

SETTLEMENT AGREEMENT

This settlement agreement (the "Agreement") is made by and between the U.S. Department of the Treasury's Office of Foreign Assets Control ("OFAC"), Online Micro, LLC, and Mr. Massoud Habibion, a managing member and an owner of Online Micro, LLC (collectively, the "Respondents").

Between approximately November 2009 and December 2010, Respondents exported computer-related goods from the United States to Iran through another company located in Dubai, United Arab Emirates ("UAE") in apparent violation of the Iranian Transactions Regulations, 31 C.F.R. part 560 (the "ITR"). Illustrative examples of such exports where Respondents appear to have violated § 560.204 of the ITR include, but are not limited to, the following three examples set forth in the signed Statement of Offense in the criminal case *United States v. Online Micro, LLC, et al.*, Case No. CR-11-118 (ESH) (Attachment A):

- a) on or about November 9, 2009, Respondents exported 116 units of computer-related goods from the United States to Iran, through the UAE, valued at approximately \$129,699;
- b) on or about April 10, 2010, Respondents exported 180 units of computer-related goods from the United States to Iran, through the UAE, valued at approximately \$166,335; and
- c) on or about May 15, 2010, Respondents exported 391 units of computer-related goods from the United States to Iran, through the UAE, valued at approximately \$231,160.

All of the exports by Respondents of computer-related goods from the United States to Iran, through another company located in Dubai, UAE, during the period between approximately November 2009 and December 2010, including the aforementioned examples, are collectively referred to as the "Apparent Violations."

OFAC and Respondents agree as follows:

1. In consideration of the undertakings of Respondents in paragraph 2 below, OFAC agrees to release and forever discharge Respondents, without any finding of fault, from any and all civil liability in connection with the Apparent Violations arising under the legal authorities that OFAC administers.
2. In consideration of the undertakings of OFAC in paragraph 1 above, Respondents agree:
 - A. To a complete settlement with OFAC of the Apparent Violations in the amount of \$1,054,388. Respondents' obligation to pay such settlement amount has been satisfied by Respondents' acceptance of responsibility for the Apparent Violations by having entered a guilty plea and agreement to the forfeiture of a money judgment in the amount of \$1,899,964, including submission to forfeiture of certain assets related to the pattern of conduct that gave rise to the Apparent Violations, pursuant to the criminal plea agreement that Respondents are entering into with the U.S. Department of Justice, U.S. Attorney's Office for the District of Columbia (Attachment B), and by having entered

Settlement Agreements with the Department of Commerce, Bureau of Industry and Security (“BIS”) (Attachments C and D), concurrent with this settlement.

- B. To waive any claim by or on behalf of Respondents, whether asserted or unasserted, against OFAC, the U.S. Department of the Treasury, and/or its officials and employees arising out of the facts giving rise to the enforcement matter that resulted in this Agreement, including but not limited to OFAC’s investigation of the Apparent Violations, and any possible legal objection to this Agreement at any future date.

This Agreement has no bearing on any past, present, or future OFAC actions, including the imposition of civil penalties, with respect to any activities by Respondents other than those set forth as the Apparent Violations.

OFAC may, in its sole discretion, issue a public statement about the facts of this Agreement, on its Web site or otherwise, including the identity of any entity involved, the settlement amount, and a brief description of the Apparent Violations.

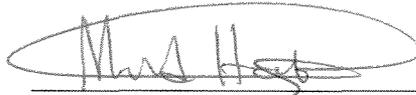
This Agreement consists of three pages and Attachments A, B, C, and D, and expresses the complete understanding of OFAC and Respondents regarding resolution of OFAC’s civil penalty matter involving the Apparent Violations. No other agreements, oral or written, exist between OFAC and Respondents regarding resolution of this matter.

This Agreement shall inure to the benefit of and be binding on each party, as well as its respective successors or assigns.

Respondents accept the terms of this Settlement Agreement this 16th day of February, 2012.



Massoud Habibion



Signature of Online Micro, LLC's Duly Authorized Representative

Massoud Habibion

Name of Online Micro, LLC's Duly Authorized Representative

President

Printed Title of Online Micro, LLC's Duly Authorized Representative

Date: Feb. 16, 2012



Barbara C. Hammerle
Acting Director
Office of Foreign Assets Control

RESOLUTION OF THE MEMBERS OF
ONLINE MICRO, LLC
February 13, 2012

The undersigned Members of Online Micro, LLC adopt the following resolution:

WHEREAS, the Office of Foreign Assets Control of the U.S. Department of the Treasury (“OFAC”) has reason to believe that Online Micro, LLC of Costa Mesa, CA (“the Company”), has exported computer-related goods from the United States to Iran through another company located in Dubai, United Arab Emirates in apparent violation of Iranian Transactions Regulations, 31 C.F.R. part 560.

NOW, THEREFORE, BE IT:

RESOLVED, that the Company hereby authorizes Matt Habibion, a Member of the Company, to enter into a Settlement Agreement (“Agreement”) between OFAC and the Company concerning specific violations described in the Agreement; and

FURTHER RESOLVED, that Matt Habibion is further directed and authorized to take such other actions as he may determine may be necessary and/or appropriate to enter into the Agreement or to protect the interests of the Company or as may otherwise be required; and

FURTHER RESOLVED, that Matt Habibion or any other Member of the Company is hereby authorized and directed to take all actions and deliver any agreements, certificates, and documents and instruments with respect to or contemplated by the Agreement, and matters set forth above, including the payment of all amounts of fees, costs, and other expenses necessary or appropriate to effectuate the purpose and intent of the foregoing resolutions and implement the settlements contemplated hereby.

IN WITNESS THEREOF, the undersigned Members have executed this resolution.



Matt Habibion



Fred Ladjavardi



Max Motamedian

ATTACHMENT A

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

FILED

FEB 16 2012

Clerk, U.S. District & Bankruptcy
Courts for the District of Columbia

UNITED STATES OF AMERICA :

v. :

MASSOUD HABIBION, :
ONLINE MICRO, LLC, :

Defendants. :

CRIMINAL NO. 11-cr-118 (ESH)

STATEMENT OF OFFENSE

Had this case gone to trial, the United States would have proven beyond a reasonable doubt that:

General Allegations

1. Defendant ONLINE MICRO, LLC (“ONLINE MICRO”) is a company incorporated to do business in California and operates in the United States at the address of 215 East Baker Street, Costa Mesa, CA 92626. Defendant ONLINE MICRO is owned and operated by defendant MASSOUD HABIBION, also known as MATT HABIBION, also known as MATT HABI (“HABIBION”), defendant MOHSEN MOTAMEDIAN, also known as MAX MOTAMEDIAN, also known as MAX EHSAN (“MOTAMEDIAN”), and a third individual. The business of defendant ONLINE MICRO is the domestic and international sale of computer-related goods.¹

2. Defendant HABIBION is a citizen of the United States. Defendant HABIBION, as one of the three owners and operators of defendant ONLINE MICRO, has the authority to

¹ “Computer-related goods” refers primarily to laptop computers, but also includes computer accessories such as power adapter cords and computer mice.

bind the company. Beginning on or about at least November 9, 2009, and continuing through December 2010, defendant HABIBION conspired with a company operating in Dubai, United Arab Emirates (“UAE”), and Tehran, Iran (hereinafter “Company X”), to procure U.S.-origin computer-related goods through defendant ONLINE MICRO and export those computer-related goods from the United States to Iran, through Dubai, UAE, a known transshipment point.

3. During the period of the conspiracy, Company X was a company operating in Dubai, UAE, and Tehran, Iran, owned and operated by Individual A.

4. During the period of the conspiracy, Individual A was an Iranian national.

5. During the period of the conspiracy, Individual B was also an Iranian national located in Iran and an agent for Company X.

The Iran Trade Embargo and the Iranian Transactions Regulations

6. 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.

7. 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.”

8. 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 (“ITR”), implementing the sanctions imposed by the Executive Orders.

9. The Iranian Transactions 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 Iranian Transactions Regulations, including the unauthorized exportation of goods from the United States to a third country if the goods are intended or destined for Iran.

10. 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.

11. The Executive Orders, the IEEPA, and the ITR were in effect at all times relevant to this offense.

12. At no time did defendants HABIBION or ONLINE MICRO or any of their co-conspirators apply for, receive, or possess a license or authorization from OFAC, located in the District of Columbia, to export goods, technology, or services, of any description, to Iran.

**Conspiracy to Export U.S.-Origin
Computer-related Goods to Iran and to Defraud the United States**

13. Beginning on or about at least November 9, 2009, and continuing to December 2010, defendants HABIBION and ONLINE MICRO through defendant HABIBION did knowingly and willfully combine, conspire, confederate, and agree with others to: (a) commit an offense against the United States, that is, to export and cause the exportation of computer-related goods from the United States to Iran in violation of the prohibitions imposed upon that country by the United States Government, without having first obtained the required licenses from OFAC, located in the District of Columbia, in violation of 50 U.S.C. § 1705 (i.e., IEEPA) and 31 C.F.R. §§ 560.203 and 560.204 (i.e., the ITR); and (b) defraud the United States Government by interfering with and obstructing a lawful government function, that is, the enforcement of laws and regulations prohibiting the export or supply of goods from the United States to Iran without

having first obtained the required licenses from OFAC, by deceit, craft, trickery, and dishonest means, in violation of 18 U.S.C. § 371.

Defendants' Initial Contacts and Business with Company X

14. In or around 1999, Individual A, an Iranian national, established Company X in Dubai, UAE, for the purpose of purchasing U.S.-origin electronic goods and reselling those goods in Iran.

15. In or around 2003, defendant HABIBION, on behalf of defendant ONLINE MICRO, and Individual A made contact with one another in connection with defendant ONLINE MICRO's business of supplying U.S.-origin computer-related goods in wholesale quantities to companies like Company X, which purchased said computer-related goods for subsequent resale.

16. Beginning in or around 2003, Individual A, on behalf of Company X, began purchasing U.S.-origin computer-related goods from defendant ONLINE MICRO, primarily through defendant HABIBION. Individual A and Company X made no purchases from ONLINE MICRO in 2004, but resumed purchases of U.S.-origin computer-related goods in 2005. Purchases of Individual A on behalf of Company X from defendant ONLINE MICRO grew significantly each year from 2005 to 2008 and continued thereafter until sometime in 2010. Throughout this period, defendant HABIBION was primarily responsible for handling Company X's account with defendant ONLINE MICRO, and defendant HABIBION was defendant ONLINE MICRO's primary point of contact for its business dealings with Company X.

17. In or around 2005 or 2006, Individual A on behalf of Company X began transshipping some of the U.S.-origin computer-related goods it was purchasing from defendant ONLINE MICRO, primarily through defendant HABIBION, from Dubai to Iran.

18. In or around 2007, Company X's business primarily consisted of the purchase of U.S.-origin computer-related goods from suppliers in the United States, like defendant ONLINE MICRO, for shipment from the United States through Dubai to Iran.

19. In or around 2007, Company X employed Individual B as Company X's primary employee and point of contact in Iran.

20. In or around Fall of 2007, Individual A informed defendant HABIBION that, from that time forward, Individual B would be Company X's buyer or purchasing agent in connection with Company X's business with defendant ONLINE MICRO.

21. Beginning in or around Fall of 2007, defendant HABIBION and others on behalf of defendant ONLINE MICRO communicated directly with Individual B via electronic and telephonic communications on a weekly basis in furtherance of defendant ONLINE MICRO's sale and shipment of U.S.-origin computer goods from the United States to Company X. Beginning in or around mid-2008, defendant HABIBION came to understand that Individual B was residing in Iran and communicating with defendant HABIBION from that country.

22. During the period in which defendants HABIBION and ONLINE MICRO were doing business with Individual A and Individual B, acting on behalf of Company X, defendant HABIBION was aware that Dubai was a transshipment point for Iran and that there was a risk that customers claiming to be doing business in Dubai and purchasing U.S.-origin computer goods from ONLINE MICRO were doing so with an intention of transshipping the goods to Iran. For instance, in or around May 2007, defendant ONLINE MICRO purchased 1000 computer units from Dell Inc. ("Dell") for approximately \$500,000. In or around July 2007, Dell began receiving service calls concerning Dell computer units from individuals in Iran. In investigating

the identity and source of the Dell computer units corresponding to the service calls from Iran, Dell determined that the calls at issue were all related to computer units it had sold to defendant ONLINE MICRO.

