

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)
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Kerman Aviation)
a/k/a GIE Kerman Aviation)
42 Avenue Montaigne 75008)
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Sirjanco Trading)
P.O. Box 8709)
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Ali Eslamian)
4th Floor)
33 Cavendish Square)
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United Kingdom)

and)

2 Bentinck Close)
Prince Albert Road St . Johns Wood)
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**ORDER RENEWING ORDER TEMPORARILY
DENYING EXPORT PRIVILEGES**

Pursuant to Section 766.24 of the Export Administration Regulations, 15 C.F.R. Parts 730-774 (2011) (“EAR” or the “Regulations”), I hereby grant the request of the Office of Export Enforcement (“OEE”) to renew the August 24, 2011 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, as I find that renewal of the Temporary Denial Order (“TDO”) is necessary in the public interest to prevent an imminent violation of the EAR.¹

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.

¹ The August 24, 2011 Order was published in the Federal Register on August 31, 2011. See 76 Fed. Reg. 54198.

The TDO subsequently has been renewed in accordance with Section 766.24(d), including most recently on August 24, 2011, with modifications and the additions of related persons having been made to the TDO during 2010 and 2011.² As of March 9, 2010, the Balli Group Respondents and Blue Airways were no longer subject to the TDO. As part of the February 25, 2011 TDO renewal, Gatwick LLC, Mahmoud Amini, and Pejman Mahmood Kasarayanifard (“Kosarian Fard”) were added as related persons in accordance with Section 766.23 of the Regulations. On July 1, 2011, the TDO was modified by adding Zarand Aviation as a respondent in order to prevent an imminent violation. Specifically, Zarand Aviation owned an Airbus A310, an aircraft subject to the Regulations, that was being operated for the benefit of Mahan Airways in violation of both the TDO and the Regulations. As part of the August 24, 2011 renewal, Kerman Aviation, Sirjanco Trading LLC, and Ali Eslamian were added to the TDO as related persons.

On January 27, 2012, BIS, through its Office of Export Enforcement (“OEE”), filed a written request for renewal of the TDO. The current TDO dated August 24, 2011, will expire, unless renewed, on February 19, 2012. Notice of the renewal request was provided to Mahan Airways and Zarand Aviation by delivery of a copy of the request in accordance with Sections 766.5 and 766.24(d) of the Regulations. No opposition to any aspect of renewal of the TDO has been received from either Mahan Airways or Zarand Aviation. Further, no appeal of the related person determinations I made as part of the of the September 3, 2010, February 25, 2011 and

² The TDO was renewed on September 17, 2008, March 16, 2009, September 11, 2009, March 9, 2010, September 3, 2010, February 24, 2011, and August 24, 2011. The August 24, 2011 renewal followed the modification of the TDO on July 1, 2011, which, as discussed above, added Zarand Aviation as a respondent. Each renewal or modification order was published in the *Federal Register*.

August 24, 2011 Renewal Orders has been made by Gatewick LLC, Kosarian Fard, Mahmoud Amini, Kerman Aviation, Sirjanco Trading LLC or Ali Eslamian.³

II. Renewal of the TDO

A. Legal Standard

Pursuant to Section 766.24, BIS may issue or renew an order temporarily denying a respondent's export privileges upon a showing that the order is necessary in the public interest to prevent an "imminent violation" of the Regulations. 15 C.F.R. §§ 766.24(b)(1) and 776.24(d).

"A violation may be 'imminent' either in time or 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 or 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.*

B. The TDO and BIS's Request for Renewal

OEE's request for renewal is based upon the facts underlying the issuance of the initial TDO and the TDO renewals in this matter and the evidence developed over the course of this investigation indicating a blatant disregard of U.S. export controls and the TDO. The initial TDO was issued as a result of evidence that showed that Mahan Airways and other parties engaged in conduct prohibited by the EAR by knowingly re-exporting to Iran three U.S.-origin

³ A party named or added as a related person may not oppose the issuance or renewal of the underlying temporary denial order, but may file an appeal of the related person determination in accordance with Section 766.23(c).

aircraft, specifically Boeing 747s (“Aircraft 1-3”), items subject to the EAR and classified under Export Control Classification Number (“ECCN”) 9A991.b, without the required U.S.

