

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

In the Matter of:

Ali Caby, a/k/a “Alex” Caby
Blvd. James Boucher 91,
Apt 13, Floor 4,
Lozenets, Sofia, Bulgaria 1407, et al,

Respondents

Case No. 18-BIS-0002

ORDER RELATING TO ALI CABY, A/K/A “ALEX” CABY

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Ali Caby, a/k/a “Alex” Caby, of Sofia, Bulgaria, that it has initiated an administrative proceeding against him pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),¹ through the issuance of a Charging Letter alleging that Ali Caby, Arash Caby, Marjan Caby, AW-Tronics LLC, (“AW-

¹ The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“the EAA”), which lapsed on August 21, 2001. The President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which was extended by successive Presidential Notices, continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 (“ECRA”). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect according to their terms until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA. The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2018). The charged violation occurred in 2013-2014. The Regulations governing the violation at issue are found in the 2013-2014 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2013-2014)). The 2019 Regulations set forth the procedures that apply to this matter.

Tronics") and Arrowtronic, LLC ("Arrowtronic") (collectively, "Respondents") violated the Regulations as follows:

Charge 1 15 C.F.R. § 764.2(d) – Conspiracy

Beginning as early as in or about September 2013, and continuing through in or about March 2014, Respondents conspired and acted in concert with others, known and unknown, to bring about one or more acts that constitute a violation of the Regulations. The purpose and object of the conspiracy was to unlawfully export goods from the United States through transshipment points to Syria, including to Syrian Arab Airlines ("Syrian Air"), the flag carrier airline of Syria and a Specially Designated Global Terrorist ("SDGT"), and in doing so evade the prohibitions and licensing requirements of the Regulations and avoid detection by U.S. law enforcement.

Pursuant to Section 746.9 of the Regulations, a license is required for the export or reexport to Syria of all items subject to the Regulations, except food and medicine classified as EAR99. Furthermore, pursuant to Section 744.12 of the Regulations, a license is required to export or reexport items subject to the Regulations to SDGTs. Syrian Air was designated as an SDGT on May 16, 2013 (see 78 FR 32304, May 29, 2013), under authority granted to the Department of the Treasury by Executive Order 13,224, and was at all times pertinent hereto (and remains) listed as an SDGT.

At all pertinent times, AW-Tronics and Arrowtronic were active limited liability companies incorporated in the State of Florida. Documentary evidence and email correspondence shows that AW-Tronics personnel represented to various transaction parties that AW-Tronics and Arrowtronic (collectively, "AW-Tronics/Arrowtronic") were the same company. Arash Caby was listed on Florida corporate records as a Managing Member of AW-Tronics at the time of the violations. From January 2014 until its most recent annual report in January 2017, Ali Caby was listed on Florida corporate records as the registered agent of AW-Tronics. AW-Tronics/ Arrowtronic has maintained offices in Miami, Florida and Sofia, Bulgaria, as well as other locations.

As part of the conspiracy, the co-conspirators used electronic mail (email) and other forms of communication to communicate with each other between the United States, Bulgaria, United Arab Emirates (UAE), and Syria. Under their scheme, co-conspirators would purchase from U.S. suppliers or vendors items subject to the Regulations for export to Syrian Air in Syria, including aircraft parts and equipment, and would provide materially false or misleading documents and information to conceal the illegal exports. In furtherance of the conspiracy, they also would arrange for payment for the illegal exports to be made using third-party companies to transfer payments between the co-conspirators. Overall, between in or about September 2013 and in or about March 2014, Respondents engaged in multiple transactions with Syrian Air involving the export of aircraft parts and equipment subject to the Regulations from the Miami office of AW-

Tronics/Arrowtronic to Syrian Air's transshipment point in Dubai, United Arab Emirates. These items were actually intended for, and some or all were ultimately delivered to, Syrian Air in Syria.

