U.S. Department of Justice

Michael R. Sherwin
Acting United States Attorney

District of Columbia

Judiciary Center
555 Fourth St., N.W.
Washington, D.C. 20530

January 21, 2021

John R. Wellschlager and Matthew M. Graves
DLA Piper LLP
6225 Smith Avenue
Baltimore, MD 21209

Re: Avnet Asia Pte. Ltd.

Dear Mr. Wellschlager and Mr. Graves:

The United States of America, acting through the United States Attorney's Office for the District of Columbia and the Counterintelligence and Export Control Section of the Department of Justice's National Security Division (the "Offices"), and Avnet Asia Pte. Ltd. ("Avnet Asia" or the "Company"), a corporation organized under the laws of Singapore and headquartered in Singapore, hereby enter into this Non-Prosecution Agreement (the "Agreement"). The terms and conditions of this Agreement are as follows:

Acceptance of Responsibility

1. The Company admits, accepts, and acknowledges that it is responsible under United States law for the acts of its employees and agents as set forth in the Statement of Facts attached hereto as Exhibit C and incorporated by reference into this Agreement, and that the facts described in Exhibit C are true and accurate. The Company also admits, accepts, and acknowledges that the facts described in Exhibit C constitute a violation of law, specifically a conspiracy to defraud the United States to violate the International Emergency Economic Powers Act, in violation of 18 U.S.C. § 371 and 50 U.S.C. § 1705.

2. The Company accepts and acknowledges responsibility for its employees' conduct as described in the Statement of Facts. The Company does not condone the improper conduct alleged, and has taken, and will continue to take, affirmative steps to prevent such conduct from occurring in the future, including the corporate remediation measures set forth in Paragraphs 9 and 10 below.

3. The Company is aware that the Offices, the Federal Bureau of Investigation, the Bureau of Industry and Security at the Department of Commerce, and Homeland Security Investigations at the Department of Homeland Security, have been conducting an investigation into possible violations of United States law that occurred between 2007 and 2015, relating to the conduct detailed in the Statement of Offense, attached as Exhibit C.

Term of the Agreement

4. This Agreement is effective for a period beginning on the date on which the Agreement is fully executed and ending two years from that date (the "Term"). The Company agrees, however, that if the Offices determine, in their sole discretion, that the Company has knowingly violated any provision of this Agreement or has failed to completely perform or fulfill each of its obligations under this Agreement, extensions of the Term may be imposed by the Offices, in their sole discretion, for up to a total additional time period of one year, without prejudice to the Offices' rights to proceed as provided in Paragraphs 13 through 17 below. Any extension of the Term of the Agreement extends to all terms of this agreement, for an equivalent period of time. Conversely, in the event the Offices find, in their sole discretion, that there exists a change in circumstances sufficient to eliminate the need for the reporting requirement in Paragraph 10, and that the other provisions in this Agreement have been satisfied, the Term of the Agreement may be terminated early.

Relevant Considerations

5. The Offices enter into this Agreement based on the individual facts and circumstances presented by this case and the Company. Among the factors considered were the following:

a. The Company's willingness to acknowledge and accept responsibility for the actions of its employees and agents as set forth in the Statement of Offense;

b. The Company's willingness to take disciplinary action against employees who were involved in the conduct;

c. The Company's lack of a criminal history;

d. The Company's provision to the Offices of all relevant facts known to it, including information about the individuals involved in the conduct described in the Statement of Facts;

e. The Company's agreement to continue to cooperate with the Offices in any ongoing investigation of the conduct of the Company and its current or former officers, directors, employees, or agents, as set forth in Paragraphs 6 through 7;

f. The Company's provision of valuable information and its cooperation in the investigation, including by conducting and disclosing the results of internal investigations,

producing documents and evidence to the Offices from foreign countries, and facilitating the interview of employees of the Company located outside the United States;

g. The Company's remediation efforts to date, including comprehensive improvement of its export compliance program, and its agreement to demonstrate its continued commitment to an effective export compliance programs as set forth in Paragraphs 9 through 10;

h. The nature and seriousness of the conduct described in the Statement of Facts, which involved exports of Commerce Control List U.S. goods to China and exports of U.S. goods to Iran without a license in violation of U.S. economic sanctions and export control laws and regulations; and

i. The Company did not receive voluntary disclosure credit because it did not disclose to the Offices the conduct described in the Statement of Facts prior to commencement of the investigation.

