

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

In the Matter of:)
)
Islamic Republic of Iran Shipping Lines)
No. 37, Aseman Tower)
Sayyade Shirazee Square, Pasdaran Avenue)
P.O. Box 19395-1311)
Tehran, Iran)
)
No. 37, Corner of 7th Narenjestan)
Sayad Shirazi Square, After Noboyand Square)
Pasdaran Avenue)
Tehran, Iran)
)
Tadbir Sanaat Sharif Technology Development Center)
First Floor)
No. 25, Shahid Siadat Boulevard, North Zanjan Street)
Yadegar Emam Highway)
Tehran, Iran)
)
Icarus Marine (Pty) Ltd.)
1 River Street)
Rosebank)
Cape Town, South Africa)
)
Respondents.)
)

ORDER TEMPORARILY DENYING EXPORT PRIVILEGES

Pursuant to Section 766.24 of the Export Administration Regulations (“EAR” or “Regulations”),¹ the Bureau of Industry and Security (“BIS”), U.S. Department of Commerce,

¹ The EAR is currently codified at 15 C.F.R. Parts 730-774 (2008), as amended. The EAR issued under the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“EAA”). 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 most recently by the Notice of July 23, 2008 (73 Fed. Reg. 43,603 (July 25, 2008)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)).

through its Office of Export Enforcement (“OEE”), has requested that I issue an Order temporarily denying for 180 days the export privileges under the EAR of:

- (1) Islamic Republic of Iran Shipping Lines, No. 37 Aseman Tower, Sayyade Shirazee Square, Pasdaran Avenue, P.O. Box 19395-1311, Tehran, Iran; No. 37, Corner of 7th Narenjestan, Sayad Shirazi Square, After Noboyand Square, Pasdaran Avenue, Tehran, Iran, Iran (hereinafter referred to as “IRISL”).
- (2) Tadbir Sanaat Sharif Technology Development Center, First Floor, No. 25, Shahid Siadat Boulevard, North Zanjan Street, Yadegar Emam Highway, Tehran, Iran (hereinafter referred to as “TSS”).
- (3) Icarus Marine (Pty) Ltd, 1 River Street, Rosebank, Cape Town, South Africa (hereinafter referred to as “Icarus Marine”).

(IRISL, TSS, and Icarus Marine are hereinafter collectively referred to as “Respondents”).

Pursuant to Section 766.24(b) of the EAR, the Assistant Secretary may issue a TDO upon a showing by BIS that the order is necessary in the public interest to prevent an “imminent violation” of the EAR. 15 C.F.R. § 766.24(b)(1). “A violation may be ‘imminent’ either in time or in degree of likelihood.” 15 C.F.R. 766.24(b)(3). BIS may show “either that a violation is about to occur, or that the general circumstances of the matter under investigation or case under criminal or administrative charges demonstrate a likelihood of future violations.” *Id.* As to the likelihood of future violations, BIS may show that “the violation under investigation or charges is significant, deliberate, covert and/or likely to occur again, rather than technical and negligent[.]” *Id.* A “lack of information establishing the precise time a violation may occur does

not preclude a finding that a violation is imminent, so long as there is sufficient reason to believe the likelihood of a violation.” Id.

In its request, BIS has presented evidence that the Respondents are about to engage in conduct prohibited by the EAR by re-exporting U.S.-origin items, which are subject to the Regulations and classified as Export Control Classification Number (“ECCN”) 8A992.f and .g, from South Africa to a Specially Designated National (“SDN”) located in Iran using a specially designated blocked vessel, owned by a Specially Designated National, to complete the transaction. Specifically, BIS has reason to believe that TSS has been attempting to procure a Bladerunner 51 powerboat, a vessel known as the “Bradstone Challenger,” for use by the Iranian Revolutionary Guard Corps (“IRGC”), specifically the IRGC Navy, to be transported to Iran on an IRISL vessel.

The Bradstone Challenger will imminently be re-exported from South Africa on an IRISL vessel called the M/V “Diplomat,” also known as the “Iran Diplomat,” with a vessel registration identification number IMO 8309701. IRISL and its entire fleet, including the Diplomat, is also listed in the Department of the Treasury, Office of Foreign Assets Control (OFAC) Specially Designated Nationals list as is the IRGC, pursuant to Executive Order 13382 and as identified by OFAC in Appendix A to 31 C.F.R. Chapter V. The designation identifies those parties determined to be weapons of mass destruction proliferators or their supporters as well as blocked vessels.

