

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

In the Matter of:)
)
Ghashim Group, Inc.)
d.b.a. KZ Results)
8746 Westpark Drive)
Houston, TX 77063)
)
Respondent)

ORDER RELATING TO GHASHIM GROUP, INC. D.B.A. KZ RESULTS

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has notified Ghashim Group, Inc., doing business as KZ Results (“KZ Results”), of its intention to initiate an administrative proceeding against KZ Results pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2006)) (the “Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”),² through the issuance of a proposed charging letter to KZ Results that alleged that KZ Results committed 99 violations of the Regulations. Specifically, the charges are:

¹ The charged violations occurred during 2003 and 2004. The Regulations governing the violations at issue are found in the 2003 and 2004 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2003-2004)). The 2006 Regulations establish the procedures that apply to this matter.

² 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)), as extended by successive Presidential Notices, the most recent being that of August 3, 2006 (71 Fed. Reg. 44,551 (Aug. 7, 2006)), 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/>.

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

Beginning in or about February 2003 and continuing through in or about June 2004, KZ Results conspired and acted in concert with others, known and unknown, to violate the Regulations and to bring about acts constituting violations of the Regulations. The purpose of the conspiracy was to export computers from the United States to Syria directly and by transshipment through the United Arab Emirates (“U.A.E.”). The computers were items subject to the Regulations and classified under Export Control Classification Number (“ECCN”) 4A003 and ECCN 4A994. As set forth in Section 742.9 of the Regulations, a Department of Commerce export license was required before the computers could be exported to Syria. To accomplish the conspiracy, the conspirators, including KZ Results, participated in a scheme to have KZ Results purchase the computers from U.S. distributors and manufacturers, and to have KZ Results export the items to Syria directly or by transshipment through the U.A.E. without a Department of Commerce export license. In so doing, KZ Results committed one violation of Section 764.2(d) of the Regulations.

Charges 2-15 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct by Exporting Computers to Syria without the Required License

On 14 occasions, between on or about February 26, 2003 and on or about December 13, 2003, KZ Results engaged in conduct prohibited by the Regulations by exporting over 300 computers subject to the Regulations and classified under ECCN 4A994, and one computer subject to the Regulations and classified under ECCN 4A003 to Syria without the Department of Commerce licenses required by Section 742.9 of the Regulations. In so doing, KZ Results committed 14 violations of Section 764.2(a) of the Regulations.

Charges 16-26 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct by Exporting Computers to Syria through the United Arab Emirates without the Required License

On 11 occasions, between on or about January 7, 2004 and May 21, 2004, KZ Results engaged in conduct prohibited by the Regulations by exporting over 400 computers subject to the Regulations and classified under ECCN 4A994 to Syria without the Department of Commerce license required by Section 742.9 of the Regulations. Specifically, KZ Results transshipped these computers to Syria through a shipping consolidator and forwarder in the U.A.E. In so doing, KZ Results committed 11 violations of Section 764.2(a) of the Regulations.

Charges 27-37 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

On 11 occasions, between on or about January 7, 2004 and May 21, 2004, in connection with the transactions described in Charges 16-26, above, KZ Results sold, transferred or forwarded computers to Syria by transshipment through the U.A.E. with knowledge that violations of the Regulations were occurring. KZ Results had knowledge that violations

were occurring because KZ Results had been advised by the U.S. Government and KZ Results' suppliers that licenses were required to export or transship these items to Syria, and KZ Results had license applications pending with BIS for exports to Syria of similarly controlled items. In selling, transferring or forwarding these computers with knowledge that violations were occurring, KZ Results committed 11 violations of Section 764.2(e) of the Regulations.

Charges 38-39 15 C.F.R. § 764.2(c) – Attempting to Violate the Regulations by Exporting Computers to Syria through the United Arab Emirates without the Required License

On two occasions, on or about June 16, 2004 and on or about June 22, 2004, KZ Results attempted to violate the Regulations by attempting to export over 10 computers subject to the Regulations and classified under ECCN 4A994 to Syria without the Department of Commerce licenses required by Section 742.9 of the Regulations. Specifically, KZ Results attempted to export these computers to Syria by transshipment through a shipping consolidator and forwarder in the U.A.E. In so doing, KZ Results committed two violations of Section 764.2(a) of the Regulations.