23. On or about July 31, 2007, Dell sent defendant ONLINE MICRO a letter, notifying it that Dell was suspending defendant ONLINE MICRO's purchasing account with Dell indefinitely. Around that same time, a Dell representative specifically advised defendant HABIBION that Dell had suspended defendant ONLINE MICRO's account, in part, because shortly after initiating an internal investigation, Dell determined that at least nine of the units it had sold defendant ONLINE MICRO had ended up in Iran.

**The Unlawful Export of 116 Units of Computer-related Goods
from the United States to Iran, Through Dubai**

24. On or about November 9, 2009, Individual B, while in Tehran, Iran, and on behalf of Company X, ordered via e-mail 116 units of computer-related goods from defendant ONLINE MICRO through defendant HABIBION.

25. On or about November 9, 2009, defendant ONLINE MICRO shipped 116 units of computer-related goods from the United States to Company X in Dubai, UAE, for transshipment to Iran.

26. On or about November 9, 2009, defendant ONLINE MICRO submitted or caused to be submitted an SED to the Customs and Border Protection, headquartered in the District of Columbia, that falsely stated that the country of ultimate destination for the shipment of the 116 units of computer-related goods was Dubai, UAE.

27. On or about November 10, 2009, defendant HABIBION e-mailed Individual A and Individual B an invoice by defendant ONLINE MICRO to Company X for the purchase and shipment of the 116 units of computer-related goods valued at approximately \$129,699.

28. On or about November 11, 2009, Company X received the 116 units of computer-related goods from defendant ONLINE MICRO in Dubai.

29. On or about November 18, 2009, Company X transshipped the 116 units of computer-related goods to Tehran, Iran.

30. On or about December 14, 2009, Individual B caused Company X to wire money from a bank account held by Company X in Dubai to a bank account held by defendant ONLINE MICRO in the United States, approximately \$129,699 of which represented Company X's payment to defendant ONLINE MICRO for the 116 units of computer-related goods.

**The Unlawful Export of 180 Units of Computer-related Goods
from the United States to Iran, Through Dubai**

31. On or about April 7, 2010, Individual B, while in Tehran, Iran, and on behalf of Company X, ordered via e-mail 180 units of computer-related goods from defendant ONLINE MICRO through defendant HABIBION.

32. On or about April 9, 2010, defendant ONLINE MICRO submitted or caused to be submitted an SED to the Customs and Border Protection, headquartered in the District of Columbia, that falsely stated that the country of ultimate destination for the shipment of the 180 units of computer-related goods was Dubai, UAE.

33. On or about April 10, 2010, defendant ONLINE MICRO shipped 180 units of computer-related goods from the United States to Company X in Dubai, UAE, for transshipment to Iran.

34. On or about April 11, 2010, Company X received the 180 units of computer-related goods from defendant ONLINE MICRO in Dubai.

35. On or about April 13, 2010, Company X transshipped the 180 units of computer-related goods to Tehran, Iran.

36. On or about April 12, 2010, defendant MOTAMEDIAN e-mailed Individual B an invoice (#98364) by defendant ONLINE MICRO to Company X for the purchase and shipment of the 180 units of computer-related goods valued at approximately \$166,335.

37. On or about May 6, 2010, Individual B caused Company X to wire money from a bank account held by Company X in Dubai to a bank account held by defendant ONLINE MICRO in the United States, approximately \$166,335 of which represented Company X's payment to defendant ONLINE MICRO for the 180 units of computer-related goods.

**The Unlawful Export of 391 Units of Computer-related Goods
from the United States to Iran, Through Dubai**

38. On or about May 12, 2010, Individual B, while in Tehran, Iran, and on behalf of Company X, ordered via e-mail 391 units of computer-related goods from defendant ONLINE MICRO through defendant HABIBION.

39. On or about May 14, 2010, defendant HABIBION e-mailed Individual B an invoice (#98614) by defendant ONLINE MICRO to Company X for the purchase and shipment of the 391 units of computer-related goods valued at approximately \$231,160.

40. On or about May 14, 2010, defendant ONLINE MICRO submitted or caused to be submitted an SED to the Customs and Border Protection, headquartered in the District of Columbia, that falsely stated that the country of ultimate destination for the shipment of the 391 units of computer-related goods was Dubai, UAE.

41. On or about May 15, 2010, defendant ONLINE MICRO shipped 391 units of computer-related goods from the United States to Company X in Dubai, UAE, for transshipment to Iran.

42. On or about May 15, 2010, Company X received the 391 units of computer-related goods from defendant ONLINE MICRO in Dubai.

43. On or about May 20, 2010, Company X transshipped the 391 units of computer-related goods to Tehran, Iran.

44. On or about June 7, 2010, Individual B caused Company X to wire money from a bank account held by Company X in Dubai to a bank account held by defendant ONLINE MICRO in the United States, approximately \$231,160 of which represented Company X's payment to defendant ONLINE MICRO for the 391 units of computer-related goods.

45. Between in or around 2007 through December, 2010, Company X, through either Individual A or Individual B, made numerous purchases of computer-related goods from defendant ONLINE MICRO, primarily through defendant HABIBION, totaling over \$20,000,000 worth of computer-related goods. Between in or around November 9, 2009 through December 10, 2010, defendant ONLINE MICRO, primarily through defendant HABIBION, sold and exported to Company X numerous shipments of computer-related goods, totaling in excess of \$4,904,962 worth of goods, the majority of which were destined for and transshipped to Iran. Defendant ONLINE MICRO's gross profits were substantially less than the aggregate value of its sales to Company X.

46. At no time during the relevant time period did defendants HABIBION or ONLINE MICRO or others on behalf of defendant ONLINE MICRO apply for, receive, and

possess, or cause others to apply for, receive, and possess a license from OFAC, located in the District of Columbia, to export any of the U.S.-origin computer-related goods referenced above from the United States to Iran.

Facts Related to Obstruction of Justice

47. On December 15, 2010, Individual A conducted an audio-recorded meeting with defendants HABIBION and MOTAMEDIAN at defendant ONLINE MICRO's office in Costa Mesa, CA. During the conversation, Individual A informed defendants HABIBION and MOTAMEDIAN that Individual A had been approached by United States law enforcement officials, who informed Individual A that the United States Government suspected that the computer-related goods defendant ONLINE MICRO was shipping from the United States to Company X in Dubai were actually intended for ultimate distribution in Iran. Individual A further informed defendants MOTAMEDIAN and HABIBION that the United States Government agents had specifically inquired about four shipments from defendant ONLINE MICRO to Company X, involving defendant ONLINE MICRO invoice numbers 98364, 98614, 98655, and 98873. At Individual A's request, defendant HABIBION provided Individual A with copies of the four defendant ONLINE MICRO invoices identified above. Defendants MOTAMEDIAN and HABIBION thereafter discussed with Individual A ways in which they could conceal from United States law enforcement officials the fact that defendant ONLINE MICRO had sold U.S.-origin computer related goods to Company X for shipment from the United States to Iran through Dubai. Defendants HABIBION and MOTAMEDIAN told Individual A to lie to United States law enforcement officials about Iran being the true end destination for the goods by instead telling them the computer-related goods remained in Dubai.

Among other things, defendant MOTAMEDIAN, defendant HABIBION, and Individual A discussed the following:

- a. Defendants MOTAMEDIAN and HABIBION stated to Individual A that Individual A should make fake invoices indicating that the computer-related goods did not go to Iran, saying in sum and substance:

MOTAMEDIAN: Say, "I sold over there" and have your guys make up invoices.

Individual A: Well, they are making up invoices, and that is what we did before too. What if they go to uh, eh, the customer . . . for instance, what if they send someone to talk to the customers?

MOTAMEDIAN: Customers, you have to give them your friends and whatnot.

Individual A: Well, a customer friend, they would go to him and say, for instance, "Whom did you give it to?" I mean like -

MOTAMEDIAN: No, they won't do that. Don't worry about it.

Individual A: Seriously?

MOTAMEDIAN: They can't go after those things, over there, they don't have jurisdiction.

- b. Defendants MOTAMEDIAN and HABIBION stated to Individual A that Individual should tell United States law enforcement officials that the computer-related goods remained in Dubai and did not go onto Iran, and HABIBION stated in sum and substance:

Individual A: The goods arrived and they were sent air to air to Iran.

HABIBION: Well, you can say, "I kept the goods there." How does he know what happened? Besides, even now, you—

- c. Defendants MOTAMEDIAN and HABIBION also stated to Individual A that

Individual A should destroy his communications with Individual B, who was in Iran, and otherwise lie to United States law enforcement officials about Company X's, specifically Individual B's, presence in Iran, saying in sum and substance:

Individual A: Sir, I suspect they may call you.

HABIBION: Yes.

Individual A: They haven't called you during this time?

MOTAMEDIAN: No.

Individual A: If they call, eh, one of the things that, or if they come, one of the things that-

MOTAMEDIAN: Definitely delete your communication with [Individual B] on Yahoo.

Individual A: Bravo! Sir, please don't bring [Individual B] up under any circumstances, I mean, you get the orders from me, and there is no [Individual B].

MOTAMEDIAN: Why shouldn't there be? [Individual B] was in Dubai.

Individual A: Okay.

MOTAMEDIAN: What would be the problem? There is no [Individual B], anyway, man, there is what-you-call it, you have employee's there, don't you?

Individual A: Well, I do, but [Individual B] was in Dubai for ten days altogether. Why should we mention [Individual B], anyway? Why should I mention [Individual B]?

MOTAMEDIAN: It is no [Individual B].

- d. When defendants MOTAMEDIAN and HABIBION later determined that it would be untenable to lie to United States law enforcement officials about the existence of [Individual B] altogether, they stated to Individual A that Individual A should tell United States law enforcement officials that Individual B operated out of Dubai, not Iran, saying in sum and substance:

Individual A: Just that, sir, if they come for this case, we should have one story to say about it.

HABIBION: Yes.

Individual A: I mean, you-

MOTAMEDIAN: Sir, we don't have any stories to say.

Individual A: you just say, "From him we get-"

HABIBION: You are a customer, and we know that you are here now, you came and visited us.

Individual A: That's the end of it.

MOTAMEDIAN: A customer

[Loud rustling noise]

(UI) customer (UI) to get his green card, he told us.

Individual A: No, I mean as far as [Individual B] and them go.

MOTAMEDIAN: We don't have any stories to tell, we don't have any stories to tell.

HABIBION: [Individual B] in Dubai-

Individual A: I know. Where do you have [Individual B]?

MOTAMEDIAN: Dubai.

Individual A: [Individual B], Dubai.

48. On December 15, 2010, immediately following the meeting with defendants HABIBION and MOTAMEDIAN, Individual A provided Homeland Security Investigations Special Agent Matthew Murphy with the four invoices of defendant ONLINE MICRO that defendant HABIBION had printed off and provided to Individual A during the meeting. The four invoices were defendant ONLINE MICRO invoice numbers 98364, 98614, 98655, and

98873. Each of the four invoices identified the individual computer-related goods sold in the transaction by description and accompanying serial number.

49. On December 15, 2010, following the meeting, defendant HABIBION contacted Individual A via telephone and requested that he come to defendant ONLINE MICRO's business the next day and bring the invoices that defendant HABIBION had given Individual A earlier that day.

50. On December 16, 2010, Individual A conducted another audio-recorded meeting with defendants HABIBION and MOTAMEDIAN at defendant ONLINE MICRO'S office in Costa Mesa, CA. During the conversation, defendants HABIBION and MOTAMEDIAN stated to Individual A that it would be better if the invoices defendant HABIBION had given Individual A on December 15, 2010, did not include the accompanying serial numbers for the computer-related goods sold and shipped to Company X, saying in sum and substance:

HABIBION: Would you give me the numbers?

Individual A: I have brought the thing itself.

HABIBION: Those-

MOTAMEDIAN: One thing we were not paying attention to is that these have serial numbers—I don't know if Massoud told you or not.

Individual A: No.

HABIBION: No, I didn't tell him. It is better if it doesn't have a serial number.

Individual A: It is easier?

MOTAMEDIAN: Because the serial number--no, well, all of a sudden, they may go to Sony here and have the serial number checked and-

Individual A: Uh-huh, where it was registered, uh-huh, okay.

MOTAMEDIAN: It is better if it doesn't have it on it.

Individual A: Okay.

Then, at the request of defendants HABIBION and MOTAMEDIAN, Individual A returned to defendants HABIBION and MOTAMEDIAN the invoices having the serial numbers for the computer-related goods sold and shipped to Company X, and defendant HABIBION explained that he would give Individual A new copies of the invoices without any serial numbers. Among other things, defendant MOTAMEDIAN, defendant HABIBION, and Individual A also discussed the following:

- a. Defendants HABIBION and MOTAMEDIAN were aware of and understood the serious nature of the United States' trade sanctions with Iran, saying in sum and substance:

Individual A: Of course, [Individual A's lawyer] said, the sanctions are serious.

