

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

**Mahan Airways**

Mahan Tower  
No. 21, Azadegan St.  
M.A. Jenah Exp. Way  
Tehran, Iran

**Zarand Aviation**

**a/k/a GIE Zarand Aviation**  
42 Avenue Montaigne  
75008 Paris  
France

and

112 Avenue Kleber  
75116 Paris  
France

**Gatewick LLC**

**a/k/a Gatewick Freight & Cargo Services**  
**a/k/a/ Gatewick Aviation Services**  
G#22 Dubai Airport Free Zone  
P.O. Box 393754  
Dubai, United Arab Emirates

and

P.O. Box 52404  
Dubai, United Arab Emirates

and

Mohamed Abdulla Alqaz Building  
Al Maktoum Street  
Al Rigga  
Dubai, United Arab Emirates;

**Pejman Mahmood Kosarayanifard**

**a/k/a Kosarian Fard**  
P.O. Box 52404  
Dubai, United Arab Emirates;

**Mahmoud Amini**  
G#22 Dubai Airport Free Zone  
P.O. Box 393754  
Dubai, United Arab Emirates

and

P.O. Box 52404  
Dubai, United Arab Emirates

and

Mohamed Abdulla Alqaz Building  
Al Maktoum Street  
Al Rigga  
Dubai, United Arab Emirates;

**Kerman Aviation**  
a/k/a **GIE Kerman Aviation**  
42 Avenue Montaigne 75008  
Paris, France

**Sirjanco Trading**  
P.O. Box 8709  
Dubai, United Arab Emirates

**Ali Eslamian**  
4<sup>th</sup> Floor  
33 Cavendish Square  
London, W1G0PW  
United Kingdom

and

2 Bentinck Close  
Prince Albert Road St. Johns Wood  
London NW87RY  
United Kingdom

**Mahan Air General Trading LLC**  
19<sup>th</sup> Floor Al Moosa Tower One  
Sheik Zayed Road  
Dubai 40594  
United Arab Emirates

Skyco (UK) Ltd. )  
4<sup>th</sup> Floor, 33 Cavendish Square )  
London, W1G 0PV )  
United Kingdom )  
Equipco (UK) Ltd. )  
2 Bentinck Close )  
Prince Albert Road )  
London, NW8 7RY )  
United Kingdom )  
Respondents )  
\_\_\_\_\_ )

**MODIFICATION OF TEMPORARY DENIAL ORDER MAKING TEMPORARY DENIAL OF EXPORT PRIVILEGES APPLICABLE TO RELATED PERSONS**

Pursuant to Section 766.23 of the Export Administration Regulations, 15 C.F.R. Parts 730-774 (2011) (“EAR” or the “Regulations”), including the provision on notice and an opportunity to respond, I hereby grant the request of the Office of Export Enforcement (“OEE”) to modify the February 15, 2012 Renewal Order Temporarily Denying the Export Privileges of Mahan Airways, Zarand Aviation, Gatewick LLC, Pejman Mahmood Kosarayanifard, Mahmoud Amini, Kerman Aviation, Sirjanco Trading LLC and Ali Eslamian.<sup>1</sup> Specifically, I find it necessary to add the following persons as related persons in order to prevent evasion of the TDO:

Mahan Air General Trading LLC  
19<sup>th</sup> Floor Al Moosa Tower One  
Sheik Zayed Road  
Dubai 40594  
United Arab Emirates

<sup>1</sup> The February 15, 2012 TDO Renewal Order was published in the Federal Register on February 23, 2012. See 77 Fed. Reg. 10719.

Skyco (UK) Ltd.  
4<sup>th</sup> Floor, 33 Cavendish Square  
London, W1G 0PV  
United Kingdom

Equipco (UK) Ltd.  
2 Bentinck Close  
Prince Albert Road  
London, NW8 7RY  
United Kingdom

## **I. Procedural History**

On March 17, 2008, Darryl W. Jackson, the then-Assistant Secretary of Commerce for Export Enforcement (“Assistant Secretary”), signed a TDO denying Mahan Airways’ export privileges for a period of 180 days on the grounds that its issuance was necessary in the public interest to prevent an imminent violation of the Regulations. The TDO also named as denied persons Blue Airways, of Yerevan, Armenia (“Blue Airways of Armenia”), as well as the “Balli Group Respondents,” namely, Balli Group PLC, Balli Aviation, Balli Holdings, Vahid Alaghband, Hassan Alaghband, Blue Sky One Ltd., Blue Sky Two Ltd., Blue Sky Three Ltd., Blue Sky Four Ltd., Blue Sky Five Ltd., and Blue Sky Six Ltd., all of the United Kingdom. The TDO was issued *ex parte* pursuant to Section 766.24(a), and went into effect on March 21, 2008, the date it was published in the Federal Register.<sup>2</sup>

