

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

In the Matter of:

Narender Sharma
Middle Bazzar, Rampur Bushahr
Distt. Shimla (H.P.) 172 001
India

Hydel Engineering Products
Middle Bazzar, Rampur Bushahr
Distt. Shimla (H.P.) 172 001
India

Respondents

Docket Number: 17-BIS-0005

ORDER RELATING TO
NARENDR SHARMA AND HYDEL ENGINEERING PRODUCTS

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Narender Sharma (“Sharma”) and his company Hydel Engineering Products (“Hydel” or “Hydel Engineering”) (collectively, “Hydel/Sharma” or “Respondents”), both of Rampur Bushahr, India, that it has initiated an administrative proceeding against them pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (the “Act”),² through the issuance of a Charging Letter to Hydel and Sharma that alleges that Hydel and Sharma committed one violation of the Regulations. Specifically, the charge is:

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2017). The charged violation occurred between 2009-2012. The Regulations governing the violation at issue are found in the 2009-2012 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2017 Regulations set forth the procedures that apply to this matter.

² 50 U.S.C. §§ 4601-4623 (Supp. III 2015). 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 15, 2017 (82 Fed. Reg. 39,005 (Aug. 16, 2017)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, et seq.) (2012).

Charge 1 15 C.F.R. § 764.2(d) – Conspiracy to Export Items from the United States to Iran, Including to an Iranian Government Entity, without the Required U.S. Government Authorization

1. Beginning no later than in or around May 2009, and continuing through in or around January 2012, Hydel/Sharma conspired and acted in concert with others, known and unknown, to violate the Regulations and to bring about an act or acts that constitutes a violation of the Regulations. The purpose of the conspiracy was to evade the long-standing and well-known U.S. embargo against Iran in order to sell and export U.S.-origin waterway barrier debris systems and related components to Iran via transshipment through third countries, including to Mahab Ghodss, an Iranian Government entity, without the required U.S. Government authorization.
2. The conspiracy led to the attempted export of a waterway barrier debris system, an item subject to the Regulations, designated EAR99,³ and valued at \$420,256, from the United States to Mahab Ghodss in Iran, via transshipment through the United Arab Emirates (“UAE”). This item also was subject to the Iranian Transactions Regulations (“ITR”), administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”).⁴
3. Section 746.7 of the Regulations has long provided, including at all times pertinent hereto, that no person may engage in the export or reexport of any item subject to both the Regulations and the ITR without authorization from OFAC. 15 C.F.R. § 746.7 (2009-2012, 2017). Section 560.204 of the ITR in turn has long prohibited, including at all times pertinent hereto, the unauthorized export, reexport, sale or supply, directly or indirectly, of any item from the United States to Iran or the Government of Iran. This broad prohibition includes the export, reexport, sale, or supply of any item from the United States to a third country, such as the UAE, undertaken with knowledge or reason to know that the item was intended for supply, transshipment, or reexportation, directly or indirectly, to Iran or the Government of Iran. 31 C.F.R. § 560.204 (2009-2012, 2017).⁵
4. As further detailed below, the conspirators specifically discussed, inter alia, omitting any reference to Iran in the transaction documentation relating to the shipment of the waterway barrier debris system from the United States, and considered various transshipment routing schemes at length before ultimately

³ EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c) (2009-2012, 2017).

⁴ 31 CFR § 560 (2009-2012). Subsequent to the violation charged herein, OFAC changed the heading of 31 C.F.R. part 560 from the Iranian Transactions Regulations to the Iranian Transactions and Sanctions Regulations (“ITSR”), amended the renamed ITSR, and reissued them in their entirety. See 77 Fed. Reg. 64,664 (Oct. 22, 2012). 31 C.F.R. part 560 remains the same in pertinent part.

⁵ See note 4, *supra*.

deciding to transship the item through the UAE as suggested by Hydel/Sharma. No authorization was sought or obtained from OFAC in connection with the attempted export of this item to Iran.

5. Sharma owns and at all times pertinent hereto owned Hydel and directed and controlled Hydel's operations, which acted through or at the direction of Sharma in connection with the violations alleged herein.
6. Hydel/Sharma's involvement in the conspiracy began at least as early as on or about May 12, 2009, when Sharma received an email (at a Hydel Engineering email address) from Paul Meeks ("Meeks"), the president and owner of Worthington Products ("Worthington") (collectively, "Worthington/Meeks"), a company located in Canton, Ohio. The email stated in pertinent part:

We have two projects from Iran that require debris barriers. We are not permitted to sell directly to IRAN. Would you be willing to issue the quotation and accept an order from Iran? We would build 10% to 15% into the price for your 'handling' of the transaction.

(Emphasis and internal quote marks in original).

7. On or about May 15, 2009, Meeks sent an email to Mahab Ghodss, copying Sharma, stating:

We are looking forward to meeting you in Brazil. I will have drawings with me to discuss the Alborz Dam Project [located in Iran] and to finalize what the scope of supply [is] so that we can provide final pricing. Our agent in India, Mr. Narender Sharma will be responsible [for] issuing the quotation. Hydel Engineering will issue final pricing shortly after our discussion in Brazil.

8. That same day, on or about May 15, 2009, Meeks wrote to Sharma stating:

[Worthington] obviously cannot ship directly to Iran and it would not make sense to ship to India whereby you would have many taxes and duty to pay. I will talk to Mr. Tarighat [of Mahab Ghodss] next week in Brazil and we will come up with an agreeable ship to destination port. I will, of course, keep you informed of all of our conversations.

9. As Worthington/Meeks and Hydel/Sharma had agreed, they kept each other regularly informed about the project. On or about May 21, 2009, Sharma forwarded Meeks a Mahab Ghodss request for a quote that listed the name of another Iranian company and a ship to port in Iran. That same day, Meeks reminded Sharma, "Please remember that there can be no paperwork from our end

that has any mention of Iran. I suggest you ship to a neutral port, then transfer [sic] the shipment as you desire.” In response, Sharma told Meeks of a possible plan to export the “material to Mumbai (India) only then the same containers will go back to Iran with the Invoice of Hydel.”

