

SETTLEMENT AGREEMENT

This settlement agreement (the "Agreement") is made by and between the Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), the Office of Foreign Assets Control, U.S. Department of the Treasury ("OFAC"), and Aviation Services International, B.V., also known as Delta Logistics, B.V., (collectively referred to herein as "ASI") of Heerhugowaard, Netherlands. BIS, OFAC, and ASI are hereinafter collectively referred to as the "Parties."

WHEREAS, BIS, pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420) ("EAA"),¹ administers the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2009)) (EAR or the "Regulations");²

WHEREAS, BIS has notified ASI of its intention to initiate an administrative proceeding against ASI, pursuant to the EAA and the EAR, and has issued a Proposed Charging Letter, attached hereto as Exhibit A, alleging one violation of the EAR (the "BIS Allegations"). Specifically, BIS alleged:

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

Between on or about October 1, 2005, and continuing through on or about October 30, 2007, ASI conspired and acted in concert with others, known and unknown, to violate the Regulations and to bring about acts that constitute violations of the Regulations. The purpose of the conspiracy was to export U.S.-origin items including aircraft parts, electronic components, and polyimide film on multiple occasions, from the United States to Iran, via the Netherlands, Cyprus, and the United Arab Emirates ("UAE"), without the required U.S. Government authorization. Pursuant to Section 746.7 of the Regulations, authorization was required from OFAC before the aircraft parts, electronic components, and polyimide film, items subject to the Regulations³ and the Iranian Transactions Regulations, 31 C.F.R. Part 560 ("ITR"), could be exported from the United States to Iran. 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. In furtherance of the conspiracy, ASI and its co-conspirators devised and employed a scheme to purchase these items from the United States on behalf of Iranian customers and give U.S.

¹ Since August 21, 2001, the EAA has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended most recently by the Notice of August 13, 2009 (74 Fed. Reg. 41,325 (August 14, 2009)), has continued the EAR in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1707) ("IEEPA").

² The violations alleged in BIS's proposed charging letter occurred between 2005 and 2007. The governing provisions of the EAR are found in the 2005-2007 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2005-2007)). The 2009 version of the EAR establishes the procedures that apply to the BIS administrative proceeding.

³ The items were classified as Export Control Classification Numbers ("ECCN") 9A991, 1C008.A.3, 5A991., Additionally, some of the aircraft parts were designated EAR99, which is a designation for items subject to the Regulations but not listed on the Commerce Control List. (2005-2007).

manufacturers false information regarding the ultimate destination, end user, and end use of the items, thereby causing false export control documents to be submitted to the U.S. Government listing countries other than Iran as the ultimate destination for the items. These acts were taken to export U.S.-origin items to Iran without the required U.S. Government authorization and avoid detection by law enforcement. By engaging in this activity, ASI committed one violation of Section 764.2(d) of the Regulations.

WHEREAS, OFAC, pursuant to the authority provided under IEEPA, administers the ITR (the "OFAC Regulations");

WHEREAS, on September 24, 2009, OFAC served on ASI a Prepenalty Notice, attached hereto as Exhibit B and identified by FAC Number IA-365318 (the "Prepenalty Notice"), containing allegations that ASI violated §§ 560.203 and 560.204 of the ITR (the "OFAC Allegations"). Specifically, OFAC alleged:

In or about January 2006, ASI appears to have violated § 560.204 of the ITR when it exported, re-exported, sold, or supplied communications equipment from the United States indirectly through a third country, The Netherlands, to Iran. ASI counsel has provided a copy of a January 26, 2006, Shipper's Export Declaration which lists the value of the equipment at \$40,269.

In or about February 2007, ASI appears to have violated §§ 560.203 and 560.204 of the ITR when it attempted to export goods indirectly from the United States to Iran and exported, re-exported, sold, or supplied aerospace grade aluminum from the United States to an entity in The Netherlands with knowledge or reason to know that the goods were intended for transshipment to Iran. ASI counsel has provided a copy of a February 21, 2007, purchase order which specifies a purchase price of \$9,537.68.

In or about March 2007, ASI appears to have violated § 560.203 of the ITR when it attempted to export, re-export, sell, or supply polyimide film from the United States indirectly to Iran in violation of § 560.204 of the ITR. On or about July 31, 2007, ASI apparently attempted to arrange for the goods to be shipped to a fictitious purchaser in Dubai, U.A.E. ASI counsel has provided a copy of a March 30, 2007, invoice for the sale of adhesive polyimide film to ASI. The purchase price specified in the invoice is \$13,705.78.

