

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

.....
In the Matter of:)
)
Ali Khan)
4971 East Rockridge Road)
Phoenix, Arizona 85018)
)
Respondent)
.....

ORDER RELATING TO ALI KHAN

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS") has notified Ali Khan, Chief Executive Officer of Turboanalysis, Inc. and Turbo Technologies, LLC, ("Khan"), of its intention to initiate an administrative proceeding against Khan pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2005)) ("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 Khan that alleged that Khan, committed 10 violations of the Regulations. Specifically, the charges are:

¹ The violations charged occurred in 2003. The Regulations governing the violations at issue are found in the 2003 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (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 issued on 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 6, 2004, (69 *Fed. Reg.* 48763 (August 10, 2004)), has continued the Regulations in effect under IEEPA.

1. *One Violation of - 15 C.F.R. § 764.2(d) -Conspiracy to Violate the Regulations:* Beginning in or about March 2003 and continuing through in or about July 2003, Khan conspired and acted in concert with others, known and unknown, to do or bring about an act that violates the Regulations. The purpose of the conspiracy was to export aircraft parts, items subject to the Regulations (ECCN³ 9A991) and the Iranian Transactions Regulations⁴, from the United States to Iran without the required U.S. Government authorization. In furtherance of the conspiracy, Khan exported or caused the export of the parts through Singapore and Malaysia to Iran. Pursuant to Section 746.7 of the Regulations, authorization was required from the Office of Foreign Assets Control, U.S. Department of Treasury ("OFAC") before the parts could be exported to Iran.

2.Three Violations of 15 C.F.R. § 764.2(a) - Exporting Aircraft Parts to Iran Without the Required Authorizations: On three occasions between on or about March 20, 2003 and on or about June 23, 2003, Khan engaged in conduct prohibited by the Regulations by exporting or causing to be exported aircraft parts, items subject to the Regulations (9A991) and the Iranian Transactions Regulations, from the United States to Iran through Singapore and Malaysia without the required U.S. Government authorizations. Pursuant to Section 746.7 of the Regulations, authorizations were required from OFAC before the parts could be exported to Iran.

³"ECCN" refers to "Export Control Classification Number." See Supp. 1 to 15 C.F.R. § 774.

⁴The Iranian Transactions Regulations are currently codified in the Code of Federal Regulations at 31 C.F.R. Part 560 (2005).

3. *Three Violations of 15 C.F.R. § 764.2(e) - Unlicensed Transfers of Aircraft Parts to Iran Knowing that Violations of the Regulations were to Occur:* In connection with the three exports to Iran described above, Khan transferred aircraft parts, items subject to the Regulations, from the United States to Iran knowing that violations of the Regulations would occur. At all times relevant thereto, Khan knew that the parts required authorization from the U.S. Government and that authorization for the exports would not be obtained.
4. *Three Violations of 15 C.F.R. §764.2(a) - Failure to File Shipper's Export Declarations:* In connection with the exports referenced in Charges 2-4 above, on three occasions, Khan engaged in conduct prohibited by Regulations when he failed to file Shipper's Export Declarations ("SEDs") with the U.S. Government. Pursuant to Section 758.1(b) of the Regulations, an SED must be filed with the U.S. Government for an export to Iran of any item subject to the Regulations. The aircraft parts were items subject to the Regulations.

WHEREAS, BIS and Khan 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 \$110,000 is assessed against Khan, 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.

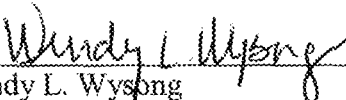
SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C.

§§ 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, Khan 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 Khan. Accordingly, if Khan should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Khan'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.


Wendy L. Wysong
Acting Assistant Secretary of Commerce
for Export Enforcement

Entered this 14th day of August 2005.

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

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In the Matter of:)
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)
Ali Khan)
4971 East Rockridge Road)
Phoenix, Arizona 85018)
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Respondent)
.....

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between Ali Khan, Chief Executive Officer of Turboanalysis, Inc. and Turbo Technologies, LLC, ("Khan"), in his individual capacity, 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 (2005)) ("Regulations"),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) ("Act"),²

¹ The violations charged occurred in 2003. The Regulations governing the violations at issue are found in the 2003 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (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 6, 2004, (69 *Fed. Reg.* 48763 (August 10, 2004)), has continued the Regulations in effect under IEEPA.