HABIBION: That's obvious.

Individual A: [Individual A's lawyer] said, the sanctions are serious, but your case, if, [Individual A's lawyer] said -

MOTAMEDIAN: We knew that it is not a joke.

- b. With respect to the falsification of Company X's invoices, defendants HABIBION and MOTAMEDIAN also stated, in sum and substance:

MOTAMEDIAN: This started with this business of invoices.

HABIBION: You should just, you should just know exactly, for example, you have done four items in this invoice, then put two other items of some other goods in the invoice-

MOTAMEDIAN: Do you have a kid over there who is sharp?

Individual A: Yeah.

MOTAMEDIAN: Huh?

Individual A: Yeah, I do.

MOTAMEDIAN: In your office?

Individual A: I have.

MOTAMEDIAN: Give him these numbers, like this, just to make it short, give him the numbers, tell him, "You know so-and-so, so-and-so, and so-and-so, contact them and tell them that we sold them these goods, so that we give their sales orders to [undecipherable]."

Individual A: Yeah, he has to coordinate it.

MOTAMEDIAN: That's how you should say it. Not like, "Go do some," and so on, and on the phone -

Individual A: No, I have to make it short and useful.

MOTAMEDIAN: Don't call from your own, go somewhere else to make the call, get a calling card, go outside and call. Give him the numbers and everything. Tell him, these invoice numbers exactly—are there some from [undecipherable] too?

- c. Defendants HABIBION and MOTAMEDIAN encouraged Individual A to prepare himself mentally to lie to the United States law enforcement officials, saying in sum and substance:

MOTAMEDIAN: But the thing that you should follow up mentally and in your mind and everything—of course, [undecipherable] with your lawyer too, he/she is your lawyer anyway—you are selling these good locally there.

Individual A: I myself, eh, now-

MOTAMEDIAN: This has to be-

HABIBION: You have to put this in your own head-

Individual A: I understand.

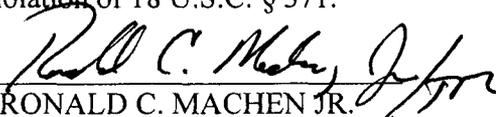
HABIBION: "I sell these goods in Dubai."

MOTAMEDIAN: You have come to us and said, "This is my signature, I won't sell the good to these countries." And that is the case.

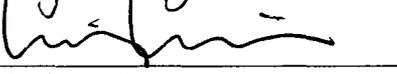
HABIBION: If one cannot believe it oneself, one cannot present it.

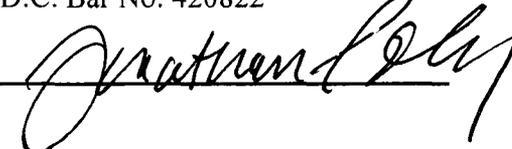
Limited Nature of Statement of Offense

51. This proffer of evidence is not intended to constitute a complete statement of all facts known by defendants HABIBION and ONLINE MICRO, but instead provides a sufficient factual predicate for their guilty pleas. The limited purpose of this proffer is to demonstrate that there exists a sufficient legal basis for defendants HABIBION and ONLINE MICRO 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.


RONALD C. MACHEN JR.
UNITED STATES ATTORNEY
D.C. Bar No. 415793


T. Patrick Martin
Assistant United States Attorney
D.C. Bar No. 471965


Anthony Asuncion
Assistant United States Attorney
D.C. Bar No. 420822

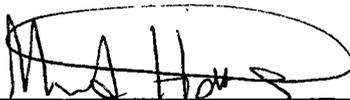


Jonathan C. Poling
Trial Attorney/Counterespionage Section
Department of Justice
D.C. Bar No. 489459

Defendant Habibion's Stipulation and Signature

After consulting with my attorney, J. Patrick Rowan, Esq., and pursuant to the Plea Agreement entered into this day with the United States, I hereby stipulate that the above Statement of Offense is true and accurate. I further stipulate that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.

Date: 2/16/2012

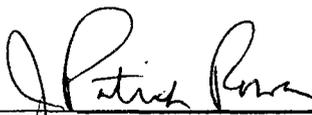


Massoud "Matt" Habibion
Defendant

Attorney's Acknowledgment

I am counsel for the defendant Massoud "Matt" Habibion. I have carefully reviewed the above Statement of Offense with my client. To my knowledge, the decision to stipulate to these facts is an informed and voluntary one.

Date: 2/16/2012

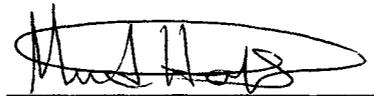


J. Patrick Rowan, Esq.
Counsel for Defendant Massoud "Matt" Habibion

Defendant Online Micro, LLC's Stipulation and Signature

I, Massoud "Matt" Habibion, am the designated representative for Online Micro, LLC ("Online Micro") with the authority to bind Online Micro in this matter. After consulting with Online Micro's attorney, John Moustakas, Esq., and pursuant to the Plea Agreement entered into this day with the United States, I hereby stipulate that the above Statement of Offense is true and accurate. I further stipulate that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.

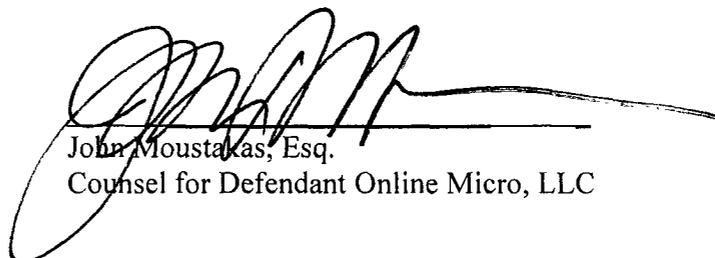
2/16/2012^{mtH}
Date


Massoud "Matt" Habibion
Designated Representative for
Defendant Online Micro, LLC

Attorney's Acknowledgment

I am counsel for the defendant Online Micro, LLC. I have carefully reviewed the above Statement of Offense with my client. To my knowledge, the decision to stipulate to these facts is an informed and voluntary one.

Date: 2/16/2012


John Moustakas, Esq.
Counsel for Defendant Online Micro, LLC

ATTACHMENT B



U.S. Department of Justice

Ronald C. Machen Jr.
United States Attorney

District of Columbia

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

January 31, 2012

VIA E-MAIL

John Moustakas, Esq.
Goodwin Proctor LLP
901 New York Avenue, NW
Washington, DC 20001

J. Patrick Rowan, Esq.
McGuireWoods LLP
2001 K Street, NW, Suite 400
Washington, DC 20006-1040

Re: United States v. Massoud Habibion, et al.
Case No. CR-11-118

Dear Counsel:

This letter contains a wired plea offer being extended to your clients, Online Micro, LLC (“Online Micro”), Massoud Habibion, and Mohsen Motamedian (collectively, “the defendants” or “your clients”), from the Criminal Division of the Office of the United States Attorney for the District of Columbia, the Criminal Division of the Office of the United States Attorney for the Central District of California, and the National Security Division of the Department of Justice (hereinafter also referred to collectively as “the Government,” or “this Office,” or “the United States”). **This plea offer will expire at 8:00 p.m. on February 13, 2012.** If your clients accept the terms and conditions of this wired plea offer, please have your clients execute this document in the space provided below, as well as initial each individual page, where indicated. Please also sign and initial in the spaces provided. Upon receipt of the executed document, this letter will become the Plea Agreement. The terms of the offer are as follows:

FILED

FEB 16 2012

**Clerk, U.S. District & Bankruptcy
Courts for the District of Columbia**

1. **Charges and Statutory Penalties.**

a. **Defendants Online Micro and Habibion.** Defendants Online Micro and Habibion agree to plead guilty to Count One of the Indictment, that is, Conspiracy to violate the International Emergency Economic Powers Act and the Iranian Transaction Regulations, in violation of 18 U.S.C. § 371. The Indictment also includes a criminal forfeiture allegation. To effectuate criminal forfeiture, defendant Online Micro agrees to the entry of a Consent Order of Forfeiture against it.

b. **Defendant Mohsen Motamedian.** Defendant Mohsen Motamedian agrees to plead guilty to Count Thirty-Five of the Indictment, that is, Obstruction of Justice, in violation of 18 U.S.C. § 1512(b)(3).

2. **Potential penalties, assessments, and restitution.**

a. **Defendants Online Micro and Habibion.** Defendants Online Micro and Habibion understand that, pursuant to 18 U.S.C. § 371, Conspiracy to violate the International Emergency Economic Powers Act carries a maximum sentence of 5 years of imprisonment for individuals, a fine of \$250,000 or a fine of twice the pecuniary gain or loss pursuant to 18 U.S.C. § 3571(d) for individuals and a fine of \$1,000,000 or a fine of five times the value of the exports involved, whichever is greater, for corporations, a \$100 special assessment, a 3-year term of supervised release, an order of restitution, and an obligation to pay any applicable interest or penalties on fines or restitution not timely made.

b. **Defendant Mohsen Motamedian.** Defendant Mohsen Motamedian understands that, pursuant to 18 U.S.C. § 1512(b)(3), Obstruction of Justice carries a maximum sentence of 20 years of imprisonment, a fine of \$250,000, a \$100 special assessment, a 3-year term of supervised release, an order of restitution, and an obligation to pay any applicable interest or penalties on fines or restitution not timely made.

Your clients understand that they will be sentenced according to 18 U.S.C. § 3553(a) upon consideration of the guidelines and policies promulgated by the United States Sentencing Commission, Guidelines Manual (2010) (hereinafter "Sentencing Guidelines" or "U.S.S.G."), which will apply to determine your clients' sentencing guideline ranges. Your clients understand that pursuant to 18 U.S.C. § 3571 and U.S.S.G. § 5E1.2, the Court may also impose a fine that is sufficient to pay the federal government the costs of any imprisonment, term of supervised release and period of probation.

3. **Agreement not to prosecute.** Upon acceptance of this Plea Agreement by the Court and at the time of your clients' sentencing, the Government will request that the Court

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dismiss the remaining counts in the Indictment. Your clients, however, agree and acknowledge that the charges to be dismissed at the time of sentencing were based in fact, and that your clients are not a "prevailing party" within the meaning of the "Hyde Amendment," Section 617, P.L. 105-119 (Nov. 26, 1997), and will not file any claim under that law. Furthermore, other than the offense to which your clients agree to plead guilty pursuant to this Plea Agreement, the United States agrees not to charge your clients with any other criminal offenses committed before execution of this Plea Agreement arising out of their transactions with intermediaries doing business with and on behalf of Iranian customers. This paragraph does not apply to any other "crimes of violence," as that term is defined by 18 U.S.C. § 16 and D.C. Code § 22-3202, or any offenses which your clients fail to disclose to us before entering into this Plea Agreement.

4. **Waiver of Constitutional and Statutory rights.** Your clients understand that by pleading guilty in this case they agree to waive certain rights afforded by the Constitution of the United States and/or by statute, including the right to plead not guilty and the right to a jury trial. At trial, your clients would have the right to be represented by counsel, to confront and cross-examine witnesses against them, to compel witnesses to appear for the purpose of testifying and presenting other evidence on your clients' behalf, and to choose whether to testify themselves. If your clients chose not to testify at a jury trial, your clients would have the right to have the jury instructed that their failure to testify could not be held against them. Your clients would further have the right to have the jury instructed that they are presumed innocent until proven guilty, and that the burden would be on the United States to prove their guilt beyond a reasonable doubt. If your clients were found guilty after a trial, they would have the right to appeal their convictions.

Your clients understand that the Fifth Amendment to the Constitution of the United States protects them from the use of self-incriminating statements in a criminal prosecution. By entering pleas of guilty, your clients knowingly and voluntarily waive or give up their right against self-incrimination.

5. **Factual Stipulations.** Your clients agree that the attached Statements of Offense concerning your respective clients fairly and accurately describe your clients' actions and involvement in the offense to which each of your clients is pleading guilty. If your clients accept the terms and conditions of this offer, please have your clients execute the applicable Statement of Offense in the space provided, as well as initial each individual page, where indicated. Please also sign and initial in the spaces provided and return the original signed document along with this signed Plea Agreement.

