

authorization in violation of the Export Administration Act and the Export Administration Regulations. (Gov't Ex. 1–5; Tr. 110–125; Gov't PFF 6).

14. Mr. Mahdi's older brother, Mahdik Mahdi owned and operated Zawana Trading & Marketing Establishment ("Zawana Trading") in Amman, Jordan. The company imports items into Jordan and exports the items to Iraq. (Tr. 143; Gov't Ex. 1, at 6; Gov't Ex. 2, at 1; Gov't Ex. 7, at 1; Gov't PFF 4).

15. On February 28, 2003, Special Agent Gilfix of OEE performed a search for the name "Mahdi" on the Internet. The search revealed that on April 9, 2002, Respondent's brother Mahdik Mahdi in Amman, Jordan posted an advertisement soliciting bids for 140 tons of Alumina Based Catalyst to be delivered to Tartuse, Syria. (Tr. 260–62; Gov't Ex. 29).

*B. Conspiracy To Export Oil Field Equipment From the United States to Iran via Canada*

16. In late 1996 or early 1997, Mr. Abdulmir Mahdi telephoned Brevard International Technical Services ("BITS") in Mombourne, Florida. BITS was owned and operated by Dr. John Strome, a Canadian citizen, who resided in Florida and who was the co-conspirator. Mr. Mahdi advised Dr. Strome that he was an oil field and industrial equipment broker with clients in the Middle East and that he was seeking a U.S. company to serve as an exclusive supplier. (Tr. 136–38; Gov't Ex. 1, at 6; Gov't Ex. 2, at 18; Gov't Ex. 6, at 1; Gov't PFF 5, 9).

17. When Mahdi first initiated contact with BITS in late 1996 or early 1997, he was working on behalf of Tech-Link. Tech-Link was an oil field equipment broker but the company terminated operations in September 1997. After Tech-Link closed, Mr. Mahdi continued to transact business with BITS on behalf of OTS. (Gov't Ex. 3 at 21; Gov't Ex. 6, at 1; Gov't PFF 9–10).

18. In October 1997, Dr. Strome and Mr. Mahdi met in Toronto, Canada to discuss the prospects of BITS serving as OTS's exclusive supplier of U.S. origin commodities to the Middle East. Under the business proposal, BITS would export to OTS products under the BITS brand name, OTS would sell the commodities to offshore end users, and the end users would obtain replacement parts from BITS through OTS. (Tr. 138, 243–44; Gov't Ex. 6, at 1–2; Gov't PFF 10).

19. A draft "Confidentiality and Non-Disclosure Exclusive Agreement" ("Agreement") dated November 1, 1997 between BITS and OTS was prepared. In the Agreement, BITS appointed OTS as

its sole agent of its products in the Middle East, including Iran, Iraq, and Libya once the restrictions were lifted. However, the Agreement was never executed or otherwise signed by Mr. Mahdi or Dr. Strome of BITS. (Tr. 251–53; Gov't Ex. 28; Gov't PFF 11).

20. Mr. Mahdi sent a follow-up letter dated November 5, 1997 to Dr. Strome of BITS. The follow-up letter was on OTS stationary. The letter memorialized their agreement and listed nineteen countries that OTS was going to try to sell BITS products. The countries were mostly in the Middle East. Iran and Iraq were both included in the list of countries. (Tr. 241–242; Gov't Ex. 27; Gov't PFF 12).

21. Neither BITS nor Dr. Strome applied for or received authorization from OFAC to export from the United States to Iran or Iraq. (Tr. 215–17; Gov't Ex. 20; Gov't PFF 39).

22. Although OTS and BITS never finalized their agreement in writing, their business relationship proceeded on the basis of a handshake and the list of countries provided by Mahdi in the November 5, 1997 letter. (Tr. 253; Gov't PFF 13).