During the conspiracy, Ali Caby managed the Bulgaria office of AW-Tronics/Arrowtronic, while Arash Caby managed its Miami office, and Marjan Caby was its internal auditor. In furtherance of the conspiracy, each of these respondents exchanged numerous emails with other AW-Tronics/Arrowtronic employees authorizing or otherwise discussing the above-described exports to Syrian Air. These email communications included, for example, instructions that were designed to prevent U.S. law enforcement from detecting the unlawful exports to Syria and to allow them to continue by changing the routing of exports from AW-Tronics/Arrowtronic's Miami, Florida office. In March 2014, United States Customs and Border Protection seized a shipment of micro switches that, according to Electronic Export Information (EEI) filed in the Automated Export System, was destined for Syrian Air in the UAE, when, in fact, the ultimate destination was Syria. On March 5, 2014, Marjan Caby sent an email to AW-Tronics/Arrowtronic logistics employees, copying Alex Caby, that explained, "We will . . . have packages stopped by the US Customs and Border Control [and] have a case file like this for the same client[,]" and provided instructions stating, "NOTHING WILL BE SHIPPED TO CLIENTS IN THE MIDDLE EAST FROM THE USA OFFICE. WE HAVE TO SEND TO BG [Bulgaria] THEN TO CLIENT." (Emphasis in original). "SYRIA" was specifically listed as one country for which Respondents would use Bulgaria as a transshipment point. (Same).

In so doing, Ali Caby, a/k/a Alex Caby, Arash Caby, a/k/a "Axel" Caby, Marjan Caby, AW-Tronics, LLC, and Arrowtronic, LLC violated Section 764.2(d) of the Regulations, for which they are jointly and severally liable.

WHEREAS, BIS and Ali Caby 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;

WHEREAS, I have taken into consideration the plea agreement entered into by Ali Caby with the U.S. Attorney's Office for the Southern District of Florida, and the sentence imposed against him following or upon the entry of his guilty plea and conviction ("the plea agreement and sentence"); and

WHEREAS, I have approved of the terms of the Settlement Agreement;
IT IS THEREFORE ORDERED:

FIRST, for the period of six (6) years from the date of this Order Ali Caby, a/k/a "Alex" Caby, with a last known address of Blvd. James Boucher 91, Apt 13, Floor 4, Lozenets, Sofia, Bulgaria 1407, and when acting for or on his behalf, his successors, assigns, representatives, agents, or employees (hereinafter collectively referred to as the "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 to 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 from any other activity subject to the Regulations.

SECOND, no person may, directly or indirectly, do any of the following:

- A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations;

- B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby the Denied Person acquires or attempts to acquire such ownership, possession or control;
- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States;
- D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States, or
- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by the Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by the Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

THIRD, any licenses issued under the Regulations in which Ali Caby has an interest as of the date of this Order shall be revoked by BIS.

FOURTH, 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 this Order.

FIFTH, the six-year denial period set forth above shall be active for a period of four years from the date of this Order. As authorized by Section 766.18(c) of the Regulations, the remaining two years of the denial period shall be suspended during a probationary period of two years under this Order, and shall thereafter be waived, provided that Ali Caby has committed no other violation of the Export Control Reform Act of 2018 ("ECRA"),² or the Regulations or any order, license or authorization issued under ECRA or the Regulations. If Ali Caby commits another violation of ECRA or the Regulations or any order, license or authorization issued under ECRA or the Regulations during the six-year denial period under this Order, the two-year suspended portion of this Order may be modified or revoked by BIS. If the suspension is modified or revoked, BIS may extend the active denial period until up to six years from the date of this Order when the activation occurs during the first four years from the date of this Order. BIS may extend the active denial period until up to two years from the date of the activation when the activation occurs more than four years from the date of this Order.

SIXTH, Ali Caby 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 this Order.

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

² See note 1, *supra*

EIGHTH, this Order shall be served on Ali Caby and shall be published in the *Federal Register*.

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



Douglas R. Hassebrock,
Director, Office of Export Enforcement,
performing the non-exclusive functions
and duties of the Assistant Secretary of
Commerce for Export Enforcement

Issued this 30th day of October, 2019.

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

In the Matter of:

Ali Caby, a/k/a "Alex" Caby
Blvd. James Boucher 91,
Apt 13, Floor 4,
Lozenets, Sofia, Bulgaria 1407, et al,

Respondents

Case No. 18-BIS-0002

**SETTLEMENT AGREEMENT RELATING TO ALI CABY, A/K/A "ALEX"
CABY**

This Settlement Agreement ("Agreement") is made by and between Ali Caby, a/k/a "Alex" Caby, of Sofia, Bulgaria, 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

WHEREAS, BIS has initiated administrative proceedings against Ali Caby, pursuant to the Regulations;²

