

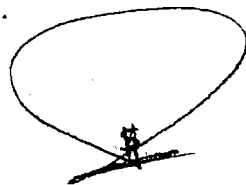
UNITED STATES DISTRICT COURT
DISTRICT OF MINNESOTA
Criminal No. 18-cr-308 (PJS/SER)

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	PLEA AGREEMENT AND
)	SENTENCING STIPULATIONS
v.)	
)	
SEYED SAJJAD SHAHIDIAN,)	
)	
Defendant.)	

The United States of America and Seyed Sajjad Shahidian (hereinafter referred to as the “defendant” or “Shahidian”) agree to resolve this case on the terms and conditions that follow. This plea agreement binds only the defendant and the United States Attorney’s Office for the District of Minnesota. This agreement does not bind any other United States Attorney’s Office or any other federal or state agency.

1. **Charges.** The defendant agrees to plead guilty to Count 1 of the Indictment. Count 1 charges the defendant with Conspiracy to Defraud and Commit Offenses against the United States, in violation of Title 18, United States Code Section 371. The government agrees to move to dismiss the remaining counts of the Indictment at the time of sentencing.

The government agrees not to prosecute the defendant for any additional offenses known to the government at the time of the execution of this agreement. However, all conduct known by the government can and will be used as relevant conduct under the United States Sentencing Guidelines and as factors under 18 U.S.C. § 3553(a) at the defendant’s sentencing.



06,12,2020

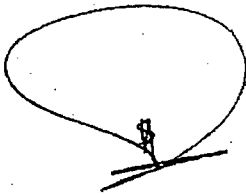
SCANNED
JUN 17 2020 WTP
U.S. DISTRICT COURT MPLS

United States v. Seyed Sajjad Shahidian, Criminal Case No. 18-CR-308 (PJS/SER)
Plea Agreement and Sentencing Stipulations

2. **Factual Basis.** It is stipulated that Count 1 of the Indictment is true and that the defendant is guilty of that charge. The defendant agrees that the following facts are accurate and that the government has sufficient evidence to prove the following at trial:

Background on Payment24 and the Defendant

Payment24 is an internet-based financial services company located in Iran. The primary business of Payment24 is to assist Iranian citizens with conducting financial transactions with businesses in the United States in violation of both international sanctions and United States law. Specifically, Payment24 sells to its Iran-based customers a package of services that, as advertised, allows its customers to circumvent prohibitions based on international sanctions on financial transactions with U.S.-based businesses and other international businesses. This package of services includes unlawful access to U.S. financial and commercial markets using U.S.-based payment processing companies like PayPal and Payoneer. Until shortly after his arrest on November 11, 2018, in the United Kingdom, Mr. Shahidian served as the Chief Executive Officer of Payment24. One of Shahidian's co-conspirators, Vahid Vali, served as the Chief Operating Officer for Payment24.

A handwritten signature in black ink, consisting of a large, loopy initial 'S' followed by a horizontal line.

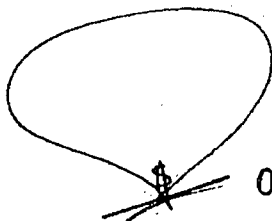
06/12/2020

United States v. Seyed Sajjad Shahidian, Criminal Case No. 18-CR-308 (PJS/SER)
Plea Agreement and Sentencing Stipulations

The Object of the Conspiracy

Beginning in 2009 and continuing until his arrest, the defendant and his co-conspirators engaged in a scheme to defraud the United States and United States-based businesses and to violate and cause violations of United States sanctions lawfully imposed on Iran. In order to accomplish the criminal objective of this conspiracy, Shahidian, through his company Payment24, obtained payment-processing accounts from companies like PayPal and Payoneer using fraudulent passports and other false residency documentation to represent that his customers resided outside of Iran when they did not. During the course of the conspiracy, Shahidian, without a license, opened, or caused to be opened, hundreds of PayPal accounts on behalf of his Payment24 customers who resided in Iran. Using these accounts, Shahidian and his customers conducted business in the United States and thereby violated and caused violations of U.S. sanctions.