On July 1, 2011, the TDO was modified by adding Zarand Aviation as a denied person in order to prevent an imminent violation involving an Airbus A310 aircraft owned by Zarand Aviation being operated on behalf of Mahan Airways in violation of the Regulations and the TDO. Additionally, the August 24, 2011 TDO Renewal Order added Kerman Aviation, Sirjanco

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<sup>2</sup> The TDO was subsequently renewed in accordance with Section 766.24(d) of the Regulations on September 17, 2008, March 16, 2009, September 11, 2009, March 9, 2010, September 3, 2010, February 25, 2011, August 24, 2011, and most recently on February 15, 2012. Each renewal order was published in the *Federal Register*. As of March 9, 2010, the Balli Group Respondents and Blue Airways were no longer subject to the TDO.

Trading LLC, and Ali Eslamian to the TDO as denied persons in order to prevent evasion of the TDO given that they are related persons to Mahan Airways.

## **II. Addition of Related Persons**

### **A. Legal Standard**

Section 766.23 of the Regulations provides that “[i]n order to prevent evasion, certain types of orders under this part may be made applicable not only to the respondent, but also to other persons then or thereafter related to the respondent by ownership, control, position of responsibility, affiliation, or other connection in the conduct of trade or business. Orders that may be made applicable to related persons include those that deny or affect export privileges, including temporary denial orders . . . .” 15 C.F.R. § 766.23(a).

### **B. OEE’s Request To Add Mahan Air General Trading LLC, Skyco (UK) Ltd., and Equipco (UK) Ltd. to The TDO via the Related Person Provision of Section 766.23 of the Regulations**

OEE has requested that Mahan Air General Trading LLC, Skyco (UK) Ltd., and Equipco (UK) Ltd. be added as related persons to Mahan Airways, Zarand Aviation and/or Ali Eslamian, as further discussed below, in order to prevent evasion of the TDO. As noted above, each entity was provided written notice of OEE’s intent to add them to the TDO pursuant to Section 766.23. No response was received from Mahan Air General Trading LLC. Skyco (UK) Ltd. and Equipco (UK) Ltd., as discussed further below, submitted written responses, through the same U.S. counsel, opposing their respective additions to the TDO.

**C. The Evidence, Respondent's Contentions, and Findings Under Section 766.23**

**1. Mahan Air General Trading LLC**

In accordance with Section 766.23 of the Regulations, OEE provided Mahan Air General Trading with notice, via a notice letter sent on January 27, 2012, of its intent to seek an order adding Mahan Air General Trading to the TDO as a related person to Mahan Airways and Zarand Aviation in order to prevent evasion of the TDO. No response has been received from Mahan Air General Trading.

Mahan Air General Trading's articles of incorporation list Mahan Airways' Managing Director, Hamid Arabnejad, as an owner. In addition, French corporate registration documents list Mahan Air General Trading as a Groupement D'interet Economique ("Economic Interest Group") member of both Zarand Aviation and Kerman Aviation, entities which were added to the TDO on July 1, 2011 and August 24, 2011, respectively. Zarand Aviation and Kerman Aviation each owns an Airbus A310 aircraft<sup>3</sup> that bears the livery and logo of Mahan Airways and operates on flights into and out of Iran in violation of the Regulations and the TDO. After Zarand Aviation and Kerman Aviation were added to the TDO, both aircraft were de-registered in France and subsequently registered in Iran with, respectively, Iranian tail numbers EP-MHH and EP-MHI. Both aircraft remain active in Mahan Airways' fleet.