WHEREAS, ASI has reviewed the BIS Allegations and OFAC Allegations, and is aware of the civil sanctions that could be imposed against it if such allegations are found to be true;

WHEREAS, ASI fully understands the terms of this Agreement and the proposed BIS Order and that this Agreement shall serve as the final resolution of the BIS Allegations and the OFAC Allegations;

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

WHEREAS, the Parties enter into this Agreement having taken into consideration a plea agreement that ASI entered into with the U.S. Attorney's Office for the District of Columbia on September 24, 2009 (the "ASI Plea Agreement");

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

WHEREAS, ASI neither admits nor denies the allegations contained in the Proposed Charging Letter and the Prepenalty Notice; and

WHEREAS, ASI desires to settle the BIS Allegations and the OFAC Allegations and agrees to be bound by this Agreement and the BIS Order, if entered;

NOW THEREFORE, pursuant to the authority under Section 766.18 of the EAR and the OFAC Regulations, the Parties hereby agree as follows:

1. BIS has jurisdiction, pursuant to the EAR, over ASI in connection with the matters alleged in the Proposed Charging Letter, and OFAC has jurisdiction over ASI and the transactions described in the OFAC Allegations.
2. The following sanctions shall be imposed against ASI in complete settlement of the BIS Allegations:
 - a. ASI shall be assessed a civil penalty of \$250,000. Payment of the \$250,000 shall be suspended for a period of three years from the date the BIS Order is issued and thereafter shall be waived provided that during the period of suspension, ASI has committed no violation of the EAA, EAR, or any order or license issued thereunder.
 - b. For a period of seven years from the date of issuance of the BIS Order, Aviation Services International, B.V., also known as Delta Logistics, B.V., its successors or assigns, and, when acting for or on behalf of Aviation Services International, B.V., its representatives, agents, or employees ("Denied Person") may not participate, directly or indirectly, 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 in any other activity subject to the Regulations.**
3. **In complete settlement of the OFAC Allegations, ASI agrees to a settlement in the amount of \$750,000. ASI's obligation to pay such settlement amount has been satisfied by the following:**
 - a. **ASI's acceptance of responsibility by having entered a guilty plea and agreement to pay a criminal fine regarding the pattern of conduct that gave rise to the OFAC Allegations, pursuant to the ASI Plea Agreement; and**
 - b. **ASI's agreement to be placed on BIS's Denied Persons List as described in Paragraph 2(b) hereof.**
4. **Subject to the approval of this Agreement pursuant to Paragraph 9 hereof, ASI hereby waives any claim by or on behalf of ASI, whether asserted or unasserted, against BIS, the U.S. Department of Commerce and/or its officials and employees, and/or against OFAC, the U.S. Department of the Treasury, and/or its officials and employees, arising out of the facts and circumstances giving rise to the matters that resulted in this Agreement, including, but not limited to, BIS's investigation of the facts and circumstances giving rise to the BIS Allegations and BIS's issuance of the Proposed Charging Letter, as well as OFAC's investigation of the facts and circumstances giving rise to the OFAC Allegations and OFAC's issuance and service of the Prepenalty Notice. ASI also hereby waives any possible legal objection to this Agreement at any future date and all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the BIS Order, if issued), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in any proposed charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if entered; and (c) seek judicial review or otherwise contest the validity of this Agreement or the BIS Order, if issued.**
5. **Upon issuance of the BIS Order, (a) BIS will not initiate any further administrative proceeding against ASI in connection with any violation of the EAA or the EAR arising out of the transactions specifically detailed in the BIS Allegations; and (b) OFAC will not initiate any enforcement action or further administrative proceeding against ASI in connection with any violation of the ITR arising out of the transactions specifically detailed in the OFAC Allegations.**
6. **This Agreement expresses the complete understanding of the Parties regarding resolution of the BIS Allegations and the OFAC Allegations. 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 BIS Order, if entered. This Agreement shall not 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.

7. BIS will make the Proposed Charging Letter, this Agreement, and the BIS Order, if entered, available to the public. OFAC may, in its sole discretion, post this entire agreement and/or the facts of this Agreement (including the identity of any entity involved, the settlement amount, and a brief description of the OFAC Allegations) on OFAC's Web site. BIS and OFAC may also issue a joint press release or separate press releases relating to this matter, the contents of which will be determined by BIS and OFAC in their discretion.
8. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the BIS Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the EAR, 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.
9. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement approves it by entering the BIS Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record. If the Agreement is so approved and the BIS Order so issued, this Agreement shall inure to the benefit of and be binding on each party, as well as its respective successors or assigns.
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.