Future Cooperation and Disclosure Requirements

6. The Company shall cooperate fully with the Offices in any and all matters relating to the conduct described in the Statement of Facts and any other conduct related to U.S. export control laws or U.S. economic sanctions under investigation by the Offices or any other component of the Department of Justice at any time during the Term of this Agreement, subject to applicable laws and regulations, until the later of the date upon which all investigations and prosecutions arising out of such conduct are concluded, or the end of the Term of the Agreement. At the request of the Offices, the Company shall also cooperate fully with other domestic or foreign law enforcement and regulatory authorities and agencies in any investigation of the Company, its parent company or its affiliates, or any of its present or former officers, directors, employees, agents, and consultants, or any other party, in any and all matters within the scope of or relating to the Statement of Facts or other conduct related to U.S. export control laws or U.S. economic sanctions under investigation. The Company agrees that its cooperation pursuant to this Paragraph shall include, but not be limited to, the following:

a. The Company shall truthfully disclose all factual information not protected by a valid claim of attorney-client privilege or work product doctrine with respect to its activities, those of its parent company and affiliates, and those of its present and former directors, officers, employees, agents, and consultants, including any evidence or allegations and internal or external investigations, about which the Company has any knowledge or about which the Offices may inquire concerning all matters relating to the conduct described in this Agreement and the Statement of Facts, and other conduct under investigation by the Offices, about which the Company has any knowledge or about which the Offices may inquire. This obligation of truthful disclosure includes, but is not limited to, the obligation of the Company to provide to the Offices, upon request, any document, record or other tangible evidence not protected by a valid claim of attorney-client privilege or work product doctrine about which the Offices may inquire of the Company.

b. Upon request of the Offices, the Company shall designate knowledgeable employees, agents or attorneys to provide to the Office the information and materials described in Subparagraph 6(a) above on behalf of the Company. It is further understood that the Company must at all times provide complete, truthful, and accurate information.

c. The Company shall use its best efforts to make available for interviews or testimony, as requested by the Offices, present or former officers, directors, employees, agents and consultants of the Company. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with domestic or foreign law enforcement and regulatory authorities. Cooperation under this Paragraph shall include identification of witnesses who, to the knowledge of the Company, may have material information regarding the matters under investigation.

d. With respect to any information, testimony, documents, records or other tangible evidence provided to the Offices pursuant to this Agreement, the Company consents to any and all disclosures, subject to applicable law and regulations, to other governmental authorities of such materials as the Offices, in their sole discretion, shall deem appropriate.

7. In addition to the obligations in Paragraph 6, during the Term of the Agreement, should the Company learn of non-frivolous evidence or allegations of violations of U.S. export control laws or U.S. economic sanctions, the Company shall promptly report such evidence or allegations to the Offices.

Monetary Penalty – Payment in Lieu of Forfeiture and Fine

8. The Company agrees to pay a monetary penalty in the amount of $1,508,000 (the "monetary penalty") to the United States Treasury within five business days of the Agreement being fully executed. The Company and the Offices agree that this monetary penalty is appropriate given the facts and circumstances of this case, including the nature and seriousness of the Company's conduct. The Company acknowledges that the monetary penalty of $1,508,000 includes a payment in lieu of civil and/or criminal forfeiture in the amount of $1,161,000, which is the total amount referenced in Paragraphs 12, 15, and 19 of the Statement of Facts. The Company acknowledges that the Offices could institute a civil and/or criminal forfeiture pursuant to 18 U.S.C. §§ 981 and 982 in the amount of $1,161,000, and agrees to pay the United States the sum of $1,161,000 as substitute *res* in lieu of forfeiture, and releases any and all claims it may have had to such funds. The monetary penalty also includes a fine in the amount of $347,000, which is the total amount referenced in Paragraphs 12 and 15 of the Statement of Facts. The Company agrees that both the payment in lieu of forfeiture and the fine amount are appropriate given all the facts and circumstances of this case. The total monetary penalty of $1,508,000 is final and shall not be refunded. Furthermore, nothing in this Agreement shall be deemed an agreement by the Offices that the monetary penalty is the maximum monetary penalty that could be imposed in a future prosecution if this Agreement is breached. In the event of a breach, the Offices would not be precluded from arguing in a future prosecution that the Court should impose a fine, a forfeiture order, and a restitution obligation that are collectively, or individually greater than $1,508,000. The Offices agree, however, that under those circumstances, they would