When conducting business with United States-based businesses, Shahidian also conspired with others to deceive United States-based businesses into exporting United States-origin goods to Iran without a license by making material misrepresentations regarding the destination of the goods. For example, Shahidian, and others, falsely represented to the United States-based businesses that the purchased goods were destined for the United Arab Emirates ("UAE"), when in fact they were destined for Iran.

A handwritten signature in black ink, consisting of a large, loopy initial 'S' followed by a horizontal line and a vertical stroke.

3

06, 12, 2020

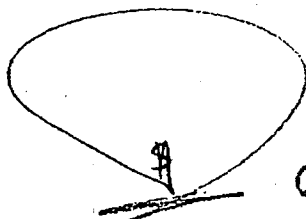
United States v. Seyed Sajjad Shahidian, Criminal Case No. 18-CR-308 (PJS/SER)
Plea Agreement and Sentencing Stipulations

Shahidian also opened accounts on his own behalf with United States-based payment processing companies, including PayPal and Payoneer, by providing false information to these companies asserting that he resided in the UAE when, in fact, he resided in Iran. On more than twenty separate occasions, Shahidian used his PayPal accounts to send payments to an e-commerce company headquartered in Minnetonka, Minnesota, to unlawfully purchase digital downloads of computer software and software licenses, and other computer related products, all of which were destined for use in Iran.

Relevant Actions of the Defendant

False Representations to U.S. Payment Processing Companies

Shahidian and Vali obtained access for their Payment24 customers by fraud, specifically, by providing the payment-processing companies referenced above with altered identification and residency documents that made it appear to the payment processing companies that Payment24's customers reside in the UAE and not in Iran. For example, Payment24 charged customers a fee for an advertised package that included a PayPal account, an "ID card and address receipt," one remote IP address within the UAE, and a Visa gift card for PayPal verification purposes. Payment24's website also counseled its customers "as long as the American sanctions continue to be in place, it is always advisable to create your accounts with a foreign identity." These PayPal accounts

A handwritten signature in black ink, consisting of a large, loopy initial 'S' and a smaller 'J' below it, followed by a horizontal line.

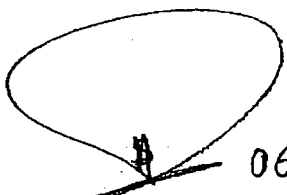
06, 12, 2020

United States v. Seyed Sajjad Shahidian, Criminal Case No. 18-CR-308 (PJS/SER)
Plea Agreement and Sentencing Stipulations

processed millions of dollars of U.S. currency transactions on behalf of Payment24's Iranian customers, in violation of U.S. sanctions.

As another example, in January 2015, Shahidian provided to Payoneer fraudulent documents that falsely stated he lived in the UAE. A court-authorized search of an email account used by Shahidian revealed that on January 9, 2015, Shahidian sent an email to Vali requesting a "passport edit" and the instruction "Do you see the upper portion of [first name]'s passport? I want you to replace it with the portion used in [second name]'s passport, meaning where the [second name] residency in the UAE is entered." A scanned image of an Iranian passport belonging to [second name] was included in this email along with a scan of [first name]'s Iranian passport that listed the Country of Residence as the United Arab Emirates. Two files were attached to the e-mail, entitled "Hesam.jpg" and "Mehdi-pass.jpeg." "Hesam.jpg" was a scanned passport from the Islamic Republic of Iran for S.S., Passport No: XXXXX3309, with a "Domicile" listed as Iran and the "Place of Issue" listed as The Passport-Police of Iran. The file "mehdi-pass.jpeg" appeared to be a scanned passport from the Islamic Republic of Iran for an individual named M.B., Passport No: XXXXX2425, with the "Country of Residence" listed as the "United Arab Emirates" and the "Place of Issue" listed as "Abu Dhabi."

