

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

In the Matter of:

Worthington Products, Inc.
with a last known address of:
3405 Kuemerle Avenue
Canton, Ohio 44705

and

Paul Meeks
with last known addresses of:
3405 Kuemerle Avenue
Canton, Ohio 44705

and

5909 Hyde Park Blvd
Massillon, Ohio 44646

Respondents

ORDER RELATING TO
WORTHINGTON PRODUCTS, INC. AND PAUL MEEKS

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Worthington Products, Inc. (“WPI”) and Paul Meeks (“Meeks”), of Ohio, of its intention to initiate an administrative proceeding against WPI and Meeks 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

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2016). The charged violations occurred in 2009 through 2011. The Regulations governing the violations at issue are found in the 2009 through 2011 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2009-2011)). The 2016 Regulations set forth the procedures that apply to this matter.

² 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (available at <http://uscode.house.gov>). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential

issuance of a Proposed Charging Letter to WPI and Meeks that alleges that WPI and Meeks violated the Regulations. Specifically, the charge is:

Charge 1 15 C.F.R. § 764.2(d) – Conspiracy to Export Items from the United States to the Government of Iran without the Required License

Beginning no later than in or around May 2009, and continuing through in or around November 2011, WPI and its president, Meeks, conspired and acted in concert with others, known and unknown, to bring about or do an act that constitutes a violation of the Regulations. The purpose of the conspiracy was to export a waterway barrier debris system, an item subject to the Regulations, designated as EAR99,³ and valued at \$420,256, from the United States to Iran, and specifically to Mahab Ghodss, an Iranian Government entity, via the United Arab Emirates (“UAE”), without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, no person may engage in the exportation of an item subject to both the Regulations and the Iranian Transactions Regulations (“ITR”),⁴ without authorization from the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”). Pursuant to Section 560.204 of the ITR, an export to a third country intended for transshipment to Iran is a transaction subject to the ITR.

The scheme had its origins in a sales inquiry about a WPI waterway barrier debris system in or around December 2005, from Mahab Ghodss, an Iranian Government entity located in Tehran, Iran, which provided, *inter alia*, consulting engineering services. Following extended negotiations with Mahab Ghodss, WPI/Meeks decided by no later than May 2009, to proceed with the transaction despite being aware of the long-standing and well-known U.S. embargo against Iran, and to seek a foreign company to use as an intermediary in order to evade the embargo. To that end, on or about May 12, 2009, Meeks sent an email to Narender Sharma, the president and owner of Hydrel Engineering Products (“Hydel”) in India, telling Hydrel/Sharma that:

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

Notices, the most recent being that of August 7, 2015 (80 Fed. Reg. 48,233 (Aug. 11, 2015)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.* (2006 & Supp. IV 2010)).

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) (2009-2011).

⁴ 31 CFR Part 560 (2009-2011). 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.

quotation and accept an order from Iran? We would build 10% to 15% into the price for your "handling" of the transaction.

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

We are looking forward to meeting you in Brazil. I will have drawings with me to discuss the Alborz [Iran] Dam Project 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.

That same day, Meeks wrote to Sharma stating:

[WPI] 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.

As WPI/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 company name and 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, Hydel/Sharma told WPI/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."

The scheme to evade the U.S. embargo against Iran continued, even after Mahab Ghodss was added to the list of Specially Designated Nationals in August 2010, upon an OFAC determination that Mahab Ghodss is part of the Government of Iran, based on the Iranian Government's ownership or control of Mahab Ghodss. *See* 75 Fed. Reg. 48562 (Aug. 11, 2010). In fact, in furtherance of the conspiracy, 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. At or about that same time, Hydel/Sharma provided WPI/Meeks with at least one other project inquiry from an Iranian Government entity in hopes they could work together on additional Iranian deals.

Both before and after this trip to Iran, during at least 2010-2011, WPI/Meeks responded to inquiries from Iranian entities in Iran by forwarding them to Hydel/Sharma and telling the Iranians that Hydel/Sharma was WPI's agent for Iran and the surrounding region. Moreover, on or about January 1, 2011, WPI/Meeks provided Hydel/Sharma a letter on WPI letterhead 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).

WPI/Meeks and Hydel/Sharma conspired on ways to get the debris system to Mahab Ghodss, including by plotting different routes to Iran to hide the item's true destination in ways that would also enable them to avoid high shipping fees and duties. On or about May 20, 2011, Hydel/Sharma sent WPI/ Meeks an update about the project via email. In the email, entitled "Iran Project," Hydel/Sharma informed WPI/Meeks that Sharma had found an alternate route to Iran via the UAE. In his response, 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.