¹ The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) ("the EAA"), which lapsed on August 21, 2001. The President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which was extended by successive Presidential Notices, continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) ("IEEPA"). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 ("ECRA"). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA's date of enactment (August 13, 2018), shall continue in effect according to their terms until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

² On September 19, 2018, BIS filed a single charging letter alleging that Ali Caby, Arash Caby, Marjan Caby, AW-Tronics LLC and Arrowtronic, LLC conspired to violate the Regulations. The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774

WHEREAS, BIS has issued a Charging Letter that alleges that Ali Caby, Arash Caby, Marjan Caby, AW-Tronics LLC, ("AW-Tronics") and Arrowtronic, LLC ("Arrowtronic") (collectively, "Respondents") violated the Regulations as follows:

Charge 1 15 C.F.R. § 764.2(d) – Conspiracy

Beginning as early as in or about September 2013, and continuing through in or about March 2014, Respondents conspired and acted in concert with others, known and unknown, to bring about one or more acts that constitute a violation of the Regulations. The purpose and object of the conspiracy was to unlawfully export goods from the United States through transshipment points to Syria, including to Syrian Arab Airlines ("Syrian Air"), the flag carrier airline of Syria and a Specially Designated Global Terrorist ("SDGT"), and in doing so evade the prohibitions and licensing requirements of the Regulations and avoid detection by U.S. law enforcement.

Pursuant to Section 746.9 of the Regulations, a license is required for the export or reexport to Syria of all items subject to the Regulations, except food and medicine classified as EAR99. Furthermore, pursuant to Section 744.12 of the Regulations, a license is required to export or reexport items subject to the Regulations to SDGTs. Syrian Air was designated as an SDGT on May 16, 2013 (see 78 FR 32304, May 29, 2013), under authority granted to the Department of the Treasury by Executive Order 13,224, and was at all times pertinent hereto (and remains) listed as an SDGT.

At all pertinent times, AW-Tronics and Arrowtronic were active limited liability companies incorporated in the State of Florida. Documentary evidence and email correspondence shows that AW-Tronics personnel represented to various transaction parties that AW-Tronics and Arrowtronic (collectively, "AW-Tronics/Arrowtronic") were the same company. Arash Caby was listed on Florida corporate records as a Managing Member of AW-Tronics at the time of the violations. From January 2014 until its most recent annual report in January 2017, Ali Caby was listed on Florida corporate records as the registered agent of AW-Tronics. AW-Tronics/ Arrowtronic has maintained offices in Miami, Florida and Sofia, Bulgaria, as well as other locations.

As part of the conspiracy, the co-conspirators used electronic mail (email) and other forms of communication to communicate with each other between the United States, Bulgaria, United Arab Emirates (UAE), and Syria. Under their scheme, co-conspirators would purchase from U.S. suppliers or vendors items subject to the Regulations for export to Syrian Air in Syria, including aircraft parts and equipment, and would provide materially false or misleading documents and information to conceal the illegal exports.

(2019). The charged violation occurred in 2013-2014. The Regulations governing the violation at issue are found in the 2013-2014 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2013-2014)). The 2019 Regulations set forth the procedures that apply to this matter.

In furtherance of the conspiracy, they also would arrange for payment for the illegal exports to be made using third-party companies to transfer payments between the co-conspirators. Overall, between in or about September 2013 and in or about March 2014, Respondents engaged in multiple transactions with Syrian Air involving the export of aircraft parts and equipment subject to the Regulations from the Miami office of AW-Tronics/Arrowtronic to Syrian Air's transshipment point in Dubai, United Arab Emirates. These items were actually intended for, and some or all were ultimately delivered to, Syrian Air in Syria.

During the conspiracy, Ali Caby managed the Bulgaria office of AW-Tronics/Arrowtronic, while Arash Caby managed its Miami office, and Marjan Caby was its internal auditor. In furtherance of the conspiracy, each of these respondents exchanged numerous emails with other AW-Tronics/Arrowtronic employees authorizing or otherwise discussing the above-described exports to Syrian Air. These email communications included, for example, instructions that were designed to prevent U.S. law enforcement from detecting the unlawful exports to Syria and to allow them to continue by changing the routing of exports from AW-Tronics/Arrowtronic's Miami, Florida office. In March 2014, United States Customs and Border Protection seized a shipment of micro switches that, according to Electronic Export Information (EEI) filed in the Automated Export System, was destined for Syrian Air in the UAE, when, in fact, the ultimate destination was Syria. On March 5, 2014, Marjan Caby sent an email to AW-Tronics/Arrowtronic logistics employees, copying Alex Caby, that explained, "We will . . . have packages stopped by the US Customs and Border Control [and] have a case file like this for the same client[.]" and provided instructions stating, "NOTHING WILL BE SHIPPED TO CLIENTS IN THE MIDDLE EAST FROM THE USA OFFICE. WE HAVE TO SEND TO BG [Bulgaria] THEN TO CLIENT." (Emphasis in original). "SYRIA" was specifically listed as one country for which Respondents would use Bulgaria as a transshipment point. (Same).