AVIATION SERVICES INTERNATIONAL B.V.

EXHIBIT A



UNITED STATES DEPARTMENT OF COMMERCE
Bureau of Industry and Security
Washington, D.C. 20230

OCT 16 2008

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Aviation Services International B.V.
P.O. Box 418
Heerhugowaard, Netherlands 1700AK

and

Flemming Straat 36
Heerhugowaard, Netherlands 1700AK

Attn: Mr. Robert Kraaiipoel
President

Dear Mr. Kraaiipoel:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that Aviation Services International ("ASI") of Heerhugowaard, Netherlands has committed one violation of the Export Administration Regulations (the "Regulations"),¹ which are issued under the authority of the Export Administration Act of 1979, as amended (the "Act").² Specifically, BIS charges that ASI committed the following violation:

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

Between on or about October 1, 2005, and continuing through on or about October 30, 2007, ASI conspired and acted in concert with others, known and unknown, to violate the Regulations and to bring about acts that constitute violations of the Regulations. The purpose of the conspiracy was to export U.S. origin aircraft parts, electronic components, and polyimide film on multiple occasions from the United States to Iran, via the Netherlands, Cyprus, and the United Arab Emirates ("UAE") without the required U.S. Government authorization. Pursuant to Section

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2007). The alleged violation occurred between 2005 and 2007. The Regulations governing the alleged violation at issue are found in the 2005-2007 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2005-2007)). The 2008 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 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 July 23, 2008 (73 Fed. Reg. 43,603 (Jul. 25, 2008)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) ("IEEPA"). The Act and the Regulations are available on the Government Printing Office website at: <http://www.access.gpo.gov/bis/>.



746.7 of the Regulations, authorization was required from the Office of Foreign Assets Control, U.S. Department of Treasury ("OFAC"), before the aircraft parts and electronic components, and polyimide film, items subject to the Regulations³ and the Iranian Transactions Regulations ("ITR")⁴, could be exported from the United States to Iran. 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. In furtherance of the conspiracy, ASI and its co-conspirators devised and employed a scheme to purchase items from the United States on behalf of Iranian customers and give U.S. manufacturers false information regarding the ultimate destination, end user, and end use of the items thereby causing false export control documents to be submitted to the U.S. Government listing countries other than Iran as the ultimate destination for the items. These acts were taken to export U.S. origin items to Iran without the required U.S. government authorization and avoid detection by law enforcement. By engaging in this activity, ASI committed one violation of Section 764.2(d) of the Regulations.

* * * * *

Accordingly, ASI 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 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; and/or
- Exclusion from practice before BIS.

If ASI 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 (2008). If ASI defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to ASI. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charges in this letter.

ASI 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 (2008). ASI 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 (2008).

³ The items were classified as Export Control Classification Numbers ("ECCN") 5A991, 1C008.A.3, 9A991, and EAR99 (2005-2007).

⁴ 31 CFR Part 560 (2005-2007).

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

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18 (2008). Should ASI have a proposal to settle this case, ASI or his representative should transmit it to the attorney representing BIS named below.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, ASI'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 ASI's answer must be served on BIS at the following address:

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

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

Sincerely,

Thomas Madigan
Director
Office of Export Enforcement

AVIATION SERVICES INTERNATIONAL B.V.

EXHIBIT B

SEP 24 2009

FAC No. IA-365318

PREPENALTY NOTICE

Aviation Services International B.V.
c/o Robert Kraaiipoel and Robert Niels Kraaiipoel
Fleming Straat 36
1704 SL Heerhugowaard
The NETHERLANDS

Dear Messrs. Kraaiipoel:

The Office of Foreign Assets Control ("OFAC") has reason to believe that Aviation Services International B.V. d/b/a Delta Logistics B.V. and T.P.C., B.V. (hereinafter known collectively as "ASI"), engaged in certain transactions, detailed below, prohibited by Executive Orders and/or Regulations promulgated pursuant to the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701 *et seq.* ("IEEPA").