Charges 40-41 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

On two occasions, on or about June 16, 2004 and on or about June 22, 2004, in connection with the transactions described in Charges 38-39, above, KZ Results ordered, bought, stored, sold, transferred or transported computers with knowledge that violations of the Regulations were about to occur or were intended to occur in connection with the items. Specifically, KZ Results ordered, bought, stored, sold, transferred or transported the items, which KZ Results planned to export to Syria through the U.A.E. without a Department of Commerce license. KZ Results had knowledge that violations were about to occur or were intended to occur because KZ Results had been advised by the U.S. Government and KZ Results' computer suppliers that licenses were required to export or transship these items to Syria, and KZ Results had license applications pending with BIS for exports to Syria of similarly controlled items. In so doing, KZ Results committed two violations of Section 764.2(e) of the Regulations.

Charges 42-66 15 C.F.R. § 764.2(g) - Misrepresentation of Facts through False Statement on Shipper's Export Declarations

On 25 occasions between on or about February 26, 2003 and on or about May 21, 2004, in connection with the transactions described in Charges 2-26, above, KZ Results indirectly made false statements to the U.S. Government in connection with the submission of export control documents. Specifically, KZ Results, through its freight forwarder, filed Shipper's Export Declarations ("SEDs") with the U.S. Government stating that the items that were the subject of the SEDs qualified for export as "NLR," meaning that no license was required for their export. These representations were false, as licenses were required for the computers included in the shipments. SEDs are export control documents, as defined in Part 772 of the Regulations. In filing, through its freight

forwarder, SEDs with the U.S. Government that contained false statements of fact, KZ Results committed 25 violations of Section 764.2(g) of the Regulations.

Charges 67-77 15 C.F.R. § 764.2(e) – Acting with Knowledge of a False Statement Being Made to the U.S. Government

On 11 occasions, between on or about January 7, 2004 and on or about May 21, 2004, in connection with the 11 transactions described in Charges 56-66, above, KZ Results sold, transferred or forwarded computers subject to the Regulations that were to be exported from the United States with knowledge that violations of the Regulations would occur in connection with the export of the computers. Specifically, KZ Results knew that it indirectly had filed a false SED with the U.S. Government in connection with its sale, transfer, or forwarding of the computers. KZ Results knew that the items required export licenses because KZ Results had been advised by the U.S. Government and KZ Results' computer suppliers that licenses were required to export or transship these items to Syria, and KZ Results had license applications pending with BIS for exports to Syria of similarly controlled items. Nevertheless, KZ Results informed its freight forwarder that the computers did not require export licenses and that the SEDs should indicate that no license was required. In so doing, KZ Results committed 11 violations of Section 764.2(e) of the Regulations.

Charges 78-88 15 C.F.R. § 764.2(g) - Misrepresentation of Facts through False Statement on Shipper's Export Declaration

On 11 occasions between on or about January 7, 2004 and on or about May 21, 2004, in connection with the transactions described in Charges 16-26, above, KZ Results indirectly made false statements to the U.S. Government in connection with the submission of export control documents. Specifically, KZ Results, through its freight forwarder, filed SEDs with the U.S. Government stating that the U.A.E. was the country of ultimate destination of the computers that were the subject of the SEDs. These representations were false, as the country of ultimate destination of the computers being exported was Syria. SEDs are export control documents, as defined in Part 772 of the Regulations. In filing, through its freight forwarder, SEDs with the U.S. Government that contained false statements of fact, KZ Results committed 11 violations of Section 764.2(g) of the Regulations.

