXTH, that the amended 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.

  
Julie L. Myers  
Assistant Secretary of Commerce  
for Export Enforcement

Entered this 29<sup>th</sup> day of December 2003.