

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

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**Parto Abgardan Cooling Towers Co.** )  
P.O. Box 966 )  
Folsom, CA 95763 )  
 )  
and )  
 )  
P.O. Box 19395/5478 )  
Tehran, Iran )  
 )  
and )  
 )  
No. 56 Shaydaee St. )  
Yakhchal St. )  
Shariati Ave. )  
Tehran 19497 )  
Iran )  
 )  
and )  
 )  
No. 56 Sheidaei St. )  
Yakhchal St. )  
Dr. Shariati Ave. )  
Tehran 19497 )  
Iran )  
 )  
and )  
 )  
No. 56 Corner of Noushin Blind Alley )  
Sheidaei St. )  
Yakhchal St. )  
Dr. Shariati Ave. )  
Tehran (19497), Iran )  
 )  
and )  
 )  
No. 56 Next to Noushin Blind Alley )  
Sheidaei St. )  
Yakhchal St. )  
Dr. Shariati Ave. )  
Tehran (19497), Iran )

and )  
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No. 56, Corner of Noushin Dd. End )  
Sheidaie St. )  
Yakhchal St. )  
Shariati St. )  
19497 )  
Tehran )  
Iran )  
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ORDER MAKING DENIAL OF EXPORT PRIVILEGES OF  
AQUA-LOOP COOLING TOWERS, CO. APPLICABLE TO  
PARTO ABGARDAN COOLING TOWERS CO.

Pursuant to Section 766.23 of the Export Administration Regulations (“EAR” or “Regulations”), the Bureau of Industry and Security (“BIS”), U.S. Department of Commerce, through its Office of Export Enforcement (“OEE”), has requested that I make the denial order that was issued against Aqua-Loop Cooling Towers, Co. (“Aqua-Loop”) on March 25, 2010 (“Denial Order”), applicable to the following entity, as a person related to Aqua-Loop:

Parto Abgardan Cooling Towers Co.  
P.O. Box 966  
Folsom, CA 95763

and

P.O. Box 19395/5478  
Tehran, Iran

and

No. 56 Shaydaee St.  
Yakhchal St.  
Shariati Ave.  
Tehran 19497  
Iran

and

No. 56 Sheidaei St.  
Yakhchal St.  
Dr. Shariati Ave.  
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and

No. 56, Corner of Noushin Dd. End  
Sheidaie St.  
Yakhchal St.  
Shariati St.  
19497  
Tehran  
Iran

The Denial Order was effective upon issuance, was published in the Federal Register on April 2, 2010 (see 75 Fed. Reg. 16732 (April 2, 2010)), and will remain in effect until March 25, 2020.

## **I. BACKGROUND**

### **A. The Denial Order**

The Denial Order denies the export privileges of Aqua-Loop until March 25, 2020, pursuant to Section 764.3(a)(2) of the Regulations, and was issued based upon my approval of a settlement agreement entered into by BIS and Aqua-Loop. Specifically, in July 2009, BIS filed a

Charging Letter against Aqua-Loop for violating the Regulations by causing unlicensed exports to Parto Abgardan in Iran of items subject to the Regulations, knowingly violating the Regulations in connection with the export of those items, and conspiring with Parto Abgardan and others, known and unknown, to violate the Regulations in connection with the export of those items and other items that Aqua-Loop, Parto Abgardan and their co-conspirators sought to export to Iran without the required U.S. Government authorization.

BIS alleged, *inter alia*, that in furtherance of the conspiracy, Aqua-Loop and Parto Abgardan participated in a scheme to have Aqua-Loop source or obtain items from U.S. distributors and then have the items exported to Parto Abgardan in Iran, via a United Arab Emirates (“U.A.E.”) entity identified by Parto Abgardan. The charges referenced, *inter alia*, documentary evidence in which Parto Abgardan told Aqua-Loop: “Since [the U.S. company] can’t sell directly to Iran, they are OK with selling it domestically and then we can transfer it from US to Dubai and then to Iran. With your permission, we are going to give Aqua-Loop’s information to them so they can send you their offer” based on the technical information provided to the U.S. company by Parto Abgardan. The charging letter provided additional details concerning the long-running conspiracy between Aqua-Loop and Parto Abgardan, which continued from at least in or about June 2004, through at least in or about April 2005.<sup>1</sup>

