

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

In the Matter of:

Oil Services & Trading Inc.  
1931 Humble Place Drive  
Suite 200  
Humble, TX 77338

Respondent

ORDER RELATING TO  
OIL SERVICES & TRADING, INC.

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Oil Services & Trading, Inc., of Humble, Texas (“OSAT”), of its intention to initiate an administrative proceeding against OSAT pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),<sup>1</sup> and Section 13(c) of the Export Administration Act of 1979, as amended (the “Act”),<sup>2</sup> through the issuance of a Proposed Charging Letter to OSAT that alleges that OSAT committed one violation of the Regulations. Specifically, the charge is:

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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 (2013). The charged violation occurred in 2006-2008. The Regulations governing the violation at issue are found in the 2006-2008 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2013 Regulations set forth the procedures that apply to this matter.

<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)), which has been extended by successive Presidential Notices, the most recent being that of August 8, 2013 (78 Fed. Reg. 49107 (Aug. 12, 2013)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*) (2006 & Supp. IV 2010).

**Charge 1                    15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation**

Between on or about January 14, 2006, and on or about February 23, 2008, OSAT violated the Regulations by selling or transferring various oil and gas equipment parts, items subject to the Regulations<sup>3</sup> and the Iranian Transactions Regulations,<sup>4</sup> from the United States to Iran via transshipment through the United Arab Emirates with knowledge that a violation of the Regulations was occurring, was about to occur, or was intended to occur in connection with the items. Pursuant to Section 560.204 of the Iranian Transactions Regulations administered by the Department of the Treasury's Office of Foreign Assets Control ("OFAC"), an export to a third country intended for transshipment to Iran is a transaction that requires OFAC authorization.<sup>5</sup> Pursuant to Section 746.7 of the Regulations, no person may engage in the exportation of an item subject to both the Regulations and the Iranian Transactions Regulations without authorization from OFAC. Prior to engaging in these transactions, OSAT knew or had reason to know that OSAT was violating the Regulation. Specifically, OSAT had knowledge of the U.S. Government's embargo on exports to Iran based on, *inter alia*, multiple outreach visits and contacts by U.S. law enforcement agents between 2000 and 2007, regarding the licensing requirements for exports to embargoed destinations, including Iran. Moreover, OSAT was also aware that no OFAC authorization was obtained for the export of these items.

In order to facilitate its business operations in Iran, including on oil rigs operated by the National Iranian Oil Company and the Iranian Offshore Oil Company, OSAT concealed and misrepresented to the U.S. Government the country of ultimate destination on the Shipper's Export Declaration ("SED") or Automated Export System ("AES") records, export control documents as defined in Section 772.1 of the Regulations. OSAT listed the United Arab Emirates as the ultimate destination for the items when it was aware at the time of the export that the items were actually destined for Iran.

In engaging in this activity, OSAT committed one violation of Section 764.2(e) of the Regulations.

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<sup>3</sup> These items were designated as EAR99, which is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c) (2006-2008).

<sup>4</sup> 31 C.F.R. Part 560 (2006-2008). Administered by the Treasury Department's Office of Foreign Assets Control ("OFAC"), the ITR were renamed the Iranian Transactions and Sanctions Regulations ("ITSR") and reissued in their entirety by OFAC on October 22, 2012. *See* 77 Fed. Reg. 64,664 (Oct. 22, 2012). Section 560.204 remains unchanged in pertinent part. *See* 31 C.F.R. § 560.204 (2006-2008 and 2013).

<sup>5</sup> *See also* 15 CFR § 734.2(b)(6).

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

IT IS THEREFORE ORDERED:

FIRST, OSAT shall be assessed a civil penalty in the amount of \$250,000.

OSAT shall pay the U.S. Department of Commerce \$75,000 in installments of:

\$18,750 not later than June 30, 2014; \$18,750 not later than December 31, 2014;

\$18,750 not later than June 30, 2015; and \$18,750 not later than December 31, 2015.