recommend to the Court that any amount paid under this Agreement should be offset against any fine, forfeiture order, or restitution obligation that the Court imposes as part of such a future judgment. The Company agrees that it will not claim, assert, or apply for a tax deduction or tax credit with regard to any federal, state, local, or foreign tax for any monetary penalty paid pursuant to this Agreement. The Company shall pay the monetary payment and any associated transfer fees within five business days of the date on which this Agreement is signed, pursuant to payment instructions provided by the Offices in their sole discretion. The Company releases any and all claims it may have to such funds, and further certifies that it passes clean title to these funds, which are not the subject of any lien, security agreement, or other encumbrance. Transferring encumbered funds or failing to pass clean title to the funds in any way will be considered a breach of this agreement. The Company shall indemnify the government for any costs it incurs associated with the passing of clean title to the funds. The monetary penalty shall not be offset or reduced by virtue of any payment made to any other federal agency in connection with a concurrent settlement of related administrative liabilities.

Internal Corporate Remediation Measures

9. The Company represents that it has implemented and will continue to implement a compliance and ethics program designed to prevent and detect violations of U.S. export laws and economic sanctions throughout its operations, including those of its affiliates, agents, and joint ventures, and those of its contractors and subcontractors with relevant responsibilities. The Company represents that it has undertaken, and will continue to undertake in the future, in a manner consistent with all of its obligations under this Agreement, all efforts to demonstrate its continued commitment to an effective and well-resourced U.S. export control and sanctions compliance program.

10. The Company agrees that it will report to the Offices regarding updates in its export and sanctions compliance on at least two occasions during the Term of the Agreement: at 10 and 20 months after execution of the Agreement. These written reports will consist of information regarding the status of and devotion of resources to the Company's export and sanctions compliance program, and will serve to demonstrate the Company's continued commitment to an effective compliance program. The reports will also address suspicious activity that the Company has encountered, and will raise for the Offices non-frivolous concerns of export and sanctions violations among the Company's customers, employees, agents, and directors. The reports may include proprietary, financial, confidential, and competitive business information, and public disclosure of the reports could discourage cooperation or impede pending or potential government investigations and thus undermine objectives of the reporting requirements. For these reasons and others, the reports and their contents shall remain non-public, except as otherwise agreed to by the parties in writing, or except to the extent that the Offices in their sole discretion determine that disclosure would be in furtherance of the Offices' discharge of their duties and responsibilities, or is otherwise required by law. The Company may extend the time period for submission of the reports with prior written approval of the Offices.

11. The Company agrees that it will abide by any and all requirements of the settlement agreement dated January 22, 2021, by and between the Company and the United States Department of Commerce regarding remedial measures and other required actions.

Non-Prosecution for Certain Conduct

12. The Offices agree, except as provided herein, that they will not bring any criminal or civil case against the Company relating to any of the conduct described in the Statement of Facts, attached hereto as Exhibit C. The Offices, however, may use any information related to the conduct described in the attached Statement of Facts against the Company: (a) in a prosecution for perjury or obstruction of justice; (b) in a prosecution for making a false statement; or (c) in a prosecution or other proceeding relating to any crime of violence. This Agreement does not provide any protection against prosecution for any future conduct by the Company. In addition, this Agreement does not provide any protection against prosecution of any individuals, *e.g.*, present or former officer, director, employee, shareholder, agent, consultant, contractor, or subcontractor of the Company for any violations committed by them.