Charges 89-99 15 C.F.R. § 764.2(e) – Acting with Knowledge of a False Statement Being Made to the U.S. Government

On 11 occasions, between on or about January 7, 2004 and on or about May 21, 2004, in connection with the 11 transactions described in Charges 78-88, above, KZ Results sold, transferred or forwarded computers subject to the Regulations that were to be exported from the United States with knowledge that violations of the Regulations would occur in connection with the export of the computers. Specifically, KZ Results knew that it indirectly had filed a false SED with the U.S. Government in connection with its sale, transfer, or forwarding of the computers. KZ Results knew that the country of ultimate

destination of the computers was Syria, but it informed its freight forwarder that the country of ultimate destination was the U.A.E. In so doing, KZ Results committed 11 violations of Section 764.2(e) of the Regulations.

WHEREAS, BIS and KZ Results 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, that a civil penalty of \$1,089,000 is assessed against KZ Results. KZ Results shall pay \$22,000 to the Department of Commerce as follows: \$22,000 to the Department of Commerce as follows: \$2,200 not later than October 15, 2006; \$2,200 not later than November 15, 2006; \$2,200 not later than December 15, 2006; \$2,200 not later than January 15, 2007; \$2,200 not later than February 15, 2007; \$2,200 not later than March 15, 2007; \$2,200 not later than April 15, 2007; \$2,200 not later than May 15, 2007; \$2,200 not later than June 15, 2007; and \$2,200 not later than July 15, 2007. Payment shall be made in the manner specified in the attached instructions. Payment of the remaining \$1,067,000 shall be suspended for a period of five years from the date of entry of this Order and thereafter shall be waived, provided that during the period of suspension, KZ Results has committed no violation of the Act, or any regulation, order, or license issued thereunder and has made the payment of \$22,000, described above, in a timely manner.

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, KZ Results 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 timely payment of the civil penalty 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 KZ Results. Accordingly, if KZ Results should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of KZ Results' export privileges under the Regulations for a period of one year from the date of entry of this Order.

FOURTH, for a period of twenty years from the date of entry of this Order, Ghashim Group, Inc. d.b.a. KZ Results, 8746 Westpark Drive, Houston, Texas 77063 ("KZ Results"), its successors or assigns, and when acting for or on behalf of KZ Results, its representatives, agents, officers 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:

- 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. Benefiting 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.

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

- A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations;
- B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby the Denied Person acquires or attempts to acquire such ownership, possession or control;
- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States;
- D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or
- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by the Denied Person, or service any item,

of whatever origin, that is owned, possessed or controlled by the Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

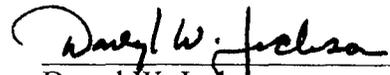
SIXTH, that, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to KZ Results by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of this Order.

SEVENTH, that this Order does not prohibit any export, reexport, or other transaction subject to the Regulations where the only items involved that are subject to the Regulations are the foreign-produced direct product of U.S.-origin technology.

EIGHTH, that the proposed charging letter, the Settlement Agreement, and this Order shall be made available to the public.

NINTH, that this Order shall be served on the Denied Person and on BIS, and shall be published in the Federal Register.

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



Darryl W. Jackson
Assistant Secretary of Commerce
for Export Enforcement

Entered this 12th day of September, 2006.

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

In the Matter of:)
)
Ghashim Group, Inc.)
d.b.a. KZ Results)
8746 Westpark Drive)
Houston, TX 77063)
)
Respondent)

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Ghashim Group, Inc., doing business as KZ Results (“KZ Results”), 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 (currently codified at 15 C.F.R. Parts 730-774 (2006)) (the “Regulations”),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”),²

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

¹ The charged violations occurred during 2003 and 2004. The Regulations governing the violations at issue are found in the 2003 and 2004 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2003-2004)). The 2006 Regulations establish the procedures that apply to this matter.

² 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)), as extended by successive Presidential Notices, the most recent being that of August 3, 2006 (71 Fed. Reg. 44,551 (Aug. 7, 2006)), 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/>.

