

**UNITED STATES DISTRICT COURT  
FOR THE DISTRICT OF COLUMBIA**

**UNITED STATES OF AMERICA**

v.

**ARASH SEPEHRI,**

**Defendant.**

) **CRIMINAL NO.: 16-CR-81 (RMC)**  
 )  
 )  
 )  
 ) **(Conspiracy)**  
 ) **18 U.S.C. §371**  
 )  
 ) **(Violation of the International**  
 ) **Emergency Economic Powers Act)**  
 ) **50 U.S.C. § 1705**  
 )  
 ) **(Iranian Transactions Regulations)**  
 ) **31 C.F.R. Part 560**  
 )  
 ) **(Global Terrorism Sanctions**  
 ) **Regulations)**  
 ) **31 C.F.R. Part 594**  
 )  
 ) **(Aiding and Abetting and Causing an**  
 ) **Act to be done)**  
 ) **18 U.S.C. § 2**  
 )  
 ) **(Forfeiture)**  
 ) **18 U.S.C. §§ 981(a)(1)(C), 982(a)(1),**  
 ) **21 U.S.C. § 853(p), 28 U.S.C. § 2461(c)**

FILED

NOV - 7 2018

Clerk, U.S. District and  
Bankruptcy Courts

**STATEMENT OF THE OFFENSE**

1. Between 2008 and 2014, **ARASH SEPEHRI** (the “Defendant”) was an Iranian national living and working in Iran. During this period, the defendant was an employee and a member of the board of directors of an Iranian company, Tajhiz Sanat Shayan, or Tajhiz Sanat Company (“TSS”). The Defendant described himself to persons outside of TSS as a manager. Having graduated with a Bachelor of Science degree in 2004, the Defendant had some prior engineering experience, and worked at TSS on water engineering projects. The Defendant also worked in TSS’ trading business which obtained foreign goods, including dual use items with

possible military and missile/space applications for Iranian customers, from all over the world, including the United States. Through TSS, and other companies associated with TSS and its owner, the Defendant and his co-conspirators attempted to obtain, and did obtain, foreign goods subject to U.S. and international sanctions through the use of fraud, aliases, and front companies based in the United Arab Emirates.

2. During this period, TSS and the defendant worked with other persons, including OMIDEREZA KHADEMI (hereinafter KHADEMI), a citizen of Iran, living in the United Arab Emirates (U.A.E.), who is businessman, and owner of OMID GNERAL TRADING LLC (hereinafter "OMID LLC"), a company based in the United Arab Emirates ("U.A.E."), and another person, an Iranian citizen ("conspirator B") who owns and operates TSS and Company B, another Iranian trading company, an another person, an Iranian citizen living in the U.A.E. ("conspirator C") who owns and operates company C. TSS and Company B and Company C were listed by the European Union on May 23, 2011, as entities who were being sanctioned for their involvement in the procurement of components for the Iranian nuclear program. The defendant became aware of these sanctions on or about May 25, 2011. The defendant's trading activities at TSS were conducted at the direction of coconspirator ~~C~~<sup>B</sup>, who was the principal owner of TSS.

The Iran Trade Embargo and the Iranian Transactions and Sanctions Regulations

3. The International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. §§ 1701-1706, authorized the President of the United States ("the President") to impose economic sanctions on a foreign country in response to an unusual or extraordinary threat to the national security, foreign policy, or economy of the United States when the President declared a

national emergency with respect to that threat. Pursuant to the authority under the IEEPA, the President and the executive branch have issued orders and regulations governing and prohibiting certain transactions with Iran by U.S. persons or involving U.S.-origin goods.

1. Beginning with Executive Order No. 12170, issued on November 14, 1979, the President has found that "the situation in Iran constitutes an unusual and extraordinary threat to the national security, foreign policy and economy of the United States and declare[d] a national emergency to deal with that threat."

2. On May 6, 1995, the President issued Executive Order No. 12959, adopting and continuing Executive Order No. 12170 (collectively, the "Executive Orders"), and prohibiting, among other things, the exportation, reexportation, sale, or supply, directly or indirectly, to Iran of any goods, technology, or services from the United States or by a United States person. The Executive Orders authorized the United States Secretary of the Treasury to promulgate rules and regulations necessary to carry out the Executive Orders. Pursuant to this authority, the Secretary of the Treasury promulgated the Iranian Transaction Regulations (now issued as the Iranian Transactions and Sanctions Regulations, but referred to herein as the "ITR"), implementing the sanctions imposed by the Executive Orders.