Breach of Agreement

13. If, during the Term of this Agreement, the Company (a) commits any felony under United States federal law; (b) provides in connection with this Agreement deliberately false, incomplete, or misleading information; (c) fails to cooperate as set forth in Paragraphs 6 and 7 of this Agreement; (d) fails to demonstrate its commitment to an effective export control and sanctions compliance program as set forth in Paragraphs 9 and 10 of this Agreement; or (e) otherwise fails specifically to perform or to fulfill completely each of the Company's obligations under the Agreement, the Company shall thereafter be subject to prosecution for any federal criminal violation of which the Offices have knowledge, including, but not limited to, the conduct described in the attached Statement of Facts. The Company knowingly waives for purposes of this Agreement and for the purposes of any charges by the United States arising out of the conduct described in the attached Statement of Facts any objection with respect to venue and consents to the filing of charges in the United States District Court for the District of Columbia. Determination of whether the Company has breached the Agreement and whether to pursue prosecution of the Company shall be in the Offices' sole discretion. Any such prosecution may be premised on information provided by the Company. Any such prosecution relating to the conduct described in the attached Factual Statement or relating to conduct known to the Offices prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against the Company, notwithstanding the expiration of the statute of limitations between the signing of this Agreement and the expiration of the Term plus one year. Thus, by signing this Agreement, the Company agrees that the statute of limitations with respect to any such prosecution that is not time-barred on the date of the signing of this Agreement shall be tolled for the Term plus one year. In addition, the Company agrees that the statute of limitations as to any violation of federal law that occurs during the Term will be tolled from the date upon which the violation occurs until the date upon which the Offices are made aware of the violation.

14. In the event the Offices determine that the Company has breached this Agreement, the Offices agree to provide the Company with written notice of such breach prior to instituting any prosecution resulting from such breach. Within thirty days of receipt of such notice, the Company shall have the opportunity to respond to the Offices in writing to explain the nature and circumstances of such breach, as well as the actions the Company has taken to address and remediate the situation, which explanation the Offices shall consider in determining whether to prosecute the Company.

15. In the event that the Offices determine that the Company has breached this Agreement: (a) all statements made by, or on behalf of, the Company to the Offices or to the Court, including the attached Statement of Facts, and any testimony given by the Company before a grand jury, a court, or any tribunal, or at any legislative hearings, whether prior or subsequent to this Agreement, and any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Offices against the Company; and (b) the Company shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule that any such statements or testimony made by or on behalf of the Company prior or subsequent to this Agreement, or any leads derived therefrom, should be suppressed or are otherwise inadmissible. The decision whether conduct or statements of any current director, officer or employee, or any person acting on behalf of, or at the direction of, the Company, will be imputed to the Company for the purpose of determining whether the Company has violated any provision of this Agreement shall be in the sole discretion of the Offices.

16. The Company further understands and agrees that the exercise of discretion by the Offices under Paragraphs 13 through 15 is not subject to review in any Court or tribunal outside the Offices.

17. The Company acknowledges that the Offices have made no representations, assurances, or promises concerning what sentence may be imposed by the Court if the Company breaches this Agreement and this matter proceeds to judgment before a Court. The Company further acknowledges that any such sentence would be solely within the discretion of the Court and that nothing in this Agreement binds or restricts the Court in the exercise of such discretion.

Sale, Merger, or Other Change in Corporate Form of Company

18. Except as may otherwise be agreed by the parties hereto in connection with a particular transaction, the Company agrees that in the event it sells, merges, or transfers all or substantially all of its business operations as they exist as of the date of this Agreement, whether such sale is structured as a sale, asset sale, merger, or transfer, it shall include in any contract for sale, merger, or transfer a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement. The Company shall obtain approval from the Offices at least thirty days prior to undertaking any such sale, merger, transfer, or other change in corporate form, including dissolution, in order to give the Offices an opportunity to determine if such change in corporate form would affect the terms or obligations of the Agreement.

Agreement to Be Made Public

19. It is understood that the Company and the Offices may disclose this Agreement to the public.

Public Statements by Company

20. The Company expressly agrees that it shall not, through present or future attorneys, officers, directors, employees, agents or any other person authorized to speak for the Company make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by the Company set forth above or the facts described in the attached Statement of Offense. Any such contradictory statement shall, subject to cure rights of the Company described below, constitute a breach of this Agreement, and the Company thereafter shall be subject to prosecution as set forth in Paragraphs 13 through 17 of this Agreement. The decision whether any public statement by any such person contradicting a fact contained in the Statement of Offense will be imputed to the Company for the purpose of determining whether it has breached this Agreement shall be at the sole discretion of the Offices. If the Offices determine that a public statement by any such person contradicts in whole or in part a statement contained in the Statement of Offense, the Offices shall so notify the Company, and the Company may avoid a breach of this Agreement by publicly repudiating such statement(s) within five business days after notification. The Company shall be permitted to raise defenses and to assert affirmative claims in other proceedings relating to the matters set forth in the Statement of Offense provided that such defenses and claims do not contradict, in whole or in part, a statement contained in the Statement of Offense. This Paragraph does not apply to any statement made by any present or former officer, director, employee, or agent of the Company in the course of any criminal, regulatory, or civil case initiated against such individual, unless such individual is speaking on behalf of the Company.

