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**BUREAU OF INDUSTRY AND SECURITY**

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## Texas Firm and its Foreign Affiliates Settle 288 Charges of Unlicensed Exports and Reexports to Iran, Syria, and Other Countries

The Commerce Department’s Bureau of Industry and Security (BIS) announced today that Flowserve Corporation and ten of its foreign affiliates have agreed to pay a civil penalty totaling \$2.5 million to settle 288 charges for violating the Export Administration Regulations by making unlicensed exports and reexports of pumps, valves and related components to Iran and Syria and other countries. Flowserve is headquartered in Irving, Texas, and is a supplier of goods and services to the oil, gas, chemical, and other industries.

“Today’s settlement reflects the serious consequences that result when companies do not comply with sanctions against trading with Iran and Syria,” said Assistant Secretary of Commerce for Export Enforcement David W. Mills “U.S. companies must maintain a vigilant compliance program that extends to affiliates wherever they do business.” BIS alleged that between 2002 and 2008, Flowserve and six of its foreign affiliates made unlicensed exports and reexports to a variety of countries, including China, Singapore, Malaysia and Venezuela, of items classified under Export Control Classification Number 2B350 and controlled for reasons of chemical and biological weapons proliferation. BIS also alleged that six of Flowserve’s foreign affiliates caused the transshipment of EAR99 items to Iran and/or the reexport of EAR99 items to Syria without the required U.S. Government authorization.

In addition to the civil penalty, Flowserve and a number of the Flowserve affiliates will also be required to conduct external audits of their compliance programs and submit the results to BIS. Flowserve’s voluntarily disclosure of the violations and its cooperation with the investigation significantly reduced the penalty amount.

In a related case, the Department of Treasury’s Office of Foreign Assets Control (OFAC) settled charges with Flowserve alleging a total of 58 violations of its Iranian, Cuban and Sudanese sanctions programs. Flowserve agreed to pay a \$502,408 civil penalty to resolve the OFAC charges.

"OFAC and BIS have a responsibility to ensure that U.S. sanctions programs and export laws are implemented to the fullest extent of the law," said OFAC Director Adam J. Szubin. "Today's settlements reflect a long-standing dedication, and are the result of collaborative efforts, by OFAC and BIS, and we will continue to work closely together to investigate and hold accountable both foreign and domestic entities that export goods from the United States to sanctioned countries," said OFAC Director Adam J. Szubin.

Assistant Secretary Mills commended the Commerce and OFAC team which investigated the case for its outstanding work.

BIS controls exports and reexports of dual-use commodities, technology, and software for reasons of national security, missile technology, nuclear non-proliferation, chemical and biological weapons non-proliferation, crime control, regional stability, anti-terrorism and foreign policy. Criminal penalties and administrative sanctions can be imposed for violations of the Export Administration Regulations. For more information, please visit [www.bis.doc.gov](http://www.bis.doc.gov).

Parties who may have been involved in violations of the EAR are encouraged to submit a Voluntary Self Disclosure (VSD) to the BIS Office of Export Enforcement.

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