

October 8, 2014

Thomas Schulz  
Group Chief Executive  
FLSmith & Co. A/S  
Vigerslev Allé 77  
DK-2500 Valby  
Copenhagen  
Denmark

**Re: FLSmith & Co. A/S and Iran**

Dear Mr. Schulz:

United Against Nuclear Iran (“UANI”) is writing to express its concern about FLSmith & Co. A/S’s (“FLSmith”) reported attendance at the impending 1<sup>st</sup> Europe-Iran Forum (“the Forum”). UANI is troubled by FLSmith’s reported attendance. Notwithstanding the terms of the Joint Plan of Action (“JPOA”) interim agreement in effect between Iran and the P5+1 group of countries, there remain severe reputational, financial and legal risks associated with Iran business, particularly in sectors of the Iranian economy such as engineering, which remain under multilateral sanctions. In light of such risks, it should be clear to all responsible companies that Iran is not open for business.

The inaugural Europe-Iran Forum is set to take place on October 15-16 in London. According to its official website, the Forum is being convened “[i]n order to properly prepare and evaluate the post-sanctions trade framework and investment opportunities...” The website further declares that , “With the prospect of improved political relations and a new business climate between Europe and Iran, a momentous commercial opportunity presents itself.” (European Voice website, “[The 1<sup>st</sup> Europe-Iran forum](#),” accessed 09/22/14) UANI is alarmed to see that one of those due to speak at the Forum, seemingly primed to take advantage of this “momentous commercial opportunity,” is FLSmith Chief Executive Officer, Thomas Schulz. (European Voice website, “[Speakers](#),” accessed 10/2/14) Mr. Schulz is set to appear alongside representatives from several Iranian companies and consulting firms, the German-Iran Chamber of Commerce and MTN, a controversial South African telecoms group widely reported to have provided goods and services that aided the Iranian regime in quashing Iranian democratic opposition. (European Voice website, “[Speakers](#),” accessed 09/22/14; *Wall Street Journal*, “[Chinese Tech Giant Aids Iran](#),” 10/27/11).

We also note the presence at the Forum of individuals representing certain Iranian companies of questionable provenance. Most notably, immediately below the listing for Mr. Schulz is Mohammad Reza Ansari, Chairman of Kayson, “Iran’s exemplary exporter of technical & engineering services for six years.” (Kayson website, “[About Kayson](#),” accessed 10/02/14) Kayson is listed by the UK government as an entity of potential concern due to possible WMD end-use. (UK Government Dept. of Business and Skills, “[Iran List](#),” 10/23/13) The Center for Strategic and International Studies also states that Kayson Construction is “supervised by Iranian Revolutionary Guard [IRGC] personnel in Venezuela.” (CSIS, “[Iran’s Influence in the Americas](#),” March 2012)

Aside from the troubling aspects of the Forum itself, FLSmidth’s apparent interest in renewing its Iran business is both premature and ill-advised. As clearly indicated in numerous statements issued by U.S. and EU officials, the JPOA in no way gives a green light for companies to enter or re-enter the Iranian market. Simply put, Iran is not “open for business.” (AFP, “[US: Iran 'not open for business'](#),” 2/4/14) For example, in remarks before the U.S. Senate Committee on Foreign Relations on February 4, 2014, Undersecretary for Terrorism and Financial Intelligence David Cohen stated, “The sanctions that remain in place are broad and that we intend to enforce our sanctions vigorously.” In reference to trade delegations visiting Iran, Undersecretary Cohen stated, “We are as crystal clear as possible in all of our engagements that if these talks turn into something more, if these talks turn into deals that violate the elaborate sanctions that remain in place, that we will take action.” (U.S. Department of Treasury, “[Testimony Of Under Secretary For Terrorism And Financial Intelligence David S. Cohen Before The Senate Foreign Relations Committee](#),” 2/4/14) At a news conference with French President François Hollande on February 11, President Obama stated, “Businesses may be exploring...some possibilities to get in sooner rather than later, if and when there is an actual agreement to be had, but I can tell you that they do so at their own peril right now. Because we will come down on them like a ton of bricks.” A similar view has been expressed by EU leaders. At the same press conference, President Hollande said, “Sanctions will only be lifted if and when there is definite agreement.” (AFP, “[Obama warns French firms on Iran sanctions](#),” 2/11/14) The most recent U.S. Treasury round of sanctions in August 2014 was accompanied by Undersecretary Cohen’s statement that it “reflects our continuing determination to take action against anyone, anywhere, who violates our sanctions,” adding that “During this JPOA extension period...we remain committed to enforcing existing sanctions against Iran.” (U.S. Department of Treasury, “[Treasury Targets Networks Linked to Iran](#),” 8/29/14)