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

WHEREAS, BIS has issued a proposed charging letter to Khan that alleged that Khan committed 10 violations of the Regulations, specifically:

1. *One Violation of - 15 C.F.R. § 764.2(d) - Conspiracy:* Beginning in or about March 2003 and continuing through in or about July 2003, Khan conspired and acted in concert with others, known and unknown, to do or bring about an act that violates the Regulations. The purpose of the conspiracy was to export aircraft parts, items subject to the Regulations (ECCN³ 9A991) and the Iranian Transactions Regulations⁴, from the United States to Iran without the required U.S. Government authorization. In furtherance of the conspiracy, Khan exported or caused the export of the parts through Singapore and Malaysia to Iran. Pursuant to Section 746.7 of the Regulations, authorization was required from the Office of Foreign Assets Control, U.S. Department of Treasury ("OFAC") before the parts could be exported to Iran.
2. *Three Violations of 15 C.F.R. § 764.2(a) - Exporting Aircraft Parts to Iran Without the Required Authorizations:* On three occasions between on or about March 20, 2003 and on or about June 23, 2003, Khan engaged in conduct

³"ECCN" refers to "Export Control Classification Number." See Supp. 1 to 15 C.F.R. § 774.

⁴The Iranian Transactions Regulations are currently codified in the Code of Federal Regulations at 31 C.F.R. Part 560 (2005).

prohibited by the Regulations by exporting or causing to be exported aircraft parts, items subject to the Regulations (ECCN 9A991) and the Iranian Transactions Regulations, from the United States to Iran through Singapore and Malaysia without the required U.S. Government authorizations. Pursuant to Section 746.7 of the Regulations, authorizations were required from OFAC before the parts could be exported to Iran.

3. *Three Violations of 15 C.F.R. § 764.2(e) - Unlicensed Transfers of Aircraft Parts to Iran Knowing that Violations of the Regulations were to Occur:* In connection with the three exports to Iran described above, Khan transferred aircraft parts, items subject to the Regulations (ECCN 9A991), from the United States to Iran knowing that violations of the Regulations would occur. At all times relevant thereto, Khan knew that the parts required authorization from the U.S. Government and that authorization for the exports would not be obtained.
4. *Three Violations of 15 C.F.R. § 764.2(a) - Failure to File Shipper's Export Declarations:* In connection with the exports referenced in the charges described above, on three occasions, Khan engaged in conduct prohibited by Regulations when he failed to file Shipper's Export Declarations ("SEDs") with the U.S. Government. Pursuant to Section 758.1(b) of the Regulations, an SED must be filed with the U.S. Government for an export to Iran of any item subject to the Regulations. The aircraft parts were items subject to the Regulations.

WHEREAS, Khan 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, Khan 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 this Agreement as the final resolution of this matter;

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

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

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

- a. Khan shall be assessed a civil penalty in the amount of \$110,000 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 Khan. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of Khan'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, Khan 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 the proposed 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 \$110,000 civil penalty, BIS will not initiate any further administrative proceeding against Khan 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.

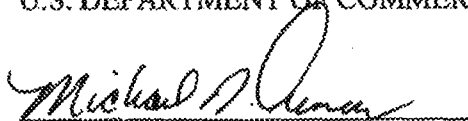
6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial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

Date: 8/17/2005

ALI KHAN



Ali Khan

Date: 8/16/05

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Ali Khan
4971 East Rockridge Road
Phoenix, Arizona 85018

Dear Mr. Khan:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that you, Ali Khan, as Chief Executive Officer of Turboanalysis, Inc. and Turbo Technologies, LLC, companies located in Phoenix, Arizona, in your individual capacity ("Khan"), have committed ten 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 Khan committed the following violations:

Charge 1 15 C.F.R. § 764.2(d) -Conspiracy to Violate the Regulations

Beginning in or about March 2003 and continuing through in or about July 2003, Khan conspired and acted in concert with others, known and unknown, to do or bring about an act that violates the Regulations. The purpose of the conspiracy was to export aircraft parts, items subject to the

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 2003. The Regulations governing the violations at issue are found in the 2003 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2003)). The 2005 Regulations govern the procedural aspects of the case.

² 50 U.S.C. app. §§ 2401-2420 (2000). 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 by Pub. L. No. 106-508 (114 Stat. 2360 (2000)) 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 6, 2004 (69 Fed. Reg. 48763 (August 10, 2004)), has continued the Regulations in effect under IEEPA.