Under Section 744.8(a) of the Regulations,² no person may export or re-export an item subject to the Regulations to any person designated pursuant to that Executive Order without a

² On January 15, 2009, Part 744 of the Regulations was amended to impose a license requirement on certain parties designated pursuant to Executive Order 13382 (June 28, 2005) as Specially Designated Nationals. 74 Fed. Reg. 2355 (Jan. 15, 2009).

license from BIS. The Bradstone Challenger is powered with two U.S.-origin Caterpillar C18 engines and two Arneson surface drives, items subject to the Regulations and classified under Export Control Classification Number (ECCN) 8A992.g. Because it contains greater than a 10 percent *de minimis* of U.S.-origin items, the Bradstone Challenger is also subject to the Regulations if proposed for export or re-export to Iran and is classified as ECCN 8A992.f. According to publicly available sources, the Bladerunner 51 has top speeds from 55 knots to in excess of 65 knots (or 74 miles per hour). No license was obtained from BIS for export or re-export of the U.S.-origin parts contained within the powerboat, nor the vessel itself.

Nonetheless, BIS has produced evidence that TSS is purchasing the powerboat, which is intended to be sent from Durban, South Africa. Icarus Marine is attempting to send the Bradstone Challenger to Iran. TSS is believed to be purchasing the Bradstone Challenger for use by the IRGC Navy. There is publicly available evidence of prior dealings between the two entities. The TSS website, under its “About Us” section, lists an affiliate of Icarus Marine as a company with whom TSS has had “prosperous cooperation.” In this transaction, Icarus Marine is attempting to send the Bradstone Challenger from the port in Durban to Iran on the IRISL vessel Diplomat, with the end-user to be the IRGC Navy.

Multiple public sources indicate that Iran and its military have invested substantially in developing its naval forces. The IRGC Navy has been involved in enhancing its asymmetric naval warfare capabilities. These capabilities include exploiting enemy vulnerabilities through the use of “swarming” tactics by well-armed small boats and fast-attack craft, to mount surprise attacks at unexpected times and places. Accordingly, BIS has a significant concern that the vessel will be utilized by the IRGC as a fast attack craft. According to published reports, similar vessels have been armed with torpedoes, rocket launchers, and anti-ship missiles.

I find that the evidence presented by BIS demonstrates that violation of the EAR is imminent in terms of proximity of time, as well as in degree of likelihood. The conduct here is, inter alia, significant, deliberate, and likely to occur again absent issuance of a TDO. As such, a TDO issued on an ex parte basis is necessary in the public interest to prevent imminent violation of the EAR, and needed to give persons and companies in the United States and abroad notice that they should cease dealing with the Respondents in export and re-export transactions involving items subject to the EAR.

Accordingly, I find that a TDO naming is necessary, in the public interest, to prevent an imminent violation of the EAR. This Order is issued on an ex parte basis without a hearing based upon BIS's showing of an imminent violation.

IT IS THEREFORE ORDERED:

FIRST, that the Respondents, Islamic Republic of Iran Shipping Lines, No. 37 Aseman Tower, Sayyade Shirazee Square, Pasdaran Avenue, P.O. Box 19395-1311, Tehran, Iran; No. 37, Corner of 7th Narenjestan, Sayad Shirazi Square, After Noboyand Square, Pasdaran Avenue, Tehran, Iran; Tadbir Sanaat Sharif Technology Development Center, First Floor, No. 25, Shahid Siadat Boulevard, North Zanzan Street, Yadegar Emam Highway, Tehran, Iran; and Icarus Marine (Pty) Ltd, 1 River Street, Rosebank, Cape Town, South Africa (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 Export Administration Regulations ("EAR"), or in any other activity subject to the EAR 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 EAR, or in any other activity subject to the EAR;
or
- C. Benefiting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the EAR, or in any other activity subject to the EAR.

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

- A. Export or reexport to or on behalf of any Denied Person any item subject to the EAR;
- B. Take any action that facilitates the acquisition or attempted acquisition by any Denied Person of the ownership, possession, or control of any item subject to the EAR that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby any 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 any Denied Person of any item subject to the EAR that has been exported from the United States;
- D. Obtain from any Denied Person in the United States any item subject to the EAR 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 EAR that has been or will be exported from the United States and which is owned, possessed or controlled by any Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by any Denied Person if such service involves the use of any item subject to the EAR 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 EAR, any other person, firm, corporation, or business organization related to any of the Respondents 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.


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

In accordance with the provisions of Section 766.24(e) of the EAR, the Respondents may, at any time, appeal this Order by filing a full written statement in support of the appeal with the Office of the Administrative Law Judge, U.S. Coast Guard ALJ Docketing Center, 40 South Gay Street, Baltimore, Maryland 21202-4022.

In accordance with the provisions of Section 766.24(d) of the EAR, BIS may seek renewal of this Order by filing a written request not later than 20 days before the expiration date. The Respondents may oppose a request to renew this Order by filing a written submission with the Assistant Secretary for Export Enforcement, which must be received not later than seven days before the expiration date of the Order.

A copy of this Order shall be served on the Respondents and shall be published in the *Federal Register*.

This Order is effective upon issuance and shall remain in effect for 180 days.



KEVIN A. DELLI-COLLI
Acting Assistant Secretary of Commerce
for Export Enforcement

Entered this 22nd day of January 2009.