10. Subsequently, Sharma traveled to Iran in November 2010, to meet with Mahab Ghodss and to pursue other Iranian customers, including other entities part of, or funded by, the Iranian Government. In an email from Sharma to Meeks on or about November 24, 2010, Sharma wrote, “As you know I am in IR for this Alborz dam project, I had visited the client at site went to Alborz in the north of IR...” In the same communication, Sharma advised Meeks about other potential sales in Iran. “Further I visited Tehran Water Authority also. I have sent to you one other enquiry from IR, kindly send your views on this project as soon as possible because this project is from Central Govt. of Ir. & they say they are rich company getting funds from Central Govt.” At or about that same time, Hydel/Sharma provided Worthington/Meeks with at least one other project inquiry from an Iranian Government entity in the hope they could work together on additional Iranian deals.
11. Both before and after this trip to Iran, during at least 2010-2011, Worthington/Meeks responded to inquiries from Iranian entities in Iran by forwarding them to Hydel/Sharma and telling the Iranians that Hydel/Sharma was Worthington’s agent for Iran and the surrounding region. Moreover, on or about January 1, 2011, Worthington/Meeks provided Hydel/Sharma a letter on Worthington letter head to “confirm and certify that HYDEL Engineering Products... are authorized by Worthington Products, Inc. to bid, quote & supply TUFFBOOM Log & Debris Booms, Boatbuster, TUFFCAT and other related components within the Countries of India, Sri-Lanka, Bhutan, Nepal *and Iran.*” (Emphasis added).
12. Hydel/Sharma and Worthington/Meeks conspired on how to transship the waterway barrier debris system to Mahab Ghodss, including by plotting different routes to Iran to hide the item’s true destination in ways that also would enable them to avoid high shipping fees and duties. On or about May 20, 2011, Hydel/Sharma sent Worthington/Meeks an update about the project via email. In the email from Sharma to Meeks, entitled “Iran Project,” Hydel/Sharma informed Worthington/Meeks that Hydel/Sharma had found an alternate route to Iran via the UAE. In the response email from Meeks to Sharma, Worthington/Meeks noted, among other things, that payment for the project must be in U.S. Dollars and that Hydel/ Sharma would be responsible for delivering the items from the UAE to Iran.
13. On or about September 26, 2011, Hydel/Sharma sent Worthington/Meeks \$217,706, which represented approximately 50% of the price of the item, as an advance payment from Mahab Ghodss that would trigger the item’s export.

Worthington/Meeks then attempted to export the item from the United States on or about November 10, 2011. Consistent with the transshipment routing scheme suggested by Hydel/Sharma, Worthington/Meeks filed a Shipper's Export Declaration with the U.S. Government, which falsely stated that the ultimate consignee for the item was a company located in the UAE. The attempted export was thwarted when, at BIS's direction, U.S. Customs and Border Protection ("CBP") detained the shipment before it could be exported from the United States.

14. Within weeks of the detention, Hydel/Sharma contacted the U.S. Government to try to obtain the waterway barrier debris system's release. On or about December 22, 2011, Sharma sent an email, with the subject line "Ohio USA to Dubai," to a program manager with CBP. In the email, Sharma described the transaction details, and falsely or misleadingly stated that the consignee was located in Dubai. CBP advised Sharma to contact BIS.
15. On or about January 10, 2012, Sharma contacted a BIS export counselor and asked for assistance with what he called the "Ohio USA to Dubai" shipment. After email correspondence failed to secure the waterway barrier debris system's release, on or about January 26, 2012, Sharma then telephoned BIS, and during that call again made the false or misleading statement that the item was destined for the UAE for use in Dubai.
16. Shortly thereafter, on or about January 31, 2012, Hydel/Sharma sent an email to BIS that attached a completed Statement by Ultimate Consignee and Purchaser, also known known as a Form BIS-711, signed by a person identified as an official at the UAE company that (as alleged above) Worthington/Meeks had falsely listed as the ultimate consignee on the Shipper's Export Declaration. The Statement by Ultimate Consignee and Purchaser submitted by Hydel/Sharma to BIS falsely stated that the item was ordered for "Dubai domestic consumption," and more specifically would be "used in Dubai to protect sea side resorts from unwanted trash and to protect resorts from an un authorized [sic] people coming via boat." As Hydel/Sharma knew, the waterway barrier debris system had, in fact, been sold to Mahab Ghodss and was intended for use in Iran in connection with the Alborz Dam Project.
17. As alleged above, no OFAC authorization was sought or obtained for this attempted export to Iran.
18. In so doing, Hydel and Sharma violated Section 764.2(d) of the Regulations, for which they are jointly and severally liable.⁶

⁶ Hydel and Sharma entered into tolling agreements with BIS through counsel that tolled the running of the statute of limitations during the period from September 1, 2016, through July 1, 2017.

WHEREAS, BIS and Hydel and Sharma have entered into a Settlement Agreement pursuant to Section 766.18(b) 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, Hydel and Sharma shall be assessed a civil penalty in the amount of \$100,000, for which they are jointly and severally liable. The payment of \$30,000 shall be made to the U.S. Department of Commerce by no later than December 15, 2017. Payment of the remaining \$70,000 shall be suspended for a period of five years from the date of this Order, and thereafter shall be waived, provided that during this five-year payment probationary period, Hydel and Sharma have made full and timely payment of \$30,000 as set forth above, have otherwise complied with the terms of the Settlement Agreement and this Order, and have committed no other violation of the Act or the Regulations or any order, license, or authorization issued thereunder.

SECOND, that, 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 payment is not made by the due date specified herein, Hydel and Sharma 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, that the full and timely payment of the civil penalty in accordance with the payment schedule set forth above and compliance with the other terms of this Agreement and this Order, are hereby made conditions to the granting, restoration, or

continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Hydel or Sharma.

FOURTH, that for a period of five (5) years from the date of this Order, Hydel Engineering Products, with a last known address of Middle Bazaar, Rampur Bushahr Distt. Shimla (H.P.) 172 001, India, and Narender Sharma, with a last known address of Middle Bazaar, Rampur Bushahr Distt. Shimla (H.P.) 172 001, India, and when acting for or on their behalf, their successors, assigns, representatives, 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 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 engaging 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, 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 Regulations;
- 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 Regulations 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 Regulations that has been exported from the United States;
- D. Obtain from a 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 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 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, 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 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.