Payment of the remaining \$175,000 shall be suspended for a period of two years from the date of this Order, and thereafter shall be waived, provided that during this two-year payment probationary period, OSAT has committed no violation of the Act, or any regulation, order, license or authorization issued thereunder and has made full and timely payment of \$75,000 as set forth above. Nothing in this Order shall preclude OSAT from making an installment payment, or paying the entire \$75,000 civil penalty, prior to the dates set forth in the payment schedule.

SECOND, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and if any installment payment is not made by the due date specified above, OSAT will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, the full and timely payment of the civil penalty in accordance with the payment schedule set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, authorization or privilege granted, or to be granted, to OSAT.

FOURTH, for a period of five (5) years from the date of this Order, Oil Services & Trading Inc., with a last known address of 1931 Humble Place Drive, Suite 200, Humble, TX 77338, and when acting for or on its behalf, its successors, assigns, directors, officers, employees, representatives, or agents (hereinafter collectively referred to as "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.

FIFTH, 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.

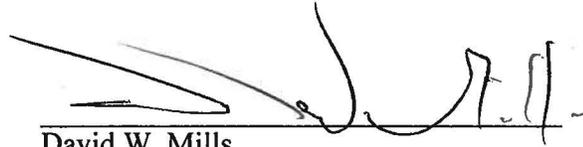
SIXTH, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to the Denied Person by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of the Order.

SEVENTH, as authorized by Section 766.18(c) of the Regulations, the five-year denial period set forth above shall be suspended during a probationary period of five years from the date of this Order, and shall thereafter be waived, provided that OSAT has made full and timely payment in accordance with the payment schedule set forth above and has committed no other violation of the Act or the Regulations or any order, license or authorization issued thereunder. If OSAT does not make full and timely payment as set forth above, or commits another violation of the Act or the Regulations or any order, license or authorization issued thereunder during this five-year denial probationary period, the suspension may be modified or revoked by BIS and a denial order including a five-year denial period issued against OSAT.

EIGHTH, OSAT shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegations in the Proposed Charging Letter or the Order. The foregoing does not affect OSAT's testimonial obligations in any proceeding, nor does it affect its right to take legal or factual positions in civil litigation or other civil proceedings in which the U.S. Department of Commerce is not a party.

NINTH, the Proposed Charging Letter, the Settlement Agreement, and this Order shall be made available to the public.

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



David W. Mills  
Assistant Secretary of Commerce  
for Export Enforcement

Issued this 10th day of April, 2014.

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

In the Matter of:

Oil Services & Trading, Inc.  
1931 Humble Place Drive  
Suite 200  
Humble, TX 77338

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Oil Services & Trading, Inc., of Humble, Texas (“OSAT”), and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively, the “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (the “Regulations”),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (the “Act”).<sup>2</sup>

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

WHEREAS, BIS has issued a Proposed Charging Letter to OSAT that alleges that OSAT committed one violation of the Regulations, specifically:

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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 (2013). The charged violation occurred in 2006-2008. The Regulations governing the violation at issue are found in the 2006-2008 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2013 Regulations set forth the procedures that apply to this matter.

<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)), which has been extended by successive Presidential Notices, the most recent being that of August 8, 2013 (78 Fed. Reg. 49107 (Aug. 12, 2013)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*) (2006 & Supp. IV 2010).

**Charge 1                    15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation**

Between on or about January 14, 2006, and on or about February 23, 2008, OSAT violated the Regulations by selling or transferring various oil and gas equipment parts, items subject to the Regulations<sup>3</sup> and the Iranian Transactions Regulations,<sup>4</sup> from the United States to Iran via transshipment through the United Arab Emirates with knowledge that a violation of the Regulations was occurring, was about to occur, or was intended to occur in connection with the items. Pursuant to Section 560.204 of the Iranian Transactions Regulations administered by the Department of the Treasury's Office of Foreign Assets Control ("OFAC"), an export to a third country intended for transshipment to Iran is a transaction that requires OFAC authorization.<sup>5</sup> Pursuant to Section 746.7 of the Regulations, no person may engage in the exportation of an item subject to both the Regulations and the Iranian Transactions Regulations without authorization from OFAC. Prior to engaging in these transactions, OSAT knew or had reason to know that OSAT was violating the Regulation. Specifically, OSAT had knowledge of the U.S. Government's embargo on exports to Iran based on, *inter alia*, multiple outreach visits and contacts by U.S. law enforcement agents between 2000 and 2007, regarding the licensing requirements for exports to embargoed destinations, including Iran. Moreover, OSAT was also aware that no OFAC authorization was obtained for the export of these items.