On or about September 26, 2011, Hydel/Sharma sent WPI/Meeks \$217,706, representing approximately 50% of the price of the item as an advance payment from Mahab Ghodss. WPI then issued a Shipper's Letter of Instruction to a freight forwarder on November 10, 2011, directing the export of the item. The Shipper's Letter of Instruction, consistent with the scheme, falsely stated that the item was being exported to an ultimate consignee in the UAE. On the basis of that false Shipper's Letter of Instruction, a Shipper's Export Declaration ("SED") was prepared and filed with U. S. Government on or about November 23, 2011, falsely listing the UAE as the ultimate destination of the item and falsely declaring that the export could be shipped "No License Required." The attempted export was thwarted when, at BIS's direction, U.S. Customs and Border Protection detained the shipment before it could be exported from the United States.

No OFAC authorization was sought or obtained for the transaction described herein.

In so doing, WPI and Meeks each committed one violation of Section 764.2(d) of the Regulations, for which they are jointly and severally liable.

WHEREAS, BIS, WPI, and Meeks have entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations, whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein; and

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

FIRST, WPI and Meeks shall jointly and severally be assessed a civil penalty in the amount of \$250,000, payment of which shall be made to the U.S. Department of Commerce within 30 days of the date of this Order.

SECOND, WPI and Meeks shall complete export controls compliance training on the Regulations annually for five years from the date of this Order. Before WPI and Meeks attend a compliance training course or program, WPI and Meeks shall notify the Office of Export Enforcement, Special Agent in Charge of the Washington Field Office, of the course or program they have selected to attend. No later than one month after attending the compliance training course or program, WPI and Meeks shall submit a certification of attendance from the training provider to the Washington Field Office.

THIRD, for a period of five (5) years from the date of this Order, Worthington Products, Inc., with a last known address of 3405 Kuemerle Avenue, Canton, Ohio 44705, and Paul Meeks, with last known addresses of 3405 Kuemerle Avenue, Canton, Ohio 44705 and 5909 Hyde Park Blvd, Massillon, Ohio 44646, and when acting for or on their behalf, their successors, assigns, directors, officers, employees, representatives, and agents (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 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.

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

- A. Export or reexport to or on behalf of a Denied Persons 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 Persons 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.

FIFTH, 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.

SIXTH, 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 WPI and Meeks have made full and timely payment as set forth above, have fully and timely completed and submitted verification of attendance at export controls compliance training as set forth above, and have committed no other violation of the Act or the Regulations or any order, license or authorization issued thereunder. If WPI and Meeks do not make full and timely payment as set forth above, do not fully and timely complete and submit verification of attendance at export controls compliance training as set forth above, 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 WPI and Meeks.

SEVENTH, WPI and Meeks shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegations in the Proposed Charging Letter or this Order. The foregoing does not affect WPI's and Meeks'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.

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

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



David W. Mills
Assistant Secretary of Commerce
for Export Enforcement

Issued this 17th day of June, 2016.

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

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with a last known address of:
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and

Paul Meeks
with last known addresses of:
3405 Kuemerle Avenue
Canton, Ohio 44705

and

5909 Hyde Park Blvd
Massillon, Ohio 44646

Respondents

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Worthington Products, Inc. (“WPI”) and Paul Meeks (“Meeks”) of Ohio, and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively, the “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (the Regulations”),¹ issued pursuant

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2016). The charged violations occurred in 2009 through 2011. The Regulations governing the violations at issue are found in the 2009 through 2011 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2009-2011)). The 2016 Regulations set forth the procedures that apply to this matter.

to the Export Administration Act of 1979, as amended (“the Act”).²

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

WHEREAS, BIS has issued a Proposed Charging Letter to WPI and Meeks that alleges that WPI and Meeks violated the Regulations. Specifically, the charge is:

Charge 1 15 C.F.R. § 764.2(d) – Conspiracy to Export Items from the United States to the Government of Iran without the Required License

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The scheme had its origins in a sales inquiry about a WPI waterway barrier debris system in or around December 2005, from Mahab Ghodss, an Iranian Government entity located in Tehran, Iran, which provided, *inter alia*, consulting engineering services. Following extended negotiations with Mahab Ghodss, WPI/Meeks decided by no later than May 2009, to proceed with the transaction despite being aware of the long-standing and well-known U.S. embargo

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against Iran, and to seek a foreign company to use as an intermediary in order to evade the embargo. To that end, on or about May 12, 2009, Meeks sent an email to Narender Sharma, the president and owner of Hydrel Engineering Products ("Hydel") in India, telling Hydrel/Sharma that:

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The scheme to evade the U.S. embargo against Iran continued, even after Mahab Ghodss was added to the list of Specially Designated Nationals in August 2010, upon an OFAC determination that Mahab Ghodss is part of the Government of Iran, based on the Iranian Government's ownership or control of Mahab Ghodss. *See* 75 Fed. Reg. 48562 (Aug. 11, 2010). In fact, in furtherance of the conspiracy, 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. At or about that same time, Hydrel/Sharma provided WPI/Meeks with at least one other project inquiry from an Iranian Government entity in hopes they could work together on additional Iranian deals.

Both before and after this trip to Iran, during at least 2010-2011, WPI/Meeks responded to inquiries from Iranian entities in Iran by forwarding them to Hydell/Sharma and telling the Iranians that Hydell/Sharma was WPI's agent for Iran and the surrounding region. Moreover, on or about January 1, 2011, WPI/Meeks provided Hydell/Sharma a letter on WPI letterhead 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).

WPI/Meeks and Hydell/Sharma conspired on ways to get the debris system to Mahab Ghodss, including by plotting different routes to Iran to hide the item's true destination in ways that would also enable them to avoid high shipping fees and duties. On or about May 20, 2011, Hydell/Sharma sent WPI/Meeks an update about the project via email. In the email, entitled "Iran Project," Hydell/Sharma informed WPI/Meeks that Sharma had found an alternate route to Iran via the UAE. In his response, Meeks noted, among other things, that payment for the project must be in U.S. Dollars and that Hydell/Sharma would be responsible for delivering the items from the UAE to Iran.

On or about September 26, 2011, Hydell/Sharma sent WPI/Meeks \$217,706, representing approximately 50% of the price of the item as an advance payment from Mahab Ghodss. WPI then issued a Shipper's Letter of Instruction to a freight forwarder on November 10, 2011, directing the export of the item. The Shipper's Letter of Instruction, consistent with the scheme, falsely stated that the item was being exported to an ultimate consignee in the UAE. On the basis of that false Shipper's Letter of Instruction, a Shipper's Export Declaration ("SED") was prepared and filed with U. S. Government on or about November 23, 2011, falsely listing the UAE as the ultimate destination of the item and falsely declaring that the export could be shipped "No License Required." The attempted export was thwarted when, at BIS's direction, U.S. Customs and Border Protection detained the shipment before it could be exported from the United States.

No OFAC authorization was sought or obtained for the transaction described herein.

In so doing, WPI and Meeks each committed one violation of Section 764.2(d) of the Regulations, for which they are jointly and severally liable.

WHEREAS, WPI and Meeks have reviewed the Proposed Charging Letter and are aware of the allegations made against them and the administrative sanctions that could be imposed against them if the allegations are found to be true;

WHEREAS, WPI and Meeks 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, WPI and Meeks enter into this Agreement voluntarily and with full knowledge of their rights, after having consulted with counsel;

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

WHEREAS, WPI and Meeks neither admit nor deny the allegations contained in the Proposed Charging Letter; and

WHEREAS, WPI and Meeks agree to be bound by the Order, if issued;

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

1. BIS has jurisdiction over WPI and Meeks, under the Regulations, in connection with the matter alleged in the Proposed Charging Letter.

2. The following sanctions shall be imposed against WPI and Meeks in complete settlement of the alleged violation of the Regulations relating to the transaction specifically detailed in the Proposed Charging Letter:

a. WPI and Meeks shall jointly and severally be assessed a civil penalty in the amount of \$250,000, payment of which shall be made to the U.S. Department of Commerce within 30 days of the date of the Order. Payment shall be made in the manner specified in the attached instructions.

b. WPI and Meeks shall complete export controls compliance training on the Regulations annually for five years from the date of the Order. Before WPI and Meeks

attend a compliance training course or program, WPI and Meeks shall notify the Office of Export Enforcement, Special Agent in Charge of the Washington Field Office, of the course or program they have selected to attend. No later than one month after attending the compliance training course or program, WPI and Meeks shall submit a certification of attendance from the training provider to the Washington Field Office.

c. For a period of five (5) years from the date of the Order, Worthington Products, Inc., with a last known address of 3405 Kuemerle Avenue, Canton, Ohio 44705, and Paul Meeks, with last known addresses of 3405 Kuemerle Avenue, Canton, Ohio 44705 and 5909 Hyde Park Blvd, Massillon, Ohio 44646, and when acting for or on their behalf, their successors, assigns, directors, officers, employees, representatives, and agents (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 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.