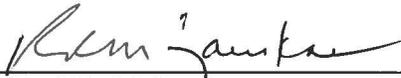
SEVENTH, that, as authorized by Section 766.18(c) of the Regulations, the five-year denial period set forth above shall be suspended during a probationary period of five years under this Order, and shall thereafter be waived, provided that Hydel and Sharma have made full and timely payment as set forth above, have otherwise complied with the terms of the Settlement Agreement and this Order, and have committed no other violation of the Act or the Regulations or any order, license, or authorization issued thereunder. If Hydel and Sharma do not make full and timely payment as set forth above, otherwise violate the terms of the Agreement or this Order, or commit another violation of the Act or the Regulations or any order, license, or authorization issued thereunder during the five-year probationary period under this Order, the suspension may be modified or revoked by BIS and a denial order including a five-year denial period activated against Hydel and Sharma. If a denial period is activated, any license issued pursuant to the Act or Regulations in which Hydel or Sharma has an interest at such time shall be revoked.

EIGHTH, Hydel and Sharma shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegations in the Charging Letter or the Order. The foregoing does not affect Hydel's or Sharma's testimonial obligations in any proceeding, nor does it affect their 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, that the 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.



Richard R. Majauskas
Acting Assistant Secretary of Commerce
for Export Enforcement

Issued this 31st day of August, 2017.

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

In the Matter of:

Narender Sharma
Middle Bazaar, Rampur Bushahr
Distt. Shimla (H.P.) 172 001
India

Hydel Engineering Products
Middle Bazaar, Rampur Bushahr
Distt. Shimla (H.P.) 172 001
India

Respondents

Docket Number: 17-BIS-0005

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between Narender Sharma ("Sharma") and his company Hydel Engineering Products ("Hydel" or "Hydel Engineering") (collectively, "Hydel/Sharma" or "Respondents"), both of Rumpur Bushahr, India, and the Bureau of Industry and Security, U.S. Department of Commerce ("BIS") (collectively, the "Parties"), pursuant to Section 766.18(b) of the Export Administration Regulations (the "Regulations").¹ issued pursuant to the Export Administration Act of 1979, as amended (the "Act").²

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2017). The charged violation occurred between 2009-2012. The Regulations governing the violation at issue are found in the 2009-2012 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2017 Regulations set forth the procedures that apply to this matter.

² 50 U.S.C. §§ 4601-4623 (Supp. III 2015). 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 4, 2016 (81 Fed. Reg. 52,587 (Aug. 8, 2016)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, et seq.) (2012).



Page 1-11

WHEREAS, BIS has initiated administrative proceedings against Hydel and Sharma pursuant to the Act and the Regulations;

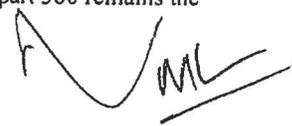
WHEREAS, BIS has issued a Charging Letter to Hydel and Sharma that alleges that they violated the Regulations, specifically:

Charge 1 15 C.F.R. § 764.2(d) – Conspiracy to Export Items from the United States to Iran, Including to an Iranian Government Entity, without the Required U.S. Government Authorization

1. Beginning no later than in or around May 2009, and continuing through in or around January 2012, Hydel/Sharma conspired and acted in concert with others, known and unknown, to violate the Regulations and to bring about an act or acts that constitutes a violation of the Regulations. The purpose of the conspiracy was to evade the long-standing and well-known U.S. embargo against Iran in order to sell and export U.S.-origin waterway barrier debris systems and related components to Iran via transshipment through third countries, including to Mahab Ghodss, an Iranian Government entity, without the required U.S. Government authorization.
2. The conspiracy led to the attempted export of a waterway barrier debris system, an item subject to the Regulations, designated EAR99,³ and valued at \$420,256, from the United States to Mahab Ghodss in Iran, via transshipment through the United Arab Emirates (“UAE”). This item also was subject to the Iranian Transactions Regulations (“ITR”), administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”).⁴
3. Section 746.7 of the Regulations has long provided, including at all times pertinent hereto, that no person may engage in the export or reexport of any item subject to both the Regulations and the ITR without authorization from OFAC. 15 C.F.R. § 746.7 (2009-2012, 2017). Section 560.204 of the ITR in turn has long prohibited, including at all times pertinent hereto, the unauthorized export, reexport, sale or supply, directly or indirectly, of any item from the United States to Iran or the Government of Iran. This broad prohibition includes the export,

³ EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c) (2009-2012, 2017).

⁴ 31 CFR § 560 (2009-2012). Subsequent to the violation charged herein, OFAC changed the heading of 31 C.F.R. part 560 from the Iranian Transactions Regulations to the Iranian Transactions and Sanctions Regulations (“ITSR”), amended the renamed ITSR, and reissued them in their entirety. See 77 Fed. Reg. 64,664 (Oct. 22, 2012). 31 C.F.R. part 560 remains the same in pertinent part.



reexport, sale, or supply of any item from the United States to a third country, such as the UAE, undertaken with knowledge or reason to know that the item was intended for supply, transshipment, or reexportation, directly or indirectly, to Iran or the Government of Iran. 31 C.F.R. § 560.204 (2009-2012, 2017).⁵

4. As further detailed below, the conspirators specifically discussed, inter alia, omitting any reference to Iran in the transaction documentation relating to the shipment of the waterway barrier debris system from the United States, and considered various transshipment routing schemes at length before ultimately deciding to transship the item through the UAE as suggested by Hydel/Sharma. No authorization was sought or obtained from OFAC in connection with the attempted export of this item to Iran.
5. Sharma owns and at all times pertinent hereto owned Hydel and directed and controlled Hydel's operations, which acted through or at the direction of Sharma in connection with the violations alleged herein.
6. Hydel/Sharma's involvement in the conspiracy began at least as early as on or about May 12, 2009, when Sharma received an email (at a Hydel Engineering email address) from Paul Meeks ("Meeks"), the president and owner of Worthington Products ("Worthington") (collectively, "Worthington/Meeks"), a company located in Canton, Ohio. The email stated in pertinent part:

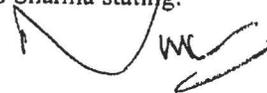
We have two projects from Iran that require debris barriers. We are not permitted to sell directly to IRAN. Would you be willing to issue the quotation and accept an order from Iran? We would build 10% to 15% into the price for your 'handling' of the transaction.

