



EIB World Trade Headlines

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Export Reform not over yet

May and June 2015 will bring fresh changes to export reform. Expected to be released, will be proposed changes to ITAR's United States Munitions List (USML) in the following categories. XII, Night Vision and XIV, Toxicological Agents, including Chemical Agents, Biological Agents, and Associated Equipment. New definitions will be published that describe an Export, a Defense Service and Technical Data. A new Destination Control Statement will be published as well as guidance on secure Cloud Computing and data storage.

Along with the changes, will come new challenges to industry. Though Export Reform is expected to be a boon to marketing of U.S. content military goods and services, it is a drastic change to a lot of Prime Contractors, their sub tier contractors and the parties who administer these regulations.

There were a lot of nuances in the old ITAR that kept industry, customers, manufacturers and planners guessing. The new ITAR is quite explicit in what it will and will not control. Control becomes even clearer, once military product manufacturer's and exporters wrap their heads around the definition of "specially designed". Many products, components, parts, and accessories have moved over to the 600 series in the EAR's Commerce Control List. Freeing up the Office of Defense Trade Controls, which is undergoing a reorganization as we speak, allows DTC to focus on military technology that is intelligent and superior to other countries technology. This will allow the United States to share in the Military market, while protecting it's most sacred national security secrets and military advantages.

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To be sure, due to the vagueness of the old ITAR regulations and DTC control regime, some companies find themselves in the dubious place of having to control through the explicit nature of ITAR, items they previously deemed EAR99 or EAR controlled. What we have been finding across the country, is that companies that were previously, fully engaged in an understanding of the Commercial Export Administration Regulations (EAR) are having a simpler time implementing the changes in ITAR and cozying up to the "600 series" in the Commerce Control List. (CCL).

It's our bet that the majority of larger companies will take 3-5 years to fully implement the changes of export reform in their Export Management Compliance Programs (EMCP's), Product Matrices, Technology Control platforms and Market Access programs.

Companies, like Evolutions in Business, are actually better positioned than any other time in the recent history, to help, assist, and capture market share in the support services, while military manufacturing companies struggle to switch control regimes.

There is also plenty more to come in export reform. Remember, the marketplace is supposed to get one portal, one entrance way, into export licensing, EAR and ITAR, but funding has been cut and the software is not finished. For now, we are stuck with D-Trade as is and SNAP "R" which at least is a little more user friendly.

It is actually quite amazing how much work has been completed under the guiding force of people like Kevin Wolfe, in aspects of reform, such as the regulatory rewrite, harmonic regulatory regime change ITAR to EAR and marketplace education. Export Reform has occurred, despite the bureau of Industry and Security suffering large scale personnel losses due to budget cuts at the hands of Congress.

Nonetheless, it appears as though there is no turning back on export reform. At least there will be clarity in this part of government. Eventually, it will become second nature, but for now companies will struggle and we are left to wonder if such wide scale release of military technology and products prove brilliant or less than. We shall see.

American citizen suspected of being al-Qaeda member captured, brought to U.S.

An American citizen who was once thought to be a top operative in al-Qaeda has been detained in Pakistan and secretly flown to New York to face federal terrorism charges, according to U.S. officials.

Muhanad Mahmoud al Farekh, 29, was expected to be arraigned in federal court in Brooklyn on Thursday. Farekh, also known by the nom de guerre Abdullah al-Shami, was charged with supporting al-Qaeda.

Pakistani forces detained Farekh several weeks ago and recently transferred him to U.S. custody after his identity was confirmed. Officials said he was questioned by members of an interrogation team composed of FBI, CIA and Pentagon officials and then advised of his Miranda rights.

Little is known about Farekh, who is believed to have been born in Texas but to have moved with his family at a young age to Jordan, where he also has citizenship. Around 2007, Farekh traveled to Pakistan to link up with militants fighting U.S. troops across the border in Afghanistan, officials said, speaking on the condition of anonymity because details of the case have remained secret.

He joined al-Qaeda at the height of its efforts to recruit Westerners, including four New Yorkers who traveled to Pakistan and who were later arrested and prosecuted in Brooklyn. All were considered prized assets because of their ability to travel to the United States.

Over the next several years, Farekh rose through al-Qaeda's ranks, later coming to the attention of U.S. intelligence officials. Around 2013, he was nominated by the Pentagon to a "kill list" of suspected terrorists.

Consideration of that nomination stalled as the Justice Department examined whether it would be legal to kill him, given his American citizenship, senior U.S. officials said. The Obama administration had previously authorized the killing of Anwar al-Awlaki, a radical American-born cleric who was determined to have presented a continuing and imminent threat to U.S. interests and who could not feasibly be captured.

Officials said there were questions about how prominent a role Farekh played in al-Qaeda. The decision not to authorize his killing frustrated members of Congress who thought the administration was dithering.

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Farekh is the second terrorism suspect with U.S. ties to be captured or killed in Pakistan in recent months. In December, Pakistani forces killed [Adnan el Shukrijumah](#), a senior al-Qaeda operative on the FBI's Most Wanted Terrorists list. Shukrijumah had been indicted in New York on charges that he played a role in the terrorist group's failed plan to attack the city's subways in 2009.

[Pakistan says it killed al-Qaeda operative charged in N.Y. subway plot]

The move to bring Farekh to the United States to face federal charges is likely to draw criticism from some Republicans in Congress who believe suspected terrorists, even Americans, should not have the same rights as criminal defendants and should be held at the prison at Guantanamo Bay, Cuba.