6. **Sentencing Guidelines.** As indicated above, your clients understand that their sentences in this case will be determined by the Court, pursuant to the factors set forth in 18 U.S.C. § 3553(a), including a consideration of the guidelines and policies in Sentencing Guidelines. Pursuant to Federal Rule of Criminal Procedure 11(c)(1)(B), and to assist the Court

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in determining the appropriate sentences, the parties stipulate to the following Sentencing Guidelines calculations:

Defendant Massoud Habibion.

a. **Offense Level under the Guidelines.** The parties agree that the applicable Guideline is that applicable to the charge of Conspiracy to violate the IEEPA and ITR, in violation of 18 U.S.C. § 371. Accordingly, the parties agree that the applicable Guideline is U.S.S.G. § 2M5.1(a)(1) and **the base offense level is 26**, because the offense involved the violation of a national security control, to wit, the exportation of goods to Iran without the required export license and attendant financial transactions with persons doing business in Iran.

(1). **Downward Adjustment for Acceptance of Responsibility.** Assuming defendant Habibion clearly demonstrates acceptance of responsibility to the satisfaction of the Government through his allocution and subsequent conduct prior to the imposition of sentence, the Government agrees that a 3-level reduction would be appropriate, pursuant to U.S.S.G. § 3E1.1(a).

(2). **Upward Adjustment for Obstruction of Justice.** The parties also agree that a 2-level increase in defendant Habibion's offense level is appropriate pursuant to U.S.S.G. § 3C1.1 ("Obstructing or Impeding the Administration of Justice").

(3). **Applicability of Upward Adjustment for Aggravating Role in Offense.** The parties disagree as to whether a 2-level increase in defendant Habibion's offense level is appropriate pursuant to U.S.S.G. § 3B1.1 ("Aggravating Role"), but agree to submit the issue to the Court for its determination.

Accordingly, the stipulated applicable adjusted offense level is 25.

b. **Criminal History Category.** Based on the Government's investigation to date and representations from defendant Habibion, the government is not aware of any criminal convictions of defendant Habibion. Accordingly, defendant Habibion's Criminal History Category is I.

c. **Applicable Guideline Range.** Based upon the calculations set forth above, defendant Habibion's Stipulated Sentencing Guidelines range is at least 57-71 months (the "Stipulated Guidelines Range") for the offense.

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Defendant Online Micro LLC. The offense to which defendant Online Micro LLC is pleading guilty is covered by U.S.S.G. § 2M5.1(a)(1), which is not listed under U.S.S.G. § 8C2.1, governing fines for organizations. Accordingly, pursuant to U.S.S.G. § 8C2.10, any fine is to be determined by applying Title 18, United States Code, Sections 3553 and 3572.

As set forth in greater detail in Section 7, *infra*, defendant Online Micro LLC has agreed to forfeit \$1,899,964.00 as part of this Plea Agreement. Having reviewed and considered Online Micro's financial information in furtherance of negotiating this agreed-to criminal forfeiture amount, the Government agrees that the forfeited amount constitutes a sufficient monetary penalty against defendant Online Micro and will not seek the imposition of any additional criminal fine against it, consistent with an application of the various factors set forth in 18 U.S.C. § 3572. Moreover, the Government agrees that the agreed-to criminal forfeiture is also sufficient to reflect the seriousness of the offense, promote respect for the law, provide just punishment, afford adequate deterrence, and protect the public from further crimes by the defendant. See § 3553(a)(2)(A)-(C).¹

Defendant Mohsen Motamedian.

a. **Offense Level under the Guidelines.** The parties agree that the applicable Guideline is that applicable to the charge of Obstruction of Justice in violation of 18 U.S.C. § 1512(b)(3). The parties agree that U.S.S.G. § 2J1.2 is the applicable Guideline and that pursuant to § 2J1.2(a) the base offense level is 14 and that a 2-level enhancement is appropriate pursuant to § 2J1.2(b)(3). However, the parties further agree that, pursuant to § 2J1.2(c)(1), cross reference to § 2X3.1 (Accessory After the Fact) is appropriate and an application of § 2X3.1 to the underlying offense of Conspiracy to violate the IEEPA and ITR results in **a base offense level of 20.**

(1). **Downward Adjustment for Acceptance of Responsibility.** Assuming defendant Motamedian clearly demonstrates acceptance of responsibility to the satisfaction of the Government through his allocution and subsequent conduct prior to the imposition of sentence, the Government agrees that a 3-level reduction would be appropriate, pursuant to U.S.S.G. § 3E1.1(a).

Accordingly, the applicable adjusted offense level is 17

¹ The Government notes that in reaching separate civil settlements with the defendants (not part of this Agreement), the U.S. Department of Treasury and U.S. Department of Commerce have also deemed the negotiated criminal forfeiture amount here to be sufficient to satisfy any civil monetary penalties imposed by those agencies against defendant Online Micro.

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b. **Criminal History Category.** Based on the Government's investigation to date and representations from defendant Motamedian, the government is not aware of any criminal convictions of defendant Motamedian. Accordingly, defendant Motamedian's Criminal History Category is I.

c. **Applicable Guideline Range.** Based upon the calculations set forth above, defendant Motamedian's Stipulated Sentencing Guidelines range is 24-30 months (the "Stipulated Guidelines Range") for the offense.

Your clients fully and completely understand that the final determination of their sentences will be made by the Court, which must consult with and take into account the Sentencing Guidelines, but which is not bound by those Guidelines. Your clients understand that the failure of the Court or the Probation Office to determine the guideline range in accordance with the above calculations will not void this Plea Agreement or serve as a basis for the withdrawal of your clients' plea. Your clients understand and agree that your clients will not be allowed to withdraw their guilty pleas entered pursuant to this Plea Agreement solely because of the harshness of any sentence recommended by the Probation Office or imposed by the Court, and that a motion to withdraw the plea on that basis may be treated by the United States as a breach of this Plea Agreement.

7. **Forfeiture.**

(a) Defendant Online Micro agrees to the forfeiture set forth in the Forfeiture Allegation in the Indictment to which it is pleading guilty. Specifically, Defendant Online Micro agrees to forfeiture of a money judgment in the amount of \$1,899,964.00 and to forfeiture of \$1,899,964.00 seized from the Wells Fargo accounts listed in the Indictment. The forfeiture is pursuant to 18 U.S.C. § 981(a)(1)(C) and 28 U.S.C. § 2461(c), which authorizes the forfeiture of any proceeds of Conspiracy to Violate the International Emergency Economic Powers Act and the Iranian Transaction Regulations, in violation of 18 U.S.C. § 371, and pursuant to the substitute assets provision, 21 U.S.C. § 853(p). The United States agrees that the money judgment is fully satisfied by the forfeiture of the seized Wells Fargo funds. This a negotiated forfeiture amount for purposes of this plea agreement. If this matter proceeds to trial, the government intends to seek a significantly greater money judgment based on the full proceeds of your clients' criminal conduct, as alleged in the Indictment.

(b) Defendant Online Micro agrees that the proffer of evidence supporting its guilty pleas is sufficient evidence to support the above-referenced forfeitures. Defendant Online Micro agrees that the Court may enter a preliminary Consent Order of Forfeiture for this property at the time of its guilty plea or at any time before sentencing. Defendant Online Micro agrees that the Court will enter a Final Order of Forfeiture for this property as part of its sentence.

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(c) By this plea agreement, defendant Online Micro agrees that it has waived any and all interest it has in these assets or properties and consented to their forfeiture by whatever process the government chooses. Defendant Online Micro agrees that the government may use this waiver and consent in any administrative or judicial forfeiture proceeding, whether criminal or civil, state, local or federal. If defendant Online Micro already has filed a claim to any of these assets or property in any forfeiture process, it hereby agrees to withdraw it. It also agrees that it will not file a claim to any of these assets or property in any future forfeiture proceeding of whatever type.

(d) Defendant Online Micro agrees that the Government may choose in its sole discretion how it wishes to accomplish forfeiture of the property whose forfeiture it has consented to in this plea agreement, whether by criminal or civil forfeiture, using judicial or non-judicial forfeiture processes. If the government chooses to effect the forfeiture provisions of this plea agreement through the criminal forfeiture process, defendant Online Micro agrees to the entry of orders of forfeiture for such property and waives the requirements of Federal Rule of Criminal Procedure 32.2 regarding notice of the forfeiture in the charging instrument, announcement of the forfeiture at sentencing, and incorporation of the forfeiture in the judgment. Defendant Online Micro understands that the forfeiture of assets is part of the sentence that may be imposed in this case, and it waives any failure by the Court to advise it of this, pursuant to Federal Rule of Criminal Procedure 11(b)(1)(J), at the time of its guilty plea. Defendant Online Micro agrees to take all steps as requested by the Government to pass clear title to forfeitable interests or to property to the United States and to testify truthfully in any judicial forfeiture proceeding.

(e) Defendant Online Micro agrees to waive all constitutional and statutory challenges in any manner (including, but not limited to, direct appeal) to any forfeiture carried out in accordance with this plea agreement on any grounds, including that the forfeiture constitutes an excessive fine or punishment.

8. **Conditions of release pending sentencing.** The Government will not seek a change in your clients' release conditions pending sentencing. Your clients, however, acknowledge that the final decision regarding your clients' bond status or detention will be made by the Court at the time of your clients' plea of guilty. If your clients receive sentences of imprisonment, the Government will not oppose a request that the Court recommend designations to a particular institution or a request that the Court permit your clients to voluntarily surrender to the designated institution.

9. **Reservation of allocation.** With one exception, your clients understand that the Government reserves its full right of allocation for purposes of sentencing. That exception is that

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the Government agrees that it will cap its allocution concerning any request for imprisonment of defendant Motamedian at 30 months. That is, although the Government may ultimately request a sentence for defendant Motamedian that includes a term of imprisonment anywhere from 0 to 30 months, pursuant to this plea agreement, it will not request a term of imprisonment for defendant Motamedian of more than 30 months.

The Government reserves the right to describe fully, both orally and in writing, to the sentencing judge the nature and seriousness of your clients' misconduct, including any misconduct not described in the charge to which your clients are pleading guilty. The Government also reserves the right to inform the presentence report writer and the Court of any relevant facts, to dispute any factual inaccuracies in the presentence report, and to contest any matters not provided for in this Plea Agreement.

Nothing in this Plea Agreement limits the right of the Government to seek denial of the adjustment for acceptance of responsibility, see U.S.S.G. § 3E1.1, and/or imposition of an adjustment for obstruction of justice, see U.S.S.G. § 3C1.1, regardless of any stipulation set forth above, should your clients move to withdraw your clients' guilty pleas after they are entered, or should it be determined that your clients have either (i) engaged in conduct, unknown to the Government at the time of the signing of this Plea Agreement, that constitutes obstruction of justice or (ii) engaged in additional criminal conduct after signing this Plea Agreement.

Your clients also understand that the Government retains its full right of allocution in connection with any post-sentence motion which may be filed in this matter and/or any proceeding before the Bureau of Prisons. The Government reserves the right to appeal the sentence in this case.

10. **Interpreter.** Your clients understand that, if an interpreter is required to assist your clients in translating this Plea Agreement into your clients' native language, then your clients agree to request, pursuant to Title 18 U.S.C. § 3006A, "The Criminal Justice Act," to secure the services of a certified interpreter to verbally translate the Plea Agreement and related documents for your clients into your clients' native language. If no such request is made, then your clients hereby declare that your clients understand the English language sufficiently well to read and understand this Plea Agreement.

11. **Appeal Waiver.** Your clients are aware that federal law, specifically 18 U.S.C. § 3742, affords your clients the right to appeal their sentences in this sentence. Your clients are aware that the Government's factual stipulations and predictions about the calculation of the sentencing guidelines are not binding on the sentencing judge. Knowing that, your clients waive the right to appeal their sentences or the manner in which they were determined pursuant to 18 U.S.C. § 3742, except to the extent that (a) the Court sentences your clients to a period of

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imprisonment longer than the statutory maximum, or (b) the Court departs upward from the applicable Sentencing Guideline range pursuant to the provisions of U.S.S.G. § 5K2 or based on a consideration of the sentencing factors set forth in 18 U.S.C. § 3553(a). Further, your client reserves the right to make a collateral attack upon your clients' sentences pursuant to 28 U.S.C. § 2255, if new and currently unavailable information becomes known to him. In agreeing to this waiver, your clients are aware that your clients' sentences have yet to be determined by the Court. Realizing the uncertainty in estimating what sentences the Court ultimately will impose, your clients knowingly and willingly waives your clients' right to appeal the sentences, to the extent noted above, in exchange for the concessions made by the Government in this Agreement.