In so doing, Ali Caby, a/k/a Alex Caby, Arash Caby, a/k/a "Axel" Caby, Marjan Caby, AW-Tronics, LLC, and Arrowtronic, LLC violated Section 764.2(d) of the Regulations, for which they are jointly and severally liable.

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

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

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

WHEREAS, the Parties enter into this Agreement having taken into consideration a plea agreement entered into by Ali Caby with the U.S. Attorney's Office for the Southern District of Florida and Ali Caby's related conviction in the U.S. District Court for the Southern District of Florida; and

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

NOW, THEREFORE, the Parties³ hereby agree, for purposes of this Settlement Agreement, as follows:

1. BIS has jurisdiction over Ali Caby, under the Regulations, in connection with the matters alleged in the Charging Letter.
2. Ali Caby admits to the allegations contained and violation alleged in the Charging Letter.
3. The following sanctions shall be imposed against Ali Caby:
 - a. For a period of six (6) years from the date of the Order, Ali Caby, a/k/a "Alex" Caby, with last known addresses of Blvd. James Boucher 91, Apt 13, Floor 4, Lozenets, Sofia, Bulgaria 1407, and when acting for or on his behalf, his successors, assigns, representatives, agents, or employees (hereinafter collectively referred to as "Denied Person"), may not, directly or indirectly, participate in any

³ Ali Caby and BIS are the only parties to this Settlement Agreement. This Agreement, if approved, will not resolve the charge in Case Number 18-BIS-0002 as to any other respondent.

way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported to 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 from any other activity subject to the Regulations.
- b. Any licenses issued under the Regulations in which Ali Caby has an interest as of the date of the Order shall be revoked by BIS.
- c. The six-year denial period set forth in Paragraph 3.a shall be active for a period of four years from the date of the Order. As authorized by Section 766.18(c) of the Regulations, BIS agrees that the remaining two years of the denial period shall be suspended during a probationary period of two years under the Order, and shall thereafter be waived, provided that Ali Caby has committed no other violation of the Export Control Reform Act of 2018 ("ECRA"),⁴ the Regulations, or any order, license or authorization issued under ECRA or the Regulations. If Ali Caby commits another

⁴ See note 1, *supra*

violation of ECRA or the Regulations or any order, license or authorization issued under ECRA or the Regulations during the six-year denial period under the Order, the two-year suspended portion of the Order may be modified or revoked by BIS. If the suspension is modified or revoked, BIS may extend the active denial period until up to six years from the date of the Order when the activation occurs during the first four years from the date of the Order. BIS may extend the active denial period until up to two years from the date of the activation when the activation occurs more than four years from the date of the Order.

4. Ali Caby 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.

5. Subject to the approval of this Agreement pursuant to Paragraph 9 hereof, Ali Caby hereby waives all rights to further procedural steps in this matter (except the procedural steps set forth in Sections 766.17(c) and 766.18(c) of the Regulations with respect to the possible activation of a suspended sanction due to an alleged violation or violations of this Agreement or the Order), 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, if issued; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if issued.

6. BIS agrees that upon Ali Caby's compliance in full with the terms of this Agreement and the Order and his compliance in full with his plea agreement and the sentence imposed against him upon his conviction, BIS will not initiate any further

administrative proceeding against Ali Caby in connection with any violation of the Regulations arising out of the transactions specifically detailed in the Charging Letter.

7. 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.

8. 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.

9. 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.

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

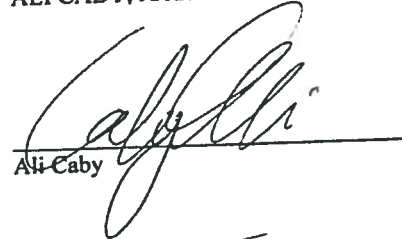
11. Each signatory affirms that he/she has authority to enter into this Settlement Agreement and to bind his/her respective party to the terms and conditions set forth herein.