On January 9, 2015, Shahidian received at his XXXXXX@yahoo.com account an email bearing the subject "Re: Passport edit." The body of the e-mail did not contain any


06, 12, 2020

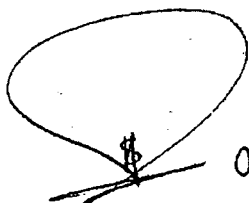
United States v. Seyed Sajjad Shahidian, Criminal Case No. 18-CR-308 (PJS/SER)
Plea Agreement and Sentencing Stipulations

text. There was one attachment to the e-mail named "SCAN.jpg." The attached file appeared to be the same scanned passport for S.S., Passport No: XXXXX3309. However, the top portion of the passport listed "Country of Residence: United Arab Emirates" and "Place of Issue" as "Abu Dhabi."

Unlawfully Obtaining United States-based Goods

Shahidian was also a customer of Payment24. He provided various U.S.-based businesses with false documents of his residency and citizenship in an effort to conceal that he was attempting to procure illegally U.S.-origin computer goods for end-use in Iran. Using fraudulently obtained PayPal accounts, Shahidian engaged in, and conspired to engage in, the smuggling of goods from the United States into Iran and the willful violation of the International Emergency Economic Powers Act and the Iranian Transactions and Sanctions Regulations.

Emails and other records show that Shahidian committed these violations by directing the U.S.-based businesses to ship the goods to an address in the UAE. Shahidian later marketed these same goods for sale in Iran using a catalog entitled "Network and Server Equipment." Specifically, an email received by Shahidian on July 12, 2016, contained a digital version of this catalog that bears the logo of another Shahidian-controlled business entity named "Star Soheil Company." The catalog states that the "Star Soheil Company" has nine months of experience in importing servers and network

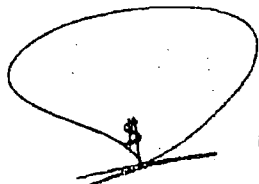
 06, 12, 2020

United States v. Seyed Sajjad Shahidian, Criminal Case No. 18-CR-308 (PJS/SER)
Plea Agreement and Sentencing Stipulations

equipment for companies, organizations, and datacenters in Iran, and has imported a number of Dell servers from the United States that it was offering for sale in Iran. The description of the Dell servers (“Dell Poweredge C1100”) in the catalog are the same Dell servers that Shahidian purchased from a United States company based in Fremont, California. Records obtained from that Fremont, California-based company show that on or about June 9, 2016, “Soheil Shahidi” made purchases of these Dell computer servers and other equipment totaling approximately \$89,981.64 USD. The invoices were paid using PayPal accounts Mr. Shahidian opened by fraud. The records also show the servers were shipped to the UAE but transshipped to Iran for Shahidian’s use.

The Defendant’s Criminal Use of Payment24 in Minnesota

Finally, Shahidian advertised on the Payment24 website that he, through Payment24, has successfully introduced millions of U.S. dollars into the economy of Iran. Financial records from PayPal demonstrate that one of the PayPal accounts used by Shahidian received more than \$6,000,000. A second PayPal account used by Shahidian received more than \$1,800,000 in U.S. currency. This second account was used by Shahidian to purchase computer equipment unlawfully through Digital River, a Minnesota-based payment processing company. In total, Shahidian made 21 purchases through Digital River – using different PayPal accounts – between June 16, 2014, and January 23, 2018.



7

06/12/2020

United States v. Seyed Sajjad Shahidian, Criminal Case No. 18-CR-308 (PJS/SER)
Plea Agreement and Sentencing Stipulations

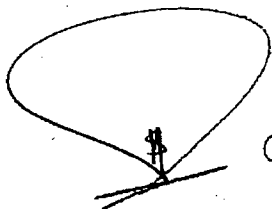
3. **Statutory Penalties.** The parties agree and the defendant understands that Count 1 of the Indictment carries the following statutory maximum statutory penalties:

- a. a maximum of five (5) years' imprisonment;
- b. a fine of up to \$250,000;
- c. a supervised release term of three years; and
- d. a mandatory special assessment of \$100.