(Emphasis and internal quote marks in original).

7. On or about May 15, 2009, Meeks sent an email to Mahab Ghodss, copying Sharma, stating:

We are looking forward to meeting you in Brazil. I will have drawings with me to discuss the Alborz Dam Project [located in Iran] and to finalize what the scope of supply [is] so that we can provide final pricing. Our agent in India, Mr. Narender Sharma will be responsible [for] issuing the quotation. Hydel Engineering will issue final pricing shortly after our discussion in Brazil.

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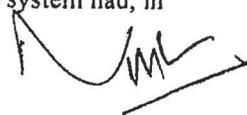
[Worthington] obviously cannot ship directly to Iran and it would not make sense to ship to India whereby you would have many taxes and duty to pay. I will talk to Mr. Tarighat [of Mahab Ghodss] next week in Brazil and we will come up with an agreeable ship to destination port. I will, of course, keep you informed of all of our conversations.

9. As Worthington/Meeks and Hydel/Sharma had agreed, they kept each other regularly informed about the project. On or about May 21, 2009, Sharma forwarded Meeks a Mahab Ghodss request for a quote that listed the name of another Iranian company and a ship to port in Iran. That same day, Meeks reminded Sharma, "Please remember that there can be no paperwork from our end that has any mention of Iran. I suggest you ship to a neutral port, then transfer [sic] the shipment as you desire." In response, Sharma told Meeks of a possible plan to export the "material to Mumbai (India) only then the same containers will go back to Iran with the Invoice of Hydel."
10. Subsequently, Sharma traveled to Iran in November 2010, to meet with Mahab Ghodss and to pursue other Iranian customers, including other entities part of, or funded by, the Iranian Government. In an email from Sharma to Meeks on or about November 24, 2010, Sharma wrote, "As you know I am in IR for this Alborz dam project, I had visited the client at site went to Alborz in the north of IR..." In the same communication, Sharma advised Meeks about other potential sales in Iran. "Further I visited Tehran Water Authority also. I have sent to you one other enquiry from IR, kindly send your views on this project as soon as possible because this project is from Central Govt. of Ir. & they say they are rich company getting funds from Central Govt." At or about that same time, Hydel/Sharma provided Worthington/Meeks with at least one other project inquiry from an Iranian Government entity in the hope they could work together on additional Iranian deals.
11. Both before and after this trip to Iran, during at least 2010-2011, Worthington/Meeks responded to inquiries from Iranian entities in Iran by forwarding them to Hydel/Sharma and telling the Iranians that Hydel/Sharma was Worthington's agent for Iran and the surrounding region. Moreover, on or about January 1, 2011, Worthington/Meeks provided Hydel/Sharma a letter on Worthington letter head to "confirm and certify that HYDEL Engineering Products... are authorized by Worthington Products, Inc. to bid, quote & supply TUFFBOOM Log & Debris Booms, Boatbuster, TUFFCAT and other related components within the Countries of India, Sri-Lanka, Bhutan, Nepal *and Iran.*" (Emphasis added).
12. Hydel/Sharma and Worthington/Meeks conspired on how to transship the waterway barrier debris system to Mahab Ghodss, including by plotting different routes to Iran to hide the item's true destination in ways that also would enable



them to avoid high shipping fees and duties. On or about May 20, 2011, Hydel/ Sharma sent Worthington/Meeks an update about the project via email. In the email from Sharma to Meeks, entitled "Iran Project," Hydel/Sharma informed Worthington/Meeks that Hydel/Sharma had found an alternate route to Iran via the UAE. In the response email from Meeks to Sharma, Worthington/Meeks noted, among other things, that payment for the project must be in U.S. Dollars and that Hydel/ Sharma would be responsible for delivering the items from the UAE to Iran.

13. On or about September 26, 2011, Hydel/Sharma sent Worthington/Meeks \$217,706, which represented approximately 50% of the price of the item, as an advance payment from Mahab Ghodss that would trigger the item's export. Worthington/Meeks then attempted to export the item from the United States on or about November 10, 2011. Consistent with the transshipment routing scheme suggested by Hydel/Sharma, Worthington/Meeks filed a Shipper's Export Declaration with the U.S. Government, which falsely stated that the ultimate consignee for the item was a company located in the UAE. The attempted export was thwarted when, at BIS's direction, U.S. Customs and Border Protection ("CBP") detained the shipment before it could be exported from the United States.
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15. On or about January 10, 2012, Sharma contacted a BIS export counselor and asked for assistance with what he called the "Ohio USA to Dubai" shipment. After email correspondence failed to secure the waterway barrier debris system's release, on or about January 26, 2012, Sharma then telephoned BIS, and during that call again made the false or misleading statement that the item was destined for the UAE for use in Dubai.
16. Shortly thereafter, on or about January 31, 2012, Hydel/Sharma sent an email to BIS that attached a completed Statement by Ultimate Consignee and Purchaser, also known known as a Form BIS-711, signed by a person identified as an official at the UAE company that (as alleged above) Worthington/Meeks had falsely listed as the ultimate consignee on the Shipper's Export Declaration. The Statement by Ultimate Consignee and Purchaser submitted by Hydel/Sharma to BIS falsely stated that the item was ordered for "Dubai domestic consumption," and more specifically would be "used in Dubai to protect sea side resorts from unwanted trash and to protect resorts from an un authorized [sic] people coming via boat." As Hydel/Sharma knew, the waterway barrier debris system had, in



fact, been sold to Mahab Ghodss and was intended for use in Iran in connection with the Alborz Dam Project.

17. As alleged above, no OFAC authorization was sought or obtained for this attempted export to Iran.

18. In so doing, Hydel and Sharma violated Section 764.2(d) of the Regulations, for which they are jointly and severally liable.⁶

WHEREAS, Hydel and Sharma have reviewed the Charging Letter and fully understand the allegations made against them and the administrative sanctions that could be imposed against them if the allegations are found to be true;

WHEREAS, Hydel and Sharma fully understand 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;

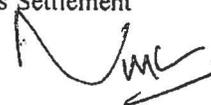
WHEREAS, Hydel and Sharma enter into this Agreement voluntarily and with full knowledge of their rights, after having had full opportunity to consult with counsel;

WHEREAS, Hydel and Sharma state that no promises or representations have been made to them other than the agreements and considerations herein expressed;

WHEREAS, Hydel and Sharma neither admit nor deny the allegations contained in the Charging Letter; and

WHEREAS, Hydel and Sharma agree to be bound by the Order, if issued;

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

A handwritten signature in black ink, appearing to be 'Narender Sharma', is written over the text 'Settlement Agreement, as follows:'. The signature is stylized and includes a horizontal line underneath.