President Obama, however, has vowed to close the facility, and no detainee has been sent there since 2008.

The federal prosecution of terrorism suspects captured overseas has become almost commonplace. Last year, [a Russian citizen who was captured](#) in Afghanistan and held there for years was indicted in U.S. federal court and charged with conspiring to murder a U.S. national and use of a weapon of mass destruction. That case marked the first time a foreign combatant captured on the battlefield in Afghanistan had been brought to the United States to be prosecuted.

The FBI's Joint Terrorism Task Force in New York, working with federal prosecutors in the Eastern District of New York, handled the case against Farekh. One of the officials briefed on the case said he was interrogated at length by what is known as a High-Value Detainee Interrogation Group.

It is not clear where the interrogations took place. In the past, officials have used Bagram air base in Afghanistan or warships to question terrorism suspects who were later brought to the United States.

Farekh's capture comes after Pakistan began a long-promised military offensive against militant forces lodged in North Waziristan, part of the tribal areas along the Afghanistan border that are used as safe havens by terrorist groups.

Pakistanis claimed to have killed nearly 1,000 militants as part of the offensive.

In operations in North Waziristan and nearby regions, as well as in Karachi, Pakistani forces say they have also killed and captured numerous al-Qaeda operatives, including [Shukrijumah](#), who was born in Saudi Arabia and was believed to have been in charge of the group's external operations.

Craig reported from Islamabad. Karen DeYoung in Washington contributed to this report.

Iran and world powers agree on parameters of Iranian nuclear deal

Iran, world powers agree on framework for nuclear talks

WASHINGTON POST

By [Carol Morello](#) and [William Branigin](#) April 2 at 1:58 PM

LAUSANNE, Switzerland — Negotiators from Iran and major world powers reached agreement Thursday on a framework for a final agreement to curb Tehran's nuclear program in exchange for relief from international sanctions, participants in the marathon talks said.

They said the sides, including the United States and its key European allies, would promptly start drafting a final accord to be completed by a June 30 deadline.

"Big day," tweeted Secretary of State John F. Kerry. He said the European Union, the six major world powers and Iran "now have parameters to resolve major issues on nuclear program. Back to work soon on a final deal."

"Today we have taken a decisive step," said Federica Mogherini, the foreign policy chief of the European Union. "We have reached solutions on key parameters of a joint comprehensive plan of action."

In a statement read to reporters, Mogherini and Iranian Foreign Minister Mohammed Javad Zarif said Iran would limit the operation of uranium-enrichment centrifuges to one site — Natanz — and would convert its controversial Fordow enrichment site into a center for nuclear physics and technology research. The Fordow site, which Iran secretly built deep inside a mountain near Qom, had raised alarm because it was less vulnerable to attack if used to produce fissile material for nuclear weapons.

"There will not be any fissile material at Fordow," Mogherini said in English. Zarif read the same statement in Farsi.

They also said that a heavy-water nuclear reactor at Arak would be rebuilt so that it could not be used to produce any weapons-grade plutonium. "There will be no reprocessing, and the spent fuel will be exported," they said.

In return, nuclear-related sanctions against Iran will be terminated by the European Union and the United States, subject to verification that Iran is meeting terms of the agreement, the statement said.

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The breakthrough came after an all-night session, followed by further talks a few hours later, in a last-ditch effort to get a preliminary agreement to constrain Iran's ability to produce nuclear weapons in return for an easing of the sanctions that have severely crimped the Iranian economy.

"Found solutions. Ready to start drafting immediately," tweeted Zarif. Iranian President Hassan Rouhani followed that up with a tweet from Tehran saying: "Solutions on key parameters of Iran #nuclear case reached. Drafting to start immediately, to finish by June 30th."

"Good news," said a tweet from Mogherini.

The German Foreign Ministry tweeted, "Agreement for framework for final agreement reached."

The negotiators have been keeping the kind of hours usually reserved for college students cramming for exams, working double-overtime after pushing past their own self-imposed Tuesday midnight deadline.

Kerry and the top foreign envoys from Britain, Germany and the European Union were joined late Wednesday by French Foreign Minister Laurent Fabius, who had flown home to Paris earlier in the day but then returned unexpectedly.

Fabius is usually the one who takes the firmest stance on Iran's nuclear program, frequently insisting that Iran must make many more concessions before an agreement can be reached.

But on his arrival, he sounded a slightly more optimistic note for the fate of this phase of talks, which aim to reach a preliminary agreement that will guide three more months of negotiations on complex and difficult issues revolving around nuclear technology.

"We are a few meters from the finishing line, but it's always the last meters that are the most difficult," he told reporters. "We will try and cross them. We want a robust and verifiable agreement, and there are still points where there needs to be progress, especially on the Iranian side."

Iran's chief negotiator, Zarif, sounding hoarse and sleep-deprived when he spoke briefly with reporters Thursday morning, said the negotiators would be doing an overview of the progress made so far. He said he expected that he and Mogherini would issue a joint statement afterward.

"There will be a statement to the press, which should be announced, but the text still has to be worked on," he said.

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At around 6 a.m. local time Thursday, State Department spokeswoman Marie Harf tweeted that the talks had recessed after the marathon all-night session but would resume after only a short break.

The day's first meeting then began five hours later — shortly before 11 a.m. — involving the full contingent of diplomats from Iran, the United States and its five negotiating partners, plus the European Union.