21. The Company agrees that if it, its parent company, or any of its direct or indirect subsidiaries or affiliates issues a press release or holds any press conference in connection with this Agreement, the Company shall first consult with the Offices to determine (a) whether the text of the release or proposed statements at the press conference are true and accurate with respect to matters between the Offices and the Company; and (b) whether the Offices have any objection to the release. Statements at any press conference concerning this matter shall not be inconsistent with such a press release.

Limitations on Binding Effect of Agreement

22. This Agreement is binding on the Company and the Offices but specifically does not bind any other components of the Department of Justice, other federal agencies, or any state, local, or foreign law enforcement or regulatory agencies, or any other authorities.

Complete Agreement

23. This Agreement sets forth the terms of the Agreement between the Company and the Offices. No amendments or modifications to this Agreement shall be valid unless they are in writing and signed by the Offices, the attorneys for the Company, and a duly authorized representative of the Company.

THE UNITED STATES ATTORNEY'S OFFICE FOR THE DISTRICT OF COLUMBIA

MICHAEL R. SHERWIN
Acting United States Attorney

Date: 01/27/2021 By: _____

Michael J. Friedman
Thomas A. Gillice
Assistant United States Attorneys
United States Attorney's Office
555 Fourth Street, N.W.
Washington, D.C. 20530

COUNTERINTELLIGENCE AND EXPORT CONTROL SECTION OF THE NATIONAL SECURITY DIVISION

JOHN C. DEMERS
Assistant Attorney General

Date: 01/27/2021 By: David C. Recker

David C. Recker
Trial Attorney
National Security Division
950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530

Agreed and Consented To:

Avnet Asia Pte. Ltd.

Date: January 28, 2021 By: _____

Michael McCoy
General Counsel, Avnet Inc.

Date: January 28, 2021 By: _____

Matthew M. Graves
John R. Wellschlager
DLA Piper LLP
500 8th Street, NW
Washington, D.C. 20004

Counsel for Avnet Asia Pte. Ltd.

EXHIBIT A

COMPANY OFFICER'S CERTIFICATE

I have read this Agreement and carefully reviewed every part of it with outside counsel for Avnet Asia Pte. Ltd. (the "Company"). I understand the terms of this Agreement and voluntarily agree, on behalf of the Company, to each of its terms. Before signing this Agreement, I consulted outside counsel for the Company. Counsel fully advised me of the rights of the Company, of possible defenses, of the potentially applicable Sentencing Guidelines' provisions, and of the consequences of entering into this Agreement. I have fully discussed all of these issues with the relevant management for the Company.

No promises or inducements have been made other than those contained in this Agreement. Furthermore, no one has threatened or forced me, or to my knowledge any person authorizing this Agreement on behalf of the Company, in any way to enter into this Agreement. I am also satisfied with outside counsel's representation in this matter. I certify that I am the General Counsel for Avnet, Inc., the ultimate parent company for Avnet Asia Pte. Ltd., and that I have authority to execute this Agreement on behalf of the Company.

Date: January 28, 2021

Avnet Asia Pte. Ltd.

By: Michael R McCoy

Michael McCoy
General Counsel, Avnet Inc.

EXHIBIT B

CERTIFICATE OF COUNSEL

I am counsel for Avnet Asia Pte. Ltd. (the "Company") in the matter covered by this Agreement. In connection with such representation, I have discussed the terms of this Agreement with the relevant officers of Avnet, Inc., the ultimate parent of the Company. Based on those discussions, I am of the opinion that the representative of the Company has been duly authorized to enter into this Agreement on behalf of the Company and that this Agreement has been duly and validly authorized, executed, and delivered on behalf of the Company and is a valid and binding obligation of the Company. Further, I have carefully reviewed the terms of this Agreement with the relevant officers of Avnet, Inc. I have fully advised them of the rights of the Company, of possible defenses, of the potentially applicable Sentencing Guidelines' provisions and of the consequences of entering into this Agreement. To my knowledge, the decision of the Company to enter into this Agreement is an informed and voluntary one.

Date: January 28, 2021

By: Matt Graves

Matthew M. Graves
John R. Wellschlager
DLA Piper LLP
500 8th Street, NW
Washington, D.C. 20004

Counsel for Avnet Asia Pte. Ltd.