WHEREAS, BIS has issued a proposed charging letter to KZ Results that alleged that KZ Results committed 99 violations of the Regulations, specifically:

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

Beginning in or about February 2003 and continuing through in or about June 2004, KZ Results conspired and acted in concert with others, known and unknown, to violate the Regulations and to bring about acts constituting violations of the Regulations. The purpose of the conspiracy was to export computers from the United States to Syria directly and by transshipment through the United Arab Emirates (“U.A.E.”). The computers were items subject to the Regulations and classified under Export Control Classification Number (“ECCN”) 4A003 and ECCN 4A994. As set forth in Section 742.9 of the Regulations, a Department of Commerce export license was required before the computers could be exported to Syria. To accomplish the conspiracy, the conspirators, including KZ Results, participated in a scheme to have KZ Results purchase the computers from U.S. distributors and manufacturers, and to have KZ Results export the items to Syria directly or by transshipment through the U.A.E. without a Department of Commerce export license. In so doing, KZ Results committed one violation of Section 764.2(d) of the Regulations.

Charges 2-15 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct by Exporting Computers to Syria without the Required License

On 14 occasions, between on or about February 26, 2003 and on or about December 13, 2003, KZ Results engaged in conduct prohibited by the Regulations by exporting over 300 computers subject to the Regulations and classified under ECCN 4A994, and one computer subject to the Regulations and classified under ECCN 4A003 to Syria without the Department of Commerce licenses required by Section 742.9 of the Regulations. In so doing, KZ Results committed 14 violations of Section 764.2(a) of the Regulations.

Charges 16-26 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct by Exporting Computers to Syria through the United Arab Emirates without the Required License

On 11 occasions, between on or about January 7, 2004 and May 21, 2004, KZ Results engaged in conduct prohibited by the Regulations by exporting over 400 computers subject to the Regulations and classified under ECCN 4A994 to Syria without the Department of Commerce license required by Section 742.9 of the Regulations. Specifically, KZ Results transshipped these computers to Syria through a shipping consolidator and forwarder in the U.A.E. In so doing, KZ Results committed 11 violations of Section 764.2(a) of the Regulations.

Charges 27-37 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

On 11 occasions, between on or about January 7, 2004 and May 21, 2004, in connection with the transactions described in Charges 16-26, above, KZ Results sold, transferred or forwarded computers to Syria by transshipment through the U.A.E. with knowledge that violations of the Regulations were occurring. KZ Results had knowledge that violations were occurring because KZ Results had been advised by the U.S. Government and KZ Results' suppliers that licenses were required to export or transship these items to Syria, and KZ Results had license applications pending with BIS for exports to Syria of similarly controlled items. In selling, transferring or forwarding these computers with knowledge that violations were occurring, KZ Results committed 11 violations of Section 764.2(e) of the Regulations.

Charges 38-39 15 C.F.R. § 764.2(c) – Attempting to Violate the Regulations by Exporting Computers to Syria through the United Arab Emirates without the Required License

On two occasions, on or about June 16, 2004 and on or about June 22, 2004, KZ Results attempted to violate the Regulations by attempting to export over 10 computers subject to the Regulations and classified under ECCN 4A994 to Syria without the Department of Commerce licenses required by Section 742.9 of the Regulations. Specifically, KZ Results attempted to export these computers to Syria by transshipment through a shipping consolidator and forwarder in the U.A.E. In so doing, KZ Results committed two violations of Section 764.2(a) of the Regulations.

Charges 40-41 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

On two occasions, on or about June 16, 2004 and on or about June 22, 2004, in connection with the transactions described in Charges 38-39, above, KZ Results ordered, bought, stored, sold, transferred or transported computers with knowledge that violations of the Regulations were about to occur or were intended to occur in connection with the items. Specifically, KZ Results ordered, bought, stored, sold, transferred or transported the items, which KZ Results planned to export to Syria through the U.A.E. without a Department of Commerce license. KZ Results had knowledge that violations were about to occur or were intended to occur because KZ Results had been advised by the U.S. Government and KZ Results' computer suppliers that licenses were required to export or transship these items to Syria, and KZ Results had license applications pending with BIS for exports to Syria of similarly controlled items. In so doing, KZ Results committed two violations of Section 764.2(e) of the Regulations.