The U.S. State Department said late Wednesday that enough progress had been made in meetings between Kerry and Zarif to warrant continuing the tricky talks into Thursday morning. But the short period appeared to reflect lasting difficulties between the negotiators.

Iran and the six world powers, which also include Russia and China, had cited progress in abandoning their March 31 deadline for the basic understanding that would prepare the ground for a new phase of negotiations on a substantive deal.

The talks appeared to be on ever-more-shaky ground as Wednesday elapsed. The White House said Iran had not made commitments about its nuclear program in the sessions Wednesday, and Iran's foreign minister described negotiations with the West as "always problematic."

Though the talks continued, Germany's foreign minister said it was possible they could collapse.

"It is clear the negotiations are not going well," two prominent Republican senators who have been wary of an agreement — John McCain (Ariz.) and Lindsey O. Graham (S.C.) — said in [a joint statement](#). "At every step, the Iranians appear intent on retaining the capacity to achieve a nuclear weapon."

The Obama administration [had sought a broad political framework](#) for an agreement by Tuesday, with three additional months to negotiate the technical details. But a deadline that perhaps was intended to pressure Iran to make concessions came and went as the country's representatives bargained hard. A temporary nuclear agreement with Iran remains in effect until June 30.

Diplomats and politicians sounded exasperated Wednesday, even as they acknowledged they were still exploring proposals to find a way out of their impasse.

In Washington, White House press secretary Josh Earnest said the talks were productive but that there were unresolved details. He said the United States would not arbitrarily end the negotiations if they were making progress, "but if we are in a situation where we sense that the talks have stalled, then yes, the United States and the international community is prepared to walk away."

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[\[Poll: Clear majority supports nuclear deal with Iran\]](#)

In Lausanne, German Foreign Minister Frank-Walter Steinmeier said new proposals would be considered but that the two sides were still far apart.

When asked whether the talks could collapse, Steinmeier told German reporters: “Naturally. Whoever negotiates has to accept the risk of collapse. But I say that in light of the convergence [of views] that we have achieved here in Switzerland, in Lausanne, it would be irresponsible to ignore the possibility of reaching an agreement.”

Steinmeier said he would reassess on Thursday morning whether to stay or return home.

Zarif, Iran’s chief negotiator, was critical of his counterparts when he was approached by reporters as he strolled along the shores of Lake Geneva.

“I’ve always said that an agreement and pressure do not go together; they are mutually exclusive,” he said. “So our friends need to decide whether they want to be with Iran based on respect or whether they want to continue based on pressure. They have tested the other one. It is high time to test this.”

Earlier, speaking to Iranian reporters outside the Beau Rivage Palace, where talks are being conducted, Zarif sounded weary with the approach taken by the multiple negotiating teams on the other side of the table.

“The negotiations’ progress depends on political will,” he said, according to Iran’s Mehr News Agency. “The other party’s political will has always been problematic.”

With the departure of several foreign ministers who had arrived over the weekend, Kerry was joined at the table by the British and German foreign ministers and the European Union’s foreign policy chief. France, China and Russia were represented by their ministers’ deputies.

The Obama administration and its negotiating partners are seeking an agreement that will sharply limit Iran’s [ability to build nuclear weapons](#) for at least a decade and maintain lesser restrictions in subsequent years. Iran says that its nuclear program is for peaceful, civilian purposes. It is seeking the lifting of international sanctions that have battered its economy.

The day’s negotiations started amid hopes of a preliminary agreement on at least some issues.

Iranian Deputy Foreign Minister Abbas Araghchi said he expected the talks to end late Wednesday with a statement “announcing progress.” That was quickly contradicted by diplomats from other countries.

Araghchi also offered some insight into Iran’s position on two central issues — the lifting of sanctions and the future of Iran’s research on centrifuges to enrich uranium.

“We insist on lifting of financial and oil and banking sanctions immediately,” he told Iranian state television, adding that the pace for lifting other sanctions was still being negotiated.

“We insist on keeping research and development with advanced centrifuges,” he added, referring to Iran’s desire to eventually replace its outdated centrifuges with more modern technology that enriches uranium more quickly. The United States and its negotiating partners want to keep restrictions on Iran’s nuclear research through the final years of a potential 15-year accord. They also want economic sanctions lifted more gradually.

The Obama administration had become increasingly adamant that it wanted a political agreement on the negotiations by the end of March. That marker was set when the negotiations were last [extended in November](#). Kerry had said then that “at the end of four months, if we have not agreed on major elements at that point in time and there is no clear path forward, we can revisit how we then want to proceed.”

For months, the State Department avoided the word deadline, a term that was used in Congress and the press. Officials called it a goal. In recent weeks, though, even U.S. diplomats began using the term.

“We’ve said that March 31st is a deadline; it has to mean something, and the decisions don’t get easier after March 31st,” Harf said Monday.

Some say the White House should never have adopted the “D” word.

“It was a mistake to set the March 31 deadline in the first place, because we need a positive outcome more than anyone else,” said Gary Samore, a former nuclear arms adviser to President Obama. “Naturally, the Iranians are taking advantage and playing hard ball.”

Israeli Prime Minister Benjamin Netanyahu kept up his unrelenting criticism of an agreement with Iran.

“Yesterday, an Iranian general brazenly said, and I quote, Israel’s destruction is nonnegotiable. But evidently giving Iran’s murderous regime a clear path to a bomb is negotiable,” he said in a statement from Jerusalem.

