

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

\_\_\_\_\_  
In the Matter of: )  
 )  
Khalid Mahmood )  
11505 Blue Ridge Drive )  
Beltsville, MD 20750 )  
 )  
Respondent. )  
\_\_\_\_\_ )

ORDER RELATING TO KHALID MAHMOOD

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has notified Khalid Mahmood (hereinafter referred to as “Mahmood”) of its intention to initiate an administrative proceeding against Mahmood pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (“Regulations”)<sup>1</sup> and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (“Act”),<sup>2</sup> by issuing a proposed charging letter to Mahmood that alleged that Mahmood committed six violations of the Regulations. Specifically, the charges are:

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<sup>1</sup> The violations charged occurred between 2003 and 2004. The Regulations governing the violations at issue are found in the 2003-2004 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2003-2004)). The 2006 Regulations govern the procedural aspects of the case.

<sup>2</sup> 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)), which has been extended by successive Presidential Notices, the most recent being that of August 2, 2006 (71 Fed. Reg. 44,551 (Aug. 7, 2006)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) (“IEEPA”).

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

Beginning in or about February 2003 and continuing through in or about December 2004, Mahmood 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 lift truck parts ("parts"), items subject to the Regulations ("EAR 99"<sup>3</sup>) and the Iranian Transactions Regulations<sup>4</sup>, from the United States to Iran without the required U.S. Government authorization. In furtherance of the conspiracy, Mahmood facilitated the export of parts from the United States through the United Arab Emirates ("UAE") 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. Failure to obtain authorization from OFAC is a violation of the Regulations. In so doing, Mahmood committed one violation of Section 764.2(d) of the Regulations.

**Charges 2-6 15 C.F.R. § 764.2(b) - Causing the Export of Lift Truck Parts to Iran Without the Required Authorizations**

On five occasions between on or about March 28, 2003 and on or about December 18, 2003, Mahmood caused the doing of an act prohibited by the Regulations. Specifically, Mahmood coordinated the shipping of parts, items subject to the Regulations ("EAR 99") and the Iranian Transactions Regulations, from the United States to Iran through the UAE without the required U.S. Government authorizations. Pursuant to Section 560.204 of the Iranian Transactions Regulations, an export to a third country intended for transshipment to Iran is a transaction subject to the Iranian Transaction Regulations. Pursuant to Section 746.7 of the Regulations, authorization was required from OFAC for the shipment of the parts from the United States to Iran. Failure to obtain authorization from OFAC is a violation of the Regulations. By causing these exports in this manner, Mahmood committed five violations of Section 764.2(b) of the Regulations.

WHEREAS, BIS and Mahmood 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 the terms of such Settlement Agreement;

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<sup>3</sup>EAR 99 is a designation for items subject to the Regulations that are not listed on the Commerce Control List.

<sup>4</sup>The Iranian Transactions Regulations are currently codified in the Code of Federal Regulations at 31 C.F.R. Part 560 (2006).

IT IS THEREFORE ORDERED:

FIRST, that for a period of ten years from the date of entry of this Order, Khalid Mahmood, 11505 Blue Ridge Drive, Beltsville, MD 20750, and when acting for or on behalf of Mahmood, his representatives or agents (“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.

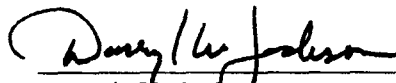
THIRD, that, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to Mahmood by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of the 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 the proposed charging letter, the Settlement Agreement, and this Order shall be made available to the public.

SIXTH, that this Order shall be served on the Denied Person and on BIS, and shall be published in the *Federal Register*.

This Order, which constitutes the final agency action in this matter, is effective immediately.



\_\_\_\_\_  
Darryl W. Jackson  
Assistant Secretary of Commerce  
for Export Enforcement

Entered this 2nd day of May 2007.

ORIGINAL

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

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Khalid Mahmood )  
11505 Blue Ridge Drive )  
Beltsville, MD 20750 )  
 )  
Respondent. )  
\_\_\_\_\_ )

**SETTLEMENT AGREEMENT**

This Settlement Agreement ("Agreement") is made by and between Respondent, Khalid Mahmood ("Mahmood"), 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 (2007)) ("Regulations"),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) ("Act").<sup>2</sup>

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

<sup>1</sup> The violations charged occurred between 2003 and 2004. The Regulations governing the violations at issue are found in the 2003-2004 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2003-2004)). The 2007 Regulations govern the procedural aspects of the case.

<sup>2</sup> 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)), which has been extended by successive Presidential Notices, the most recent being that of August 2, 2006 (71 Fed. Reg. 44,551 (Aug. 7, 2006)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) ("IEEPA").



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

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

Beginning in or about February 2003 and continuing through in or about December 2004, Mahmood 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 lift truck parts ("parts"), items subject to the Regulations ("EAR 99"<sup>3</sup>) and the Iranian Transactions Regulations<sup>4</sup>, from the United States to Iran without the required U.S. Government authorization. In furtherance of the conspiracy, Mahmood facilitated the export of parts from the United States through the United Arab Emirates ("UAE") 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. Failure to obtain authorization from OFAC is a violation of the Regulations. In so doing, Mahmood committed one violation of Section 764.2(d) of the Regulations.

**Charges 2-6 15 C.F.R. § 764.2(b) - Causing the Export of Lift Truck Parts to Iran Without the Required Authorizations**

On five occasions between on or about March 28, 2003 and on or about December 18, 2003, Mahmood caused the doing of an act prohibited by the Regulations. Specifically, Mahmood coordinated the shipping of parts, items subject to the Regulations (EAR 99) and the Iranian Transactions Regulations, from the United States to Iran through the UAE without the required U.S. Government authorizations. Pursuant to Section 560.204 of the Iranian

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<sup>3</sup>EAR 99 is a designation for items subject to the Regulations that are not listed on the Commerce Control List.