12. **Breach of agreement.** Your clients understand and agree that if they fail specifically to perform or to fulfill completely each and every one of their obligations under this Plea Agreement, or commits any further crimes, then they will have breached this Plea Agreement. In the event of such a breach, (a) the United States will be free from its obligations under the Plea Agreement; (b) your clients will not have the right to withdraw their guilty pleas; (c) your clients shall be fully subject to criminal prosecution for any other crimes which they have committed or might commit, if any, including perjury and obstruction of justice; and (d) the United States will be free to use against your clients, directly and indirectly, in any criminal or civil proceeding all statements made by them and any of the information or materials provided by them, including such statements, information and materials provided pursuant to this Plea Agreement or during the course of any debriefings conducted in anticipation of, or after entry of this Plea Agreement, including your clients' statements made during proceedings before the Court pursuant to Fed. R. Crim. P. 11.

Your clients acknowledge discussing with you Fed. R. Crim. P. 11(f) and Federal Rule of Evidence (FRE) 410, rules which ordinarily limit the admissibility of statements made by a defendant in the course of plea discussions or plea proceedings if a guilty plea is later withdrawn. Your clients knowingly and voluntarily waive the rights which arise under these rules. As a result of this waiver, your clients understand and agree that any statements which are made in the course of their guilty pleas will be admissible against them for any purpose in any criminal or civil proceeding if your clients breach this Plea Agreement or their guilty pleas are subsequently withdrawn.

Your clients understand and agree that the United States shall only be required to prove a breach of this Plea Agreement by a preponderance of the evidence. Your clients further understand and agree that the United States need only prove a violation of federal, state, or local criminal law by probable cause in order to establish a breach of this Plea Agreement.

Nothing in this Plea Agreement shall be construed to permit your clients to commit perjury, make false statements or declarations, or obstruct justice, or to protect your clients from prosecution for any crimes not included within this Plea Agreement or committed by them after the execution of this Plea Agreement. Your clients understand and agree that the United States reserves the right to prosecute them for any such offenses. Your clients further understand that any perjury, false statements or declarations, or obstruction of justice relating to

their obligations under this Plea Agreement shall constitute a breach of this Plea Agreement. However, in the event of such a breach, your clients will not be allowed to withdraw their guilty pleas.

13. **Prosecution by Other Agencies/Jurisdictions.** This Plea Agreement only binds the United States Attorney's Office for the District of Columbia, the United States Attorney's Office for the Central District of California, and the National Security Division of the Department of Justice. It does not bind any other United States Attorney's Office or any other office or agency of the United States government, including, but not limited to, the Tax Division of the United States Department of Justice; the United States Department of the Treasury, including the Internal Revenue Service; or any state or local prosecutor. These individuals and agencies remain free to prosecute your clients for any offense(s) committed within their respective jurisdictions.

14. **No Other Agreements.** No other agreements, promises, understandings, or representations have been made by the parties other than those contained in writing herein, nor will any such agreements, promises, understandings, or representations be made unless committed to writing and signed by your clients, your clients' counsel, and an Assistant United States Attorney for the District of Columbia, or made by the parties on the record before the Court.

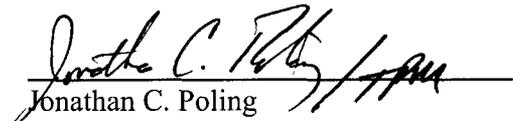
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If your clients agree to the conditions set forth in this letter, both your clients and you should initial each page and sign the original in the spaces provided and return the executed Plea Agreement to us. The original of this Plea Agreement will be filed with the Court.

Sincerely,


RONALD C. MACHEN JR.
United States Attorney
for the District of Columbia


T. Patrick Martin
Anthony Asuncion
Assistant United States Attorneys
National Security Section

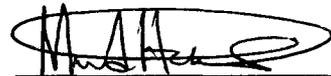

Jonathan C. Poling
Trial Attorney/Counterespionage Section
Department of Justice

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Defendant Online Micro LLC's Acceptance

I, Massoud "Matt" Habibion, am a designated representative for Online Micro, LLC with the authority to bind Online Micro, LLC. I have read this Plea Agreement and carefully reviewed every part of it with John Moustakas, Esq., who is the attorney for Online Micro LLC in this matter. On behalf of Online Micro LLC, I am fully satisfied with the legal services provided by Mr. Moustakas, in connection with this Plea Agreement and all matters relating to it. On behalf of Online Micro, LLC, I fully understand this Plea Agreement and voluntarily enter into it. No threats have been made to me, nor am I under the influence of anything that could impede my ability to understand this Plea Agreement fully. No agreements, promises, understandings, or representations have been made with, to, or for Online Micro other than those set forth above. Online Micro, LLC is pleading guilty to the offenses set forth in the Plea Agreement because it is guilty of those crimes.

Feb. 13th. 2012
Date

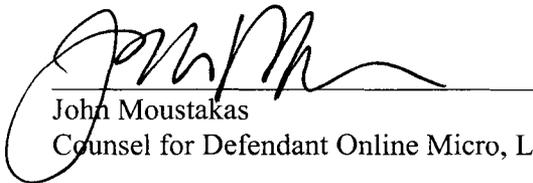


Massoud "Matt" Habibion
Designated Representative for
Defendant Online Micro

Defendant Online Micro LLC's Counsel's Acknowledgment

I have read each of the pages constituting this Plea Agreement, reviewed them with my client, Online Micro, LLC, through its designated representative Massoud "Matt" Habibion, and discussed the provisions of the Plea Agreement with him fully. These pages accurately and completely set forth the entire Plea Agreement. I concur in my client's desire to plead guilty as set forth in this Plea Agreement.

2.14.2012
Date

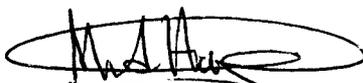


John Moustakas
Counsel for Defendant Online Micro, LLC

Defendant Habibion's Acceptance

I have read this Plea Agreement and carefully reviewed every part of it with my attorney, J. Patrick Rowan, Esq. I am fully satisfied with the legal services provided by my attorney in connection with this Plea Agreement and all matters relating to it. I fully understand this Plea Agreement and voluntarily agree to it. No threats have been made to me, nor am I under the influence of anything that could impede my ability to understand this Plea Agreement fully. No agreements, promises, understandings, or representations have been made with, to, or for me other than those set forth above. I am pleading guilty to the offenses set forth in the Plea Agreement because I am guilty of those crimes.

Feb. 13th. 2012
Date

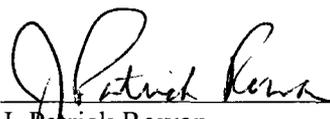


Massoud Habibion
Defendant

Defendant Habibion's Counsel's Acknowledgment

I have read each of the pages constituting this Plea Agreement, reviewed them with my client, Massoud Habibion, and discussed the provisions of the Plea Agreement with him fully. These pages accurately and completely sets forth the entire Plea Agreement. I concur in my client's desire to plead guilty as set forth in this Plea Agreement.

2/14/2012
Date



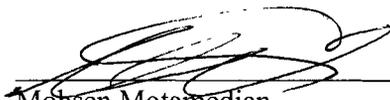
J. Patrick Rowan
Counsel for Defendant Habibion

MH MH
MM MH
OM MH
PR PR
JM _____

Defendant Motamedian's Acceptance

I have read this Plea Agreement and carefully reviewed every part of it with my attorney, John Moustakas, Esq. I am fully satisfied with the legal services provided by my attorney in connection with this Plea Agreement and all matters relating to it. I fully understand this Plea Agreement and voluntarily agree to it. No threats have been made to me, nor am I under the influence of anything that could impede my ability to understand this Plea Agreement fully. No agreements, promises, understandings, or representations have been made with, to, or for me other than those set forth above. I am pleading guilty to the offenses set forth in the Plea Agreement because I am guilty of those crimes.

2/13/12
Date


Mohsen Motamedian
Defendant

Defendant Motamedian's Counsel's Acknowledgment

I have read each of the pages constituting this Plea Agreement, reviewed them with my client, Mohsen Motamedian, and discussed the provisions of the Plea Agreement with him fully. These pages accurately and completely sets forth the entire Plea Agreement. I concur in my client's desire to plead guilty as set forth in this Plea Agreement.

2/13/12
Date


John Moustakas
Counsel for Defendant Motamedian

ATTACHMENT C

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:

Online Micro, LLC
215 E. Baker Street
Costa Mesa, CA 92626

Respondent

ORDER RELATING TO ONLINE MICRO, LLC

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Online Micro, LLC, of Costa Mesa, CA (“Online Micro”), of its intention to initiate an administrative proceeding against Online Micro pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (the “Act”),² through the issuance of a Proposed Charging Letter to Online Micro that alleges that Online Micro committed four violations of the Regulations. Specifically, the charges are:

Charge 1 15 C.F.R. § 764.2(d) – Conspiracy

Beginning on or about November 9, 2009, and continuing through in or around December, 2010, Online Micro, LLC (“Online Micro”) conspired or acted in concert with others, known and unknown, to bring about or to take actions that constituted a violation

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2011). The charged violations occurred between 2009-2010. The Regulations governing the violations at issue are found in the 2009-10 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2011 Regulations set forth the procedures that apply to this matter.

² 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 12, 2011 (76 Fed. Reg. 50,661 (Aug. 16, 2011)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*).

of the Regulations. The purpose of the conspiracy was to bring about the export of U.S.-origin computer equipment, items subject to the Regulations and the Iranian Transaction Regulations (“ITR”),³ classified under Export Control Classification Number (“ECCN”) 5A992, controlled for anti-terrorism reasons and valued at approximately \$1.9 million, from the United States to Iran, through the United Arab Emirates (“UAE”), without the required U.S. Government authorization. Pursuant to Section 560.204 of the ITR, which are administered by the Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), an export to a third country intended for transshipment to Iran is a transaction that requires OFAC authorization. Pursuant to Section 746.7 of the Regulations, no person may engage in the exportation of an item subject to both the Regulations and the ITR without authorization from OFAC.

Online Micro sold the computer equipment and exported it from the United States to Iran, via the UAE, without OFAC authorization. Online Micro forwarded the items to a co-conspirator in the UAE, whose business consisted of the purchase of U.S.-origin computer equipment from suppliers in the United States, such as Online Micro, on behalf of Iranian customers. In addition, Online Micro, through one of its three owners, Massoud Habibion, a/k/a Matt Habibion, a/k/a Matt Habi (“Habibion”), knew that one of their co-conspirators resided in Tehran, Iran, and was engaging in business with Online Micro from Tehran.

Online Micro knew that exports to Iran, including specifically exports transshipped through the UAE, required a license because, *inter alia*, BIS Special Agents conducted outreach visits to Online Micro in March 2007 and January 2010. Online Micro participated in and furthered the conspiracy described herein despite this knowledge.

In so doing, Online Micro committed one violation of Section 764.2(d) of the Regulations.

Charges 2-4 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

As further detailed in the Schedule of Violations attached hereto and incorporated herein by reference, on three occasions, between on or about November 11, 2009, and on or about May 15, 2010, Online Micro, LLC (“Online Micro”) sold and forwarded items subject to the Regulations from the United States to Iran, via the UAE, with knowledge that a violation of the Regulations was about or intended to occur in connection with the items. Specifically, on these three occasions, Online Micro sold and forwarded U.S.-origin computer equipment, items subject to the Regulations and the Iranian Transactions Regulations (“ITR”),⁴ classified under ECCN 5A992, and controlled for anti-terrorism reasons, from the United States to Iran, through the UAE, without the required U.S.

³ 31 C.F.R. Part 560 (2009-2010).

⁴ 31 C.F.R. Part 560 (2009-2010).

Government authorization. Pursuant to Section 560.204 of the ITR, which are administered by OFAC, an export to a third country intended for transshipment to Iran is a transaction that requires OFAC authorization. Pursuant to Section 746.7 of the Regulations, no person may engage in the exportation of an item subject to both the Regulations and the ITR without authorization from OFAC.

Online Micro knew that exports to Iran, including specifically exports transshipped through the UAE, required a license because, *inter alia*, BIS Special Agents conducted outreach visits to Online Micro in March 2007 and January 2010. Online Micro also knew that the U.S.-origin computer equipment it sold and forwarded it from the United States to the UAE was being transshipped through the UAE to Iran, because, *inter alia*, Online Micro, through one of its three owners, Massoud Habibion, a/k/a Matt Habibion, a/k/a Matt Habi (“Habibion”), knew that one of its customer resided in Tehran, Iran, and was engaging in business with Online Micro from Tehran, Iran. Nonetheless, Online Micro sold and forwarded the items for export to Iran, via the UAE, without seeking or obtaining U.S. Government authorization for the export transactions described herein.

In so doing, Online Micro committed three violations of Section 764.2(e) of the Regulations.