Charges 42-66 15 C.F.R. § 764.2(g) - Misrepresentation of Facts through False Statement on Shipper's Export Declarations

On 25 occasions between on or about February 26, 2003 and on or about May 21, 2004, in connection with the transactions described in Charges 2-26, above, KZ Results indirectly made false statements to the U.S. Government in connection with the submission of export control documents. Specifically, KZ Results, through its freight

forwarder, filed Shipper's Export Declarations ("SEDs") with the U.S. Government stating that the items that were the subject of the SEDs qualified for export as "NLR," meaning that no license was required for their export. These representations were false, as licenses were required for the computers included in the shipments. SEDs are export control documents, as defined in Part 772 of the Regulations. In filing, through its freight forwarder, SEDs with the U.S. Government that contained false statements of fact, KZ Results committed 25 violations of Section 764.2(g) of the Regulations.

Charges 67-77 15 C.F.R. § 764.2(e) – Acting with Knowledge of a False Statement Being Made to the U.S. Government

On 11 occasions, between on or about January 7, 2004 and on or about May 21, 2004, in connection with the 11 transactions described in Charges 56-66, above, KZ Results sold, transferred or forwarded computers subject to the Regulations that were to be exported from the United States with knowledge that violations of the Regulations would occur in connection with the export of the computers. Specifically, KZ Results knew that it indirectly had filed a false SED with the U.S. Government in connection with its sale, transfer, or forwarding of the computers. KZ Results knew that the items required export licenses because KZ Results had been advised by the U.S. Government and KZ Results' computer suppliers that licenses were required to export or transship these items to Syria, and KZ Results had license applications pending with BIS for exports to Syria of similarly controlled items. Nevertheless, KZ Results informed its freight forwarder that the computers did not require export licenses and that the SEDs should indicate that no license was required. In so doing, KZ Results committed 11 violations of Section 764.2(e) of the Regulations.

Charges 78-88 15 C.F.R. § 764.2(g) - Misrepresentation of Facts through False Statement on Shipper's Export Declaration

On 11 occasions between on or about January 7, 2004 and on or about May 21, 2004, in connection with the transactions described in Charges 16-26, above, KZ Results indirectly made false statements to the U.S. Government in connection with the submission of export control documents. Specifically, KZ Results, through its freight forwarder, filed SEDs with the U.S. Government stating that the U.A.E. was the country of ultimate destination of the computers that were the subject of the SEDs. These representations were false, as the country of ultimate destination of the computers being exported was Syria. SEDs are export control documents, as defined in Part 772 of the Regulations. In filing, through its freight forwarder, SEDs with the U.S. Government that contained false statements of fact, KZ Results committed 11 violations of Section 764.2(g) of the Regulations.

Charges 89-99 15 C.F.R. § 764.2(e) – Acting with Knowledge of a False Statement Being Made to the U.S. Government

On 11 occasions, between on or about January 7, 2004 and on or about May 21, 2004, in connection with the 11 transactions described in Charges 78-88, above, KZ Results sold, transferred or forwarded computers subject to the Regulations that were to be exported

from the United States with knowledge that violations of the Regulations would occur in connection with the export of the computers. Specifically, KZ Results knew that it indirectly had filed a false SED with the U.S. Government in connection with its sale, transfer, or forwarding of the computers. KZ Results knew that the country of ultimate destination of the computers was Syria, but it informed its freight forwarder that the country of ultimate destination was the U.A.E. In so doing, KZ Results committed 11 violations of Section 764.2(e) of the Regulations.

WHEREAS, KZ Results has reviewed the proposed charging letter and is aware of the allegations made against it and the administrative sanctions which could be imposed against it if the allegations are found to be true;

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

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

WHEREAS, KZ Results neither admits nor denies the allegations contained in the proposed charging letter;

WHEREAS, KZ Results wishes to settle and dispose of all matters alleged in the proposed charging letter by entering into this Agreement; and

WHEREAS, KZ Results agrees to be bound by the Order, if entered;

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over KZ Results, under the Regulations, in connection with the matters alleged in the proposed charging letter.