Government authorization. Further evidence submitted by BIS indicated that Mahan Airways was involved in the attempted re-export of three additional U.S.-origin Boeing 747s (“Aircraft 4-6”) to Iran.

As discussed in the September 17, 2008 TDO Renewal Order, evidence presented by BIS indicated that Aircraft 1-3 continued to be flown on Mahan Airways’ routes after issuance of the TDO, in violation of the Regulations and the TDO itself.⁴ It also showed that Aircraft 1-3 had been flown in further violation of the Regulations and the TDO on the routes of Iran Air, an Iranian Government airline. Moreover, as discussed in the March 16, 2009, September 11, 2009 and March 9, 2010 Renewal Orders, Mahan Airways registered Aircraft 1-3 in Iran, obtained Iranian tail numbers for them (including EP-MNA and EP-MNB), and continued to operate at least two of them in violation of the Regulations and the TDO,⁵ while also committing an additional knowing and willful violation of the Regulations and the TDO when it negotiated for and acquired an additional U.S.-origin aircraft. The additional acquired aircraft was an MD-82 aircraft, which subsequently was painted in Mahan Airways’ livery and flown on multiple Mahan Airways’ routes under tail number TC-TUA.

The March 9, 2010 Renewal Order also noted that a court in the United Kingdom (“U.K.”) had found Mahan Airways in contempt of court on February 1, 2010, for failing to comply with that court’s December 21, 2009 and January 12, 2010 orders compelling Mahan

⁴ Engaging in conduct prohibited by a denial order violates the Regulations. 15 C.F.R. §§ 764.2(a) and (k).

⁵ The third Boeing 747 appeared to have undergone significant service maintenance and may not have been operational at the time of the March 9, 2010 Renewal Order.

Airways to remove the Boeing 747s from Iran and ground them in the Netherlands. Mahan Airways and the Balli Group Respondents had been litigating before the U.K. court concerning ownership and control of Aircraft 1-3. In a letter to the U.K. court dated January 12, 2010, Mahan Airways' Chairman indicated, inter alia, that Mahan Airways opposes U.S. Government actions against Iran, that it continued to operate the aircraft on its routes in and out of Tehran (and had 158,000 "forward bookings" for these aircraft), and that it wished to continue to do so and would pay damages if required by that court, rather than ground the aircraft.

The September 3, 2010 Renewal Order pointed out that Mahan Airways' violations of the TDO extended beyond operating U.S.-origin aircraft in violation of the TDO and attempting to acquire additional U.S.-origin aircraft. In February 2009, while subject to the TDO, Mahan Airways participated in the export of computer motherboards, items subject to the Regulations and designated as EAR99, from the United States to Iran, via the UAE, in violation of both the TDO and the Regulations, by transporting and/or forwarding the computer motherboards from the UAE to Iran. Mahan Airways' violations were facilitated by Gatewick LLC, which not only participated in the transaction, but also has stated to BIS that it is Mahan Airways' sole booking agent for cargo and freight forwarding services in the UAE

Moreover, in a January 24, 2011 filing in the U.K. Court, Mahan Airways asserted that Aircraft 1-3 were not being used, but stated in pertinent part that the aircraft were being maintained in Iran especially "in an airworthy condition" and that, depending on the outcome of its U.K. Court appeal, the aircraft "could immediately go back into service..... on international routes into and out of Iran." Mahan Airways' January 24, 2011 submission to U.K. Court of Appeal, at p. 25, paragraphs 108,110. This clearly stated intent, both on its own and in

conjunction with Mahan Airways' prior misconduct and statements, demonstrated the need to renew the TDO in order to prevent imminent future violations.

More recently, as noted in the July 1, 2011 and August 24, 2011 Orders, Mahan Airways has continued to evade U.S. export control laws by operating two Airbus A310 aircraft⁶ bearing Mahan Airways' livery, colors and logo on flights into and out of Iran. The aircraft are owned, respectively, by Zarand Aviation and Kerman Aviation, entities whose corporate registrations both list Mahan Air General Trading as a member of their Groupement D'interet Economique ("Economic Interest Group").⁷

At the time of the July 1, 2011 and August 24, 2011 Orders, these Airbus A310s were registered in France (with tail numbers F-OJHH and F-OJHI, respectively). OEE's current renewal request provides further evidence that Mahan Airways and Zarand Aviation continue their efforts to circumvent the TDO and the Regulations. After the August 24, 2011 renewal, Mahan Airways and Zarand Aviation worked in concert, along with Kerman Aviation, to de-register the two Airbus A310 aircraft in France and subsequently register both aircraft in Iran (with, respectively, Iranian tail numbers EP-MHH and EP-MHI). Both aircraft are active in Mahan Airways' fleet on flights in and out of Iran. These actions, taken after Zarand's addition to the TDO, have made it more likely that the aircraft will continue to operate in a manner contrary to U.S. export control laws.