WHEREAS, BIS and Online Micro have entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations, whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein; and

WHEREAS, I have approved of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, that for a period of ten (10) years from the date of this Order, Online Micro, with a last known address of 215 E. Baker Street, Costa Mesa, CA 92626, and acting for or on its behalf, its successors, assigns, directors, officers, employees, representatives, or agents (hereinafter collectively referred to as “Denied Person”), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as “item”) exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- A. Applying for, obtaining, or using any license, License Exception, or export control document;
- B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or
- C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

SECOND, that no person may, directly or indirectly, do any of the following:

- A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations;
- B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby the Denied Person acquires or attempts to acquire such ownership, possession or control;
- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States;

- D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or
- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by the Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by the Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

THIRD, that, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to the Denied Person by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of the Order.

FOURTH, that, as authorized by Section 766.18(c) of the Regulations, the ten-year denial period set forth above shall be suspended, and shall thereafter be waived at the conclusion of the ten-year denial period, provided that Online Micro has complied with the plea agreement and any sentence imposed upon or following the entry of its plea and conviction and has committed no other violation of the Act or any regulation, order, license or authorization issued thereunder during the ten-year denial period. If Online Micro does not comply with the plea agreement and any sentence imposed upon or following the entry of its plea and conviction, the suspension may be modified or revoked

by BIS and a denial order including a ten-year denial period activated against Online Micro.

FIFTH, that the Proposed Charging Letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.

A handwritten signature in black ink, appearing to read 'David W. Mills', is written over a horizontal line. The signature is stylized and includes a date '2/21/12' at the end.

David W. Mills
Assistant Secretary of Commerce
for Export Enforcement

Issued this 22nd day of February, 2012.

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:

Online Micro, LLC
215 E. Baker Street
Costa Mesa, CA 92626

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Online Micro, LLC, of Costa Mesa, CA (“Online Micro”), and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively, the “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (the “Regulations”),¹ issued pursuant to the Export Administration Act of 1979, as amended (the “Act”).²

WHEREAS, BIS has notified Online Micro of its intentions to initiate an administrative proceeding against Online Micro, pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a Proposed Charging Letter to Online Micro Online Micro that alleges that Online Micro committed four violations of the Regulations, specifically:

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2011). The charged violations occurred between 2009-2010. The Regulations governing the violations at issue are found in the 2009-10 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2011 Regulations set forth the procedures that apply to this matter.

² 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 12, 2011 (76 Fed. Reg. 50,661 (Aug. 16, 2011)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*).

Charge 1 15 C.F.R. § 764.2(d) – Conspiracy

Beginning on or about November 9, 2009, and continuing through in or around December, 2010, Online Micro, LLC (“Online Micro”) conspired or acted in concert with others, known and unknown, to bring about or to take actions that constituted a violation of the Regulations. The purpose of the conspiracy was to bring about the export of U.S.-origin computer equipment, items subject to the Regulations and the Iranian Transaction Regulations (“ITR”),³ classified under Export Control Classification Number (“ECCN”) 5A992, controlled for anti-terrorism reasons and valued at approximately \$1.9 million, from the United States to Iran, through the United Arab Emirates (“UAE”), without the required U.S. Government authorization. Pursuant to Section 560.204 of the ITR, which are administered by the Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), an export to a third country intended for transshipment to Iran is a transaction that requires OFAC authorization. Pursuant to Section 746.7 of the Regulations, no person may engage in the exportation of an item subject to both the Regulations and the ITR without authorization from OFAC.

Online Micro sold the computer equipment and exported it from the United States to Iran, via the UAE, without OFAC authorization. Online Micro forwarded the items to a co-conspirator in the UAE, whose business consisted of the purchase of U.S.-origin computer equipment from suppliers in the United States, such as Online Micro, on behalf of Iranian customers. In addition, Online Micro, through one of its three owners, Massoud Habibion, a/k/a Matt Habibion, a/k/a Matt Habi (“Habibion”), knew that one of their co-conspirators resided in Tehran, Iran, and was engaging in business with Online Micro from Tehran.

Online Micro knew that exports to Iran, including specifically exports transshipped through the UAE, required a license because, *inter alia*, BIS Special Agents conducted outreach visits to Online Micro in March 2007 and January 2010. Online Micro participated in and furthered the conspiracy described herein despite this knowledge.

In so doing, Online Micro committed one violation of Section 764.2(d) of the Regulations.

Charges 2-4 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

As further detailed in the Schedule of Violations attached hereto and incorporated herein by reference, on three occasions, between on or about November 11, 2009, and on or about May 15, 2010, Online Micro, LLC (“Online Micro”) sold and forwarded items subject to the Regulations from the United States to Iran, via the UAE, with knowledge that a violation of the Regulations was about or intended to occur in connection with the items. Specifically, on these three occasions, Online Micro sold and forwarded U.S.-origin computer equipment, items subject to the Regulations and the Iranian Transactions Regulations (“ITR”),⁴ classified under ECCN 5A992, and controlled for anti-terrorism reasons, from the United States to Iran, through the

³ 31 C.F.R. Part 560 (2009-2010).

⁴ 31 C.F.R. Part 560 (2009-2010).

UAE, without the required U.S. Government authorization. Pursuant to Section 560.204 of the ITR, which are administered by OFAC, an export to a third country intended for transshipment to Iran is a transaction that requires OFAC authorization. Pursuant to Section 746.7 of the Regulations, no person may engage in the exportation of an item subject to both the Regulations and the ITR without authorization from OFAC.

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In so doing, Online Micro committed three violations of Section 764.2(e) of the Regulations.

WHEREAS, Online Micro has reviewed the Proposed Charging Letter and is aware of the allegations made against it and the administrative sanctions that could be imposed against it if the allegations are found to be true;

WHEREAS, Online Micro fully understands the terms of this Agreement and the Order ("Order") that the Assistant Secretary of Commerce for Export Enforcement will issue if he approves this Agreement as the final resolution of this matter;

WHEREAS, Online Micro enters into this Agreement voluntarily and with full knowledge of its rights, after having consulted with counsel;

WHEREAS, the Parties enter into this Agreement having taken into consideration a plea agreement entered by Online Micro in the U.S. District Court for the District of Columbia;

WHEREAS, Online Micro states that no promises or representations have been made to it other than the agreements and considerations herein expressed;

WHEREAS, Online Micro wishes to settle and dispose of all matters alleged in the Proposed Charging Letter by entering into this Agreement; and

WHEREAS, Online Micro agrees to be bound by the Order, if issued;

NOW THEREFORE, the Parties hereby agree, for purposes of this Settlement Agreement, as follows:

1. BIS has jurisdiction over Online Micro, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.

2. Online Micro admits the allegations contained in the Proposed Charging Letter;

3. The following sanctions shall be imposed against Online Micro in complete settlement of the alleged violations of the Regulations relating to the transactions specifically detailed in the Proposed Charging Letter:

a. For a period of ten (10) years from the date of the Order, Online Micro, with a last known address of 215 E. Baker Street, Costa Mesa, CA 92626, and when acting for or on its behalf, its successors, assigns, directors, officers, employees, representatives, or agents (hereinafter collectively referred to as "Denied Person"), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

i. Applying for, obtaining, or using any license, License Exception, or export control document;

ii. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction

involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or

iii. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

b. BIS agrees that, as authorized by Section 766.18(c) of the Regulations, the ten-year denial period set forth in Paragraph 3.a shall be suspended, and shall thereafter be waived at the conclusion of the ten-year denial period, provided that Online Micro has complied with the plea agreement and any sentence imposed upon or following the entry of its plea and conviction, and has committed no other violation of the Act or any regulation, order, license or authorization issued thereunder during the ten-year denial period. If Online Micro does not comply with the plea agreement and sentence, or commits a violation of the Act or any regulation, order, license or authorization issued thereunder, during the ten-year probationary period under the Order, the suspension may be modified or revoked by BIS and a denial order including a ten-year denial period activated against Online Micro.

4. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, Online Micro hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, if issued), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if issued; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if issued. Online Micro also waives and will not assert any Statute of Limitations defense, and the

Statute of Limitations will be tolled, in connection with any violation of the Act or the Regulations arising out of the transactions identified in the Proposed Charging Letter or in connection with collection of the civil penalty or enforcement of this Agreement and the Order, if issued, from the date of the Order until the later of the date Online Micro has complied with the plea agreement and any sentence imposed upon or following the entry of its plea and conviction.

5. BIS agrees that upon compliance with the plea agreement and any sentence imposed upon or following the entry of its plea and conviction, BIS will not initiate any further administrative proceeding against Online Micro in connection with any violation of the Act or the Regulations arising out of the transactions specifically detailed in the Proposed Charging Letter.

6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if issued; nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

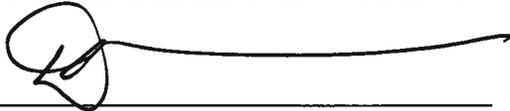
8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement approves it by issuing the Order, which will

have the same force and effect as a decision and order issued after a full administrative hearing on the record.

9. BIS will make the Proposed Charging Letter, this Agreement, and the Order, if issued, available to the public.

10. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

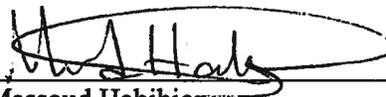
BUREAU OF INDUSTRY AND
SECURITY
U.S. DEPARTMENT OF COMMERCE



Douglas R. Hassebrock
Director of Export Enforcement

Date: 2/16/2012

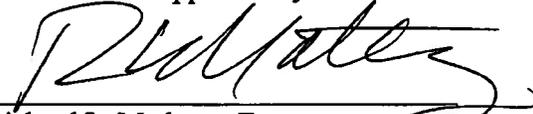
ONLINE MICRO, LLC



Massoud Habibion,
a/k/a Matt Habibion, a/k/a Matt Habi
Managing Director

Date: 02/16/2012

Reviewed and approved by:



Richard L. Matheny, Esq.
John Moustakas, Esq.
Goodwin Procter, LLP
Counsels for Online Micro, LLC

Date: 2/16/12

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Online Micro, LLC
215 E. Baker Street
Costa Mesa, CA 92626

Attention: Massoud Habibion, a/k/a Matt Habibion, a/k/a Matt Habi
Mohsen Motamedian, a/k/a Max Motamedian, a/k/a Max Ehsan
Fred Ladjavardi
Managing Directors

Dear Messieurs Habibion, Motamedian and Ladjavardi:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Online Micro LLC, of Costa Mesa, California (“Online Micro”), has committed four violations of the Export Administration Regulations (the “Regulations”),¹ which are issued under the authority of the Export Administration Act of 1979, as amended (the “Act”).² Specifically, BIS alleges that Online Micro committed the following violations:

Charge 1 15 C.F.R. § 764.2(d) – Conspiracy

Beginning on or about November 9, 2009, and continuing through in or around December, 2010, Online Micro, LLC (“Online Micro”) conspired or acted in concert with others, known and unknown, to bring about or to take actions that constituted a violation of the Regulations. The purpose of the conspiracy was to bring about the export of U.S.-origin computer equipment, items subject to the Regulations and the Iranian Transaction Regulations (“ITR”),³ classified under Export Control Classification Number (“ECCN”) 5A992, controlled for anti-terrorism reasons and valued at approximately \$1.9 million, from the United States to Iran, through the United Arab Emirates (“UAE”), without the required U.S. Government authorization. Pursuant to Section 560.204 of the ITR, which are administered by the Department of the Treasury’s Office of Foreign Assets Control

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2011). The violations alleged occurred between 2009-2010. The Regulations governing the violation at issue are found in the 2009-2010 versions of the Code of Federal Regulations. 15 C.F.R. Parts 730-774 (2009-2010). The 2011 Regulations govern the procedural aspects of this case.

² 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 12, 2011 (76 Fed. Reg. 50,661 (Aug. 16, 2011)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*).

³ 31 C.F.R. Part 560 (2009-2010).

("OFAC"), an export to a third country intended for transshipment to Iran is a transaction that requires OFAC authorization. Pursuant to Section 746.7 of the Regulations, no person may engage in the exportation of an item subject to both the Regulations and the ITR without authorization from OFAC.

Online Micro sold the computer equipment and exported it from the United States to Iran, via the UAE, without OFAC authorization. Online Micro forwarded the items to a co-conspirator in the UAE, whose business consisted of the purchase of U.S.-origin computer equipment from suppliers in the United States, such as Online Micro, on behalf of Iranian customers. In addition, Online Micro, through one of its three owners, Massoud Habibion, a/k/a Matt Habibion, a/k/a Matt Habi ("Habibion"), knew that one of their co-conspirators resided in Tehran, Iran, and was engaging in business with Online Micro from Tehran.

Online Micro knew that exports to Iran, including specifically exports transshipped through the UAE, required a license because, *inter alia*, BIS Special Agents conducted outreach visits to Online Micro in March 2007 and January 2010. Online Micro participated in and furthered the conspiracy described herein despite this knowledge.