Mahan Air General Trading also shares the same Dubai address and fax number with Sirjanco Trading LLC, another denied party related to Mahan Airways that acquires and resells

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<sup>3</sup> The Airbus A310 aircraft are powered with U.S.-origin engines. The engines are subject to the EAR and classified under ECCN 9A991.d. The aircraft contain controlled U.S.-origin items valued at more than 10 percent of the total value of the aircraft and as a result are subject to the EAR. They are classified as ECCN 9A991.b. The reexport of these aircraft to Iran would require U.S. Government authorization pursuant to Section 746.7 of the Regulations, as would the reexport of the aircraft engines.

aircraft parts and components. Sirjanco is owned in part by Ghulam Redha Khodra Mahmoudi a/k/a Gholemreza Mahmoudi, a Mahan Airways' shareholder and its Vice-President for Business Development.

In sum, I find that Mahan Air General Trading is related to Mahan Airways and Zarand Aviation by ownership, control, position of responsibility, and/or other connection in the conduct of trade or business, and that it is necessary to add Mahan Air General Trading to the TDO in order to prevent evasion of the TDO.

**2. *Skyco (UK) Ltd. ("Skyco")***

In accordance with Section 766.23 of the Regulations, OEE provided Skyco with notice, via a notice letter send on January 27, 2012, of its intent to seek an order adding Skyco to the TDO as a related person to Mahan Airways in order to prevent evasion of the TDO. Skyco opposed its addition to the TDO, via a letter dated February 17, 2012. Skyco, through counsel, argues that it is not related to Mahan Airways within the meaning of Section 766.23 and that BIS has not demonstrated that its addition is needed to prevent evasion of the TDO.

As discussed in the August 24, 2011 TDO Renewal Order, a copy of which accompanied OEE's notice letter, Skyco's corporate registration lists Gholemreza Mahmoudi, who is discussed above, and Ali Eslamian, a named party under the TDO since August 24, 2011, as directors of Skyco. Mr. Eslamian also is listed as Skyco's corporate secretary.

Mr. Mahmoudi's positions in both Mahan Airways and Skyco establish that Skyco is a related person to Mahan under Section 766.23 of the Regulations. In addition, Mr. Eslamian previously has admitted during testimony in litigation in the United Kingdom between Mahan Airways and the Balli Group that he formed Skyco with Mahan Airways' Managing Director

Hamid Arabnejad and Mr. Mahmoudi to carry out transactions on behalf of Mahan Airways.<sup>4</sup> Mr. Eslamian admitted to OEE in July 2009 and again in June 2011 that Skyco buys and sells aircraft, aircraft engines and other aviation related services, and that Skyco was established to supply Mahan with parts that Mahan otherwise couldn't get because of the embargo.

Skyco's response to the notice letter does not address these relationships between it and Mahan Airways, whether as to or via Mr. Mahmoudi or Mr. Eslamian. Skyco generally contends, instead, that it is not related to Mahan Airways and that it has not been provided an opportunity to challenge OEE's "information that suggests that Skyco may evade the TDO." Skyco Response Letter, at 1-2.

Contrary to these assertions, OEE has demonstrated that Skyco is a related person to Mahan Airways and Skyco's due process argument is unavailing. The relationship between Skyco and Mahan Airways is demonstrated by evidence provided by Mr. Eslamian or is information within Skyco's possession, custody, or control or otherwise known or available to Skyco. This evidence alone provides sufficient reason to believe that the TDO should be made applicable to Skyco to prevent evasion of the TDO. There is, of course, additional evidence indisputably showing that Skyco was created and has acted or operated for the purpose of facilitating Mahan Airways' activities in violation of the Regulations and the TDO. This evidence similarly has been provided by Skyco via Mr. Eslamian or was previously known or available to Skyco. Moreover, with or without that piece of evidence, my determination would here would be the same.

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<sup>4</sup> As discussed in the August 24, 2011 Renewal Order, this litigation related to the ownership of three of the U.S.-origin Boeing 747s that had been unlawfully reexported to Iran and led to the initial issuance of the TDO.

Based on the above, I find that Skyco is related to Mahan Airways by position of responsibility, control, and/or other connection in the conduct of trade, and that it is necessary to add Skyco to the TDO as a related person in order to prevent evasion of the Order.