EXHIBIT C

STATEMENT OF FACTS

This Statement of Facts is incorporated by reference as part of the Non-Prosecution Agreement between The United States of America, acting through the United States Attorney's Office for the District of Columbia and the Counterintelligence and Export Control Section of the Department of Justice's National Security Division (the "Offices"), and Avnet Asia Pte. Ltd. ("Avnet Asia" or the "Company"). Avnet Asia hereby agrees and stipulates that the following information is true and accurate. Avnet Asia admits, accepts, and acknowledges that it is responsible for the acts of its employees and agents as set forth below. Unless otherwise specified, the facts below occurred between 2007 and 2015.

INTRODUCTION

1. Avnet Asia is a corporation organized under the laws of Singapore and headquartered in Singapore. Avnet Asia is a global distributor of electronic components and related software, and is the parent company of dozens of subsidiaries in the Asia-Pacific region. Avnet Asia distributes goods manufactured by numerous business organizations located in the United States and around the world.

2. Person A was employed as a sales account manager by Avnet Asia in Singapore. Person A had supervisory responsibilities over other employees of Avnet Asia. Person A used Person A's position with Avnet Asia to cause U.S. goods to be shipped to Iran, and to cause export controlled U.S. goods with potential military applications to be shipped to the People's Republic of China ("PRC"), all without a license from the U.S. government and contrary to law. Avnet Asia terminated the employment of Person A in 2009 after Person A's misconduct detailed herein was uncovered.

3. Person B was employed as a sales account manager by Avnet Asia in the PRC. Person B used his position with Avnet Asia to cause export controlled U.S. goods to be shipped to the PRC, without a license from the U.S. government and contrary to law. Person B resigned from employment with Avnet Asia in 2015 shortly after Person B was confronted by Avnet Asia employees about his misconduct detailed herein.

4. Avnet Asia admits that it is liable for the criminal conduct of Person A and Person B because the misconduct was committed within the scope of Person A's and Person B's employment as sales account managers. Avnet Asia admits that its conduct, as described herein, violated 18 U.S.C. § 371, by conspiring to violate the International Emergency Economic Powers Act ("IEEPA"), specifically 50 U.S.C. § 1701 *et seq.*, which, made it a crime to willfully attempt to commit, conspire to commit, or aid and abet in the commission of any violation of the regulations prohibiting, without a license, the export of goods, technology, and services from the United States to Iran, and the export of controlled goods and technology from the United States to the PRC. Specifically, Avnet Asia admits that, through the conduct of its employees Person A and Person B, it conspired with certain customers to violate IEEPA from 2007 through 2009, and from 2013 through 2015, by causing United States goods to be shipped to Iran without a license, and by causing export controlled United States goods with potential military applications to be shipped to the PRC without a license.

APPLICABLE LAW

5. IEEPA granted the President of the United States the powers necessary to "deal with any unusual and extraordinary threat, which has its source in whole or substantial part outside the United States, to the national security, foreign policy, or economy of the United States, if the

President declares a national emergency with respect to such threat." Title 50, United States Code, Section 1701(a).

6. With respect to the export of U.S. goods to Iran, the President exercised these IEEPA powers through Executive Orders that imposed economic sanctions to address particular emergencies and delegate IEEPA powers for the administration of those sanctions programs. On March 15, 1995, the President issued Executive Order No. 12957, finding that "the actions and policies of the Government of Iran constitute an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States," and declaring "a national emergency to deal with that threat." On May 6, 1995, the President issued Executive Order No. 12959, which imposed comprehensive trade and financial sanctions on Iran. These sanctions prohibited, among other things, the exportation, re-exportation, sale, or supply, directly or indirectly, to Iran or the Government of Iran of any goods, technology, or services from the United States or U.S. persons, wherever located. This includes persons in a third country with knowledge or reason to know that such goods, technology, or services are intended specifically for supply, transshipment, or re-exportation, directly or indirectly, to Iran or the Government of Iran. On August 19, 1997, the President issued Executive Order No. 13059, consolidating and clarifying Executive Order Nos. 12957 and 12959 (collectively, the "Executive Orders"). The most recent continuation of this national emergency was executed on March 12, 2020. 85 Fed. Reg. 14731 (Mar. 13, 2020). Pursuant to this authority, the Secretary of the Treasury promulgated the Iranian Transactions and Sanctions Regulations, 31 C.F.R. Part 560, implementing the sanctions imposed by the Executive Orders. The Iranian Transaction and Sanctions Regulations prohibited the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, of any goods,

technology, or services to Iran without authority in the form of a license from the U.S. Department of the Treasury. The Department of Treasury was located in the District of Columbia.