⁶ Hydel and Sharma entered into tolling agreements with BIS through counsel that tolled the running of the statute of limitations during the period from September 1, 2016, through July 1, 2017.

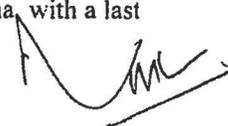
1. BIS has jurisdiction over Hydel and Sharma, under the Regulations, in connection with the matters alleged in the Charging Letter.

2. The following sanctions shall be imposed against Hydel and Sharma and shall be binding on their successors and assigns:

a. Hydel and Sharma shall be assessed a civil penalty in the amount of \$100,000, for which they are jointly and severally liable. The payment of \$30,000 shall be made to the U.S. Department of Commerce by no later than December 15, 2017. Payment shall be made via wire transfer of immediately available funds or by certified check as specified in the attached instructions. Payment of the remaining \$70,000 shall be suspended for a period of five years from the date of the Order, and thereafter shall be waived, provided that during this five-year payment probationary period, Hydel and Sharma have made full and timely payment of \$30,000 as set forth above, have otherwise complied with the terms of this Agreement and the Order, and have committed no other violation of the Act or the Regulation or any order, license, or authorization issued thereunder.

b. The full and timely payment of the civil penalty agreed to in Paragraph 2.a and compliance with the other terms of this Agreement and the Order are hereby made conditions to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Hydel or Sharma.

c. For a period of five (5) years from the date of the Order, Hydel Engineering Products, with a last known address of Middle Bazaar, Rampur Bushahr, Distt. Shimla (H.P.) 172 001, India, and Narender Sharma, with a last



known address of Middle Bazaar, Rampur Bushahr, Distt. Shimla (H.P.) 172 001, India, and when acting for or on their behalf, their successors, assigns, representatives, 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 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 engaging 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 shall be suspended during a probationary period of five years under the Order, and shall thereafter be waived,



provided that Hydel and Sharma have made full and timely payment in accordance with Paragraph 2.a above, have otherwise complied with the terms of this Agreement and the Order, and have committed no other violation of the Act or the Regulations or any order, license, or authorization issued thereunder. If Hydel and Sharma do not make full and timely payment in accordance with Paragraph 2.a above, otherwise violate the terms of this Agreement or the Order, or commit another violation of the Act or the Regulations or any order, license, or authorization issued thereunder during the five-year 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 Hydel and Sharma. If a denial period is activated, any license issued pursuant to the Act or Regulations in which Hydel or Sharma has an interest at such time shall be revoked.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 thereof, Hydel and Sharma hereby waive 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) receive 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; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order. Hydel and Sharma also waive 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 any transactions identified in the 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

A handwritten signature in black ink, appearing to be 'Narender Sharma', written over a horizontal line.

Order until the date Hydel and Sharma pay in full the civil penalty agreed to in Paragraph 2.a of this Agreement.

4. Hydel and Sharma shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegations in the Charging Letter or the Order. The foregoing does not affect Hydel's or Sharma's testimonial obligations in any proceeding, nor does it affect their 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 as set forth in Paragraph 2.a, BIS will not initiate any further administrative proceeding against Hydel and Sharma in connection with any violation of the Act or the Regulations arising out of the transaction specifically detailed in the 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(b) 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.

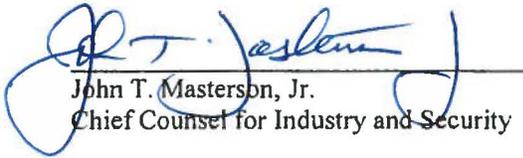
A handwritten signature in black ink, appearing to be 'N. Sharma', with a horizontal line underneath it.

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. If the Order issues, BIS will make the Charging Letter, this Agreement, and the Order available to the public.

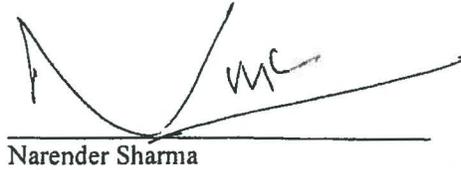
10. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

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


John T. Masterson, Jr.
Chief Counsel for Industry and Security

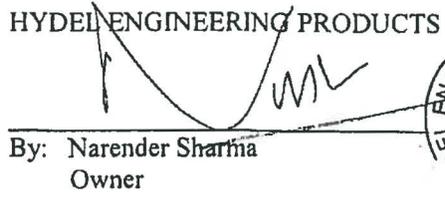
Date: August 18, 2017

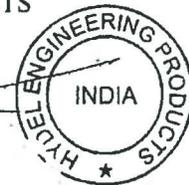
NARENDER SHARMA


Narender Sharma

Date: August 17th, 2017

HYDEL ENGINEERING PRODUCTS


By: Narender Sharma
Owner



Date: August 17th, 2017



UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Industry and Security
Washington, DC 20230

CHARGING LETTER

REGISTERED MAIL - RETURN RECEIPT REQUESTED

JUL 25 2017

Narender Sharma
Middle Bazaar, Rampur Bushahr
Distt. Shimla (H.P) 172 001
India

Hydel Engineering Products
Middle Bazaar, Rampur Bushahr
Distt. Shimla (H.P) 172 001
India

Attn: *Narender Sharma*
Owner

Dear Mr. Sharma:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that you, Narender Sharma (“Sharma”), and your company, Hydel Engineering Products (“Hydel” or “Hydel Engineering”) (collectively, “Hydel/Sharma”), both of Rumpur Bushahr, India, violated the Export Administration Regulations (the Regulations),¹ which issued under the authority of the Export Administration Act of 1979, as amended (the “Act”).² Specifically, BIS charges that Hydel and Sharma committed the following violations:

Charge 1 15 C.F.R. § 764.2(d) – Conspiracy to Export Items from the United States to Iran, Including to an Iranian Government Entity, without the Required U.S. Government Authorization

1. Beginning no later than in or around May 2009, and continuing through in or around January 2012, Hydel/Sharma conspired and acted in concert with others, known and unknown, to violate the Regulations and to bring about an act or acts that constitutes a violation of the Regulations. The purpose of the conspiracy was to evade the long-

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2017). The charged violations occurred in 2009 through 2012. The Regulations governing the violations at issue are found in the 2009 through 2012 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2009-2012)). The 2017 Regulations set forth the procedures that apply to this matter.