3. The Iranian Transactions and Sanctions Regulations prohibit, among other things, the export, reexport, sale, or supply, directly or indirectly, of any goods, technology, or services from the United States or by a United States person, wherever located, to Iran or the Government of Iran, without prior authorization or license from the United States

Department of the Treasury, through the Office of Foreign Assets Control ("OFAC"), located in the District of Columbia. These regulations further prohibit any transactions that evade or avoid or have the purpose of evading or avoiding any of the prohibitions contained in the ITR, including the unauthorized exportation of goods from the United States to a third country if the goods are intended or destined for Iran.

4. On October 15, 2007, the IEEPA at 50 U.S.C. § 1705 provided in pertinent part:

(a) Unlawful acts

It shall be unlawful for a person to violate, attempt to violate, conspire to violate, or cause a violation of any license, order, regulation, or prohibition issued under this chapter.

\* \* \*

(c) Criminal penalty

A person who willfully commits, willfully attempts to commit, or willfully conspires to commit, or aids or abets in the commission of, an unlawful act described in subsection (a) of this section shall upon conviction, be fined not more than \$1,000,000, or if a natural person, may be imprisoned for not more than 20 years, or both.

5. The Executive Orders, the IEEPA, and the ITR were in effect at all times relevant to this offense. At no time did the defendant, TSS, or their co-conspirators receive or possess a license or authorization from OFAC, located in the District of Columbia, to export U.S.-origin goods, technology, or services of any description, to Iran.

The Export Administration Act of 1979

6. The Export Administration Act of 1979 ("EAA"), 50 U.S.C. §§ 4601-4620,

authorized the President of the United States to control the export of certain “dual use” goods and technology without first obtaining a license from the Department of Commerce. The Department of Commerce promulgated the Export Administration Regulations (“EAR”) and maintains the Commerce Control List, which specifies the goods and technology that require export licenses. The Commerce Control List consists of general categories of items and technologies that are controlled for export and are so designated by an Export Control Classification Number (ECCN). The EAR and the Commerce Control List are codified at 15 C.F.R. parts §§ 730-774. Items on Commerce Control List may require a license issued by the Bureau of Industry and Security (“BIS”), which is located at the Department of Commerce in the District of Columbia. The EAA and EAR have been extended by annual Executive Orders issued by the President under IEEPA. See 75 Fed. Reg. 50681 (2010); 76 Fed. Reg. 50661 (2011); 77 Fed. Reg. 49699 (2012); 78 Fed. Reg. 49107 (2013); 79 Fed. Reg. 46959 (2014); 80 Fed. Reg. 48231 (2015).

7. If required pursuant to the EAR, it is the responsibility of the exporter to obtain a required export license from BIS (or the Department of Commerce). An export license may be required depending upon the technical description of the item itself, the destination country, the end user and/or the nature of the end use. Because the EAA and EAR have been extended under IEEPA, violations of the EAA and the EAR are punishable as violations of IEEPA. OFAC also administers a comprehensive embargo against Iran as codified in the ITR, and to avoid duplication, exporters and reexporters are not required to seek separate authorization from BIS for an export or reexport that subject to the EAR and prohibited pursuant to the ITR. See 15 C.F.R. §746.7(a)(2). If OFAC authorization is required for an export or reexport to Iran, and such authorization is not

obtained, a violation of the EAR has occurred.

8. The Side Scan Sonar System, manufactured by a Massachusetts Company, was classified throughout all of 2011 as having an Export Control Classification Number (“ECCN”) 6A991, which is controlled under the Commerce Control List for anti-terrorism purposes. The BIS has confirmed that a BIS export license was required to lawfully export the Side Sonar System to Iran in 2011.

9. At no time did defendant, TSS, and their co-conspirators apply for, receive, or possess, or cause others to apply for, receive, or possess a license from BIS (or alternatively “the Department of Commerce”), or OFAC, which are located within the District of Columbia, to export to Iran or Hong Kong any parts, and accessories from the United States.

10. While working at TSS, the defendant became aware that U.S. law prohibited the transfer of U.S.-origin goods to Iran without a license, and he and his co-conspirators routinely hid and obscured their true location, and the destination for, goods that were destined for Iran. While working at TSS, the defendant also became aware that U.S. authorities could prosecute him for his activities for violating U.S. and international sanctions.