7. IEEPA also empowered the Department of Commerce ("DOC") to issue regulations governing exports. Initially, the Export Administration Act ("EAA"), 50 App. U.S.C. §§ 4601-4623, regulated the export of goods, technology, and software from the United States. Pursuant to the provisions of the EAA, the DOC promulgated the Export Administration Regulations ("EAR"), 15 C.F.R. §§ 730-774, which contained additional restrictions on the export of goods outside of the United States, consistent with the policies and provisions of the EAA. *See* 15 C.F.R. § 730.02. Although the EAA lapsed on August 17, 2001, pursuant to the authority provided to the President under IEEPA, the President issued Executive Order 13222, which declared a national emergency with respect to the unusual and extraordinary threat to the national security, foreign policy, and economy of the United States in light of the expiration of the EAA. Accordingly, pursuant to IEEPA, the President ordered that the EAR's provisions remain in full force and effect despite the expiration of the EAA. Presidents have issued annual Executive Notices extending the national emergency declared in Executive Order 13222 from the time period covered by that Executive Order through the present. *See, e.g.*, 85 Fed. Reg. 49939 (Aug. 14, 2020).

8. Pursuant to its authority derived from IEEPA, the DOC reviewed and controlled the export of certain goods and technology from the United States to foreign countries. In particular, the DOC placed restrictions on the export of goods and technology that it determined could make a significant contribution to the military potential of other nations or that could be detrimental to the foreign policy or national security of the United States. Under IEEPA and the EAR, it was a crime to willfully export, or attempt or conspire to export, from the United States

any item listed on the Commerce Control List ("CCL") requiring an export license without first obtaining an export license from the DOC. *See* 50 U.S.C. § 1705(c); 15 C.F.R. § 764.2. The DOC was located in the District of Columbia.

9. Under IEEPA, it was a crime to willfully violate, attempt to violate, conspire to violate, or cause a violation of any license, order, regulation, or prohibition issued under IEEPA, including the ITRs and the EAR. *See* 50 U.S.C. § 1705.

Person A's Criminal Conduct Imputed to Avnet Asia (2007 – 2009)

10. Person A operated as the Account Manager for Avnet Asia's customer Singapore Company 1. Singapore Company 1 was a customer of Avnet Asia no later than 2009. Person A knew that Singapore Company 1 shipped goods purchased from Avnet Asia to Iran. Person A knew that Singapore Company 1 was being used to purchase goods from Avnet Asia for an Iranian business organization and to conceal the fact that these goods were ultimately destined for Iran.

11. From at least 2007 through 2009, Person A helped Singapore Company 1 procure goods from the United States. Person A knew that Singapore Company 1 subsequently shipped goods purchased from Avnet Asia to Iran. Person A helped Singapore Company 1 conceal its Iran connections from other Avnet Asia employees and U.S. companies by helping to create documents falsely stating that these goods were destined for Singapore, knowing that they were actually ultimately destined for Iran. These false documents impeded the U.S. Department of the Treasury's ability to fulfill its function and make a licensing determination on whether the U.S. goods should be provided to Iran. At the time of these shipments, Person A was aware of the U.S. sanctions on Iran and Avnet Asia's policies forbidding shipments to Iran. But Person A nonetheless intentionally authorized Avnet Asia shipments that Person A knew were ultimately destined for Iran.

12. From 2007 through 2009, Person A caused at least 21 separate Avnet Asia shipments of goods to be exported from the United States to Singapore Company 1. Person A knew that Singapore Company 1 intended subsequently to ship these goods to Iran, and knew that such shipments were contrary to U.S. criminal laws and to Avnet Asia policy. The value of these U.S. goods was at least $175,000. No license was sought or obtained from the U.S. Department of the Treasury for these shipments.

13. Person A operated as the Account Manager for another Avnet Asia customer, Singapore Company 2. Singapore Company 2 was a customer of Avnet Asia no later than 2009. Person A knew that Singapore Company 2 was not a manufacturer of goods but was instead a trading company that engaged in business with PRC and Iranian interests. Person A also knew that Singapore Company 2 procured goods from Avnet Asia that were shipped to the PRC and Iran.