House Speaker John A. Boehner (R-Ohio), who was visiting Israel on Wednesday with a congressional delegation, said in an appearance with Netanyahu: “Regardless of where in the Middle East we’ve been, the message has been the same: You can’t continue to turn your eye away from the threats that face all of us.”

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"Phishing" Fraud: How to Avoid Getting Fried by Phony Phishermen

"Phishing" involves the use of fraudulent emails and copy-cat websites to trick you into revealing valuable personal information — such as account numbers for banking, securities, mortgage, or credit accounts, your social security numbers, and the login IDs and passwords you use when accessing online financial services providers. The fraudsters who collect this information then use it to steal your money or your identity or both.

When fraudsters go on "phishing" expeditions, they lure their targets into a false sense of security by hijacking the familiar, trusted logos of established, legitimate companies. A typical phishing scam starts with a fraudster sending out millions of emails that appear to come from a high-profile financial services provider or a respected Internet auction house.

The email will usually ask you to provide valuable information about yourself or to "verify" information that you previously provided when you established your online account. To maximize the chances that a recipient will respond, the fraudster might employ any or all of the following tactics:

Names of Real Companies — Rather than create from scratch a phony company, the fraudster might use a legitimate company's name and incorporate the look and feel of its website (including the color scheme and graphics) into the phishy email.

"From" an Actual Employee — The "from" line or the text of the message (or both) might contain the names of real people who actually work for the company. That way, if you contacted the company to confirm whether "Jane Doe" truly is "VP of Client Services," you'd get a positive response and feel assured.

URLs that "Look Right" — The email might include a convenient link to a seemingly legitimate website where you can enter the information the fraudster wants to steal. But in reality the website will be a quickly cobbled copy-cat — a "spoofed" website that looks for all the world like the real thing. In some cases, the link might lead to select pages of a legitimate website — such as the real company's actual privacy policy or legal disclaimer.

Urgent Messages — Many fraudsters use fear to trigger a response, and phishers are no different. In common phishing scams, the emails warn that failure to respond will result in your no longer having access to your account. Other emails might claim that the company has detected suspicious activity in your account or that it is implementing new privacy software or identity theft solutions.

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How to Protect Yourself from Phishing

The best way you can protect yourself from phony phishers is to understand what legitimate financial service providers and respectable online auction houses will and will not do. Most importantly, legitimate entities will not ask you to provide or verify sensitive information through a non-secure means, such as email.

Follow these five simple steps to protect yourself from phishers:

Pick Up the Phone to Verify — Do **not** respond to any emails that request personal or financial information, especially ones that use pressure tactics or prey on fear. If you have reason to believe that a financial institution actually does need personal information from you, pick up the phone and call the company yourself — using the number in your rolodex, not the one the email provides!

Do Your Own Typing — Rather than merely clicking on the link provided in the email, type the URL into your web browser yourself (or use a bookmark you previously created). Even though a URL in an email may look like the real deal, fraudsters can mask the true destination.

Beef Up Your Security — Personal firewalls and security software packages (with anti-virus, anti-spam, and spyware detection features) are a must-have for those who engage in online financial transactions. Make sure your computer has the latest security patches, and make sure that you conduct your financial transactions only on a secure web page using encryption. You can tell if a page is secure in a couple of ways. Look for a closed padlock in the status bar, and see that the URL starts with "https" instead of just "http."

Security Tip: Some phishers make spoofed websites which appear to have padlocks. To double-check, click on the padlock icon on the status bar to see the security certificate for the site. Following the "Issued to" in the pop-up window you should see the name matching the site you think you're on. If the name differs, you are probably on a spoofed site.

Read Your Statements — Don't toss aside your monthly account statements! Read them thoroughly as soon as they arrive to make sure that all transactions shown are ones that you actually made, and check to see whether all of the transactions that you thought you made appear as well. Be sure that the company has current contact information for you, including your mailing address and email address.

Spot the Sharks — Visit the website of the Anti-Phishing Working Group at www.antiphishing.org for a list of current phishing attacks and the latest news in the fight to prevent phishing. There you'll find more information about phishing and links to helpful resources.

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What to Do if You Run into Trouble

Always act quickly when you come face to face with a potential fraud, especially if you've lost money or believe your identity has been stolen.

Phishy Emails — If a phishing scam rolls into your email box, be sure to tell the company right away. You can also report the scam to the FBI's Internet Fraud Complaint Center at www.ic3.gov. If the email purports to come from the Securities and Exchange Commission, alert the SEC by submitting a tip online at <https://denebleo.sec.gov/TCRExternal/disclaimer.xhtml>.

Identity Theft — If you think that your personal information has been stolen, visit the Federal Trade Commission's feature on Identity Theft at www.consumer.ftc.gov/features/feature-0014-identity-theft for information on how to control the damage.

Securities Scams — Before you do business with any investment-related firm or individual, do your own independent research to check out their background and confirm whether they are legitimate. For step-by-step tips and links to helpful websites, please read [Check Out Brokers and Advisers](#) and [SIPC Exposes Phony "Look-Alike" Web Site](#). Report investment-related scams to the SEC using our online [Complaint Center](#).

<http://www.sec.gov/investor/pubs/phishing.htm>

OSHA Fines heating up...

(Newington, Connecticut) — A Bloomfield-based manufacturing company is being cited by OSHA for alleged safety violations.