Aqua-Loop settled these charges with BIS in March 2010, agreeing to the imposition of the Denial Order and to a \$100,000 monetary penalty, with the monetary penalty suspended for a period of ten years. At the same time, Aqua-Loop’s co-owner and president, Bob Rahimzadeh,

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<sup>1</sup> The charges filed against Aqua-Loop are contained in the Order issued upon settlement, which was subsequently published in the *Federal Register*. 75 Fed. Reg. 16,732 (April 2, 2010).

settled with BIS on the same terms regarding charges that he caused unlicensed exports and committed knowing violations of the Regulations relating to the same transactions.<sup>2</sup>

B. BIS's Related Person's Notice Letter and Request

On May 21, 2010, pursuant to Section 766.23 of the Regulations, BIS notified Parto Abgardan of its intent to add the company as a person related to Aqua-Loop by ownership, control, position of responsibility, affiliation, or other connection in the conduct of trade or business, by letter sent in accordance with Sections 766.5(b) and 766.23(b). The letter also requested that Parto Abgardan provide additional information to BIS concerning the company's structure, affiliates and major shareholder(s).

As part of its request, BIS presented evidence of conspiracy between Aqua-Loop and Parto Abgardan to violate the Regulations. BIS also has evidence indicating, *inter alia*, that Parto Abgardan's website identifies a "sister factory" in the United States. For contacts relating to the United States, Parto Abgardan's website provides contact information that includes Aqua-Loop's California mailing address, phone number, and fax number, without identifying Aqua-Loop separately by name. In contrast, Parto Abgardan's website provides Iranian mailing address, phone number, and fax number as contact information for "all countries except U.S."

BIS's submission also included evidence that the owner and managing director of Parto Abgardan in Iran, Mahmoud Lazemizadeh, also is a co-owner of Aqua-Loop.<sup>3</sup> Moreover, Mahmoud Lazemizadeh's nephew, Behzad Lazemizadeh, was a mechanical engineer and

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<sup>2</sup> The charges filed against Bob Rahimzadeh are contained in the Order issued upon settlement, which was subsequently published in the *Federal Register*. 75 Fed. Reg. 16,735 (April 2, 2010).

<sup>3</sup> Mahmoud Lazemizadeh is a U.S. citizen who resides in Iran.

manager of Parto Abgardan's technical office before he was transferred to Aqua-Loop in California for five years.

C. Parto Abgardan's Response

Mahmoud Lazemizadeh responded by email on Parto Abgardan's behalf on June 14, 2010. He asserted that Parto Abgardan is an Iranian company and that there was "no connection of any kind between this company and Aqua-loop cooling towers Co. [sic]." He also asserted that Parto Abgardan and Aqua-Loop had the same dealings with each other as between Parto Abgardan and any "other representative of other European or Asian companies...."

II. Related Persons Under Section 766.23

Section 766.23(a) of the Regulations provides that:

In order to prevent evasion, certain types of orders under [Part 766] 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, and those that exclude a respondent from practice before BIS.

15 C.F.R. § 766.23(a).

Section 766.23(b) provides, in pertinent part, that upon a finding by the Assistant Secretary for Export Enforcement that a denial order should be made applicable to a related person or persons in order to prevent evasion of that denial order, the Assistant Secretary shall issue or amend the order accordingly. 15 C.F.R. § 766.23(b).