2. The following sanction shall be imposed against KZ Results in complete settlement of the alleged violations of the Regulations relating to the transactions specifically detailed in the proposed charging letter:

a. KZ Results shall be assessed a civil penalty in the amount of \$1,089,000. KZ Results shall pay \$22,000 to the Department of Commerce as follows: \$2,200 not later than October 15, 2006; \$2,200 not later than November 15, 2006; \$2,200 not later than December 15, 2006; \$2,200 not later than January 15, 2007; \$2,200 not later than February 15, 2007; \$2,200 not later than March 15, 2007; \$2,200 not later than April 15, 2007; \$2,200 not later than May 15, 2007; \$2,200 not later than June 15, 2007; and \$2,200 not later than July 15, 2007. Payment of the remaining \$1,067,000 shall be suspended for a period of five years from the date of entry of the Order and thereafter shall be waived, provided that during the period of suspension, KZ Results has committed no violation of the Act, or any regulation, order, or license issued thereunder and has made the payment of \$22,000, described above, in a timely manner.

b. The 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, permission, or privilege granted, or to be granted, to KZ Results. Failure to make timely payment of the civil penalty set forth above may result in the denial of all of KZ Results' export privileges under the Regulations for a period of one year from the date of imposition of the penalty.

c. For a period of twenty years from the date of entry of the Order, KZ Results, its successors or assigns, and, when acting for or on behalf of KZ

Results, 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 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; or
- iii. Benefiting 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. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, KZ Results 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 entered), 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 entered; (c) request any relief from the Order, if entered, including without limitation relief from the terms of a denial order under 15 C.F.R. § 764.3(a)(2); and (d) seek judicial review or otherwise contest the validity of this Agreement or the Order, if entered.

4. Upon entry of the Order and timely payment of the \$22,000 civil penalty, BIS will not initiate any further administrative proceeding against KZ Results in connection with any violation of the Act or the Regulations arising out of the transactions identified in the proposed charging letter.

5. BIS will make the proposed charging letter, this Agreement, and the Order, if entered, available to the public.

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 entered, 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 entering 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. 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.

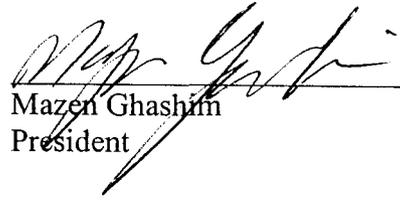
BUREAU OF INDUSTRY AND SECURITY
U.S. DEPARTMENT OF COMMERCE



Michael D. Turner
Director
Office of Export Enforcement

Date: 9/7/06

GHASHIM GROUP, INC.
D.B.A. KZ RESULTS



Mazen Ghashim
President

Date: 08-31-06

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Ghashim Group, Inc.
d.b.a. KZ Results
8746 Westpark Drive
Houston, TX 77063

Attention: *Mazen Ghashim*
President

Dear Mr. Ghashim:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Ghashim Group, Inc. d.b.a. KZ Results (“KZ Results”) has committed 99 violations 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 KZ Results committed the following violations:

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

Beginning in or about February 2003 and continuing through in or about June 2004, KZ Results conspired and acted in concert with others, known and unknown, to violate the Regulations and to bring about acts constituting violations of the Regulations. The purpose of the conspiracy was to export computers from the United States to Syria directly and by transshipment through the United Arab Emirates (“U.A.E.”). The computers were items subject to the Regulations and classified under Export Control Classification Number (“ECCN”) 4A003 and ECCN 4A994. As set forth in Section 742.9 of the Regulations, a Department of Commerce export license was required before the computers could be exported to Syria. To accomplish the conspiracy, the

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2006). The violations charged occurred during 2003 and 2004. The Regulations governing the violations at issue are found in the 2003 and 2004 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2003-2004)). The 2006 Regulations govern the procedural aspects of this case.

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 August 3, 2006 (71 Fed. Reg. 44,551, Aug. 7, 2006), 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/>.

conspirators, including KZ Results, participated in a scheme to have KZ Results purchase the computers from U.S. distributors and manufacturers, and to have KZ Results export the items to Syria directly or by transshipment through the U.A.E. without a Department of Commerce export license. In so doing, KZ Results committed one violation of Section 764.2(d) of the Regulations.