Aircraft engine manufacturer Beacon Industries' Newington facility has been cited for 18 violations of workplace safety standards.

OSHA says it found plant employees exposed to several dangers, including potential lacerations, crushing injuries, amputation and electrocution.

Hazards included inadequate training and a lack of protective equipment required for troubleshooting on electrical equipment and safeguards to keep workers from coming into contact with with operating parts of machines, among other things.

Beacon faces up to \$71,000 in fines. The company has 15 days comply, meet with OSHA's area director or contest the findings.

After 33 years, the U.S. dropped its claim that Cuba sponsors terrorism. Here's what it means.

President Obama removed Cuba from the U.S. State Department's official list of [state sponsors of terrorism](#). The move signals a significant, symbolic step toward the [normalization of ties](#) between Washington and Havana and the potential opening of embassies in both countries.

Cuba's status as a "state sponsor" of terrorism had been under review since last year, when the White House signaled its intent to forge an opening with the country's communist government after decades of Cold War animosity. Cuba's designation remained a curious one and, like much that still shapes [the U.S.-Cuba relationship](#), was a relic of the past. Here's what you need to know about Obama's move to enter the present.

What is a "state sponsor of terrorism"?

The designation was formulated by U.S. authorities in 1979 with an aim to punish whole regimes suspected of involvement in terrorist activities. The United States maintains a separate and far longer list of [foreign terrorist organizations](#). In both cases, a spot on the list means sanctions, bans on exports and arms sales, and other punitive measures aimed at freezing business with these supposed terrorist actors.

Why was Cuba on the list? And who else is on it?

Before the president's move, there were [four listed](#) state sponsors of terrorism: Cuba, Iran, Syria and Sudan. Cuba had been on the list since 1982. The argument used to put it there largely centered on the Castro regime giving sanctuary to a number of fugitives implicated in terrorist acts. These included militant Basque separatists from Spain and a number of Americans wanted for acts of political violence.

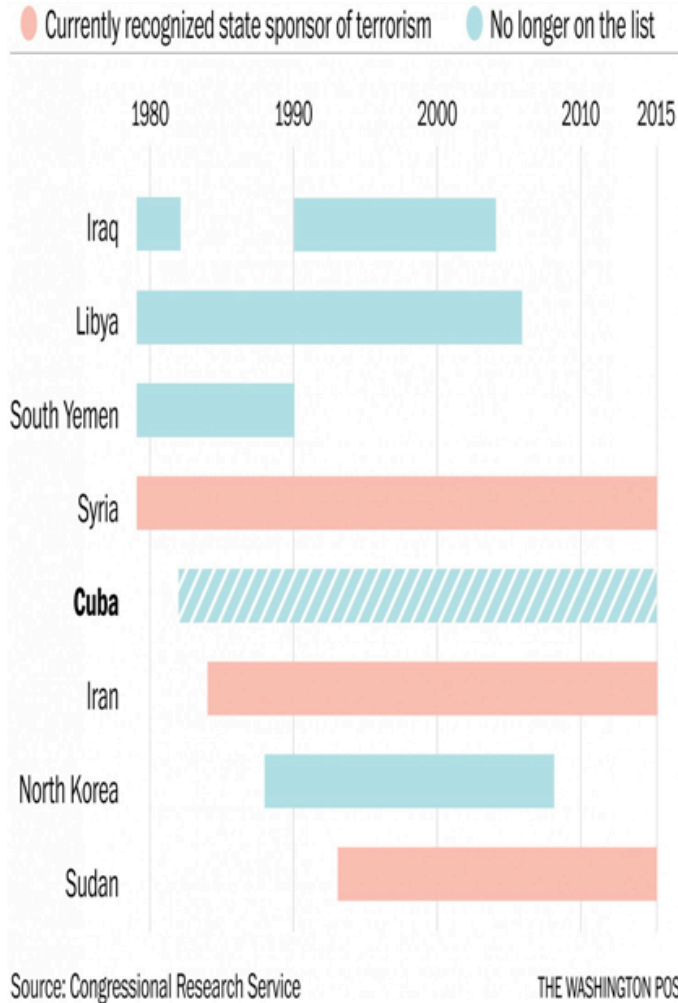
The most high-profile fugitive is [Joanne Chesimard](#), also known as Assata Shakur. A member of the Black Liberation Army, she is wanted in the killing of a New Jersey police officer in 1973 and is suspected to be in Cuba. It's [believed](#) that, since at least 1991, Cuba has provided no training or armed assistance to leftist guerrilla groups in Latin America.

The latest [U.S. country report on terrorism](#) in Cuba says there is "no indication that the Cuban government provided weapons or paramilitary training to terrorist groups."

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Countries designated state sponsors of terrorism

Eight countries have been named state sponsors of terror since the list began in 1979. Currently, four countries are on the list, but the Obama administration has informed Congress that it will remove Cuba.



And what about the other countries?

Iran — deemed by the United States in 2011 to be an "active" state sponsor of terrorism — was first [designated as one in 1984](#), the year after a suicide bombing of a U.S. Marines barracks in Beirut by a suspected member of Hezbollah, an Iranian proxy. Syria got on the list the same year that the list was created, largely for Damascus's role in fueling the [sectarian conflict in Lebanon](#), and its continuing support for Palestinian militant groups carrying out attacks in Israel. Sudan was designated as a state sponsor [in 1993](#) after it emerged that Khartoum was harboring militants from a slate of terrorist groups, including al-Qaeda.

