

ENF [text deleted]
[text deleted]

PENALTY NOTICE

[text deleted]
President
GR-Duratech Texas, Inc.
10920 Kinghurst Dr., Suite 200
Houston, TX 77099

Dear [text deleted]:

On July 20, 2011, the Office of Foreign Assets Control (“OFAC”) issued a Prepenalty Notice (“Notice”) to GR-Duratech Texas, Inc. (“GR-Duratech”) due to its engaging in transactions or dealings related to goods for exportation, reexportation, sale or supply to Iran and services of Iranian origin, and its facilitation of a foreign person’s exportation of goods to Iran, in apparent violation of the Iranian Transactions Regulations, 31 C.F.R. part 560 (the “ITR”); and for dealing in property and interests in property in which a Specially Designated National (“SDN”) had an interest, in apparent violation of the Weapons of Mass Destruction Proliferators Sanctions Regulations, 31 C.F.R. part 544 (the “WMDPSR”), promulgated pursuant to the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06 (“IEEPA”). *See* §§ 560.206, 560.208, and 560.703 of the ITR, and §§ 544.201 and 544.702 of the WMDPSR.

The Notice proposed a penalty in the amount of \$402,000, and advised GR-Duratech of the right to make a written presentation to OFAC setting forth the reasons why a penalty should not be imposed, or, if imposed, why the amount should be less than that proposed in the Notice.

GR-Duratech responded to OFAC by letter dated August 17, 2011. GR-Duratech objected to both the imposition of a civil penalty and the amount of the proposed civil penalty for its 2005 violation of the ITR, asserting that the amount of the civil penalty should not exceed \$10,000. GR-Duratech stated that its 2009 violations of the ITR and WMDPSR represent one continuing transaction that should be treated as a single violation with a maximum penalty of \$250,000. GR-Duratech further argues that it did not willfully violate U.S. sanctions because it did not willfully conceal from [text deleted] Bank the involvement of an Iranian entity in connection with the trade documents. Finally, GR-Duratech stated that the proposed penalty amount of \$402,000 is too large for it to remain in business.

After a thorough review of the facts and circumstances pertaining to this matter, including GR-Duratech’s response to the Notice, OFAC has determined that GR-Duratech violated §§ 560.206

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and 560.208 of the ITR, and § 544.201 of the WMDPSR, and that no reduction from the proposed penalty amount set forth in the Notice is warranted.

GR-Duratech's argument that the 2005 violation of the ITR should have a maximum liability of \$10,000 is unpersuasive. On October 16, 2007, the International Emergency Economic Powers Enhancement Act, Pub. L. No. 110-96 ("IEEPEA"), was enacted. Section 2(b)(1) of IEEPEA provides that its civil penalty provisions shall apply to violations of IEEPA with respect to which enforcement action is pending or commenced on or after October 16, 2007. Pursuant to OFAC's policy for implementing IEEPEA, the new maximum civil penalty provisions applied to all violations for which a Penalty Notice had not been issued as of October 16, 2007. This policy is available on OFAC's Web site at [http://www.treasury.gov/resource-center/sanctions/Documents/interim_pol_11272007.pdf]. OFAC also rejects GR-Duratech's argument that the two apparent 2009 violations should be considered a single violation. As described in OFAC's Notice dated July 20, 2011, these two transactions were distinct and therefore constituted separate violations. As to GR-Duratech's dispute with characterizing the 2009 conduct as willful, the administrative record shows that GR-Duratech was aware of the intentional removal from trade documents of references to Iran, and was complicit in altering the documents to conceal those facts. Finally, the administrative record does not support a conclusion that additional mitigation is warranted in light of GR-Duratech's asserted financial condition. Among other things, GR-Duratech has failed to provide sufficient information demonstrating its inability to pay the proposed penalty, including information relating to its financial relationship with its Chinese parent company, Grand Resources Co., Ltd ("Grand Resources"), and there is evidence in the administrative record suggesting that GR-Duratech is not independent of Grand Resources.

Accordingly, a civil penalty in the amount of \$402,000 is hereby imposed upon GR-Duratech pursuant to 31 C.F.R. §§ 544.703 and 560.705.

GR-Duratech must pay this penalty or arrange for installment payment of the penalty within 30 days of the mailing of this Penalty Notice to avoid the imposition of additional charges. Payment by check payable to the "**U.S. Treasury**" in the amount of **\$402,000 and referencing the above ENF number** can be sent to the U.S. Department of the Treasury, Accounting Services Branch, (Attn: **[text deleted]**), Avery Street A3-G, Bureau of the Public Debt, P.O. Box 1328, Parkersburg, WV 26106. Alternatively, GR-Duratech may pay through Electronic Funds Transfer (EFT). Instructions for EFT payment are enclosed. Pursuant to 31 U.S.C. § 7701, **GR-Duratech must include a Taxpayer Identification Number or Social Security Number on your payment**; that number will be used for the purpose of collecting and reporting on any delinquent penalty amount. **Pursuant to 31 U.S.C. § 3717, failure to pay this penalty in a timely manner will result in the accrual of appropriate interest, the imposition of an applicable administrative charge, and, if the payment is more than 90 days past due, the imposition of further penalty charges.**

Please note that 31 C.F.R. §§ 544.704 and 560.706 provide that this matter may be referred either for administrative collection measures or to the United States Department of Justice for appropriate action to recover the penalty in a civil suit in Federal District Court if payment is not made within 30 days of the date of this Penalty Notice.

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If you have any questions concerning this matter, you may contact **[text deleted]**, Enforcement Division, Office of Foreign Assets Control, at (202) 622-**[text deleted]**. Please have the ENF number listed at the top of this Notice available when calling to inquire.

Sincerely,

{signature}

Adam J. Szubin
Director
Office of Foreign Assets Control