FLSmidth should also be mindful of the potentially damaging financial and reputational risks associated with any Iran business activities, particularly given the potential application of FLSmidth’s goods and services in the engineering sector. U.S. officials, including Undersecretary of State for Foreign Affairs Wendy Sherman, have issued stern warnings to firms about such risks. In testimony before the U.S. Senate, Undersecretary Sherman stated, “We have told them all that they are putting their reputations, themselves, and their business, [their] business enterprises, at risk if they jump the gun.” (*The Washington Post*, “[Foreign firms lining up to do business with Iran once sanctions are loosened, officials say](#),” 2/4/14) Moreover, in January 2014, a senior U.S. administration official said Iran was still a “perilous” place for foreign companies to do business and warned, “Businesses need to take into account the legal and reputational risk of doing business with Iran.” (AFP, “[US warns firms against breaking Iran sanctions](#),” 1/15/14)

FLSmith's reported interest in Iran business activity is especially troubling considering the nature of FLSmith's business in the engineering sector, and in particular the provision of services to the minerals and cement industry. (FLSmith website, "[What We Do](#)," accessed 10/2/14) We also note FLSmith's historical links with Iran. For example, in 2005, FLSmith reportedly signed a contract worth €24 million with the Iranian company, Karoon Cement Company. (FLSmith, "[FLSmith wins two Iranian cement contracts at a total value of DKK 267m](#)," 5/10/05)

UANI is also cognizant of FLSmith's significant U.S. presence - including the 2012 contract to supply Allied Nevada Gold Corporation for its gold and silver mining mill in Reno, Nevada, the "largest concentrator in size, in North America" - and its notable acquisitions of U.S. companies, including Pneumapress Inc., CEntry and Decanter Machine, Inc. (FLSmith website, "[Product Brands](#)," accessed 10/2/14; "[FLSmith strikes gold in North America](#)," April 2012) UANI strongly believes that no company should benefit from access to the world's largest economy and consumer market while at the same time doing business in Iran.

We would therefore appreciate further clarification on FLSmith's plans with respect to any Iran business activities. Please specifically explain the purpose of Mr. Schultz's participation in the forum, if not to capitalize on "commercial opportunities" in Iran. Upon your return, please also describe in detail what, if any, meetings FLSmith employees or representatives held with representatives and intermediaries of the Iranian government and/or any other Iranian entity. Finally, please also clarify what, if any, agreements or other exploratory business undertakings were initiated, executed or otherwise discussed during FLSmith's time at the Forum.

Please be advised that UANI will not waver in its commitment to shining the full light of public scrutiny on any company that gives succor to the Iranian regime in its illicit pursuit of a nuclear weapons capability and worldwide sponsorship of terrorism.

Thank you for your attention to this matter.

Very truly yours,



Ambassador Mark D. Wallace

cc: The Honorable Ed Royce  
Chairman, United States House Committee on Foreign Affairs

The Honorable Eliot Engel  
Ranking Member, United States House Committee on Foreign Affairs

The Honorable Tim Johnson  
Chairman, United States Senate Committee on Banking, Housing, and Urban Affairs

The Honorable Michael Crapo  
Ranking Member, United States Senate Committee on Banking, Housing, and Urban Affairs

The Honorable Jeb Hensarling  
Chairman, United States House Committee on Financial Services

The Honorable Maxine Waters  
Ranking Member, United States House Committee on Financial Services

The Honorable Robert Menendez  
Chairman, United States Senate Committee on Foreign Relations

The Honorable Bob Corker  
Ranking Member, United States Senate Committee on Foreign Relations

The Honorable Ileana Ros-Lehtinen  
United States House of Representatives

The Honorable Steve Israel  
United States House of Representatives

The Honorable David S. Cohen  
Under Secretary for Terrorism and Financial Intelligence, United States Department of the Treasury

The Honorable Adam Szubin  
Director, Office of Foreign Assets Control

The Honorable Rufus Gifford  
Ambassador of the United States to Denmark

His Excellency Peter Taksøe-Jensen  
Danish Ambassador Extraordinary and Plenipotentiary to the United States