² 50 U.S.C. app. §§ 4601-4623 (Supp. III 2015). 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)), as extended most recently by the Notice of August 4, 2016 (81 Fed. Reg. 52,587) (August 8, 2016)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701, *et seq.*) (2012).



standing and well-known U.S. embargo against Iran in order to sell and export U.S.-origin waterway barrier debris systems and related components to Iran via transshipment through third countries, including to Mahab Ghodss, an Iranian Government entity, without the required U.S. Government authorization.

2. The conspiracy led to the attempted export of a waterway barrier debris system, an item subject to the Regulations, designated EAR99,³ and valued at \$420,256, from the United States to Mahab Ghodss in Iran, via transshipment through the United Arab Emirates (“UAE”). This item also was subject to the Iranian Transactions Regulations (“ITR”), administered by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”).⁴
3. Section 746.7 of the Regulations has long provided, including at all times pertinent hereto, that no person may engage in the export or reexport of any item subject to both the Regulations and the ITR without authorization from OFAC. 15 C.F.R. § 746.7 (2009-2012, 2017). Section 560.204 of the ITR in turn has long prohibited, including at all times pertinent hereto, the unauthorized export, reexport, sale or supply, directly or indirectly, of any item from the United States to Iran or the Government of Iran. This broad prohibition includes the export, reexport, sale, or supply of any item from the United States to a third country, such as the UAE, undertaken with knowledge or reason to know that the item was intended for supply, transshipment, or reexportation, directly or indirectly, to Iran or the Government of Iran. 31 C.F.R. § 560.204 (2009-2012, 2017).⁵
4. As further detailed below, the conspirators specifically discussed, inter alia, omitting any reference to Iran in the transaction documentation relating to the shipment of the waterway barrier debris system from the United States, and considered various transshipment routing schemes at length before ultimately deciding to transship the item through the UAE as suggested by Hydel/Sharma. No authorization was sought or obtained from OFAC in connection with the attempted export of this item to Iran.
5. Sharma owns and at all times pertinent hereto owned Hydel and directed and controlled Hydel’s operations, which acted through or at the direction of Sharma in connection with the violations alleged herein.
6. Hydel/Sharma’s involvement in the conspiracy began at least as early as on or about May 12, 2009, when Sharma received an email (at a Hydel Engineering email address) from

³ EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c) (2009-2012, 2017).

⁴ 31 CFR § 560 (2009-2012). Subsequent to the violation charged herein, OFAC changed the heading of 31 C.F.R. part 560 from the Iranian Transactions Regulations to the Iranian Transactions and Sanctions Regulations (“ITSR”), amended the renamed ITSR, and reissued them in their entirety. See 77 Fed. Reg. 64,664 (Oct. 22, 2012). 31 C.F.R. part 560 remains the same in pertinent part.

⁵ See note 4, *supra*.

Paul Meeks (“Meeks”), the president and owner of Worthington Products (“Worthington”) (collectively, “Worthington/Meeks”), a company located in Canton, Ohio. The email stated in pertinent part:

We have two projects from Iran that require debris barriers. We are not permitted to sell directly to IRAN. Would you be willing to issue the quotation and accept an order from Iran? We would build 10% to 15% into the price for your ‘handling’ of the transaction.

(Emphasis and internal quote marks in original).

7. On or about May 15, 2009, Meeks sent an email to Mahab Ghodss, copying Sharma, stating:

We are looking forward to meeting you in Brazil. I will have drawings with me to discuss the Alborz Dam Project [located in Iran] and to finalize what the scope of supply [is] so that we can provide final pricing. Our agent in India, Mr. Narender Sharma will be responsible [for] issuing the quotation. Hydel Engineering will issue final pricing shortly after our discussion in Brazil.

8. That same day, on or about May 15, 2009, Meeks wrote to Sharma stating:

[Worthington] obviously cannot ship directly to Iran and it would not make sense to ship to India whereby you would have many taxes and duty to pay. I will talk to Mr. Tarighat [of Mahab Ghodss] next week in Brazil and we will come up with an agreeable ship to destination port. I will, of course, keep you informed of all of our conversations.

9. As Worthington/Meeks and Hydel/Sharma had agreed, they kept each other regularly informed about the project. On or about May 21, 2009, Sharma forwarded Meeks a Mahab Ghodss request for a quote that listed the name of another Iranian company and a ship to port in Iran. That same day, Meeks reminded Sharma, “Please remember that there can be no paperwork from our end that has any mention of Iran. I suggest you ship to a neutral port, then transfer [sic] the shipment as you desire.” In response, Sharma told Meeks of a possible plan to export the “material to Mumbai (India) only then the same containers will go back to Iran with the Invoice of Hydel.”
10. Subsequently, Sharma traveled to Iran in November 2010, to meet with Mahab Ghodss and to pursue other Iranian customers, including other entities part of, or funded by, the Iranian Government. In an email from Sharma to Meeks on or about November 24, 2010, Sharma wrote, “As you know I am in IR for this Alborz dam project, I had visited the client at site went to Alborz in the north of IR....” In the same communication, Sharma advised Meeks about other potential sales in Iran. “Further I visited Tehran

Water Authority also. I have sent to you one other enquiry from IR, kindly send your views on this project as soon as possible because this project is from Central Govt. of Ir. & they say they are rich company getting funds from Central Govt.” At or about that same time, Hydel/Sharma provided Worthington/Meeks with at least one other project inquiry from an Iranian Government entity in the hope they could work together on additional Iranian deals.