14. From at least 2008 through 2009, Person A helped Singapore Company 2 and its owners and directors to procure goods from the United States, including goods with potential military applications controlled for export purposes by the U.S. Department of Commerce. Person A knew that Singapore Company 2 would ship goods to locations including the PRC and Iran. Person A counseled customers located in the PRC that their purchases of export controlled U.S. goods would need to be accomplished indirectly via Singapore Company 2. Person A helped Singapore Company 2 conceal its connections to the PRC and Iran from other Avnet Asia employees and U.S. companies. Person A did this by helping to create forms falsely stating that Singapore Company 2 was the end user of the goods. These forms impeded the ability of the DOC and the U.S. Department of the Treasury to fulfill their functions and make licensing determinations on whether the U.S. goods should be provided to the PRC and Iran. Person A was

aware of the U.S. sanctions on Iran and export restrictions related to the PRC, as well as Avnet Asia's policies forbidding shipments to Iran and restricting shipments to the PRC. But Person A nonetheless intentionally authorized Avnet Asia shipments that she knew were ultimately destined for the PRC and Iran.

15. From 2008 through 2009, Person A caused at least eight separate Avnet Asia shipments of goods to be exported from the United States to Singapore Company 2, and these goods were intended to be subsequently shipped to the PRC or Iran. The value of these U.S. goods was at least $172,000. No license was sought or obtained from the DOC or the U.S. Department of the Treasury for these shipments.

16. Person A's criminal conduct involved at least two different customers of Avnet Asia, and caused exports from the United States by several different U.S. business organizations. Person A's job at Avnet Asia included management responsibilities. Two lower-level employees of Avnet Asia knowingly participated in conduct related to the scheme. Avnet Asia terminated Person A's employment, as well as the employment of the two lower-level employees who knowingly assisted her, in 2009 after their misconduct was uncovered.

Person B's Criminal Conduct Imputed to Avnet Asia (2012 – 2015)

17. Person B was employed by Avnet Asia and operated as the Account Manager for Avnet Asia's customer Hong Kong Company 1. Hong Kong Company 1 was a customer of Avnet Asia no later than 2015. Hong Kong Company 1 purported to be an end user of goods that it was purchasing from Avnet Asia. Person B, however, had an ownership interest in Hong Kong Company 1 that was not disclosed to other Avnet Asia employees. Person B used Hong Kong Company 1 as a trading company to ship goods from Hong Kong to the PRC, and to conceal the involvement of PRC interests in the purchase of goods.

18. From at least 2012 through 2015, Person B used Person B's position with Avnet Asia to procure goods from the United States for Hong Kong Company 1. Person B then used Hong Kong Company 1 to ship at least some of these goods to the PRC or to other trading companies for shipment to the PRC. Person B concealed Person B's ownership interest in Hong Kong Company 1 from other employees of Avnet Asia. Person B concealed Hong Kong Company 1's true purpose from other Avnet Asia employees and U.S. companies by creating forms falsely stating that Hong Kong Company 1 was the end user of the export controlled goods it was seeking. These forms impeded the DOC's ability to fulfill its function and make a licensing determination on whether the export controlled U.S. goods should be provided to the PRC.

19. From 2012 through 2015, Person B caused at least 18 separate Avnet Asia shipments of export controlled goods to be exported from the United States to Hong Kong Company 1, and these goods were intended to be subsequently shipped to the PRC. Person B knew that such shipments violated both U.S. law and Avnet Asia policy. The value of these U.S. goods was at least $814,000. No license was sought or obtained from the DOC for these shipments.

20. Person B's job for Avnet Asia did not include management responsibilities, and Person B lied to other employees of Avnet Asia about Person B's ownership interest in, and the true function of, Hong Kong Company 1. Other employees of Avnet Asia received repeated inquiries from a U.S. company seeking assurances about the end user of the export controlled goods sought by Hong Kong Company 1, and several employees knew that Hong Kong Company 1 was a trading company and not a manufacturer. But these Avnet Asia employees relied solely upon Person B's representations and did not obtain additional documentation from him.

21. Avnet Asia officials attempted to confront Person B shortly after learning about the misconduct, but Person B resigned from employment before Avnet Asia could impose discipline upon Person B.