Charges 2-15 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct by Exporting Computers to Syria without the Required License

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on 14 occasions, between on or about February 26, 2003 and on or about December 13, 2003, KZ Results engaged in conduct prohibited by the Regulations by exporting over 300 computers subject to the Regulations and classified under ECCN 4A994, and one computer subject to the Regulations and classified under ECCN 4A003 to Syria without the Department of Commerce licenses required by Section 742.9 of the Regulations. In so doing, KZ Results committed 14 violations of Section 764.2(a) of the Regulations.

Charges 16-26 15 C.F.R. § 764.2(a) - Engaging in Prohibited Conduct by Exporting Computers to Syria through the United Arab Emirates without the Required License

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on 11 occasions, between on or about January 7, 2004 and May 21, 2004, KZ Results engaged in conduct prohibited by the Regulations by exporting over 400 computers subject to the Regulations and classified under ECCN 4A994 to Syria without the Department of Commerce license required by Section 742.9 of the Regulations. Specifically, KZ Results transshipped these computers to Syria through a shipping consolidator and forwarder in the U.A.E. In so doing, KZ Results committed 11 violations of Section 764.2(a) of the Regulations.

Charges 27-37 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on 11 occasions, between on or about January 7, 2004 and May 21, 2004, in connection with the transactions described in Charges 16-26, above, KZ Results sold, transferred or forwarded computers to Syria by transshipment through the U.A.E. with knowledge that violations of the Regulations were occurring. KZ Results had knowledge that violations were occurring because KZ Results had been advised by the U.S. Government and KZ Results' suppliers that licenses were required to export or transship these items to Syria, and KZ Results had license applications pending with BIS for exports to Syria of similarly controlled items. In selling, transferring or forwarding these computers with knowledge that violations were occurring, KZ Results committed 11 violations of Section 764.2(e) of the Regulations.

Charges 38-39 15 C.F.R. § 764.2(c) – Attempting to Violate the Regulations by Exporting Computers to Syria through the United Arab Emirates without the Required License

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on two occasions, on or about June 16, 2004 and on or about June 22, 2004, KZ Results attempted to violate the Regulations by attempting to export over 10 computers subject to the Regulations and classified under ECCN 4A994 to Syria without the Department of Commerce licenses required by Section 742.9 of the Regulations. Specifically, KZ Results attempted to export these computers to Syria by transshipment through a shipping consolidator and forwarder in the U.A.E. In so doing, KZ Results committed two violations of Section 764.2(a) of the Regulations.

Charges 40-41 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

As described in greater detail in the attached Schedule of Violations, which is incorporated herein by reference, on two occasions, on or about June 16, 2004 and on or about June 22, 2004, in connection with the transactions described in Charges 38-39, above, KZ Results ordered, bought, stored, sold, transferred or transported computers with knowledge that violations of the Regulations were about to occur or were intended to occur in connection with the items. Specifically, KZ Results ordered, bought, stored, sold, transferred or transported the items, which KZ Results planned to export to Syria through the U.A.E. without a Department of Commerce license. KZ Results had knowledge that violations were about to occur or were intended to occur because KZ Results had been advised by the U.S. Government and KZ Results' computer suppliers that licenses were required to export or transship these items to Syria, and KZ Results had license applications pending with BIS for exports to Syria of similarly controlled items. In so doing, KZ Results committed two violations of Section 764.2(e) of the Regulations.

Charges 42-66 15 C.F.R. § 764.2(g) - Misrepresentation of Facts through False Statement on Shipper's Export Declarations

As described in greater detail in the attached Schedule of Violations, which incorporated herein by reference, on 25 occasions between on or about February 26, 2003 and on or about May 21, 2004, in connection with the transactions described in Charges 2-26, above, KZ Results indirectly made false statements to the U.S. Government in connection with the submission of export control documents. Specifically, KZ Results, through its freight forwarder, filed Shipper's Export Declarations ("SEDs") with the U.S. Government stating that the items that were the subject of the SEDs qualified for export as "NLR," meaning that no license was required for their export. These representations were false, as licenses were required for the computers included in the shipments. SEDs are export control documents, as defined in Part 772 of the Regulations. In filing, through its freight forwarder, SEDs with the U.S. Government that contained false statements of fact, KZ Results committed 25 violations of Section 764.2(g) of the Regulations.