Regulations (ECCN³ 9A991) and the Iranian Transactions Regulations⁴, from the United States to Iran without the required U.S. Government authorization. In furtherance of the conspiracy, Khan exported or caused the export of the parts through Singapore and Malaysia to Iran. Pursuant to Section 746.7 of the Regulations, authorization was required from the Office of Foreign Assets Control, U.S. Department of Treasury ("OFAC") before the parts could be exported to Iran. In so doing, Khan committed one violation of Section 764.2(d) of the Regulations.

Charges 2-4 15 C.F.R. § 764.2(a) - Exporting Aircraft Parts to Iran Without the Required Authorizations

As set forth in Schedule A, which is enclosed herewith and incorporated herein by reference, on three occasions between on or about March 20, 2003 and on or about June 23, 2003, Khan engaged in conduct prohibited by the Regulations by exporting or causing to be exported aircraft parts, items subject to the Regulations (9A991) and the Iranian Transactions Regulations, from the United States to Iran through Singapore and Malaysia without the required U.S. Government authorizations. Pursuant to Section 746.7 of the Regulations, authorizations were required from the Office of Foreign Assets Control, U.S. Department of Treasury ("OFAC") before the parts could be exported to Iran. In so doing, Khan committed three violations of Section 764.2(a) of the Regulations.

Charges 5-7 15 C.F.R. § 764.2(e) - Unlicensed Transfers of Aircraft Parts to Iran Knowing that Violations of the Regulations were to Occur

As described in greater detail in Schedule A, which is enclosed herewith and incorporated herein by reference, in connection with the three exports to Iran described above, Khan transferred aircraft parts, items subject to the Regulations, from the United States to Iran knowing that violations of the Regulations would occur. At all times relevant thereto, Khan knew that the parts required authorization from the U.S. Government and that authorization for the exports would not be obtained. In so doing, Khan committed three violations of Section 764.2(e) of the Regulations.

Charges 8-10 15 C.F.R. §764.2(a) - Failure to File Shipper's Export Declarations

³"ECCN" refers to "Export Control Classification Number." See Supp. 1 to 15 C.F.R. § 774.

⁴The Iranian Transactions Regulations are currently codified in the Code of Federal Regulations at 31 C.F.R. Part 560 (2005).

As described in greater detail in the Schedule of Violations, which is enclosed herewith and incorporated herein by reference, in connection with the exports referenced in Charges 2-4 above, on three occasions, Khan engaged in conduct prohibited by Regulations when he failed to file Shipper's Export Declarations ("SEDs") with the U.S. Government. Pursuant to Section 758.1(b) of the Regulations, an SED must be filed with the U.S. Government for an export to Iran of any item subject to the Regulations. The aircraft parts were items subject to the Regulations. In failing to file SEDs, Khan committed three violations of Section 764.2(a) of the Regulations.

Accordingly, Khan 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 up to \$11,000 per violation;⁵

Denial of export privileges; and/or

Exclusion from practice before BIS.

If Khan 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 Khan defaults, the Administrative Law Judge may find the charges alleged in this letter are true without hearing or further notice to Khan. 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.

Khan is further notified that he is entitled to an agency hearing on the record if Khan files a written demand for one with its answer. (Regulations, Section 766.6). Khan 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 Khan have a proposal to settle this case, Khan or his representative should transmit it 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, Khan's answer must be filed in accordance with the

⁵See 15 C.F.R. §6.4(a)(4) (2005).

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 Khan's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security
Attention: Parvin R. Huda
Room H-3839
United States Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

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

Sincerely,

Michael D. Turner
Director
Office of Export Enforcement

Enclosure

SCHEDULE A--ALI KHAN'S EXPORT VIOLATIONS

CHARGE NUMBERS	DATE OF VIOLATION (ON OR ABOUT)	COMMODITY	ECCN	DESTINATION	VALUE (U.S. DOLLARS)	VIOLATIONS CHARGED
1	3/2003-7/2003	Aircraft parts	9A991	Iran	----	15 CFR § 764.2(d)
2, 5, 8	3/20/2003	Wheel assemblies (aircraft parts)	9A991	Iran	\$264,800	15 CFR § 764.2(a), (e)
3, 6, 9	5/20/2003	Wheel assemblies and vane segments (aircraft parts)	9A991	Iran	\$420,000	15 CFR § 764.2(a), (e)
4, 7, 10	6/23/2003	Vane segments (aircraft parts)	9A991	Iran	\$329,250	15 CFR § 764.2(a), (e)