**The Conspiracy To Export U.S.-Origin Goods To Iran And To Defraud The United States**

**The Unlawful Shipment Of A PCI Analog Board, Breakout Board, And Cables From A U.S.-Company To Iran**

11. The conspiracy between the defendant and his co-conspirators began in 2008 and continued until some time in 2014. As part of the conspiracy, the defendant and TSS did

knowingly and willfully combine, conspire, confederate, and agree with each other and other persons, including Conspirator B and company B and Conspirator C and company C, to (a) commit an offense against the United States, that is, to export and cause the exportation of goods from the United States to Iran in violation of the prohibitions imposed upon that country by the United States, without having first obtained the required licenses from OFAC, located in the District of Columbia, in violation of Title 50, United States Code, Section 1705 (IEEPA), and Title 31, Code of Federal Regulations, Parts 560.203 and 560.204 (ITR); and BIS, located in the District of Columbia, in violation of Title 50, United States Code, Appendix, Sections 2401-2420 (EAA), and Title 15, Code of Federal Regulations, Parts 730-774 (EAR); and (b) defraud the United States government by interfering with and obstructing a lawful government function, that is, the enforcement of laws and regulations relating to the export or supply of goods from the United States, by deceit, craft, trickery, and dishonest means, in violation of Title 18, United States Code, Section 371.

12. During the period of the conspiracy, the defendant and other persons employed by or affiliated with TSS and other co-conspirators used a number of aliases and different email accounts to facilitate the acquisition of materials in violation of U.S. law, including: Kevin Graham, [kev.moderntech@gmail.com](mailto:kev.moderntech@gmail.com); [sepehri.tss@gmail.com](mailto:sepehri.tss@gmail.com); [arash.sepehri@tajhizsanat.com](mailto:arash.sepehri@tajhizsanat.com); and [ars.moderntech@gmail.com](mailto:ars.moderntech@gmail.com).

13. In emails dated February 24, 2010 and at the direction of conspirator B, the defendant and KHADEMI discussed the rates negotiated between KHADEMI and TSS as payment for the KHADEMI's agreement to arrange for the shipment of goods to TSS:

- 1) US\$ 00000 To US\$. 30,000.00 = 4% (Minimum Charge US\$. 500.00)
- 2) US\$ 30,001 To US\$ 50,000.00 = 3.00%
- 3) US\$ 50,001 To US\$ 100,000.00 = 2.50%
- 4) US\$ 101,000 To US\$ 200,000.00 = 2.00%
- 5) US\$ 200,001 To US\$ 300,000.00 = 1.50%
- 6) US\$ 300,001 To US\$ = 1.00%

We have shipments from China, Taiwan, Europe and sometimes USA and the items are mostly electronic parts and Industrial Computers. I will be happy if you give us some information about your offices in UAE and China and how we can cooperate together.

14. In an email dated February 24, 2010, KHADEMI provided the defendant with the name and address of a company located in Hong Kong (hereinafter "HK Company" and "HK Shipping Address") to use as the intermediary point for the transshipment of goods to Iran.

15. In August 2010, the defendant had discussions over email with conspirator B regarding the purchase of several items from a French company, to include a PCI Express Analog Input Board, a breakout board, and cables. The typical applications for these items include high density analog inputs, industrial robotics, acoustic sensor arrays, analog event capture, biometric signal analysis, and dynamic test systems

16. On or about August 21, 2010, KHADEMI sent an email to the defendant requesting more information about the use of the parts in order to speak to the French company. On that same day, the defendant replied by email, "We have not informed the supplier that we are using them in Iran, just tell them it's for a research center in UAE for analyzing light spectrum, this is the best answer. In, Iran [*sic*] these items will be used for



Tehran University Computer lab."

17. On or about August 24, 2010, the defendant sent an email to KHADEMI informing him that KHADEMI need not contact the French company because they were switching to a different supplier.

18. On or about September 9, 2010, the defendant or his co-conspirators caused an Alabama company to ship a U.S.-origin PCI Express Analog Input Board, breakout board, and cables to the HK Shipping Address previously provided by KHADEMI. On September 9, 2010, the Alabama company emailed an invoice for the order to the defendant's co-conspirators and confirmed that the order had been shipped to the HK Company. The invoice listed the HK Company and HK Shipping Address in the "Ship to" field. The invoice listed the "Total Invoice Amount" was \$4,580.00

19. On or about September 9, 2010, the defendant forwarded the email correspondence with the Alabama company to KHADEMI, stating "Another load is shipped to HK, please be informed." The forwarded email included an attachment of the invoice from the U.S. company for the four items, which included the company's Alabama address.