e. 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 WPI and Meeks have made full and timely payment in accordance with Paragraph 2.a above, have fully and timely completed and submitted verification of attendance at export controls compliance training in accordance with Paragraph 2.b above, and have committed no other violation of the Act or the Regulations or any order, license or authorization issued thereunder. If WPI and Meeks do not make full and timely payment in accordance with Paragraph 2.a, do not fully and timely complete and submit verification of attendance at export controls compliance training in accordance with Paragraph 2.b, 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 WPI and Meeks.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, WPI and Meeks 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, if issued; and (c) seek judicial review or otherwise contest the validity of this Agreement or the

Order, if issued. WPI and Meeks 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 the transaction identified in the Proposed Charging Letter or in connection with collection of the civil penalty or enforcement of this Agreement and the Order, if issued, from the date of the Order until the later of the date WPI and Meeks pay in full the civil penalty agreed to in Paragraph 2.a of this Agreement or have completed and submitted verification of attendance at all of the export controls compliance training agreed to in Paragraph 2.b.

4. WPI and Meeks shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegation in the Proposed Charging Letter or the Order. The foregoing does not affect WPI's and Meeks'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 and full and timely completion and submission of verification of attendance at export controls compliance training as set forth in Paragraph 2.b, BIS will not initiate any further administrative proceeding against WPI and Meeks in connection with any violation of the Act or the Regulations arising out of the transaction specifically detailed in the Proposed Charging Letter.

6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement

in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if issued; nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement ("Assistant Secretary") 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 Assistant Secretary approves this Agreement and issues the Order, BIS will make the Proposed Charging Letter, this Agreement, and the Order available to the public.

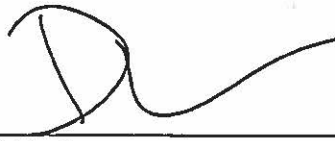
10. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

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



Douglas R. Hassebrock
Director of Export Enforcement

WORTHINGTON PRODUCTS, INC.
PAUL MEEKS

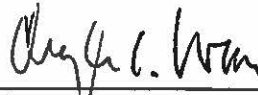


Paul Meeks
President
Worthington Products, Inc.

Date: June 13, 2016

Date: ~~May XXXXX, 2016~~ June 02, 2016

Reviewed and approved by:



William M. Sullivan, Jr., Esq.
Christopher R. Wall, Esq.
Pillsbury Winthrop Shaw Pittman, LLP
Counsel for Worthington Products, Inc. and
Paul Meeks

Date: ^{June 3} ~~May~~ , 2016

PROPOSED CHARGING LETTER

REGISTERED MAIL - RETURN RECEIPT REQUESTED

Worthington Products, Inc.
3405 Kuemerle Avenue
Canton, Ohio 44705
Attn: *Paul Meeks*
President

and

Paul Meeks
3405 Kuemerle Avenue
Canton, Ohio 44705

and

5909 Hyde Park Blvd
Massillon, Ohio 44646

Dear Mr. Meeks:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Worthington Products, Inc. (“WPI”) and Paul Meeks (“Meeks”) of Ohio have 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 WPI and Meeks committed the following violation:

Charge 1 15 C.F.R. § 764.2(d) – Conspiracy to Export Items from the United States to the Government of Iran without the Required License

Beginning no later than in or around May 2009, and continuing through in or around November 2011, WPI and its president, Meeks, conspired and acted in concert with others, known and unknown, to bring about or do an act that constitutes a violation of the Regulations. The purpose

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2016). The charged violations occurred in 2009 through 2011. The Regulations governing the violations at issue are found in the 2009 through 2011 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2009-2011)). The 2016 Regulations set forth the procedures that apply to this matter.

² 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended most recently by the Notice of August 7, 2015 (80 Fed. Reg. 48,233 (Aug. 11, 2015)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701, *et seq.*) (2006 and Supp. IV 2010).

of the conspiracy was to export a waterway barrier debris system, an item subject to the Regulations, designated as EAR99,³ and valued at \$420,256, from the United States to Iran, and specifically to Mahab Ghodss, an Iranian Government entity, via the United Arab Emirates (“U.A.E.”), without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, no person may engage in the exportation of an item subject to both the Regulations and the Iranian Transactions Regulations (“ITR”),⁴ without authorization from the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”). Pursuant to Section 560.204 of the ITR, an export to a third country intended for transshipment to Iran is a transaction subject to the ITR.