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


Deborah A. Curtis
Chief Counsel for Industry and Security

Date: October 29, 2019

ALI CABY, A/K/A "ALEX" CABY


Ali Caby

Date: October 15, 2019

Reviewed and approved by:


Kyl, J. Kirby, Esq.
Counsel for Ali Caby

Date: October 2, 2019



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

CHARGING LETTER
CERTIFIED MAIL- RETURN RECEIPT REQUESTED

SEP 19 2018

Mr. Ali Caby, 15754-104
a/k/a "Alex" Caby
FCI Allenwood Medium
Federal Correctional Institution
P.O. Box 2000
White Deer, PA 17887

Mr. Arash Caby, 15755-104
a/k/a "Axel" Caby
FCI Coleman Medium
Federal Correctional Institution
P.O. Box 1032
Coleman, FL 33521

Ms. Marjan Caby
968 NW 2nd Street
Miami, FL 33128

AW-Tronics LLC
100 North Biscayne Blvd
Ste #1315
Miami, FL 33132

Attn: Mr. Arash Caby, Manager

Arrowtronic, LLC
100 North Biscayne Blvd
Ste #1315
Miami, FL 33132

Attn: Ms. Catherine Keramati-Kafi, Manager

c/o Ms. Catherine Caby
7405 SW 79CT
Miami, FL 33143

Dear Mr. Ali Caby, Mr. Arash Caby, and Ms. Marjan Caby:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that you, Ali Caby, a/k/a Alex Caby, of White Deer, Pennsylvania, Arash Caby, a/k/a



Axel Caby, of Coleman, Florida, and Marjan Caby of Tallahassee, Florida, and two companies you managed or controlled and acted through, AW-Tronics, LLC (“AW-Tronics”) and Arrowtronic, LLC (“Arrowtronic”), have violated the Export Administration Regulations (the “EAR” or “Regulations”).¹ Specifically, BIS alleges that you, AW-Tronics, and Arrowtronic (collectively, “Respondents”) committed the following violation:

Charge 1 15 C.F.R. § 764.2(d) – Conspiracy

Beginning as early as in or about September 2013, and continuing through in or about March 2014, Respondents conspired and acted in concert with others, known and unknown, to bring about one or more acts that constitute a violation of the Regulations. The purpose and object of the conspiracy was to unlawfully export goods from the United States through transshipment points to Syria, including to Syrian Arab Airlines (“Syrian Air”), the flag carrier airline of Syria and a Specially Designated Global Terrorist (“SDGT”), and in doing so evade the prohibitions and licensing requirements of the Regulations and avoid detection by U.S. law enforcement.

Pursuant to Section 746.9 of the Regulations, a license is required for the export or reexport to Syria of all items subject to the Regulations, except food and medicine classified as EAR99. Furthermore, pursuant to Section 744.12 of the Regulations, a license is required to export or reexport items subject to the Regulations to SDGTs. Syrian Air was designated as an SDGT on May 16, 2013 (see 78 FR 32304, May 29, 2013), under authority granted to the Department of the Treasury by Executive Order 13,224, and was at all times pertinent hereto (and remains) listed as an SDGT.

At all pertinent times, AW-Tronics and Arrowtronic were active limited liability companies incorporated in the State of Florida. Documentary evidence and email correspondence shows that AW-Tronics personnel represented to various transaction parties that AW-Tronics and Arrowtronic (collectively, “AW-Tronics/Arrowtronic”) were the same company. Arash Caby was listed on Florida corporate records as a Managing Member of AW-Tronics at the time of the violations. From January 2014 until its most recent annual report in January 2017, Ali Caby was listed on Florida corporate records as the registered agent of AW-Tronics. AW-Tronics/

¹ The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“the EAA”), which lapsed on August 21, 2001. 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, 2018 (83 Fed. Reg. 39,871 (Aug. 13, 2018)), continued the Regulations in under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) (“IEEPA”), including during the time period of violation at issue, which occurred in 2013-2014. On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, Pub. L. 115-232, which includes the Export Control Reform Act of 2018 in Title XVII, Subtitle B (“ECRA”). Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of the date of ECRA’s enactment (August 13, 2018), shall continue in effect according to their terms until modified, superseded, set aside, or revoked through action undertaken pursuant to authority provided under ECRA. The Regulations as currently codified, 15 C.F.R. Parts 730-774 (2018), govern the procedural aspects of this case. The 2013-2014 versions of the Regulations can be found at 15 C.F.R. Parts 730-774 (2013-2014).