Charges 67-77 15 C.F.R. § 764.2(e) – Acting with Knowledge of a False Statement Being Made to the U.S. Government

As described in greater detail in the attached Schedule of Violations, which incorporated herein by reference, on 11 occasions, between on or about January 7, 2004 and on or about May 21, 2004, in connection with the 11 transactions described in Charges 56-66, above, KZ Results sold, transferred or forwarded computers subject to the Regulations that were to be exported from the United States with knowledge that violations of the Regulations would occur in connection with the export of the computers. Specifically, KZ Results knew that it indirectly had filed a false SED with the U.S. Government in connection with its sale, transfer, or forwarding of the computers. KZ Results knew that the items required export licenses because KZ Results had been advised by the U.S. Government and KZ Results' computer suppliers that licenses were required to export or transship these items to Syria, and KZ Results had license applications pending with BIS for exports to Syria of similarly controlled items. Nevertheless, KZ Results informed its freight forwarder that the computers did not require export licenses and that the SEDs should indicate that no license was required. In so doing, KZ Results committed 11 violations of Section 764.2(e) of the Regulations.

Charges 78-88 15 C.F.R. § 764.2(g) - Misrepresentation of Facts through False Statement on Shipper's Export Declaration

As described in greater detail in the attached Schedule of Violations, which incorporated herein by reference, on 11 occasions between on or about January 7, 2004 and on or about May 21, 2004, in connection with the transactions described in Charges 16-26, above, KZ Results indirectly made false statements to the U.S. Government in connection with the submission of export control documents. Specifically, KZ Results, through its freight forwarder, filed SEDs with the U.S. Government stating that the U.A.E. was the country of ultimate destination of the computers that were the subject of the SEDs. These representations were false, as the country of ultimate destination of the computers being exported was Syria. SEDs are export control documents, as defined in Part 772 of the Regulations. In filing, through its freight forwarder, SEDs with the U.S. Government that contained false statements of fact, KZ Results committed 11 violations of Section 764.2(g) of the Regulations.

Charges 89-99 15 C.F.R. § 764.2(e) – Acting with Knowledge of a False Statement Being Made to the U.S. Government

As described in greater detail in the attached Schedule of Violations, which incorporated herein by reference, on 11 occasions, between on or about January 7, 2004 and on or about May 21, 2004, in connection with the 11 transactions described in Charges 78-88, above, KZ Results sold, transferred or forwarded computers subject to the Regulations that were to be exported from the United States with knowledge that violations of the Regulations would occur in connection with the export of the computers. Specifically, KZ Results knew that it indirectly had filed a false SED with the U.S. Government in connection with its sale, transfer, or forwarding of the computers. KZ Results knew that

the country of ultimate destination of the computers was Syria, but it informed its freight forwarder that the country of ultimate destination was the U.A.E. In so doing, KZ Results committed 11 violations of Section 764.2(e) of the Regulations.

* * * * *

Accordingly, KZ Results 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 \$11,000 per violation;³
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

If KZ Results 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 (2005). If KZ Results defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to KZ Results. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty on each of the charges in this letter.

KZ Results is further notified that it is entitled to an agency hearing on the record if KZ Results files a written demand for one with its answer. *See* 15 C.F.R. § 766.6 (2005). KZ Results is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. 15 C.F.R. §§ 766.3(a) and 766.4 (2005).

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18 (2005). Should KZ Results have a proposal to settle this case, KZ Results or its representative should transmit it through the attorney representing BIS, who is named below.

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

³ *See* 15 C.F.R. § 6.4(a)(4) (2005).

Ghashim Group, Inc.
Proposed Charging Letter
Page 6

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

Thea D. R. Kendler is the attorney representing BIS in this case; any communications that you may wish to have concerning this matter should occur through her. Ms. Kendler may be contacted by telephone at (202) 482-5301.

Sincerely,

Michael D. Turner
Director
Office of Export Enforcement

Enclosure