The scheme had its origins in a sales inquiry about a WPI waterway barrier debris system in or around December 2005, from Mahab Ghodss, an Iranian Government entity located in Tehran, Iran, which provided, *inter alia*, consulting engineering services. Following extended negotiations with Mahab Ghodss, WPI/Meeks decided by no later than May 2009, to proceed with the transaction despite being aware of the long-standing and well-known U.S. embargo against Iran, and to seek a foreign company to use as an intermediary in order to evade the embargo. To that end, on or about May 12, 2009, Meeks sent an email to Narender Sharma, the president and owner of Hydrel Engineering Products (“Hydrel”) in India, telling Hydrel/Sharma that:

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.

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

We are looking forward to meeting you in Brazil. I will have drawings with me to discuss the Alborz [Iran] Dam Project 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. Hydrel Engineering will issue final pricing shortly after our discussion in Brazil.

That same day, Meeks wrote to Sharma stating:

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) (2009-2011).

⁴ 31 CFR 560 (2009-2011). 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.

[WPI] 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.

As WPI/Meeks and Hydell/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 company name and 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, Hydell/Sharma told WPI/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 Hydell."

The scheme to evade the U.S. embargo against Iran continued, even after Mahab Ghodss was added to the list of Specially Designated Nationals in August 2010, upon an OFAC determination that Mahab Ghodss is part of the Government of Iran, based on the Iranian Government's ownership or control of Mahab Ghodss. *See* 75 Fed. Reg. 48562 (Aug. 11, 2010). In fact, in furtherance of the conspiracy, 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. At or about that same time, Hydell/Sharma provided WPI/Meeks with at least one other project inquiry from an Iranian Government entity in hopes they could work together on additional Iranian deals.

Both before and after this trip to Iran, during at least 2010-2011, WPI/Meeks responded to inquiries from Iranian entities in Iran by forwarding them to Hydell/Sharma and telling the Iranians that Hydell/Sharma was WPI's agent for Iran and the surrounding region. Moreover, on or about January 1, 2011, WPI/Meeks provided Hydell/Sharma a letter on WPI letterhead 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).

WPI/Meeks and Hydell/Sharma conspired on ways to get the debris system to Mahab Ghodss, including by plotting different routes to Iran to hide the item's true destination in ways that would also enable them to avoid high shipping fees and duties. On or about May 20, 2011, Hydell/Sharma sent WPI/Meeks an update about the project via email. In the email, entitled "Iran Project," Hydell/Sharma informed WPI/Meeks that Sharma had found an alternate route to Iran via the United Arab Emirates (UAE). In his response, Meeks noted, among other things, that payment for the project must be in U.S. Dollars and that Hydell/Sharma would be responsible for delivering the items from the UAE to Iran.

On or about September 26, 2011, Hydell/Sharma sent WPI/Meeks \$217,706, representing approximately 50% of the price of the item as an advance payment from Mahab Ghodss. WPI then issued a Shipper's Letter of Instruction to a freight forwarder on November 10, 2011, directing the export of the item. The Shipper's Letter of Instruction, consistent with the scheme, falsely stated that the item was being exported to an ultimate consignee in the UAE. On the basis of that false Shipper's Letter of Instruction, a Shipper's Export Declaration ("SED") was prepared and filed with U. S. Government on or about November 23, 2011, falsely listing the UAE as the ultimate destination of the item and falsely declaring that the export could be shipped "No License Required." The attempted export was thwarted when, at BIS's direction, U.S. Customs and Border Protection detained the shipment before it could be exported from the United States.

No OFAC authorization was sought or obtained for the transaction described herein.

In so doing, WPI and Meeks each committed one violation of Section 764.2(d) of the Regulations, for which they are jointly and severally liable.

* * * * *

Accordingly, WPI and Meeks 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 \$250,000 per violation or twice the value of the transaction that is the basis of the violation;⁵
- Denial of export privileges;
- Exclusion from practice before BIS; and/or
- Any other liability, sanction, or penalty available under law.

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

⁵ International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

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WPI and Meeks are further notified that they are entitled to an agency hearing on the record if it files a written demand for one with its answer. *See* 15 C.F.R. § 766.6. WPI and Meeks 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 WPI or Meeks have a proposal to settle this case, WPI or Meeks or their representative should transmit it to the attorney representing BIS named below.

WPI and Meeks are further notified that under the Small Business Regulatory Enforcement Flexibility Act, WPI and Meeks 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, WPI's and Meeks' 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
Attention: Adrienne Frazier, Esq.
Room H-3839
United States Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Adrienne Frazier is the attorney representing BIS in this case; any communications that WPI or Meeks 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