

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

In the Matter of:

AAG Makina  
Mah. Idris Kosku Cad. Kutu Sok. No:1  
Eyup-Istanbul, Turkey

Respondent

ORDER RELATING TO  
AAG MAKINA

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

---

<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2014). The violation alleged occurred in 2011. The Regulations governing the violation at issue are found in the 2011 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2014 Regulations set forth the procedures that apply to this matter.

<sup>2</sup> 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 7, 2014 (79 Fed. Reg. 46,959 (Aug. 11, 2014)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.* (2006 & Supp. IV 2010)).

**Charge 1                    15 C.F.R. § 764.2(b): Causing, Aiding or Abetting an  
Unauthorized Export to Iran**

On or about October 5, 2011, AAG Makina caused, aided, or abetted a violation of the Regulations. Specifically, AAG Makina aided the export from the United States to Iran, via Turkey, of valve parts and a pressure transmitter, items subject to the Regulations<sup>3</sup> and valued at approximately \$47,334, without the required U.S. government authorization, by forwarding the items it received from a U.S. supplier to two Iranian entities. The items were ordered by and billed to Satco Corporation, a Canadian company, and shipped from the United States to AAG Makin. After the items arrived in Turkey, AAG Makina sent the items to two Iranian petrochemical companies.

Pursuant to Section 746.7 of the Regulations, no person may export or reexport an item subject to the EAR if such transaction is prohibited by the Iranian Transactions Regulations (“ITR”), and has not been authorized by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”). Under Section 560.204 of the ITR, the exportation, reexportation, sale or supply, directly or indirectly, from the United States of any goods to Iran was prohibited by the ITR at all times pertinent hereto, including the exportation, reexportation, sale or supply of items from the United States to a third country, such as Turkey, undertaken with knowledge or reason to know that the items were intended for supply, transshipment, or reexportation, directly or indirectly, to Iran. No OFAC authorization was sought or obtained for the export of the valve parts and pressure transmitter to Iran.

WHEREAS, BIS and AAG Makina 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, AAG Makina shall be assessed a civil penalty in the amount of \$23,000.

AAG Makina shall pay the U.S. Department of Commerce in four installments of:

\$5,750 not later than April 30, 2015; \$5,750 not later than June 30, 2015; \$5,750 not later than August 28, 2015; and \$5,750 not later than October 30, 2015. If any of the four

---

<sup>3</sup> The items are designated as EAR99, which is the designation for items subject to the Regulations but not included on the Commerce Control List. *See* 15 C.F.R. § 744.1 (2011).

installment payments is not fully and timely made, any remaining scheduled installment payments may become due and owing immediately.

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, AAG Makina 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 is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to AAG Makina. Accordingly, if AAG Makina should fail to pay the civil penalty in a full and timely manner, the undersigned may issue an order denying all of AAG Makina's export privileges under the Regulations for a period of one year from the date of failure to make such payment.

FOURTH, AAG Makina 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 AAG Makina's testimonial obligations in any proceeding, nor does it affect its right to take legal or factual positions in civil litigation or other civil proceedings in which the U.S. Department of Commerce is not a party.

FIFTH, that 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 20th day of March, 2015.

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

In the Matter of:

AAG Makina  
Mah. Idris Kosku Cad. Kutu Sok. No:1  
Eyup-Istanbul, Turkey

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between AAG Makina, of Istanbul, Turkey, and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively, the “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (the “Regulations”),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (the “Act”).<sup>2</sup>

WHEREAS, BIS has notified AAG Makina of its intention to initiate an administrative proceeding against AAG Makina, pursuant to the Act and the Regulations;

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

<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2014). The violation alleged occurred in 2011. The Regulations governing the violation at issue are found in the 2011 version of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2014 Regulations set forth the procedures that apply to this matter.

<sup>2</sup> 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 7, 2014 (79 Fed. Reg. 46,959 (Aug. 11, 2014)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.* (2006 & Supp. IV 2010)).