11. Both before and after this trip to Iran, during at least 2010-2011, Worthington/Meeks responded to inquiries from Iranian entities in Iran by forwarding them to Hydel/Sharma and telling the Iranians that Hydel/Sharma was Worthington’s agent for Iran and the surrounding region. Moreover, on or about January 1, 2011, Worthington/Meeks provided Hydel/Sharma a letter on Worthington letter head to “confirm and certify that HYDEL Engineering Products... are authorized by Worthington Products, Inc. to bid, quote & supply TUFFBOOM Log & Debris Booms, Boatbuster, TUFFCAT and other related components within the Countries of India, Sri-Lanka, Bhutan, Nepal *and Iran.*” (Emphasis added).
12. Hydel/Sharma and Worthington/Meeks conspired on how to transship the waterway barrier debris system to Mahab Ghodss, including by plotting different routes to Iran to hide the item’s true destination in ways that also would enable them to avoid high shipping fees and duties. On or about May 20, 2011, Hydel/ Sharma sent Worthington/Meeks an update about the project via email. In the email from Sharma to Meeks, entitled “Iran Project,” Hydel/Sharma informed Worthington/Meeks that Hydel/Sharma had found an alternate route to Iran via the UAE. In the response email from Meeks to Sharma, Worthington/Meeks noted, among other things, that payment for the project must be in U.S. Dollars and that Hydel/ Sharma would be responsible for delivering the items from the UAE to Iran.
13. On or about September 26, 2011, Hydel/Sharma sent Worthington/Meeks \$217,706, which represented approximately 50% of the price of the item, as an advance payment from Mahab Ghodss that would trigger the item’s export. Worthington/Meeks then attempted to export the item from the United States on or about November 10, 2011. Consistent with the transshipment routing scheme suggested by Hydel/Sharma, Worthington/Meeks filed a Shipper’s Export Declaration with the U.S. Government, which falsely stated that the ultimate consignee for the item was a company located in the UAE. The attempted export was thwarted when, at BIS’s direction, U.S. Customs and Border Protection (“CBP”) detained the shipment before it could be exported from the United States.
14. Within weeks of the detention, Hydel/Sharma contacted the U.S. Government to try to obtain the waterway barrier debris system’s release. On or about December 22, 2011, Sharma sent an email, with the subject line “Ohio USA to Dubai,” to a program manager with CBP. In the email, Sharma described the transaction details, and falsely or

misleadingly stated that the consignee was located in Dubai. CBP advised Sharma to contact BIS.

15. On or about January 10, 2012, Sharma contacted a BIS export counselor and asked for assistance with what he called the "Ohio USA to Dubai" shipment. After email correspondence failed to secure the waterway barrier debris system's release, on or about January 26, 2012, Sharma then telephoned BIS, and during that call again made the false or misleading statement that the item was destined for the UAE for use in Dubai.
16. Shortly thereafter, on or about January 31, 2012, Hydel/Sharma sent an email to BIS that attached a completed Statement by Ultimate Consignee and Purchaser, also known known as a Form BIS-711, signed by a person identified as an official at the UAE company that (as alleged above) Worthington/Meeks had falsely listed as the ultimate consignee on the Shipper's Export Declaration. The Statement by Ultimate Consignee and Purchaser submitted by Hydel/Sharma to BIS falsely stated that the item was ordered for "Dubai domestic consumption," and more specifically would be "used in Dubai to protect sea side resorts from unwanted trash and to protect resorts from an un authorized [sic] people coming via boat." As Hydel/Sharma knew, the waterway barrier debris system had, in fact, been sold to Mahab Ghodss and was intended for use in Iran in connection with the Alborz Dam Project.
17. As alleged above, no OFAC authorization was sought or obtained for this attempted export to Iran.
18. In so doing, Hydel and Sharma violated Section 764.2(d) of the Regulations, for which they are jointly and severally liable.⁶

Charge 2: 15 C.F.R. § 764.2(g) – Misrepresentation and Concealment of Facts

19. BIS re-alleges and incorporates herein the allegations set forth in paragraphs 1-18, *supra*.
20. Between on or about December 22, 2011, and January 31, 2012, Hydel/Sharma falsified or concealed a material fact and/or made false or misleading representations or statements to BIS in the course of an investigation, in connection with the submission of an export control document, and/or for the purpose of effecting an export of an item subject to the Regulations.
21. Section 764.2(g) of the Regulations prohibits and at all times pertinent hereto prohibited any person from making any false or misleading representation, statement, or certification, or falsifying or concealing any material fact, either directly to BIS or an official of any other United States agency, or indirectly through any other person, "[i]n the course of an investigation or other action subject to the EAR" or "[i]n connection

⁶ Hydel and Sharma entered into tolling agreements with BIS through counsel that tolled the running of the statute of limitations during the period from September 1, 2016, through July 1, 2017.

with the preparation, submission, . . . or use of any export control document, as defined in §772.1” or “[f]or the purpose of or in connection with effecting an export, reexport or other activity subject to the EAR.” 15 C.F.R. § 764.2(g)(1) (2001-2012, 2017).

22. As set forth in greater detail *supra*, Hydel/Sharma worked for more than two years in conjunction with Worthington/Meeks to bring about the sale and export of a U.S.-origin waterway barrier debris system valued at \$420,256 to Mahab Ghodss, an Iranian Government entity in Iran, via transshipment through a third country, without the required U.S. Government authorization. Hydel/Sharma and Worthington/ Meeks considered various transshipment routing schemes, with Hydel/Sharma ultimately suggesting that the item be transshipped to Iran via the Dubai, UAE. Hydel/ Sharma would be responsible for the transfer and delivery of the items from the Dubai, UAE to Iran. Consistent with this scheme, Worthington/Meeks attempted to export the item from Canton, Ohio, on or about November 10, 2011, falsely stating on a Shipper’s Export Declaration that the ultimate consignee for the item was a company located in Dubai, UAE. The attempted export was thwarted when, at BIS’s direction, CBP detained the shipment before it could be exported from the United States.
23. Within weeks of the detention, Hydel/Sharma contacted the U.S. Government to try to obtain the waterway barrier debris system’s release in order to complete its unlicensed export from the United States through the UAE to Iran. On or about December 22, 2011, Sharma sent an email, with the subject line “Ohio USA to Dubai,” to CBP. In the email, Sharma described the transaction details, and falsely or misleadingly stated that the consignee was located in Dubai. CBP advised Sharma to contact BIS.
24. On or about January 10, 2012, Sharma contacted a BIS export counselor and asked for assistance with what he called the “Ohio USA to Dubai” shipment. After email correspondence failed to secure the waterway barrier debris system’s release, on or about January 26, 2012, Sharma then telephoned BIS, and during that call again made the false or misleading statement that the item was destined for the UAE for use in Dubai.
25. Shortly thereafter, on or about January 31, 2012, Hydel/Sharma sent an email to BIS that attached a completed Statement by Ultimate Consignee and Purchaser, also known known as a Form BIS-711, signed by a person identified as an official at the UAE company that had been falsely listed as the ultimate consignee on the Shipper’s Export Declaration. The Statement by Ultimate Consignee and Purchaser submitted by Hydel/Sharma to BIS falsely stated that the item was ordered for “Dubai domestic consumption,” and more specifically would be “used in Dubai to protect sea side resorts from unwanted trash and to protect resorts from an un authorized [sic] people coming via boat.” As Hydel/Sharma knew, the waterway barrier debris system had, in fact, been sold to Mahab Ghodss and was intended for use in Iran in connection with the Alborz Dam Project.