<sup>4</sup>The Iranian Transactions Regulations are currently codified in the Code of Federal Regulations at 31 C.F.R. Part 560 (2006).



Transactions Regulations, an export to a third country intended for transshipment to Iran is a transaction subject to the Iranian Transaction Regulations. Pursuant to Section 746.7 of the Regulations, authorization was required from OFAC for the shipment of the parts from the United States to Iran. Failure to obtain authorization from OFAC is a violation of the Regulations. By causing these exports in this manner, Mahmood committed five violations of Section 764.2(b) of the Regulations.

WHEREAS, Mahmood 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, Mahmood fully understands the terms of this Agreement and the Order ("Order") that the Assistant Secretary of Commerce for Export Enforcement will issue if he approves this Agreement as the final resolution of this matter;

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

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

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

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

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

NOW THEREFORE, the Parties hereby agree as follows:

A handwritten signature in black ink, appearing to be the name 'Khalid Mahmood', is located at the bottom right of the page.



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

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

- a. For a period of ten years from the date of entry of the Order, Mahmood, and, when acting for or on behalf of Mahmood, his representatives or agents ("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, Mahmood 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 any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if entered; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if entered.

4. Upon entry of the Order, BIS will not initiate any further administrative proceeding against Mahmood 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.



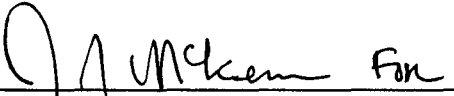
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department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


8. This Agreement shall become binding on the Parties 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

KHALID MAHMOOD

  
\_\_\_\_\_  
Michael D. Turner  
Director  
Office of Export Enforcement

  
\_\_\_\_\_  
Khalid Mahmood

Date: 4/13/07

Date: 03/24/07

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Khalid Mahmood  
11505 Blue Ridge Drive  
Beltsville, MD 20750

Dear Mr. Mahmood:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that you, Khalid Mahmood, of Sharp Line Trading in Dubai, United Arab Emirates ("UAE"), in your individual capacity ("Mahmood"), have committed six violations of the Export Administration Regulations (the "Regulations"),<sup>1</sup> which are issued under the authority of the Export Administration Act of 1979, as amended (the "Act").<sup>2</sup> Specifically, BIS charges that Mahmood committed the following violations:

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

Beginning in or about February 2003 and continuing through in or about December 2004, Mahmood 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 lift truck parts ("parts"), items subject to the Regulations ("EAR 99"<sup>3</sup>) and the Iranian Transactions Regulations<sup>4</sup>, from the United States to Iran without the required U.S. Government authorization. In furtherance of the

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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 (2006). The violations charged occurred between 2003 and 2004. The Regulations governing the violations at issue are found in the 2003-2004 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2003-2004)). The 2006 Regulations govern the procedural aspects of the case.

<sup>2</sup> 50 U.S.C. app. §§ 2401- 2420 (2000). 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 2, 2005, (70 Fed. Reg. 45273 (August 5, 2005)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701 - 1706 (2000)).

<sup>3</sup>EAR 99 is a designation for items subject to the Regulations that are not listed on the Commerce Control List.

<sup>4</sup>The Iranian Transactions Regulations are currently codified in the Code of Federal Regulations at 31 C.F.R. Part 560 (2006).

conspiracy, Mahmood facilitated the export of parts from the United States through the UAE 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. Failure to obtain authorization from OFAC is a violation of the Regulations. In so doing, Mahmood committed one violation of Section 764.2(d) of the Regulations.

**Charges 2-6                    15 C.F.R. § 764.2(b) - Causing the Export of Lift Truck Parts to Iran Without the Required Authorizations**

As set forth in Schedule A, which is enclosed herewith and incorporated herein by reference, on five occasions between on or about March 28, 2003 and on or about December 18, 2003, Mahmood caused the doing of an act prohibited by the Regulations. Specifically, Mahmood coordinated the shipping of parts, items subject to the Regulations ("EAR 99") and the Iranian Transactions Regulations, from the United States to Iran through the UAE without the required U.S. Government authorizations. Pursuant to Section 560.204 of the Iranian Transactions Regulations, an export to a third country intended for transshipment to Iran is a transaction subject to the Iranian Transaction Regulations. Pursuant to Section 746.7 of the Regulations, authorization was required from the Office of Foreign Assets Control, U.S. Department of Treasury ("OFAC") for the shipment of the parts from the United States to Iran. Failure to obtain authorization from OFAC is a violation of the Regulations. By causing these exports in this manner, Mahmood committed five violations of Section 764.2(b) of the Regulations.

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Accordingly, Mahmood 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;<sup>5</sup>

Denial of export privileges; and/or

Exclusion from practice before BIS.

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

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<sup>5</sup>See 15 C.F.R. §6.4(a)(4) (2006).

on each of the charges in this letter.

Mahmood is further notified that he is entitled to an agency hearing on the record if Mahmood files a written demand for one with his answer. (Regulations, Section 766.6). Mahmood 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 Mahmood have a proposal to settle this case, Mahmood 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, Mahmood'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 Mahmood's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security  
Attention: Parvin R. Huda, Esq.  
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 Mahmood 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

Khalid Mahmood  
Proposed Charging Letter  
Page 4 of 4

Office of Export Enforcement

Enclosure