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Aren't there other countries that do far worse?

Indeed, yes, some [say](#) there are. It's argued that elements within the Pakistani state, for example, have tacitly enabled various militant, terrorist groups — ranging from the Afghan Taliban to al-Qaeda to terrorist groups that focus their attacks on India. Al-Qaeda mastermind Osama bin Laden was discovered living in mysterious circumstances in a leafy town not far from Islamabad, the Pakistani capital.

Yet there's never been much of a possibility of forcing this designation on Pakistan, a long-standing U.S. ally whose government regularly denounces terrorism and is in the midst of a bloody, draining counterinsurgency in the country's tribal areas along the Afghan border. So, too, Saudi Arabia, a leading U.S. partner in the Middle East, yet one that has [played a role](#) in incubating some of the more noxious strains of Islamic fundamentalism tormenting the wider region.



Cuban flags fly beside the U.S. Interests Section in Havana on April 5, 2015. (Enrique de la Osa/Reuters)

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So, it's a question of politics?

The list of nations removed from the list includes Iraq, freed of the status after the U.S. invasion in 2003; Libya, removed in 2006 after the Gaddafi regime stepped up counterterrorism cooperation and abandoned its suspected WMD program; and even North Korea, a move [made in 2008](#) after supposed commitments regarding the verification of that country's clandestine nuclear program.

Another country no longer on the list? South Yemen — a nation that no longer exists but that was viewed in 1970s and 1980s by the United States as a dangerous Soviet proxy.

The question nowadays is less whether states are *actively* sponsoring terror than whether they are *passively* doing so — enabling an environment in which non-state terror groups can gain strength and conduct operations.

"Because of this complexity, the answer to the problem does not lie only in updating the State Department's state sponsorship list to reflect current relationships — swapping out Cuba for Venezuela, say, or replacing North Korea with Pakistan," [writes](#) Middle East scholar Daniel L. Byman in a 2008 policy paper for the Brookings Institution.

Pretty much. The designation is a provocative, zero-sum gesture that gives the United States [little diplomatic flexibility](#) and reflects, instead, the politics of an earlier Cold War era — when U.S. policy was focused more on state adversaries rather than on non-state actors.

Byman, instead, proposes the creation of "a list of passive sponsors and their activities in an attempt to 'name and shame' them into better behavior."

Readout of the President's Call with President al-Sisi of Egypt

President Obama spoke with Egyptian President Abdelfattah al-Sisi today regarding the U.S.-Egyptian military assistance relationship and regional developments, including in Libya and Yemen. President Obama informed President al-Sisi that he will lift executive holds that have been in place since October 2013 on the delivery of F-16 aircraft, Harpoon missiles, and M1A1 tank kits. The President also advised President al-Sisi that he will continue to request an annual \$1.3 billion in military assistance for Egypt. Beginning in fiscal year 2018, the President noted that we will channel U.S. security assistance for Egypt to four categories — counterterrorism, border security, Sinai security, and maritime security — and for sustainment of weapons systems already in Egypt's arsenal.

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The President explained that these and other steps will help refine our military assistance relationship so that it is better positioned to address the shared challenges to U.S. and Egyptian interests in an unstable region, consistent with the longstanding strategic partnership between our two countries. President Obama also reiterated U.S. concerns about Egypt's continued imprisonment of non-violent activists and mass trials. He encouraged increased respect for freedom of speech and assembly and emphasized that these issues remain a focus for the United States. The two leaders agreed to stay in touch in the weeks and months ahead.

DTC Reorg oversight for USML Licensing by Category

Effective April 20th, the Office of Defense Trade Controls Licensing (DTCL) will undergo a reorganization. Export Control Reform (ECR) has caused a 36% drop in licensing volume and has created a disparity in the volume of cases among the current divisions. Since 2013, DTCL has also experienced some downsizing through attrition. The new organizational structure will be leaner and will appropriately balance personnel and commodity volume to reflect the post-ECR environment while enabling DTCL to work toward meeting the directorate's strategic goals.

In summary, DTCL will be reorganized into four operational divisions:

- Space, Missile, and Sensor Systems;
- Electronic and Training Systems;
- Sea, Land, and Air Systems; and
- Light Weapons and Personal Protective Equipment Systems.