20. In an e-mail dated September 12, 2010, the defendant instructed KHADEMI to ship the computer items to the defendant at Company B's address in Tehran, Iran.

21. On or about September 18, 2010, KHADEMI caused the Hong Kong Company to ship the PCI Express Analog Input Board, breakout board and cables from

Hong Kong to the defendant in Tehran, Iran.

Rugged Laptop Computers

22. On or about September 21, 2010, defendant sent an email to KHADEMI, informing him, "for your information a shipment of 70,429\$ which is 21pcs of laptop is ready in US for shipment and we want to ship it HK. And we will not wait for any thing to mix with it and you can immediately ship to Iran."

23. On or about October 5, 2010, defendant or his co-conspirators caused a California company to ship 21 U.S.-origin rugged laptop computers to the Hong Kong Company previously provided by KHADEMI, by causing a wire payment to be made from the U.A.E. to the California company in United States in the amount of \$70,424.

24. On or about November 24, 2010, KHADEMI caused the 21 rugged laptop computers to be shipped from Hong Kong Company to TSS in Iran.

Side Scan System

25. Starting in or about February 15, 2011, the defendant and his co-conspirators were involved in the purchase of a U.S.-origin item from a Massachusetts-based company, that is a Side Scan System and related equipment. A side scan system was a small portable scan sonar system that was suitable for towing by small water craft and provided high-resolution images, and has possible military application. The Side Scan System is export controlled by the Department of Commerce, and export to Iran requires a license issued by the BIS. The Massachusetts-based company referred the conspirators to its distributor located in the U.A.E.

(hereinafter “U.A.E. distributor”). On or about February 20, 2011, the U.A.E. distributor provided the conspirators a price quote for a U.S.-origin Side Scan System and related equipment.

26. On or about June 7, 2011, the conspirators caused \$23,000 to be sent to the U.A.E. distributor as a down payment for the Side Scan System and related equipment. On June 16, the conspirators indicated to the U.A.E. distributor that the U.S.-origin system was for use in Hong Kong.

27. On or about July 2011, the conspirators caused the Massachusetts-based company to ship the Side Scan System and related equipment to its U.A.E. distributor for ultimate delivery to the HK Company in Hong Kong.

28. On or about August 18, 2011, the conspirators caused \$20,000 in cash, and approximately \$5,900 to be provided to the U.A.E. distributor for full payment for the Side Scan System. The Side Scan System was ultimately purchased for over \$48,000 in funds that were directed by the co-conspirators and wired from the U.A.E. through a U.S. bank and to the Massachusetts-based company.

29. On or about August 29, 2011, the conspirators caused the U.A.E. distributor to send the Side Scan System and related equipment to the Hong Kong Company.

30. On or about August 29, 2011, the defendant sent an email to KHADEMI, stating “Please find attached file as a shipment which us being shipped to HK.” The attached file consisted of a commercial invoice and a packing slip for a Side Scan System and related

equipment from the U.A.E. distributor. Each indicated "Country of Origin: USA."

31. Sometime after August 29, 2011, KHADEMI caused the Side Scan System to be shipped from Hong Kong to the defendant in Tehran, Iran, at the address of Company B.

Underwater Acoustic Transducer

32. On or about September 8, 2011, the defendant or his co-conspirators caused an Ohio company to ship a U.S.-origin underwater acoustic transducer to the Hong Kong Company previously provided by conspirator KHADEMI and caused a wire payment to be made from the U.A.E. to the United States in the amount of approximately \$2,447. The transducer was designed for general purpose military and scientific applications in an underwater environment. On that same day, defendant forwarded email correspondence with the Ohio company to conspirator KHADEMI, stating "Attached item is also sent to HK by UPS, please ask them to mix with the previous one and ship together to iran [sic]," and sending the UPS tracking number.

33. On or about September 11, 2011, KHADEMI responded to defendant, stating that the shipments could not be joined, and requesting the invoice and consignee details for the underwater acoustic transducer. On that same day, defendant responded, giving KHADEMI the Tehran, Iran address of Company B.