**Charge 1                    15 C.F.R. § 764.2(b): Causing, Aiding or Abetting an  
Unauthorized Export to Iran**

On or about October 5, 2011, AAG Makina caused, aided, or abetted a violation of the Regulations. Specifically, AAG Makina aided the export from the United States to Iran, via Turkey, of valve parts and a pressure transmitter, items subject to the Regulations<sup>3</sup> and valued at approximately \$47,334, without the required U.S. government authorization, by forwarding the items it received from a U.S. supplier to two Iranian entities. The items were ordered by and billed to Satco Corporation, a Canadian company, and shipped from the United States to AAG Makin. After the items arrived in Turkey, AAG Makina sent the items to two Iranian petrochemical companies.

Pursuant to Section 746.7 of the Regulations, no person may export or reexport an item subject to the EAR if such transaction is prohibited by the Iranian Transactions Regulations ("ITR"), and has not been authorized by the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"). Under Section 560.204 of the ITR, the exportation, reexportation, sale or supply, directly or indirectly, from the United States of any goods to Iran was prohibited by the ITR at all times pertinent hereto, including the exportation, reexportation, sale or supply of items from the United States to a third country, such as Turkey, undertaken with knowledge or reason to know that the items were intended for supply, transshipment, or reexportation, directly or indirectly, to Iran. No OFAC authorization was sought or obtained for the export of the valve parts and pressure transmitter to Iran.

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

WHEREAS, AAG Makina 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, AAG Makina enters into this Agreement voluntarily and with full knowledge of its rights;

---

<sup>3</sup> The items are designated as EAR99, which is the designation for items subject to the Regulations but not included on the Commerce Control List. See 15 C.F.R. § 744.1 (2011).

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

WHEREAS, AAG Makina neither admits nor denies the allegations contained in the Proposed Charging Letter;

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

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

1. BIS has jurisdiction over AAG Makina, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.
2. The following sanction shall be imposed against AAG Makina in complete settlement of the alleged violations of the Regulations relating to the transactions specifically detailed in the Proposed Charging Letter:
  - a. AAG Makina shall be assessed a civil penalty in the amount of \$23,000. AAG Makina shall pay the U.S. Department of Commerce in four installments of: \$5,750 not later than April 30, 2015; \$5,750 not later than June 30, 2015; \$5,750 not later than August 28, 2015; and \$5,750 not later than October 30, 2015. Payment shall be made in the manner specified in the attached instructions. If any of the four installment payments is not fully and timely made, any remaining scheduled installment payments may become due and owing immediately
  - b. The full and timely payment of the civil penalty agreed to in Paragraph 2.a is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or

privilege granted, or to be granted, to AAG Makina. Failure to make full and timely payment of the civil penalty as set forth above may result in the denial of all of AAG Makina's export privileges under the Regulations for one year from the date of the failure to make such payment.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, AAG Makina hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, if issued), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if issued; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if issued. AAG Makina also waives and will not assert any Statute of Limitations defense, and the Statute of Limitations will be tolled, in connection with any violation of the Act or the Regulations arising out of the transactions 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 AAG Makina pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement.

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



5. BIS agrees that upon full and timely payment of the civil penalty as set forth in Paragraph 2.a BIS will not initiate any further administrative proceeding against AAG Makina in connection with any violation of the Act or the Regulations arising out of the transactions specifically detailed in the Proposed Charging Letter.

6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

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

8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement approves it by issuing the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

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

10. Each signatory affirms that he 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

AAG MAKINA

  
AAG MAKINA  
BAŞLIĞI HAVA SİSTEMLERİ  
İNŞAAT SAN. VE TİC. LTD. STİ  
GAZİOSMANPAŞA Y. B. DÜZÜMÜ 1380

\_\_\_\_\_  
İlhan Cantürk  
General Manager  
AAG Makina

Date: March 16, 2015

Date: March 19, 2015

PROPOSED CHARGING LETTER

REGISTERED MAIL - RETURN RECEIPT REQUESTED

AAG Makina  
Mah. Idris Kosku Cad. Kutu Sok. No:1  
Eyup-Istanbul, Turkey

*Attention: Ilhan Canturk  
General Manager*

Dear Mr. Canturk,

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that AAG Makina of Istanbul, Turkey, has committed one violation of the Export Administration Regulations (the “Regulations”),<sup>1</sup> which are issued under the authority of the Export Administration Act of 1979, as amended (the “Act”).<sup>2</sup> Specifically, BIS alleges that AAG Makina committed the following violation:

**Charge 1      15 C.F.R. § 764.2(b) – Causing, Aiding, or Abetting an Unauthorized Export to Iran**

On or about October 5, 2011, AAG Makina caused, aided, or abetted a violation of the Regulations. Specifically, AAG Makina aided the export from the United States to Iran, via Turkey, of valve parts and a pressure transmitter, items subject to the Regulations<sup>3</sup> and valued at approximately \$47,334, without the required U.S. government authorization, by forwarding the items it received from a U.S. supplier to two Iranian entities. The items were ordered by and billed to Satco Corporation, a Canadian company, and shipped from the United States to AAG

---

<sup>1</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2014). The violation alleged occurred in 2011. The Regulations governing the violation at issue are found in the 2011 version of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2011). The 2014 Regulations govern the procedural aspects of this case.

<sup>2</sup> 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 7, 2014 (79 Fed. Reg. 46,959 (Aug. 11, 2014)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*) (2006 & Supp. IV 2010).

<sup>3</sup> The items are designated as EAR99, which is the designation for items subject to the Regulations but not included on the Commerce Control List. *See* 15 C.F.R. § 774.1 (2011).

Makina.<sup>4</sup> After the items arrived in Turkey, AAG Makina sent the items to two Iranian petrochemical companies.

Pursuant to Section 746.7 of the Regulations, no person may export or reexport an item subject to the EAR if such transaction is prohibited by the Iranian Transactions Regulations (“ITR”), and has not been authorized by the U.S. Department of the Treasury’s Office of Foreign Assets Control (“OFAC”). Under Section 560.204 of the ITR,<sup>5</sup> the exportation, reexportation, sale or supply, directly or indirectly, from the United States of any goods to Iran was prohibited by the ITR at all times pertinent hereto, including the exportation, reexportation, sale or supply of items from the United States to a third country, such as Turkey, undertaken with knowledge or reason to know that the items were intended for supply, transshipment, or reexportation, directly or indirectly, to Iran. No OFAC authorization was sought or obtained for the export of the valve parts and pressure transmitter to Iran.

In so doing, AAG Makina committed one violation of Section 764.2(b) of the Regulations.

\* \* \* \* \*

Accordingly, AAG Makina is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including, but not limited to any or all of the following:

- The maximum civil penalty allowed by law of up to the greater of \$250,000 per violation, or twice the value of the transaction that is the basis of the violation,<sup>6</sup>
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

If AAG Makina 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 AAG Makina defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to AAG Makina.

---

<sup>4</sup> On December 12, 2013, AAG Makina and Satco Corporation were added to the Entity List, set forth in Supplement No. 4 to Part 744 of the Regulations. *See* 78 Fed. Reg. 75,458 (Dec. 12, 2013).

<sup>5</sup> 31 C.F.R. Part 560 (2011). Administered by OFAC, the ITR were renamed the Iranian Transactions and Sanctions Regulations and reissued in their entirety by OFAC on October 22, 2012. *See* 77 Fed. Reg. 64,664 (Oct. 22, 2012). Section 560.204 remains unchanged in pertinent part. *See* 31 C.F.R. § 560.204 (2011 and 2014).

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

AAG Makina  
Proposed Charging Letter  
Page 3 of 3

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

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

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

AAG Makina is further notified that under the Small Business Regulatory Enforcement Flexibility Act, AAG Makina 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, AAG Makina's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

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

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

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

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

Sincerely,

Douglas R. Hassebrock  
Director  
Office of Export Enforcement