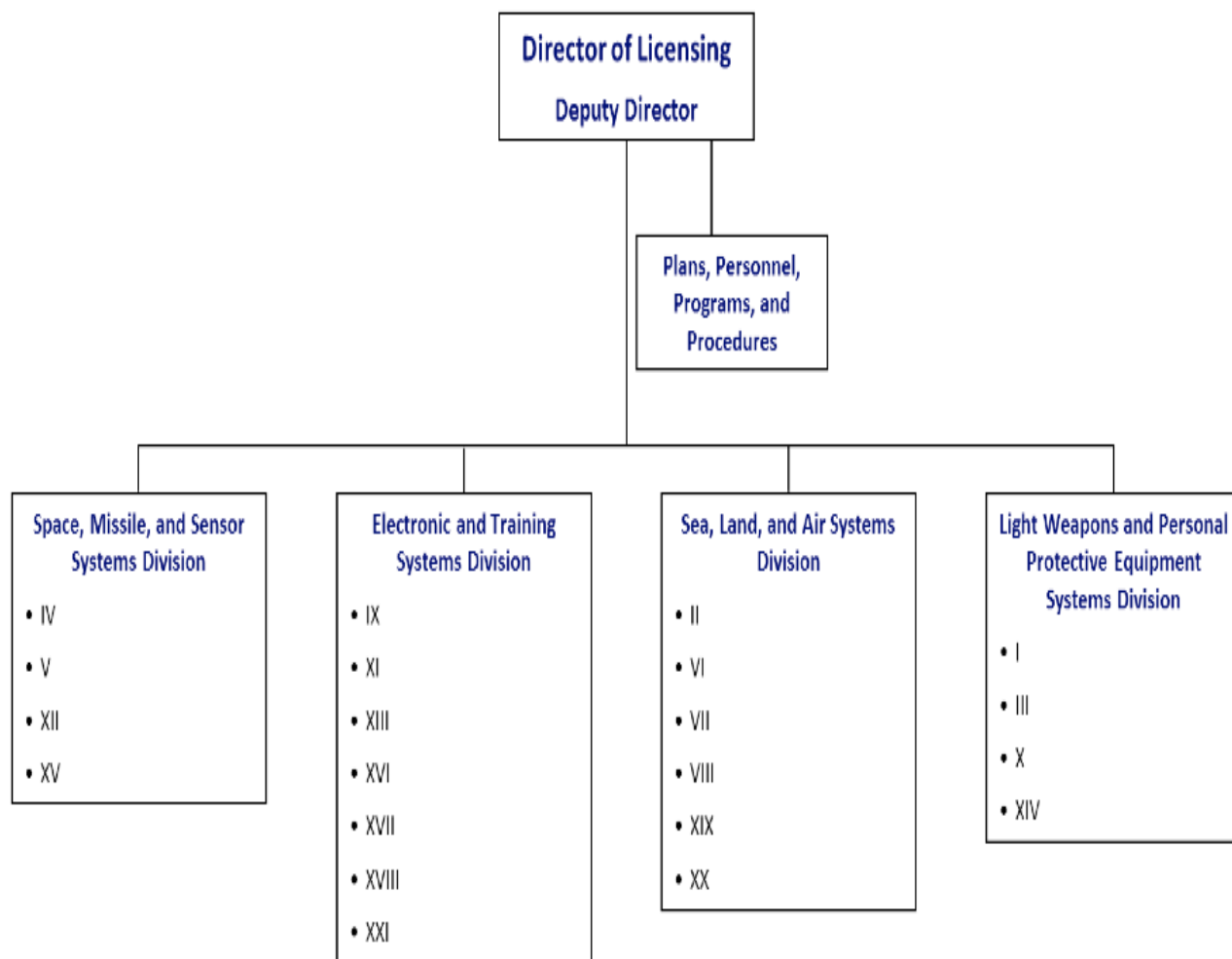
In addition, a division for Plans, Personnel, Programs, and Procedures will consolidate many of the functions that were previously included in Division 7 as well as those functions that were distributed across other parts of DTCL. The new organizational chart is depicted below. Other portions of the DDTCC website will be updated the weekend prior to implementation.

D-Trade will be configured to automatically route cases to the proper division based on the USML commodities on the application; no action is required by industry to adjust applications as a result of this reorganization.

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Defense Trade Controls Licensing



Four Companies and Five Individuals Indicted for Illegally Exporting Technology to Iran

U.S. Justice Department

FOR IMMEDIATE RELEASE

Seven Foreign Nationals and Companies Placed on Department of Commerce's Entity List

A 24-count indictment has been unsealed today charging four corporations and five individuals with facilitating the illegal export of high-tech microelectronics, uninterruptible power supplies and other commodities to Iran in violation of the International Emergency Economic Powers Act (IEEPA).

The announcement was made by Assistant Attorney General for National Security John P. Carlin, U.S. Attorney Kenneth Magidson of the Southern District of Texas, Assistant Director Randall Coleman of the FBI's Counterintelligence Division, Special Agent in Charge Perrye K. Turner of the FBI's Houston Field Office, Under Secretary of Commerce Eric L. Hirschhorn of the Department of Commerce, Special Agent in Charge Tracy E. Martin of the Department of Commerce's Office of Export Enforcement's Dallas Field Office and Special Agent in Charge Lucy Cruz of the IRS' Houston Field Office.

"The nine defendants charged in the indictment allegedly circumvented U.S. sanctions and illegally exported controlled microelectronics to Iran," said Assistant Attorney General Carlin. "Violations of the International Emergency Economic Powers Act not only can undercut the impact of U.S. sanctions, but can also serve to undermine U.S. foreign policy and adversely affect national security. I want to thank all those in law enforcement whose tireless efforts led to these charges."

"The prevention, investigation and prosecution of the illegal export of critical electronic system is one of the highest priorities of the Department of Justice," said U.S. Attorney Magidson. "This indictment is evidence of our commitment to ensuring that our laws are enforced and our national security is protected."

"The proliferation of sensitive U.S. technologies to Iran and the direct support to their military and weapons programs remains a clear threat to U.S. national security," said Coleman. "The FBI and our interagency partners will continue to identify, penetrate and neutralize proliferation efforts aimed at circumventing our export control laws and economic sanctions to illegally obtain sensitive technologies."

"IRS-CI will tenaciously pursue individuals who violate international emergency economic powers statutes," said Special Agent in Charge Cruz. "Our role is to unravel the often concealed or disguised financial crimes that threaten our national security."