Apparent Violations:

The apparent violations for which this Prepenalty Notice ("Notice") is being issued involve ASI's actual and attempted purchase, export, and re-export of aircraft parts and related goods to Iran in apparent violation of §§ 560.203 and 560.204 of the Iranian Transactions Regulations, 31 C.F.R. Part 560 (the "ITR").¹ Specifically, the apparent violations are as follows:

In or about January 2006, ASI appears to have violated § 560.204 of the ITR when it exported, re-exported, sold, or supplied communications equipment from the United States indirectly (through a third country, The Netherlands) to Iran. ASI counsel has provided a copy of a January 26, 2006 Shipper's Export Declaration which lists the value of the equipment as \$40,269.

In or about February 2007, ASI appears to have violated §§ 560.203 and 560.204 of the ITR when it attempted to export goods indirectly from the United States to Iran and exported, re-exported, sold, or supplied aerospace grade aluminum from the United States to an entity in The Netherlands with knowledge or reason to know that the goods were intended for transshipment to Iran. ASI counsel has provided a copy of a February 21, 2007 purchase order which specifies a purchase price of \$9,537.68.

¹ Information was provided to OFAC by the U.S. Department of Justice ("DOJ") and is described in the Criminal Complaint filed by DOJ against ASI et al. on August 29, 2007 and in the Criminal Information filed by DOJ against Robert Kraaiipoel, an officer of ASI, on September 8, 2009; as well as by the U.S. Department of Commerce ("DOC") and is described in administrative charges filed by DOC in a charging letter dated October 10, 2008.

In or about March 2007, ASI appears to have violated § 560.203 of the ITR when it attempted to export, re-export, sell, or supply polyimide film from the United States indirectly to Iran in violation of § 560.204 of the ITR. On or about July 31, 2007, ASI apparently attempted to arrange for the goods to be shipped to a fictitious purchaser in Dubai, U.A.E. ASI counsel has provided a copy of a March 30, 2007 invoice for the sale of adhesive polyimide film to ASI. The purchase price specified in the invoice is \$13,705.78.

As discussed further below, OFAC has considered all of the information in its possession relating to the apparent violations, as well as the General Factors Affecting Administrative Action (“General Factors”) set forth in OFAC’s Economic Sanctions Enforcement Guidelines (the “Guidelines”). See 73 Fed. Reg. 51,933 (Sept. 8, 2008) (also available at www.treas.gov/ofac). OFAC has determined that a civil monetary penalty is appropriate.

Maximum Potential Penalty:

Section 206(b) of IEEPA, 50 U.S.C. § 1705(b), as amended, provides, in part, for a civil penalty for each violation of IEEPA not to exceed the greater of \$250,000 or an amount that is twice the amount of the transaction that is the basis of the violation with respect to which the penalty is imposed. Pursuant to this provision, ASI could be subject to a monetary penalty totaling \$750,000 representing the sum of the maximum potential statutory penalties for each of the three apparent ITR violations.

Proposed Penalty:

Base Penalty Calculation: As described more fully in the Guidelines, in determining a proposed civil monetary penalty, OFAC calculates a base penalty amount based on whether the apparent violations were voluntarily self-disclosed to OFAC and whether the case is determined to be “egregious.” Based on the facts available to OFAC and pursuant to the Guidelines, OFAC has determined that:

- ASI did not make a voluntary self-disclosure with respect to the apparent violations.
- The apparent violations set forth above constitute an egregious case. This determination is based upon substantial evidence of intentional false statements and efforts to conceal the fact that the purchasers and end users of the goods are located in Iran.

The base penalty for the apparent violations is \$750,000. This amount represents the sum of the maximum statutory penalty amounts for each of the three apparent violations.

Analysis of General Factors: Pursuant to the Guidelines, OFAC may adjust the base penalty amount to reflect applicable General Factors, each of which may be considered aggravating or mitigating and may therefore result in a higher or lower proposed penalty. In analyzing the General Factors, OFAC focused on the following:

Aggravating General Factors:

Willful or Reckless Violation of Law: By pleading guilty to the charges specified in the Criminal Complaint, ASI will confirm that it acted willfully regarding the apparent violations of the ITR. The charges set forth in the Criminal Complaint are based on substantial evidence obtained by DOC regarding false statements made by ASI in an effort to conceal the purchasers and end users of the aviation parts and equipment described in the Criminal Complaint. The Criminal Information further indicates that the Sales Manager of ASI was aware of U.S. trade restrictions on Iran and falsely stated to DOC that ASI had no dealings with Iran.