Skyco also has argued that BIS has never suggested that Skyco may have violated the Regulations and that the interview Mr. Eslamian provided to BIS Special Agents on June 23, 2011, and other asserted cooperation undermines OEE's TDO request. Skyco Response Letter, at 1-2. The former contention is belied by, inter alia, the August 24, 2011 and February 15, 2012 Renewal Orders. The latter contention seeks to challenge BIS's investigative judgment and prosecutorial discretion, and can also be read as an attempt, contrary to Section 766.24 of the Regulations, to indirectly challenge the August 24, 2011 and February 15, 2012 Renewal Orders. As such, the argument is not a proper basis of opposition under Section 766.23. To the extent it were deemed otherwise, I would reject the contention based on the record here. Indeed, among other things, the same cooperation argument has been made by Equipco based on the same meeting between Mr. Eslamian and the BIS Special Agents in June 2011. But neither Skyco nor Equipco, which share the same counsel, address the more recent activities led by Mr. Eslamian, as discussed in the February 15, 2012 Renewal Order and further discussed below, regarding the attempted acquisition of aircraft subject to the EAR in violation of the Regulations and the TDO.

**3. Equipco (UK) Ltd. ("Equipco")**

In accordance with Section 766.23 of the Regulations, OEE provided Equipco with notice, via a notice letter sent on January 27, 2012, of its intent to seek an order adding Equipco as a related person to Mahan Airways and/or Ali Eslamian in order to prevent evasion of the TDO. Equipco opposed its addition to the TDO, via a letter dated February 17, 2012. Equipco argues that it is not related to Mahan Airways within the meaning of Section 766.23, that Section

766.23 does not permit its addition to the TDO based on the fact that it is related to Mr. Eslamian, and that BIS has not demonstrated that its addition is needed to prevent evasion of the Order.

Equipco is owned and operated by Mr. Eslamian, and does not dispute that it is related to him. Equipco is represented by the same counsel as Skyco, as noted above, and makes essentially the same contentions as Skyco, except that it makes the additional argument that Section 766.23 does not permit its addition to the TDO based on its relationship with Mr. Eslamian.

I will not repeat in this section my discussion of the overlapping arguments made by Skyco and Equipco. As to Equipco's additional argument, Equipco contends that under Section 766.23, BIS must have evidence that the "person is 'related to [the person or entity named in the existing TDO] by ownership, position of responsibility, affiliation or other connection in the conduct of trade or business . . . .'" Equipco Response Letter, at 1 (bracketed text supplied by Equipco). Equipco does not explain how or why this contention supports its position, and in actuality the contention supports the contrary conclusion, that is, that BIS is not prohibited or precluded from adding Skyco to the TDO based on its relationship with Mr. Eslamian, a denied person under the TDO, simply because he was initially added to the TDO as a related person. Equipco's proposed interpretation would run counter to the purpose of Section 766.23, which is to prevent evasion of the TDO, whether by Mr. Eslamian or other persons or entities. That purpose would be undermined if parties to the TDO could effectively evade it by shifting their activities from one entity to another.

Moreover, the record here demonstrates that there is a connection in the conduct of trade or business between Equipco and Mahan Airways. As detailed in the February 15, 2012 TDO

renewal order, Eslamian/Equipco engaged in negotiations with a Brazilian airline as recently as December 2011, in an attempt to acquire an aircraft engine and two Airbus A320 that are subject to the Regulations. In conversations with the Brazilian Airline, Eslamian stated that the items are being acquired on behalf of "a very dear customer of another company of ours, Skyco UK Ltd." These negotiations continued after Eslamian's addition to the TDO on August 24, 2011, and demonstrate his willingness to use his company Equipco to carry out activities for or on behalf of denied persons in violation of the Regulations and the TDO. Eslamian remains positioned to participate in or facilitate Mahan Airway's unlawful acquisition and use of aircraft, aircraft engines and related aircraft services.

As discussed in the August 24, 2011 and February 12, 2012 Renewal Orders, Mr. Eslamian has a longstanding business relationship with Mahan Airways' senior officers and was involved in Mahan Airways' original conspiracy to acquire U.S.-origin 747s. He was originally approached by Mr. Arabnejad (Mahan Airways' Managing Director) and Mr. Mahmoudi (a Mahan Airways' shareholder and its Vice President for Business Development), who were seeking to establish a company in the United Kingdom for the purpose of making arrangements for them which Mahan Air was unable to do directly. Eslamian, along with Arabnejad and Mahmoudi, subsequently formed Skyco, where Eslamian has admitted to being a shareholder and managing director. Additionally, Eslamian inspected the 747s that Mahan was seeking to illegally acquire. At the request of Mahan Airways, he also attended the initial meetings between Mahan Airways and the Balli Group principals during which it was proposed that the Balli Group or Balli entities would act as a front for Mahan Airways in Mahan's scheme to acquire U.S.-origin aircraft. Furthermore, during his June 2011 meeting with BIS Special Agents, which his counsel attended, Mr. Eslamian admitted his longstanding business

relationship and connections to senior Mahan Airways officers and/or directors, including Mr. Arabnejad and Mr. Mahmoudi. Eslamian was able to provide detailed insight into how Mahan Airways maintains and repairs its aircraft through the use of facilities in third countries.