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"The Office of Export Enforcement and our law enforcement partners will continue to investigate, pursue and dismantle these procurement networks that violate U.S. export control laws whether they operate within our borders or anywhere else in the world," said Special Agent in Charge Martin.

The indictment alleges Houston-based company Smart Power Systems Inc. (SPS); Bahram Mechanic, 69, and Tooraj Faridi, 46, both of Houston; and Khosrow Afghahi, 71, of Los Angeles, were all members of an Iranian procurement network operating in the United States. Also charged as part of the scheme are Arthur Shyu, and the Hosoda Taiwan Limited Corporation in Taiwan; Matin Sadeghi, 54, and Golsad Istanbul Trading Ltd. in Turkey; and the Faratel Corporation, co-owned by Mechanic and Afghahi in Iran.

The indictment was returned under seal on April 16, 2015, and unsealed as Mechanic and Faridi made their initial appearances before U.S. Magistrate Judge Francis H. Stacy of the Southern District of Texas. Afghahi was taken into custody and will make an initial appearance in the Central District of California. Sadeghi and Shyu are believed to be out of the country and warrants remain outstanding for their arrests.

Anyone with information is asked to contact the nearest embassy or local FBI office. They may also contact the FBI's Houston Office at [713-693-5000](tel:713-693-5000).

In conjunction with the unsealing of these charges, the Department of Commerce is designating seven foreign nationals and companies, adding them to its Bureau of Industry and Security Entity List. The indictment alleges these individuals and companies received, transshipped or otherwise facilitated the illegal export of controlled commodities by the defendants. Designation on the Entity List imposes a license requirement before any commodities can be exported from the United States to these persons or companies and establishes a presumption that no such license will be granted.

The Entity List identifies foreign parties that are prohibited from receiving some or all items subject to the Export Administration Regulations (EAR) unless the exporter secures a license. Those persons present a greater risk of diversion to weapons of mass destruction (WMD) programs, terrorism or other activities contrary to U.S. national security or foreign policy interests. BIS can add to the Entity List a foreign party, such as an individual, business, research institution or government organization, for engaging in activities contrary to U.S. national security and/or foreign policy interests. In most instances, license exceptions are unavailable for the export, re-export or transfer (in-country) to a party on the Entity List of items subject to the EAR. Rather, a prior license is required, usually subject to a policy of denial.

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According to the indictment, Mechanic and Afghahi are the co-owners of Iran-based Faratel and its Houston-based sister company SPS. Faratel designs and builds uninterrupted power supplies for various Iranian entities, including Iranian government agencies such as the Iranian Ministry of Defense, the Atomic Energy Organization of Iran, and the Iranian Centrifuge Technology Company. SPS designs and manufactures uninterrupted power supplies in cooperation with Faratel. Faridi currently serves as a vice president of SPS. Shyu is a senior manager at the Hosoda Taiwan Limited Corporation, a trading company located in Taiwan, while Sadeghi is an employee of Golsad Istanbul Trading, a shipping company located in Turkey.

The indictment alleges that between approximately July 2010 and the present, Mechanic and the others engaged in a conspiracy to obtain various commodities, including controlled United States-origin microelectronics. They then allegedly exported these to Iran, while carefully evading the government licensing system set up to control such exports. The microelectronics shipped to Iran allegedly included microcontrollers and digital signal processors. According to the indictment, these commodities have various applications and are frequently used in a wide range of military systems, including surface-air and cruise missiles. Between July 2010 and the present, Mechanic's network allegedly sent at least \$24 million worth of commodities to Iran.

According to court documents, Mechanic, assisted by Afghahi and Faridi, regularly received lists of commodities, including United States-origin microelectronics, sought by Faratel in Iran. Mechanic would approve these orders and then send the orders to Shyu in Taiwan, according to the indictment. Shyu would allegedly purchase the commodities utilizing Hosoda Taiwan Limited and then ship the commodities to Turkey, where Sadeghi would act as a false buyer via his company, Golsad Istanbul Trading Ltd. The indictment further alleges that Sadeghi would receive the commodities from Shyu and then ship them to Faratel in Iran. Mechanic required his co-conspirators to notify him and obtain his approval for each of the transactions completed by the network, according to the allegations.

The individual defendants each face up to 20 years in federal prison, while the corporate defendants face fines of up to \$1 million for each of the IEEPA counts, upon conviction.

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Mechanic, Afghahi and Shyu are also charged with conspiring to commit money laundering and substantive money laundering violations, each charge carries a maximum potential term of imprisonment of 20 years. Mechanic further faces a charge of willful failure to file foreign bank and financial accounts for which he faces up to five years in federal prison.

The charges also carry the possibility of substantial fines upon conviction.

The government's case is being prosecuted by Assistant U.S. Attorneys S. Mark McIntyre and Craig Feazel of the Southern District of Texas, as well as Trial Attorneys Casey Arrowood and Matt Walczewski of the Justice Department's National Security Division.

In all cases, defendants are presumed innocent until and unless proven guilty. The indictment merely contains allegations of criminal activity.

Industry Notice



Industry Notice: DDTC is modernizing its technology infrastructure and migrating all external systems to a new platform. Our deployment date has been postponed and a new deployment schedule will be provided at a later time. We appreciate the support we received from industry during our testing phase. Users should continue using current forms and URLs to access DTrade, Electronic Forms Submission, and MARY. If you have any questions, please contact the DDTC Help Desk at [202-663-2838](tel:202-663-2838) or DTradeHelpDesk@State.Gov (04/03/15)

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