23. In late November or early December of 1997, OEE initiated an investigation of BITS involving illegal export activities relating to Libya. (Tr. 101–04). Special Agent Gilfix of OEE obtained a federal search warrant and seized 25 to 35 boxes of business records belonging to BITS. (Tr. 105–06; Gov't Ex. 6, at 2). The BITS investigation led OEE to later investigate Respondents OTS and Mahdi for export violations. (Tr. 103–04).

24. Dr. Strome contacted Mr. Mahdi and advised him that OEE had visited BITS and taken some business records. Mr. Mahdi did not appear to be concerned and continued to do business with BITS. (Tr. 106–07; Gov't Ex. 6, at 2).

25. In September 1998, Dr. Strome visited Mahdi and his older brother Mahdik Mahdi in Canada. Mr. Mahdik Mahdi advised Dr. Strome that the Mahdi family was very affluent and owned homes near Saddam Hussein's palace in Baghdad. Mr. Mahdik Mahdi further stated that the family conducted business with Iraq's elite, including ministerial and higher level staff. According to Mr. Mahdik Mahdi, the business relationship between OTS and BITS would prove to be prosperous once the embargo on Iraq was lifted. In the presence of Mr. Strome, Mr. Mahdik and Respondent Mahdi reviewed files and drawings for projects in Iraq. The Mahdis also called Iraq to discuss projects. (Tr. 253; Gov't Ex. 6, at 2; Gov't PFF 14).

26. From March 1997 through March 1999, Mr. Mahdi doing business as OTS submitted 117 Request for Quotations ("RFQ") to BITS. Of the 117 RFQs, a total of 42 requests were made on behalf of customers in Iran. Thirty-six requests were made on behalf of Zawana Trading, which OEE believes were transshipped by Mr. Mahdi's brother to Iraq. Mr. Mahdi requested quotations from numerous U.S. corporations and bought equipment from the lowest bidder. Since Dr. Strome was not always the lowest bidder, not all RFQs resulted in shipments from BITS through OTS to Iran. (Tr. 224–26, 244–47; Gov't Ex. 21, 21A, 25; Gov't PFF 40–41).

27. The RFQs submitted by OTS to BITS on behalf of customers in Iran included: a request for a quotation for parts for a Shaffer Agitator Shaft and Turbine submitted on December 8, 1997 under reference number 223–127–RSA by Mr. DiMarco of OTS on behalf of Razi Petrochemical; a request for quotation for parts for a Coppus Steam Turbine submitted on July 14, 1998 by Mr. DiMarco of OTS under reference number 463–078–ACT on behalf of Arak Petrochemical; and a request for quotation for a Coppus Steam Turbine submitted by Mr. DiMarco of OTS under reference number 529–088–ACO on behalf of Arak Petrochemical. (Tr. 228–32; Gov't Ex. 22–25; Gov't PFF 42).

*C. The Export of Oil Field Equipment From the United States to Iran via Canada*

28. The business relationship between OTS and BITS involved Mr. Mahdi placing RFQs with BITS on behalf of Middle Eastern customers. Mr. Mahdi assigned an alphanumeric reference consisting of ten digits to each RFQ. The first letter in the reference identified the end-user/prospective purchaser. (Tr. 141; Gov't Ex. 7; Gov't PFF 10, 17).

29. OTS's code for end-user/prospective purchaser was as follows: T = Kala Naft, Tehran, Iran (a subsidiary of National Iranian Oil Co.); K = Kala Naft, Canada; R = Razi Petrochemical, Iran (an affiliate of National Petrochemical Co.); A = Arak Petrochemical, Iran (an affiliate of National Petrochemical Co.); N = National Iranian Gas Company Iran; S = Saudi Arabia; M = Saudi Arabian medical end-users; and Z = Zawana Trading. (Tr. 142–43, 150, 234; Gov't Ex. 7, 9, 25; Gov't PFF 17, 43).

30. The last two letters represented the manufacturer or commodity. For example, GE represented General Electric and WP would represent water pumps. (Gov't Ex. 7).