4. **Revocation of Supervised Release.** The defendant understands that if he were to violate any condition of supervised release, he could be sentenced to an additional term of imprisonment up to the length of the original supervised release term, subject to the statutory maximums set forth in 18 U.S.C. § 3583.

5. **Waiver of Pretrial Motions.** The defendant understands and agrees that he has certain rights to file pre-trial motions in this case. As part of this plea agreement, and based upon the concessions of the United States within this plea agreement, the defendant knowingly, willingly, and voluntarily gives up the right to file pre-trial motions in this case.

6. **Guideline Calculations.** The defendant will be sentenced in accordance with the Federal Sentencing Act, 18 U.S.C. § 3551, *et seq.*, in light of the Supreme Court's decision in *United States v. Booker*, which makes the Guidelines advisory but also requires the Court to consider the Guidelines range in determining the appropriate sentence. The defendant understands that the proper application of those Guidelines is a matter solely

A handwritten signature in black ink, consisting of a large, loopy initial 'S' followed by a smaller, less distinct name.

06, 12, 2020

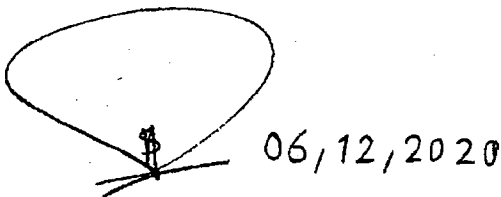
United States v. Seyed Sajjad Shahidian, Criminal Case No. 18-CR-308 (PJS/SER)
Plea Agreement and Sentencing Stipulations

within the discretion of the Court. The parties understand that the parties' Guidelines analysis is not binding on the Court and that, if the Court does not accept the parties' Guidelines analysis, neither party is permitted to withdraw from the plea agreement.

The parties have not reached an agreement as to a recommended sentence, and each party is free to argue for any sentence it deems appropriate. The parties do agree that the applicable Guidelines range and analysis is as follows:

Count 1

- a. Base Offense Level. The parties agree that the base offense level for Count 1 of the Indictment is 26. U.S.S.G. § 2M5.1(a)(1).
- b. Aggravating Role. The parties agree that the defendant was an organizer and leader of a criminal activity that involved more than five participants and was extensive. Accordingly, the defendant's offense level should be increased 4 levels. (U.S.S.G. § 3B1.1)
- c. Acceptance of Responsibility. The government agrees to recommend that the defendant receive a **3-level reduction** for acceptance of responsibility and to make any appropriate motions to the Court. However, the defendant understands and agrees that this recommendation is conditioned upon the following: (i) the defendant testifies truthfully during the change of plea hearing, (ii) the defendant cooperates with the Probation Office in the pre-sentence investigation, and (iii) the defendant commits no further acts inconsistent with acceptance of responsibility. (U.S.S.G. § 3E1.1). The parties agree that no other Chapter 3 adjustments apply.
- d. Criminal History Category. Based on information available at this time, the parties believe that the defendant's criminal history category is I. This does not constitute a stipulation, but a belief based on an

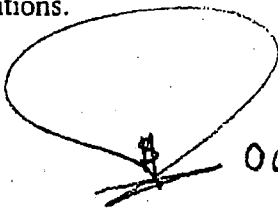
A handwritten signature, possibly "S", is written over a horizontal line. To the right of the signature, the date "06,12,2020" is written in a similar handwritten style.

United States v. Seyed Sajjad Shahidian, Criminal Case No. 18-CR-308 (PJS/SER)
Plea Agreement and Sentencing Stipulations

assessment of the information currently known. The defendant's actual criminal history and related status will be determined by the Court based on the information presented in the Presentence Report and by the parties at the time of sentencing. The defendant is in the best position to know his own criminal history. If the defendant's criminal history category, as finally computed with the aid of the Presentence Report, is other than category I, the parties may not withdraw from this agreement based upon that ground.