Awareness of Conduct at Issue: The Criminal Complaint and the Criminal Information demonstrate that the apparent violations were undertaken with the explicit or implicit knowledge of ASI management, specifically the Director and the Sales Manager of ASI.

Harm to Sanctions Program Objectives: The activities engaged in by ASI resulted in actual harm to sanctions program objectives by conferring an economic benefit on Iran through the use of aircraft equipment and other goods exported to Iran by ASI.

Compliance Program: ASI does not appear to have had an OFAC compliance program at the time of the apparent violations.

Mitigating General Factor:

Individual Characteristics: There is no evidence that ASI has engaged in any prior OFAC violation.

OFAC has determined that these factors taken together support no change from the base penalty amount.

Proposed Civil Monetary Penalty: Pursuant to § 560.703 of the ITR, and in light of the analysis of the General Factors set forth above, OFAC intends to issue a civil monetary penalty against ASI in the amount of **\$750,000**. OFAC may adjust the proposed civil monetary penalty amount set forth above based on evidence presented in any response by ASI to this Notice, any additional facts otherwise made available to OFAC, and/or any modification resulting from further review and reconsideration by OFAC of the proposed civil monetary penalty in light of the General Factors.

Subsequent Proceedings:

1. ASI has the right to provide a written response to OFAC within thirty days of the service of this Notice. Such written response to this Notice need not be in any particular form, but it should contain a response to the allegations herein, setting forth the reasons why the proposed penalty should not be imposed, or, if imposed, why the amount should be less than that proposed in this

Notice. The written response should refer to the General Factors set forth in the Guidelines and should provide any other information or evidence that ASI deems relevant to OFAC's consideration of this matter. The response should be addressed to the Office of Foreign Assets Control, U.S. Department of the Treasury, Civil Penalties Division, 1500 Pennsylvania Avenue, NW, Washington, DC 20220. A copy may be sent by facsimile to (202) 622-5445, but the original also must be sent to OFAC by mail or courier and must be postmarked or date-stamped. ASI should retain a receipt or other evidence which shows the date ASI sent the response to OFAC. **ASI's written response must be postmarked no later than 30 days after the date of service of this Notice.**² After receiving and considering any written response from ASI, OFAC may issue a Penalty Notice in accordance with § 560.705(b) of the ITR, finding a violation and assessing a civil monetary penalty.

2. In the event that ASI elects not to respond within thirty days, OFAC will conclude that ASI has decided not to submit any new facts or explanations for OFAC's consideration. In such instance, OFAC may issue a Penalty Notice in accordance with § 560.705(b) of the ITR, finding a violation and assessing a monetary penalty.

3. Should ASI elect to resolve this matter absent any final agency finding of violation, ASI may initiate settlement negotiations by telephoning the OFAC staff member named below under "Contact Person," or by submitting a written offer of settlement to OFAC, at any time during the civil penalty process. If the negotiations result in settlement within the time period set forth in this Notice, ASI will not be required to make a written response to this Notice, which will be withdrawn without a formal determination of violation. In the event no settlement is reached, the period specified for written response to this Notice remains in effect unless additional time is granted by OFAC.

Collection: Section 560.706 of the ITR provides that this matter may be referred for administrative collection measures by the Department of the Treasury or to the United States Department of Justice for appropriate action to recover the penalty in a civil suit if any penalty assessed is not paid within thirty days of the mailing of the written notice of the imposition of the penalty. **Please note that 31 U.S.C. § 7701 requires that a person assessed a penalty by a Federal agency furnish a taxpayer identification number/Social Security Number. OFAC hereby discloses OFAC's intent to use such number for the purposes of collection and reporting on any delinquent penalty amount in the event of a failure to pay the penalty imposed.**

² The date of service of this Notice is the date stamped on the first page of this Notice.

FAC No. IA-365318

Page 5 of 5

Aviation Services International, B.V.

Contact Person: If ASI has any questions concerning this matter, please feel free to contact Paul Broderick at telephone number (202) 622-1625. Please have the FAC number listed at the top of this Notice available when you call.

Sincerely,

A handwritten signature in black ink, appearing to read "Elton A. Ellison". The signature is fluid and cursive, written over a white background.

Elton A. Ellison
Assistant Director, Civil Penalties
Office of Foreign Assets Control

cc: Larry E. Christiansen, Esq.
Mark J. Rochon, Esq.