In so doing, Online Micro committed one violation of Section 764.2(d) of the Regulations.

Charges 2-4 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

As further detailed in the Schedule of Violations attached hereto and incorporated herein by reference, on three occasions, between on or about November 11, 2009, and on or about May 15, 2010, Online Micro, LLC ("Online Micro") sold and forwarded items subject to the Regulations from the United States to Iran, via the UAE, with knowledge that a violation of the Regulations was about or intended to occur in connection with the items. Specifically, on these three occasions, Online Micro sold and forwarded U.S.-origin computer equipment, items subject to the Regulations and the Iranian Transactions Regulations ("ITR"),⁴ classified under ECCN 5A992, and controlled for anti-terrorism reasons, from the United States to Iran, through the UAE, without the required U.S. Government authorization. Pursuant to Section 560.204 of the ITR, which are administered by OFAC, an export to a third country intended for transshipment to Iran is a transaction that requires OFAC authorization. Pursuant to Section 746.7 of the Regulations, no person may engage in the exportation of an item subject to both the Regulations and the ITR without authorization from OFAC.

⁴ 31 C.F.R. Part 560 (2009-2010).

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In so doing, Online Micro committed three violations of Section 764.2(e) of the Regulations.

* * * * *

Accordingly, Online Micro is hereby notified that an administrative proceeding is instituted against it pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions and any other liability sanction or penalty available under law, including, but not limited to any or all of the following:

- The maximum civil penalty allowed by law of up to the greater of \$250,000 per violation, or twice the value of the transaction that is the basis of the violation;⁵
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

If Online Micro fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. *See* 15 C.F.R. §§ 766.6 and 766.7. If Online Micro defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to Online Micro. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charges in this letter.

Online Micro is further notified that it is entitled to an agency hearing on the record if it files a written demand for one with its answer. *See* 15 C.F.R. § 766.6. Online Micro is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. *See* 15 C.F.R. §§ 766.3(a) and 766.4.

⁵ *See* International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should Online Micro have a proposal to settle this case, Online Micro should transmit it to the attorney representing BIS named below.

Online Micro is further notified that under the Small Business Regulatory Enforcement Flexibility Act, Online Micro may be eligible for assistance from the Office of the National Ombudsman of the Small Business Administration in this matter. To determine eligibility and get more information, please see: <http://www.sba.gov/ombudsman/>.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Online Micro's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center
40 S. Gay Street
Baltimore, Maryland 21202-4022

In addition, a copy of Online Micro's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security
Attention: Adrienne Frazier, Esq.
Room H-3839
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Adrienne Frazier is the attorney representing BIS in this case; any communications that Online Micro may wish to have concerning this matter should occur through her. Ms. Frazier may be contacted by telephone at (202) 482-5301.

Sincerely,

Douglas R. Hassebrock
Director
Office of Export Enforcement

Schedule of Violations

Charge	Export Date	Destination	Item	ECCN
2	11/11/09	Iran	computers and accessories	5A992
3	04/09/10	Iran	computers and accessories	5A992
4	05/15/10	Iran	computers and accessories	5A992

ATTACHMENT D

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:

Massoud Habibion
171 Encantado Canyon
Rancho Santa Margarita, CA 92688

Respondent

ORDER RELATING TO MASSOUD HABIBION

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Massoud Habibion, a/k/a Matt Habibion, a/k/a Matt Habi, of Rancho Santa Margarita, CA (“Habibion”), of its intention to initiate an administrative proceeding against Habibion pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (the “Act”),² through the issuance of a Proposed Charging Letter to Habibion that alleges that Habibion committed four violations of the Regulations. Specifically, the charges are:

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2011). The charged violations occurred between 2009-2010. The Regulations governing the violations at issue are found in the 2009-10 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2011 Regulations set forth the procedures that apply to this matter.

² 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 12, 2011 (76 Fed. Reg. 50,661 (Aug. 16, 2011)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*).

Charge 1 15 C.F.R. § 764.2(d) – Conspiracy

Beginning on or about November 9, 2009, and continuing through in or around December, 2010, Habibion conspired or acted in concert with others, known and unknown, to bring about or to take actions that constituted a violation of the Regulations. The purpose of the conspiracy was to bring about the export of U.S.-origin computer equipment, items subject to the Regulations and the Iranian Transaction Regulations (“ITR”),³ classified under Export Control Classification Number (“ECCN”) 5A992, controlled for anti-terrorism reasons and valued at approximately \$1.9 million, from the United States to Iran, through the United Arab Emirates (“UAE”), without the required U.S. Government authorization. Pursuant to Section 560.204 of the ITR, administered by the Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), an export to a third country intended for transshipment to Iran is a transaction that requires OFAC authorization. Pursuant to Section 746.7 of the Regulations, no person may engage in the exportation of an item subject to both the Regulations and the ITR without authorization from OFAC.

Habibion was one of three co-owners of Online Micro, LLC (“Online Micro”), at all times pertinent hereto, and furthered the conspiracy by, *inter alia*, participating in the negotiation and sale of the computer equipment and arranging for its export from the United States to the UAE for transshipment to Iran without the required U.S. Government authorization. The exports were made to a co-conspirator in the UAE, whose primary business consisted of the purchase of U.S.-origin computer equipment from suppliers in the United States, such as Online Micro, on behalf of Iranian customers. In addition, Habibion knew that one of his co-conspirators resided in Tehran, Iran, and was engaging in business with Habibion from Tehran.

Habibion knew that exports to Iran, including specifically exports transhipped through the UAE, required a license because, *inter alia*, BIS Special Agents conducted an outreach visit to Habibion in January 2010, during which the Special Agents informed Habibion that unlicensed exports of goods to the UAE with knowledge that the ultimate destination of the items was Iran constituted a violation of the Regulations. Habibion also knew that U.S. Government authorization had not and would not be sought or obtained to export the computer equipment to Iran. Habibion participated in and furthered the conspiracy described herein despite this knowledge.

In so doing, Habibion committed one violation of Section 764.2(d) of the Regulations.

Charges 2-4 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

As further detailed in the Schedule of Violations attached hereto and incorporated herein by reference, on three occasions, between on or about November 11, 2009, and on or about May 15, 2010, Habibion sold and forwarded items subject to the Regulations from

³ 31 C.F.R. Part 560 (2009-2010).

the United States to Iran, via the UAE, with knowledge that a violation of the Regulations was about or intended to occur in connection with the items. Specifically, on these three occasions, Habibion sold and forwarded U.S.-origin computer equipment, items subject to the Regulations and the Iranian Transactions Regulations (“ITR”),⁴ classified under ECCN 5A992, and controlled for anti-terrorism reasons from the United States to Iran, through the UAE, without the required U.S. Government authorization. Pursuant to Section 560.204 of the ITR, which are administered by OFAC, an export to a third country intended for transshipment to Iran is a transaction that requires OFAC authorization. Pursuant to Section 746.7 of the Regulations, no person may engage in the exportation of an item subject to both the Regulations and the ITR without authorization from OFAC.

Habibion knew that exports to Iran, including specifically exports transshipped through the UAE, required a license because, *inter alia*, BIS Special Agents conducted an outreach visit to Habibion in January 2010. Habibion also knew that the U.S.-origin computer equipment sold and forwarded from the United States to the UAE was being transshipped through the UAE to Iran, because, *inter alia*, Habibion, knew that one of its customer resided in Tehran, Iran, and was engaging in business from Tehran, Iran. Nonetheless, Habibion sold and forwarded the items for export to Iran, via the UAE, without seeking or obtaining U.S. Government authorization for the export transactions described herein.

In so doing, Habibion committed three violations of Section 764.2(e) of the Regulations.

WHEREAS, BIS and Habibion have entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations, whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein; and

WHEREAS, I have approved of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, that for a period of ten (10) years from the date of this Order, Habibion, with a last known address of 171 Encadado Canyon, Rancho Santa Margarita, CA 92688, and when acting for or on his behalf, his successors, assigns, representatives, agents, or employees (hereinafter collectively referred to as “Denied Person”), may not, directly or indirectly, participate in any way in any transaction involving any commodity,

⁴ 31 C.F.R. Part 560 (2009-2010).

software or technology (hereinafter collectively referred to as “item”) exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- A. Applying for, obtaining, or using any license, License Exception, or export control document;
- B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or
- C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

SECOND, that no person may, directly or indirectly, do any of the following:

- A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations;
- B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby the Denied Person acquires or attempts to acquire such ownership, possession or control;

- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States;
- D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or
- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by the Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by the Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

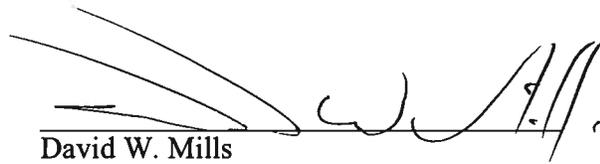
THIRD, that, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to the Denied Person by affiliation, ownership, control, or position of responsibility in the conduct of trade or related services may also be made subject to the provisions of the Order.

FOURTH, that, as authorized by Section 766.18(c) of the Regulations, the ten-year denial period set forth above shall be suspended, and shall thereafter be waived at the conclusion of the ten-year denial period, provided that Habibion has complied with the plea agreement and any sentence imposed upon or following the entry of his plea and conviction and has committed no other violation of the Act or any regulation, order,

license or authorization issued thereunder during the ten-year denial period. If Habibion does not comply with the plea agreement and sentence, the suspension may be modified or revoked by BIS and a denial order including a ten-year denial period activated against Habibion.

FIFTH, that the Proposed Charging Letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.



David W. Mills
Assistant Secretary of Commerce
for Export Enforcement

Issued this 22nd day of February, 2012.

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:

Massoud Habibion
171 Encantado Canyon
Rancho Santa Margarita, CA 92688

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Massoud Habibion, a/k/a Matt Habibion, a/k/a Matt Habi, of Rancho Santa Margarita, CA (“Habibion”), and the Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) (collectively, the “Parties”), pursuant to Section 766.18(a) of the Export Administration Regulations (the “Regulations”),¹ issued pursuant to the Export Administration Act of 1979, as amended (the “Act”).²

WHEREAS, BIS has notified Habibion of its intentions to initiate an administrative proceeding against Habibion, pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a Proposed Charging Letter to Habibion that alleges that Habibion committed four violations of the Regulations, specifically:

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2011). The charged violations occurred between 2009-2010. The Regulations governing the violations at issue are found in the 2009-10 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2011 Regulations set forth the procedures that apply to this matter.

² 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 12, 2011 (76 Fed. Reg. 50,661 (Aug. 16, 2011)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*).

Charge 1 15 C.F.R. § 764.2(d) – Conspiracy

Beginning on or about November 9, 2009, and continuing through in or around December, 2010, Habibion conspired or acted in concert with others, known and unknown, to bring about or to take actions that constituted a violation of the Regulations. The purpose of the conspiracy was to bring about the export of U.S.-origin computer equipment, items subject to the Regulations and the Iranian Transaction Regulations (“ITR”),³ classified under Export Control Classification Number (“ECCN”) 5A992, controlled for anti-terrorism reasons and valued at approximately \$1.9 million, from the United States to Iran, through the United Arab Emirates (“UAE”), without the required U.S. Government authorization. Pursuant to Section 560.204 of the ITR, administered by the Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), an export to a third country intended for transshipment to Iran is a transaction that requires OFAC authorization. Pursuant to Section 746.7 of the Regulations, no person may engage in the exportation of an item subject to both the Regulations and the ITR without authorization from OFAC.

Habibion was one of three co-owners of Online Micro, LLC (“Online Micro”), at all times pertinent hereto, and furthered the conspiracy by, *inter alia*, participating in the negotiation and sale of the computer equipment and arranging for its export from the United States to the UAE for transshipment to Iran without the required U.S. Government authorization. The exports were made to a co-conspirator in the UAE, whose primary business consisted of the purchase of U.S.-origin computer equipment from suppliers in the United States, such as Online Micro, on behalf of Iranian customers. In addition, Habibion knew that one of his co-conspirators resided in Tehran, Iran, and was engaging in business with Habibion from Tehran.

Habibion knew that exports to Iran, including specifically exports transshipped through the UAE, required a license because, *inter alia*, BIS Special Agents conducted an outreach visit to Habibion in January 2010, during which the Special Agents informed Habibion that unlicensed exports of goods to the UAE with knowledge that the ultimate destination of the items was Iran constituted a violation of the Regulations. Habibion also knew that U.S. Government authorization had not and would not be sought or obtained to export the computer equipment to Iran. Habibion participated in and furthered the conspiracy described herein despite this knowledge.