III. Findings

BIS notified Parto Abgardan of its intent to add the company as a related person in accordance with Section 766.23(b) of the Regulations. As indicated by BIS, with regard to the United States market, Parto Abgardan's website directs its (potential) customers and others to

make U.S.-related contacts using Aqua-Loop's address in Folsom, California, and Aqua-Loop's phone number and fax number there, whereas all contacts elsewhere in the world are to be made directly to Parto Abgardan in Iran. Parto Abgardan's website also discusses a "sister factory" in the United States, in further apparent reference to Aqua-Loop. Moreover, the record also shows that Parto Abgardan's owner and managing director, Mahmoud Lazemizadeh, is a co-owner of Aqua-Loop, while his nephew, Behzad Lazemizadeh, is an employee of Parto Abgardan and a former employee of Aqua-Loop. The record thus amply shows that Parto Abgardan is related to Aqua-Loop.

The record similarly demonstrates that adding Parto Abgardan to the Denial Order is justified in order to prevent evasion of that Order. I find that BIS has presented evidence showing that Parto Abgardan and Aqua-Loop participated in a long-running conspiracy to violate the Regulations. That evidence shows, *inter alia*, that acting in concert with Parto Abgardan, Aqua-Loop sourced or obtained items in the United States and then to exported them or caused their export to Parto Abgardan in Iran, via a U.A.E. middleman identified by Parto Abgardan, without the required U.S. Government licenses. These actions included Parto Abgardan's efforts to obtain a filament winding machine from a U.S. supplier, during which Parto Abgardan told Aqua-Loop: "Since they [the U.S. supplier] can't sell directly to Iran, they are OK with selling it domestically and then we can transfer it from US to Dubai and then to Iran. With your permission we are going to give Aqua-Loop's information to them so they can send you their offer" based on the technical information provided to the U.S. company by Parto Abgardan.

This long-running collaboration points to a substantial continued risk of diversion and evasion presented by the ongoing business relationship between Parto Abgardan and Aqua-Loop, which is highlighted by Parto Abgardan's own website, and Mahmoud Lazemizadeh's control of

Parto Abgardan and his ownership interest in Aqua-Loop. These concerns are only heightened by Parto Abgardan's assertions that there is no connection between the two entities, when, in fact, its owner is a co-owner of Aqua-Loop and its website, references a "sister factory" in the United States and lists Aqua-Loop's mailing address and contact information in California.

Based on the foregoing and the record as a whole, I find that Parto Abgardan is a person related to Aqua-Loop by "ownership, control, position of responsibility, affiliation, or other connection in the conduct of trade or business" pursuant to Section 766.23 of the Regulations, and that the Denial Order issued against Aqua-Loop should be made applicable to Parto Abgardan in order to prevent evasion of that Order.

#### **IV. Order**

##### **IT IS THEREFORE ORDERED:**

*First*, that PARTO ABGARDAN COOLING TOWERS CO. ("Parto Abgardan"), located at the following addresses: P.O. Box 966, Folsom, CA 95763; and P.O. Box 19395/5478, Tehran, Iran; and No. 56 Shaydaee St. Yakhchal St., Shariati Ave., Tehran 19497, Iran; and No. 56 Sheidaei St., Yakhchal St., Dr. Shariati Ave., Tehran 19497, Iran; and No. 56 Corner of Noushin Blind Alley, Sheidaei St., Yakhchal St., Dr. Shariati Ave., Tehran (19497), Iran; and No. 56 Next to Noushin Blind Alley, Sheidaei St., Yakhchal St., Dr. Shariati Ave., Tehran (19497), Iran; and No. 56, Corner of Noushin Dd. End, Sheidaie St., Yakhchal St., Shariati St., 19497, Tehran, Iran, and Parto Abgardan's successors or assigns and, when acting for or on behalf of the Parto Abgardan, its officers, representatives, agents, or employees (Parto Abgardan and each of the foregoing as stated, a "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. Benefiting 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*, 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 in accordance with the provisions of Section 766.23(c) of the Regulations, the Denied Person may, at any time, make an appeal related to 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.

This Order shall be published in the *Federal Register* and a copy provided to the Denied Person.

This Order is effective upon issuance and shall remain in effect until March 25, 2020.



DAVID W. MILLS  
Assistant Secretary of Commerce  
for Export Enforcement

Entered this 6 day of October, 2010.