- e. Guideline Range. If the offense level is 27 and the criminal history category is I, the Sentencing Guidelines range is 70-87 months' imprisonment. Because the statutory maximum sentence is 60 months' imprisonment, the parties agree that the Guidelines range is also 60 months' imprisonment.
- f. Fine Range. If the adjusted offense level is 27, the fine range is \$25,000.00 to \$250,000.00. (U.S.S.G. § 5E1.2).
- g. Supervised Release. The Sentencing Guidelines recommend a term of supervised release of 1 year to 3 years. (U.S.S.G. § 5D1.2(a)).

7. Discretion of the Court. The foregoing stipulations are binding on the parties, but do not bind the Court. The parties understand that the Sentencing Guidelines are advisory and their application is a matter that falls solely within the Court's discretion. The Court may make its own determination regarding the applicable guideline factors and the applicable criminal history category. The Court may also depart from the applicable guidelines. If the Court determines the applicable guideline calculations or the defendant's criminal history category is different from that stated above, the parties may not withdraw from this agreement, and the defendant will be sentenced pursuant to the Court's determinations.


06, 12, 2020

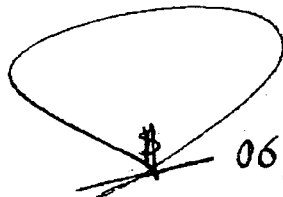
United States v. Seyed Sajjad Shahidian, Criminal Case No. 18-CR-308 (PJS/SER)
Plea Agreement and Sentencing Stipulations

8. **Special Assessment.** The Guidelines require payment of a special assessment in the amount of \$100.00 for each felony count of which the defendant is convicted. U.S.S.G. § 5E1.3. The defendant understands the \$100.00 special assessment is due and payable at the time of sentencing.

9. **Waiver of Right to Trial.** The defendant understands that by pleading guilty he will waive all rights to a trial on the question of his guilt. The defendant has discussed these rights with his attorney and hereby enters a knowing, voluntary and intelligent waiver of those rights.

10. **FOIA Requests.** The defendant waives all rights to obtain, directly or through others, information about the investigation and prosecution of this case under the Freedom of Information Act and the Privacy Act of 1974, 5 U.S.C. §§ 552, 552A.

11. **Final Resolution.** It is clearly and fully agreed that the guilty plea pursuant to this agreement is a final resolution upon the issue of guilt. There will not be a trial or appeal of any kind upon the issue of guilt, regardless of any dispute regarding the application of the sentencing guidelines. This, along with any agreement signed by the parties before entry of plea, is the entire agreement and understanding between the United States and the defendant.

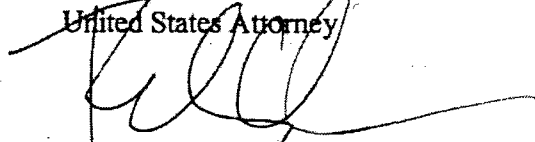
A handwritten signature in black ink, appearing to be a stylized name or set of initials, written over a horizontal line.

06, 12, 2020

United States v. Seyed Sajjad Shahidian, Criminal Case No. 18-CR-308 (PJS/SER)
Plea Agreement and Sentencing Stipulations

Dated:


ERICA H. MacDONALD
United States Attorney




BY: CHARLES J. KOVATS, JR.
TIMOTHY C. RANK
Assistant U.S. Attorneys

I have carefully discussed every part of this plea agreement with my attorney with the assistance of a Farsi-English interpreter. I understand the terms of this agreement and I voluntarily agree to its terms. My attorney has advised me of my rights, of possible defenses, of the Sentencing Guideline provisions, and of the consequences of entering into this agreement. No promises or inducements have been made to me other than those contained in this agreement.

Dated: June 12, 2020


SEYED SAJJAD SHAIDIAN
Defendant

Dated: June 12, 2020


MANNY ATWAL, Esq.
Assistant Federal Defender