34. Some time after September 14, 2011, KHADEMI caused the transducer to be shipped from Hong Kong to TSS in Iran.

The Arms Export Control Act

35. The Arms Export Control Act ("AECA"), 22 U.S.C. § 2778, authorized the

President of the United States to control the export of “defense articles” by designating items on the United States Munitions List (“Munitions List”), which is codified at 22 C.F.R. Part 121.

36. The AECA and its attendant regulations, the International Traffic in Arms Regulations (“ITAR”), 22 C.F.R. Parts 120-130, require a person to apply for and obtain an export license from the United States Department of State, Directorate of Defense Trade Controls (“DDTC”), located in the District of Columbia, before exporting from the United States arms, ammunition, or articles of war which are categorized as defense articles under 22 U.S.C. §§ 2778(b)(2) and 2794(3), and 22 C.F.R. Parts 120.1 and 121.1. In the application for an export license, the exporter is required to state, among other things, the nature of the defense articles to be exported, the end recipient of the defense articles, and the purpose for which the defense articles were intended. Under AECA it is a crime to export, attempt to export, or conspire to export, a defense article without a license. 22 C.F.R. § 127.1.

37. The defense articles that are subject to such licensing requirements are designated on the United States Munitions List (“Munitions List”). Those designations are made by the State Department with the concurrence of the Defense Department under 22 U.S.C. § 2778(a)(1) and 22 C.F.R. Part 120.2. Since at least 1991, the U.S. government has maintained an arms embargo against Iran that prohibits the export, re-export, or re-transfer of any defense articles to Iran. It is the policy of the United States and the U.S. Department of State to deny license applications and any other written requests or approvals for the export, re export, or transfer to the Iran of defense articles on the Munitions List.

38. Category XII(e) of the Munitions List includes a 450mm F/3 3.7-10 micron Catadioptric Lens Assembly, Part Number SR 0847-A01, which is produced by a New Hampshire based company, as this item is a lens for a missile tracking device. As such, a license issued by DDTC is required prior to any export from the United States.

39. The AECA and ITAR were in effect at all times relevant to this Indictment.

40. Between February 2011 and November 2011, the defendant, TSS and other conspirators did knowingly and willfully attempted to obtain and export, the SR0847-A01 lens assembly manufactured by a company based in New Hampshire, which is defense article and item on the Munitions List, from the United States to Iran, without having first obtained the required license from the DDTC, located in the District of Columbia. The defendant was involved in this effort, including by quoting prices for the item to Iranian customers during this period on behalf of TSS and company B.

41. At no time in 2010, 2011, or 2012 did the defendant, TSS, and their co-conspirators apply for, receive, or possess, or cause others to apply for, receive, or possess a license from the DDTC, located within the District of Columbia, to export to Iran or Hong Kong any parts, and accessories from the United States. The defendants, TSS, and their co-conspirators also have never registered with DDTC as defense article exporters or brokers.

42. During the conspiracy, the defendant, TSS and their co-conspirators shipped numerous U.S.-origin goods to Iran in violation of U.S. law, which had a retail value equal to or in excess of \$125,661.


**Limited Nature of Statement of Offense**

43. This proffer of evidence is not intended to constitute a complete statement of all facts known by defendant, but instead provides a sufficient factual predicate for his guilty plea. The limited purpose of this proffer is to demonstrate that there exists a sufficient legal basis for defendant SEPEHRI to plead, guilty to Count I of the Indictment, that is, the charge of Conspiracy to Unlawfully Export U.S. Goods to Iran and to Defraud the United States, in violation of 18 U.S.C. § 371, and to accept the charged Criminal Forfeiture.

**Defendant's Agreement**

After consulting with my attorneys, and pursuant to the plea agreement entered into between me, Arash Sepehri, and the United States Attorney's Office for the District of Columbia, I hereby state and agree that the foregoing Statement of Facts is true and accurate. No one has forced or compelled me to agree to this Statement of Facts. I have agreed to this Statement of Facts because the facts set forth above are true and accurate to the best of my knowledge.


11-7-2018  
Date

  
Arash Sepehri  
Defendant

**Attorney's Acknowledgment**

I am **Arash Sepehri's** attorney. I have carefully reviewed the foregoing Statement of Facts with him. To my knowledge, his decision to stipulate and agree to these facts is an informed and voluntary one.

11/7/2018  
Date

  
\_\_\_\_\_  
William Coffield Esquire  
Babak Hoghooghi, Esquire  
Counsel for the Defendant