⁶ The Airbus A310s are powered with U.S.-origin engines. The engines are subject to the EAR and classified under Export Control Classification ("ECCN") 9A991.d. The Airbus A310s 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 under ECCN 9A991.b. The reexport of these aircraft to Iran requires U.S. Government authorization pursuant to Section 746.7 of the Regulations.

⁷ Kerman Aviation's corporate registration also lists Mahan Aviation Services Company as an additional member of its Economic Interest Group.

OEE's renewal request includes other evidence of continued or additional violations. As referenced *supra*, Ali Eslamian was added as a related person on August 24, 2011, in order to help prevent evasion of the TDO by Mahan Airways or other denied persons. Additionally, Eslamian has admitted to OEE that he formed Skyco (U.K.) Ltd., a company that buys and sells aircraft, aircraft engines and other aviation related services, with Mahan Airways' managing director and its vice president for business development. BIS has also obtained evidence that Eslamian has negotiated, including through his company Equipco, with a Brazilian airline for the purchase of two Airbus A-320 aircraft and one aircraft engine, all items that are subject to the Regulations and require U.S. Government authorization for reexport to Iran.⁸ Eslamian signed a letter of intent with the Brazilian airline on November 20, 2009, and subsequently signed a sales and purchase agreement for the engine in April 2010. In spite being added to the TDO on August 24, 2011, Eslamian signed a second letter of intent with the Brazilian airline regarding these two A-320 aircraft on September 28, 2011, and at least as recently as December 2011, his efforts to acquire both the aircraft and the engine continued.

C. Findings

Under the applicable standard set forth in Section 766.24 of the Regulations and my review of the record here, I find that the evidence presented by BIS convincingly demonstrates that Mahan Airways has continually violated the EAR and the TDO, that such knowing violations have been significant, deliberate and covert, and that there is a likelihood of future violations. Additionally, since the August 24, 2011 renewal Order, Zarand Aviation's Airbus

⁸ The Airbus A320s are powered with U.S.-origin engines. The engines are subject to the EAR and classified under ECCN 9A991.d. The Airbus A320s 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 engine.

A310 continues to be operated on routes into and out of Iran in violation of the Regulations and the TDO itself, and Zarand Aviation has acted in concert with Mahan Airways in an effort to evade the TDO and U.S. export control laws. Therefore, renewal of the TDO is necessary to prevent imminent violation of the EAR and to give notice to companies and individuals in the United States and abroad that they should continue to cease dealing with Mahan Airways, Zarand Aviation, and the other denied persons under the TDO in export transactions involving items subject to the EAR. The conduct of Mahan Airways, Zarand Aviation, and those related to them or acting in concert with them, such as Kerman Aviation and Ali Eslamian, raise significant ongoing concerns relating to the acquisition and use of aircraft, aircraft engines or other parts, and aircraft services in violation of the Regulations and the TDO.

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; 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 LLC, P.O. Box 8709, Dubai, United Arab Emirates; and ALI ESLAMIAN, 4th Floor, 33 Cavendish Square, London W1G0PW, United Kingdom, and 2 Bentinck Close, Prince Albert Road St. Johns Wood, London NW87RY, 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 766.24(e) and 766.23(c)(2) of the EAR, Mahan Airways, Zarand Aviation, Gatewick LLC, Mahmoud Amini, Kosarian Fard, Kerman Aviation, Sirjanco Trading LLC and/or Ali Eslamian 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. A renewal request may be opposed by Mahan Airways and/or Zarand Aviation as provided in Section 766.24(d), by filing a written submission with the Assistant Secretary of Commerce 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 provided to Mahan Airways, Zarand Aviation and each related person and shall be published in the Federal Register. This Order is effective immediately and shall remain in effect for 180 days.



DAVID W. MILLS
Assistant Secretary of Commerce
for Export Enforcement

Dated: February 15, 2012.