In order to facilitate its business operations in Iran, including on oil rigs operated by the National Iranian Oil Company and the Iranian Offshore Oil Company, OSAT concealed and misrepresented to the U.S. Government the country of ultimate destination on the Shipper's Export Declaration ("SED") or Automated Export System ("AES") records, export control documents as defined in Section 772.1 of the Regulations. OSAT listed the United Arab Emirates as the ultimate destination for the items when it was aware at the time of the export that the items were actually destined for Iran.

In engaging in this activity, OSAT committed one violation of Section 764.2(e) of the Regulations.

WHEREAS, OSAT has reviewed the Proposed Charging Letter and is aware of the allegations made against it and the administrative sanctions that could be imposed against it if the allegations are found to be true;

<sup>3</sup> These items were designated as EAR99, which is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c) (2006-2008).

<sup>4</sup> 31 C.F.R. Part 560 (2006-2008). Administered by the Treasury Department's Office of Foreign Assets Control ("OFAC"), the ITR were renamed the Iranian Transactions and Sanctions Regulations ("ITSR") and reissued in their entirety by OFAC on October 22, 2012. *See* 77 Fed. Reg. 64,664 (Oct. 22, 2012). Section 560.204 remains unchanged in pertinent part. *See* 31 C.F.R. § 560.204 (2006-2008 and 2013).

<sup>5</sup> *See also* 15 CFR § 734.2(b)(6).

WHEREAS, OSAT 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, OSAT enters into this Agreement voluntarily and with full knowledge of its rights, after having consulted with counsel;

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

WHEREAS, OSAT neither admits nor denies the allegations contained in the Proposed Charging Letter; and

WHEREAS, OSAT agrees to be bound by the Order, if issued;

NOW THEREFORE, the Parties hereby agree, for purposes of this Settlement Agreement, as follows:

1. BIS has jurisdiction over OSAT, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.
2. The following sanctions shall be imposed against OSAT in complete settlement of the alleged violation of the Regulations relating to the transaction specifically detailed in the Proposed Charging Letter:
  - a. OSAT shall be assessed a civil penalty in the amount of \$250,000. OSAT shall pay the U.S. Department of Commerce \$75,000 in installments of: \$18,750 not later than June 30, 2014; \$18,750 not later than December 31, 2014; \$18,750 not later than June 30, 2015; and \$18,750 not later than December 31, 2015. Payment shall be made in the manner specified in the attached instructions. If any of the installment payments is not fully and timely made, any remaining

scheduled installment payments and any suspended penalty may become due and owing immediately. Payment of the remaining \$175,000 shall be suspended for a period of two years from the date of the Order, and thereafter shall be waived, provided that during this two-year payment probationary period under the Order, OSAT has committed no violation of the Act or any regulation, order, license or authorization issued thereunder and has made full and timely payment of \$75,000 in accordance with the payment schedule set forth above. Nothing in this agreement precludes OSAT from making an installment payment, or paying the entire \$75,000 civil penalty, prior to the dates set forth in the payment schedule.

b. The full and timely payment of the civil penalty in accordance with the payment schedule agreed to in Paragraph 2.a above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, authorization or privilege granted, or to be granted, to OSAT.

c. For a period of five (5) years from the date of the Order, Oil Services & Trading, Inc., with a last known address of 1931 Humble Place Drive, Suite 200, Humble, TX 77338, and when acting for or on its behalf, its successors, assigns, directors, officers, employees, representatives, or agents (hereinafter collectively referred to as "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:

- 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.
- d. BIS agrees that, as authorized by Section 766.18(c) of the Regulations, the five-year denial period set forth in Paragraph 2.c above shall be suspended during a probationary period of five years under the Order, and shall thereafter be waived, provided that OSAT has made full and timely payment in accordance with the payment schedule agreed to in Paragraph 2.a above and has committed no other violation of the Act or the Regulations or any order, license or authorization issued thereunder. If OSAT does not make full and timely payment in accordance with the payment schedule in Paragraph 2.a above, or commits another violation of the Act or the Regulations or any order, license or authorization issued thereunder during the five-year denial probationary period

under the Order, the suspension may be modified or revoked by BIS and a denial order including a five-year denial period activated against OSAT.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, OSAT 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 issued), 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 issued; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if issued. OSAT also waives and will not assert any Statute of Limitations defense, and the Statute of Limitations will be tolled, in connection with any violation of the Act or the Regulations arising out of the transaction identified in the Proposed Charging Letter or in connection with collection of the civil penalty or enforcement of this Agreement and the Order, if issued, from the date of the Order until OSAT pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement.

4. OSAT shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegations in the Proposed Charging Letter or the Order. The foregoing does not affect OSAT's testimonial obligations in any proceeding, nor does it affect its right to take legal or factual positions in civil litigation or other civil proceedings in which the U.S. Department of Commerce is not a party.

5. BIS agrees that upon full and timely payment of the civil penalty in accordance with the payment schedule agreed to in Paragraph 2.a, BIS will not initiate any further administrative proceeding against OSAT in connection with any violation of

the Act or the Regulations arising out of the transaction specifically detailed in the Proposed Charging Letter.

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 issued; nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. 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 issuing the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

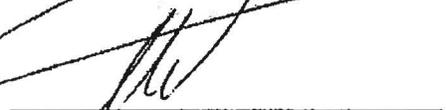
9. BIS will make the Proposed Charging Letter, this Agreement, and the Order, if issued, available to the public.

10. Each signatory affirms that he/she has authority to enter into this Settlement Agreement and to bind his/her respective party to the terms and conditions set forth herein.

BUREAU OF INDUSTRY & SECURITY  
U.S. DEPARTMENT OF COMMERCE

OIL SERVICES & TRADING, INC.

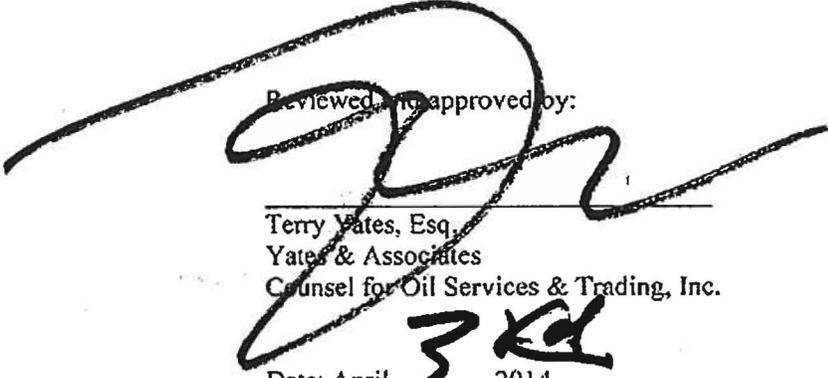
  
\_\_\_\_\_  
Douglas R. Hassebrock  
Director of Export Enforcement

  
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Thomas L. Hudson  
President, Oil Services & Trading, Inc.

Date: April 7, 2014

Date: April 2<sup>ND</sup>, 2014

Reviewed and approved by:

  
\_\_\_\_\_  
Terry Yates, Esq.  
Yates & Associates  
Counsel for Oil Services & Trading, Inc.

Date: April 3<sup>RD</sup>, 2014

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Oil Services & Trading, Inc.  
1931 Humble Place Drive  
Suite 200  
Humble, TX 77338

*Attention: Mr. Thomas L. Hudson, President*

Dear Mr. Hudson:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Oil Services & Trading, Inc., of Humble, Texas (“OSAT”), committed one violation of the Export Administration Regulations (the “Regulations”),<sup>1</sup> which issued under the authority of the Export Administration Act of 1979, as amended (the “Act”).<sup>2</sup> Specifically, BIS alleges that OSAT committed the following violation:

**Charge 1                    15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation**

Between on or about January 14, 2006, and on or about February 23, 2008, OSAT violated the Regulations by selling or transferring various oil and gas equipment parts, items subject to the Regulations<sup>3</sup> and the Iranian Transactions Regulations,<sup>4</sup> from the United States to Iran via transshipment through the United Arab Emirates with knowledge that a violation of the Regulations was occurring, was about to occur, or was intended to occur in connection with the items. Pursuant to Section 560.204 of the Iranian Transactions Regulations administered by the Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), an export to a third country intended for

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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 (2013). The violation alleged occurred in 2006-2008. The Regulations governing the violation at issue are found in the 2006-2008 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2006-2008)). The 2013 Regulations currently govern the procedural aspects of this 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 13,222 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 8, 2013 (78 Fed. Reg. 49107 (Aug. 12, 2013)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*) (2006 & Supp IV 2010).

<sup>3</sup> These items were designated as EAR99, which is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c) (2006-2008).

<sup>4</sup> 31 C.F.R. Part 560 (2006-2008). Administered by the Treasury Department’s Office of Foreign Assets Control (“OFAC”), the ITR were renamed the Iranian Transactions and Sanctions Regulations (“ITSR”) and reissued in their entirety by OFAC on October 22, 2012. *See* 77 Fed. Reg. 64,664 (Oct. 22, 2012). Section 560.204 remains unchanged in pertinent part. *See* 31 C.F.R. § 560.204 (2006-2008 and 2012).

transshipment to Iran is a transaction that requires OFAC authorization.<sup>5</sup> Pursuant to Section 746.7 of the Regulations, no person may engage in the exportation of an item subject to both the Regulations and the Iranian Transactions Regulations without authorization from OFAC. Prior to engaging in these transactions, OSAT knew or had reason to know that OSAT was violating the Regulation. Specifically, OSAT had knowledge of the U.S. Government's embargo on exports to Iran based on, *inter alia*, multiple outreach visits and contacts by U.S. law enforcement agents between 2000 and 2007, regarding the licensing requirements for exports to embargoed destinations, including Iran. Moreover, OSAT was also aware that no OFAC authorization was obtained for the export of these items..

In order to facilitate its business operations in Iran, including on oil rigs operated by the National Iranian Oil Company and the Iranian Offshore Oil Company, OSAT concealed and misrepresented to the U.S. Government the country of ultimate destination on the Shipper's Export Declaration ("SED") or Automated Export System ("AES") records, export control documents as defined in Section 772.1 of the Regulations. OSAT listed the United Arab Emirates as the ultimate destination for the items when it was aware at the time of the export that the items were actually destined for Iran.

In engaging in this activity, OSAT committed one violation of Section 764.2(e) of the Regulations.

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Accordingly, OSAT is hereby notified that an administrative proceeding is instituted against it 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 the greater of \$250,000 per violation, or twice the value of the transaction that is the basis of the violation;<sup>6</sup>
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

If OSAT 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. *See* 15 C.F.R. §§ 766.6 and 766.7. If OSAT defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to OSAT.

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<sup>5</sup> *See also* 15 CFR § 734.2(b)(6).

<sup>6</sup> *See* International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

Oil Services & Trading, Inc.  
Proposed Charging Letter  
Page 3 of 3

The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charges in this letter.

OSAT is further notified that it is entitled to an agency hearing on the record if it files a written demand for one with its answer. *See* 15 C.F.R. § 766.6. OSAT is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. *See* 15 C.F.R. §§ 766.3(a) and 766.4.

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should OSAT have a proposal to settle this case, OSAT should transmit it to the attorney representing BIS named below.

OSAT is further notified that under the Small Business Regulatory Enforcement Flexibility Act, it may be eligible for assistance from the Office of the National Ombudsman of the Small Business Administration in this matter. To determine eligibility and get more information, please see: <http://www.sba.gov/ombudsman/>.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, OSAT'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 OSAT's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security  
Attention: Gregory Michelsen, Esq.  
Room H-3839  
14th Street and Constitution Avenue, N.W.  
Washington, D.C. 20230

Gregory Michelsen is the attorney representing BIS in this case; any communications that OSAT may wish to have concerning this matter should occur through him. Mr. Michelsen may be contacted by telephone at (202) 482-5301.

Sincerely,

Douglas R. Hassebrock  
Director  
Office of Export Enforcement