Arrowtronic has maintained offices in Miami, Florida and Sofia, Bulgaria, as well as other locations.

As part of the conspiracy, the co-conspirators used electronic mail (email) and other forms of communication to communicate with each other between the United States, Bulgaria, United Arab Emirates (UAE), and Syria. Under their scheme, co-conspirators would purchase from U.S. suppliers or vendors items subject to the Regulations for export to Syrian Air in Syria, including aircraft parts and equipment, and would provide materially false or misleading documents and information to conceal the illegal exports. In furtherance of the conspiracy, they also would arrange for payment for the illegal exports to be made using third-party companies to transfer payments between the co-conspirators. Overall, between in or about September 2013 and in or about March 2014, Respondents engaged in multiple transactions with Syrian Air involving the export of aircraft parts and equipment subject to the Regulations from the Miami office of AW-Tronics/Arrowtronic to Syrian Air's transshipment point in Dubai, United Arab Emirates. These items were actually intended for, and some or all were ultimately delivered to, Syrian Air in Syria.

During the conspiracy, Ali Caby managed the Bulgaria office of AW-Tronics/Arrowtronic, while Arash Caby managed its Miami office, and Marjan Caby was its internal auditor. In furtherance of the conspiracy, each of these respondents exchanged numerous emails with other AW-Tronics/Arrowtronic employees authorizing or otherwise discussing the above-described exports to Syrian Air. These email communications included, for example, instructions that were designed to prevent U.S. law enforcement from detecting the unlawful exports to Syria and to allow them to continue by changing the routing of exports from AW-Tronics/Arrowtronic's Miami, Florida office. In March 2014, United States Customs and Border Protection seized a shipment of micro switches that, according to Electronic Export Information (EEI) filed in the Automated Export System, was destined for Syrian Air in the UAE, when, in fact, the ultimate destination was Syria. On March 5, 2014, Marjan Caby sent an email to AW-Tronics/Arrowtronic logistics employees, copying Alex Caby, that explained, "We will . . . have packages stopped by the US Customs and Border Control [and] have a case file like this for the same client[.]" and provided instructions stating, "NOTHING WILL BE SHIPPED TO CLIENTS IN THE MIDDLE EAST FROM THE USA OFFICE. WE HAVE TO SEND TO BG [Bulgaria] THEN TO CLIENT." (Emphasis in original). "SYRIA" was specifically listed as one country for which Respondents would use Bulgaria as a transshipment point. (Same).

In so doing, Ali Caby, a/k/a Alex Caby, Arash Caby, a/k/a "Axel" Caby, Marjan Caby, AW-Tronics, LLC, and Arrowtronic, LLC violated Section 764.2(d) of the Regulations, for which they are jointly and severally liable.

* * * * *

Accordingly, the Respondents are hereby notified that an administrative proceeding is instituted against them pursuant to Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including, but not limited to any or all of the following:

- The maximum civil penalty allowed by law of up to the greater of \$295,141 per violation,² or twice the value of the transaction that is the basis of the violation;³
- Denial of export privileges;
- Exclusion from practice before BIS; and/or
- Any other liability, sanction, or penalty available under law.

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

The Respondents 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. The Respondents 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 the Respondents have a proposal to settle this case, they should transmit it to the attorney representing BIS named below.

The Respondents are further notified that under the Small Business Regulatory Enforcement Flexibility Act, Respondents 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, The Respondents' 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

² See 15 C.F.R. §§ 6.3(b)(4), 6.4. 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 83 Fed. Reg. 706, 707 (adjusting for inflation the maximum civil monetary penalty under IEEPA from \$289,238 to \$295,141, effective January 15, 2018). See also note 1, *supra*.

³ See International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007). See note 1, *supra*.

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

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

Charles Wall is the attorney representing BIS in this case; any communications that the Respondents may wish to have concerning this matter should occur through him. Mr. Wall may be contacted by telephone at (202) 482-1232.

Sincerely,

A handwritten signature in black ink, appearing to be 'DRH', followed by a long horizontal line extending to the right.

Douglas R. Hassebrock
Director
Office of Export Enforcement