In so doing, Habibion committed one violation of Section 764.2(d) of the Regulations.

Charges 2-4 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

As further detailed in the Schedule of Violations attached hereto and incorporated herein by reference, on three occasions, between on or about November 11, 2009, and on or about May 15, 2010, Habibion sold and forwarded items subject to the Regulations from the United States to Iran, via the UAE, with knowledge that a violation of the Regulations was about or intended to occur in connection with the items. Specifically, on these three occasions, Habibion sold and forwarded U.S.-origin computer equipment, items subject to the Regulations and the Iranian

³ 31 C.F.R. Part 560 (2009-2010).

Transactions Regulations (“ITR”),⁴ classified under ECCN 5A992, and controlled for anti-terrorism reasons from the United States to Iran, through the UAE, without the required U.S. Government authorization. Pursuant to Section 560.204 of the ITR, which are administered by OFAC, an export to a third country intended for transshipment to Iran is a transaction that requires OFAC authorization. Pursuant to Section 746.7 of the Regulations, no person may engage in the exportation of an item subject to both the Regulations and the ITR without authorization from OFAC.

Habibion knew that exports to Iran, including specifically exports transshipped through the UAE, required a license because, *inter alia*, BIS Special Agents conducted an outreach visit to Habibion in January 2010. Habibion also knew that the U.S.-origin computer equipment sold and forwarded from the United States to the UAE was being transshipped through the UAE to Iran, because, *inter alia*, Habibion, knew that one of its customer resided in Tehran, Iran, and was engaging in business from Tehran, Iran. Nonetheless, Habibion sold and forwarded the items for export to Iran, via the UAE, without seeking or obtaining U.S. Government authorization for the export transactions described herein.

In so doing, Habibion committed three violations of Section 764.2(e) of the Regulations.

WHEREAS, Habibion has reviewed the Proposed Charging Letter and is aware of the allegations made against him and the administrative sanctions that could be imposed against him if the allegations are found to be true;

WHEREAS, Habibion fully understands the terms of this Agreement and the Order (“Order”) that the Assistant Secretary of Commerce for Export Enforcement will issue if he approves this Agreement as the final resolution of this matter;

WHEREAS, Habibion enters into this Agreement voluntarily and with full knowledge of his rights, after having consulted with counsel;

WHEREAS, the Parties enter into this Agreement having taken into consideration a plea agreement entered by Habibion in the U.S. District Court for the District of Columbia;

WHEREAS, Habibion states that no promises or representations have been made to him other than the agreements and considerations herein expressed;

⁴ 31 C.F.R. Part 560 (2009-2010).

WHEREAS, Habibion wishes to settle and dispose of all matters alleged in the Proposed Charging Letter by entering into this Agreement; and

WHEREAS, Habibion agrees to be bound by the Order, if issued;

NOW THEREFORE, the Parties hereby agree, for purposes of this Settlement Agreement, as follows:

1. BIS has jurisdiction over Habibion, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.
2. Habibion admits the allegations contained in the Proposed Charging Letter;
3. The following sanctions shall be imposed against Habibion in complete settlement of the alleged violations of the Regulations relating to the transactions specifically detailed in the Proposed Charging Letter:

- a. For a period of ten (10) years from the date of the Order, Habibion, with a last known address of 171 Encandado Canyon, Rancho Santa Margarita, CA 92688, and when acting for or on his behalf, his successors, assigns, representatives, agents, or employees (hereinafter collectively referred to as "Denied Person"), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- i. Applying for, obtaining, or using any license, License Exception, or export control document;
 - ii. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding,

transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or

iii. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

b. BIS agrees that, as authorized by Section 766.18(c) of the Regulations, the ten-year denial period set forth in Paragraph 3.a shall be suspended, and shall thereafter be waived at the conclusion of the ten-year denial period, provided that Habibion has complied with the plea agreement and any sentence imposed upon or following the entry of his plea and conviction, and has committed no other violation of the Act or any regulation, order, license or authorization issued thereunder during the ten-year denial period. If Habibion does not comply with the plea agreement and sentence, or commits a violation of the Act or any regulation, order, license or authorization issued thereunder, during the ten-year probationary period under the Order, the suspension may be modified or revoked by BIS and a denial order including a ten-year denial period activated against Habibion.

4. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, Habibion hereby waives all rights to further procedural steps in this matter (except with respect to any alleged violations of this Agreement or the Order, if issued), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if issued; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if

issued. Habibion also waives and will not assert any Statute of Limitations defense, and the Statute of Limitations will be tolled, in connection with any violation of the Act or the Regulations arising out of the transactions identified in the Proposed Charging Letter or in connection with collection of the civil penalty or enforcement of this Agreement and the Order, if issued, from the date of the Order until the later of the date Habibion has complied with the plea agreement and any sentence imposed upon or following the entry of its plea and conviction.

5. BIS agrees that upon compliance with the plea agreement and any sentence imposed upon or following the entry of its plea and conviction, BIS will not initiate any further administrative proceeding against Habibion in connection with any violation of the Act or the Regulations arising out of the transactions specifically detailed in the Proposed Charging Letter.

6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if issued; nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

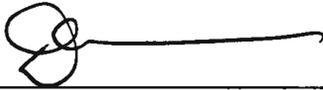
8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement approves it by issuing the Order, which will

have the same force and effect as a decision and order issued after a full administrative hearing on the record.

9. BIS will make the Proposed Charging Letter, this Agreement, and the Order, if issued, available to the public.

10. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

BUREAU OF INDUSTRY AND
SECURITY
U.S. DEPARTMENT OF COMMERCE



Douglas R. Hassebrock
Director of Export Enforcement

Date: 2/16/2012

MASSOUD HABIBION



Massoud Habibion,
a/k/a Matt Habibion, a/k/a Matt Habi
Managing Director

Date: 2/16/2012

Reviewed and approved by:



J. Patrick Rowan, Esq.
McGuire Woods, LLP
Counsel for Massoud Habibion

Date: 2/16/2012

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Massoud Habibion
171 Encantado Canyon
Rancho Santa Margarita, CA 92688

Dear Mr. Habibion:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that you, Massoud Habibion, a/k/a Matt Habibion, a/k/a Matt Habi, of Rancho Santa Margarita, CA (“Habibion”), have committed four violations of the Export Administration Regulations (the “Regulations”),¹ which are issued under the authority of the Export Administration Act of 1979, as amended (the “Act”).² Specifically, BIS alleges that Habibion committed the following violations:

Charge 1 15 C.F.R. § 764.2(d) – Conspiracy

Beginning on or about November 9, 2009, and continuing through in or around December, 2010, Habibion conspired or acted in concert with others, known and unknown, to bring about or to take actions that constituted a violation of the Regulations. The purpose of the conspiracy was to bring about the export of U.S.-origin computer equipment, items subject to the Regulations and the Iranian Transaction Regulations (“ITR”),³ classified under Export Control Classification Number (“ECCN”) 5A992, controlled for anti-terrorism reasons and valued at approximately \$1.9 million, from the United States to Iran, through the United Arab Emirates (“UAE”), without the required U.S. Government authorization. Pursuant to Section 560.204 of the ITR, administered by the Department of the Treasury’s Office of Foreign Assets Control (“OFAC”), an export to a third country intended for transshipment to Iran is a transaction that requires OFAC authorization. Pursuant to Section 746.7 of the Regulations, no person may engage in the exportation of an item subject to both the Regulations and the ITR without authorization from OFAC.

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2011). The violations alleged occurred in 2009-2010. The Regulations governing the violation at issue are found in the 2009-2010 versions of the Code of Federal Regulations. 15 C.F.R. Parts 730-774 (2009-2010). The 2011 Regulations govern the procedural aspects of this case.

² 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 12, 2011 (76 Fed. Reg. 50,661 (Aug. 16, 2011)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*).

³ 31 C.F.R. Part 560 (2009-2010).

Habibion was one of three co-owners of Online Micro, LLC (“Online Micro”), at all times pertinent hereto, and furthered the conspiracy by, *inter alia*, participating in the negotiation and sale of the computer equipment and arranging for its export from the United States to the UAE for transshipment to Iran without the required U.S. Government authorization. The exports were made to a co-conspirator in the UAE, whose primary business consisted of the purchase of U.S.-origin computer equipment from suppliers in the United States, such as Online Micro, on behalf of Iranian customers. In addition, Habibion knew that one of his co-conspirators resided in Tehran, Iran, and was engaging in business with Habibion from Tehran.

Habibion knew that exports to Iran, including specifically exports transshipped through the UAE, required a license because, *inter alia*, BIS Special Agents conducted an outreach visit to Habibion in January 2010, during which the Special Agents informed Habibion that unlicensed exports of goods to the UAE with knowledge that the ultimate destination of the items was Iran constituted a violation of the Regulations. Habibion also knew that U.S. Government authorization had not and would not be sought or obtained to export the computer equipment to Iran. Habibion participated in and furthered the conspiracy described herein despite this knowledge.

In so doing, Habibion committed one violation of Section 764.2(d) of the Regulations.

Charges 2-4 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation

As further detailed in the Schedule of Violations attached hereto and incorporated herein by reference, on three occasions, between on or about November 11, 2009, and on or about May 15, 2010, Habibion sold and forwarded items subject to the Regulations from the United States to Iran, via the UAE, with knowledge that a violation of the Regulations was about or intended to occur in connection with the items. Specifically, on these three occasions, Habibion sold and forwarded U.S.-origin computer equipment, items subject to the Regulations and the Iranian Transactions Regulations (“ITR”),⁴ classified under ECCN 5A992, and controlled for anti-terrorism reasons from the United States to Iran, through the UAE, without the required U.S. Government authorization. Pursuant to Section 560.204 of the ITR, which are administered by OFAC, an export to a third country intended for transshipment to Iran is a transaction that requires OFAC authorization. Pursuant to Section 746.7 of the Regulations, no person may engage in the exportation of an item subject to both the Regulations and the ITR without authorization from OFAC.

Habibion knew that exports to Iran, including specifically exports transshipped through the UAE, required a license because, *inter alia*, BIS Special Agents conducted an outreach visit to Habibion in January 2010. Habibion also knew that the U.S.-origin

⁴ 31 C.F.R. Part 560 (2009-2010).

computer equipment sold and forwarded from the United States to the UAE was being transshipped through the UAE to Iran, because, *inter alia*, Habibion, knew that one of its customer resided in Tehran, Iran, and was engaging in business from Tehran, Iran. Nonetheless, Habibion sold and forwarded the items for export to Iran, via the UAE, without seeking or obtaining U.S. Government authorization for the export transactions described herein.

In so doing, Habibion committed three violations of Section 764.2(e) of the Regulations.

* * * * *

Accordingly, Habibion is hereby notified that an administrative proceeding is instituted against him pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions and any other liability sanction or penalty available under law, including, but not limited to any or all of the following:

- The maximum civil penalty allowed by law of up to the greater of \$250,000 per violation, or twice the value of the transaction that is the basis of the violation;⁵
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

If Habibion fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. *See* 15 C.F.R. §§ 766.6 and 766.7. If Habibion defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to Habibion. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charges in this letter.

Habibion is further notified that he is entitled to an agency hearing on the record if he files a written demand for one with his answer. *See* 15 C.F.R. § 766.6. Habibion is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent him. *See* 15 C.F.R. §§ 766.3(a) and 766.4.

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should Habibion have a proposal to settle this case, Habibion should transmit it to the attorney representing BIS named below.

⁵ *See* International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

Massoud Habibion (a/k/a Matt Habibion, a/k/a Matt Habi)
Proposed Charging Letter
Page 4 of 5

Habibion is further notified that under the Small Business Regulatory Enforcement Flexibility Act, Habibion may be eligible for assistance from the Office of the National Ombudsman of the Small Business Administration in this matter. To determine eligibility and get more information, please see: <http://www.sba.gov/ombudsman/>.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Habibion's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center
40 S. Gay Street
Baltimore, Maryland 21202-4022

In addition, a copy of Habibion's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security
Attention: Adrienne Frazier, Esq.
Room H-3839
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Adrienne Frazier is the attorney representing BIS in this case; any communications that Habibion may wish to have concerning this matter should occur through her. Ms. Frazier may be contacted by telephone at (202) 482-5301.

Sincerely,

Douglas R. Hassebrock
Director
Office of Export Enforcement

Schedule of Violations

Charge	Export Date	Destination	Item	ECCN
2	11/11/09	Iran	computers and accessories	5A992
3	04/09/10	Iran	computers and accessories	5A992
4	05/15/10	Iran	computers and accessories	5A992