26. In so doing, Hydel and Sharma violated Section 764.2(g), for which they are jointly and severally liable.⁷

* * * * *

Accordingly, Hydel and Sharma are hereby notified that an administrative proceeding is instituted against them 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 \$289,238⁸ per violation or twice the value of the transaction that is the basis of the violation;⁹
- Denial of export privileges;
- Exclusion from practice before BIS; and/or
- Any other liability, sanction, or penalty available under law.

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

Hydel and Sharma are further notified that they are entitled to an agency hearing on the record if they file a written demand for one with their answer. *See* 15 C.F.R. § 766.6. Hydel and Sharma are also entitled to be represented by counsel or other authorized representative who has power of attorney to represent them. *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 Hydel or Sharma have a proposal to settle this case, Hydel, Sharma or their representative should transmit it to the attorney representing BIS named below.

⁷ See note 6, *supra*.

⁸ See 15 C.F.R. § 6.3(b)(4). This amount is subject to annual increases pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Sec. 701 of Public Law 114-74, enacted on November 2, 2015. See 81 Fed. Reg. 95432, 95434 (Dec. 28, 2016) (Adjusting for inflation the maximum civil monetary penalty under IEEPA from \$284,582 to \$289,238, effective January 15, 2017).

⁹ International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

Hydel Engineering Products
Narender Sharma
Charging Letter
Page 8 of 8

Hydel and Sharma are further notified that under the Small Business Regulatory Enforcement Flexibility Act, Hydel and Sharma 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, Hydel's and Sharma's answers must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

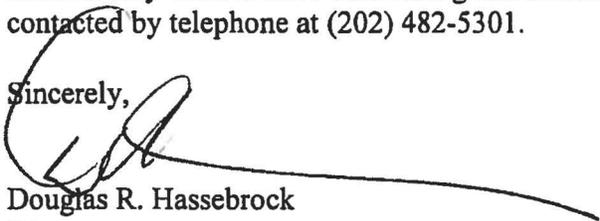
U.S. Coast Guard ALJ Docketing Center
40 S. Gay Street
Baltimore, Maryland 21202-4022

In addition, a copy of any answer must be served on BIS at the following address:

Chief Counsel for Industry and Security
United States Department of Commerce
14th Street and Constitution Avenue, N.W.
Room H-3839
Washington, D.C. 20230
Attention: Adrienne Frazier, Esq.

Adrienne Frazier is the attorney representing BIS in this case; any communications that Hydel or Sharma may wish to have concerning this matter should occur through her. Ms. Frazier may be contacted by telephone at (202) 482-5301.

Sincerely,



Douglas R. Hassebrock
Director
Office of Export Enforcement

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

In the Matters of:

Narender Sharma
Middle Bazaar, Rampur Bushahr
Distt. Shimla (H.P) 172 001
India

Hydel Engineering Products
Middle Bazaar, Rampur Bushahr
Distt. Shimla (H.P) 172 001
India

Attn: *Narender Sharma*
Owner

Respondents

NOTICE OF APPEARANCE

In accordance with Section 766.4 of the Export Administration Regulations (codified at 15 C.F.R. Parts 730-774 (2017)) (the "Regulations"), the United States Department of Commerce ("Department") hereby files this Notice of Appearance. The Department is represented in this proceeding by the Office of Chief Counsel for Industry and Security. John T. Masterson, Jr. is the Chief Counsel for Industry and Security, and Joseph V. Jest is Chief of Enforcement and Litigation for the Office of Chief Counsel for Industry and Security. The attorney in the Office of Chief Counsel for Industry and Security who is primarily responsible for the above-captioned proceeding is Adrienne Frazier. In Ms. Frazier's absence, Mr. Masterson or Mr. Jest may sign pleadings.

Dated this 25th day of July 2017.

Respectfully submitted,

OFFICE OF CHIEF COUNSEL FOR
INDUSTRY AND SECURITY

JOHN T. MASTERSON, Jr.
Chief Counsel

JOSEPH V. JEST
Chief, Enforcement and Litigation



Adrienne Frazier, Esq.
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afrazier@doc.gov

CERTIFICATE OF SERVICE

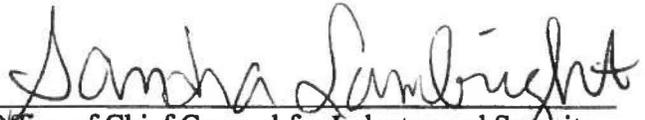
I hereby certify that on July 25th, 2017, I caused the Charging Letter and Notice of Appearance to be sent via the methods indicated below:

Narender Sharma
Middle Bazaar, Rampur Bushahr
Distt. Shimla (H.P) 172 001
India

Hydel Engineering Products
Middle Bazaar, Rampur Bushahr
Distt. Shimla (H.P) 172 001
India

Attn: *Narender Sharma, Owner*
(Registered Mail)

ALJ Docketing Center
Attention: Hearing Docket Clerk
40 South Gay Street, Room 412
Baltimore, MD 21202-4022
aljdocketcenter@uscg.mil
(Via email and regular mail)


Office of Chief Counsel for Industry and Security