Given Mr. Eslamian's role at Equipco, the indisputable evidence of his long-running and extensive ties to Mahan Airways, and his demonstrated willingness to use Equipco (and other entities he owns, controls or manages in whole or part) as a vehicle to evade the Regulations and the TDO, I find without merit Equipco's argument that it cannot be added to the TDO consistent with Section 766.23.

Based on the above, I find that Equipco is connected to Mahan Airways in the conduct of trade or business and thus is a related person to Mahan Airways, and that Equipco is related to Ali Eslamian by ownership, control, and position of responsibility. I also find whether considering both its relationship to both Mahan Airways and Mr. Eslamian, or only its relationship with Mahan, that Equipco should be added to the TDO in order to prevent its evasion.

In sum, under the applicable standard set forth in Section 766.23 of the Regulations and my review of the record here, I find that the evidence presented by OEE convincingly demonstrates that Mahan Air General Trading LLC, Skyco (UK) Ltd. and Equipco (UK) Ltd, are related to, as applicable, Mahan Airways, Zarand Aviation and/or Ali Eslamian, and that adding them to the TDO is necessary to prevent its evasion.

#### **IV. ORDER**

IT IS THEREFORE ORDERED:

FIRST, that MAHAN AIRWAYS, Mahan Tower, No. 21, Azadegan St., M.A. Jenah Exp. Way, Tehran, Iran; ZARAND AVIATION, A/K/A GIE ZARAND AVIATION, 42 Avenue

Montaigne, 75008 Paris, France, and 112 Avenue Kleber, 75116 Paris, France; GATEWICK LLC, A/K/A GATEWICK FREIGHT & CARGO SERVICES, A/K/A GATEWICK AVIATION SERVICE, G#22 Dubai Airport Free Zone, P.O. Box 393754, Dubai, United Arab Emirates, and P.O. Box 52404, Dubai, United Arab Emirates, and Mohamed Abdulla Alqaz Building, Al Maktoum Street, Al Rigga, Dubai, United Arab Emirates; PEJMAN MAHMOOD KOSARAYANIFARD A/K/A KOSARIAN FARD, P.O. Box 52404, Dubai, United Arab Emirates; and MAHMOUD AMINI, G#22 Dubai Airport Free Zone, P.O. Box 393754, Dubai, United Arab Emirates, and P.O. Box 52404, Dubai, United Arab Emirates, and Mohamed Abdulla Alqaz Building, Al Maktoum Street, Al Rigga, Dubai, United Arab Emirates; MAHAN AIR GENERAL TRADING LLC, 19<sup>th</sup> Floor Al Moosa Tower One, Sheik Zayed Road, Dubai 40594, United Arab Emirates; SKYCO (UK) LTD., 4<sup>th</sup> Floor, 33 Cavendish Square, London, W1G 0PV, United Kingdom; and EQUIPCO (UK) LTD., 2 Bentinck Close, Prince Albert Road, London, NW8 7RY, United Kingdom and when acting for or on their behalf, any successors or assigns, agents, or employees (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 a Denied Person any item subject to the EAR;

B. Take any action that facilitates the acquisition or attempted acquisition by a 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 a 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 a Denied Person of any item subject to the EAR that has been exported from the United States;

D. Obtain from a 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 a Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by a 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 a Denied Person 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 Sections 766.23(c) of the EAR, Zarand Aviation, at any time, may 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.

A copy of this Order shall be sent to Mahan Air General Trading LLC, Skyco (UK) Ltd., and Equipco (UK) Ltd. and shall be published in the Federal Register. This Order is effective immediately and shall remain in effect until August 13, 2012, unless renewed in accordance with Section 766.24(d) of the Regulations.



DAVID W. MILLS  
Assistant Secretary of Commerce  
for Export Enforcement

Dated: April 9, 2012.