

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

In the Matter of:

Avnet Asia Pte., Ltd.  
151 Lorong Chuan #105-02A&03  
New Tech Park, Singapore 556741

Respondent

ORDER RELATING TO  
AVNET ASIA

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Avnet Asia Pte., Ltd., of New Tech Park, Singapore (“Avnet Asia”), of its intention to initiate an administrative proceeding against Avnet Asia pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),<sup>1</sup> through the issuance of a Proposed Charging Letter to Avnet Asia that alleges that Avnet Asia committed fifty-three (53) violations of the Regulations.<sup>2</sup> Specifically, the charges are:

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<sup>1</sup> The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“the EAA”), which lapsed on August 21, 2001. The President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, including the Notice of August 8, 2018 (83 Fed. Reg. 39,871 (Aug. 13, 2018)), continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 (“ECRA”). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

<sup>2</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2020). The charged violations occurred in 2007 through 2015. The Regulations governing the violation at issue are found in the 2007-2015 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2020 Regulations set forth the procedures that apply to this matter.

### **Charges 1-19 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation**

On 19 occasions between on or about October 31, 2007, and on or about May 6, 2009, Avnet Asia ordered, sold, forwarded and/or transferred items subject to the Regulations and the Iranian Transaction Regulations (“ITR”)<sup>3</sup> with knowledge or reason to know that a violation of the Regulations was intended or about to occur in connection with the items. Specifically, Avnet Asia ordered, sold, forwarded and/or transferred electronic components, valued at approximately \$173,054, and classified under Export Control Classification Number (“ECCN”) 3A001 and designated EAR99,<sup>4</sup> knowing or with reason to know that the items were ultimately destined to Iran.

Pursuant to Section 746.7 of the Regulations, BIS prohibits the export or reexport to Iran of any item subject to both the Regulations and the ITR, if the transaction is prohibited by the ITR and has not been authorized by OFAC. At all times pertinent hereto, the ITR prohibited, *inter alia*, the unauthorized export or reexport, either directly or indirectly, of the items to Iran. *See* 31 C.F.R. §§ 560.204-205.

A now-former Avnet Asia account manager (Account Manager A) acted in concert with an Iranian trading company named Electronic Components Palace (“ECP”) to acquire items from the United States or otherwise subject to the Regulations for Iranian end-users. In furtherance of this diversion scheme, fraudulent documents were created and provided to falsely indicate that Singapore Company No. 1 was the customer when in fact the items were ordered for ECP and ultimately destined to Iran.

Account Manager A’s job at Avnet Asia included management responsibilities. Two now-former lower-level employees of Avnet Asia knowingly participated in conduct related to the scheme. Moreover, Avnet Asia had reason to know that ECP was not the end-user for the products it acquired via Avnet Asia and Account Manager A.

No U.S. Government authorization had been sought or obtained in connection with these transactions. By engaging in the above-described conduct, Avnet Asia committed 19 violations of Section 764.2(e) of the Regulations.

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<sup>3</sup> 31 C.F.R. Part 560 (2007-2009). By Federal Register notice on October 22, 2012, the Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) renamed the ITR the Iranian Transactions and Sanctions Regulations (“ITSR”) and reissued the set of Regulations in its entirety. *See* 77 Fed. Reg. 64,664 (Oct. 22, 2012).

<sup>4</sup> Items classified under ECCN 3A001 are controlled for National Security and Anti-Terrorism reasons and required a BIS export or reexport license to Iran. 15 C.F.R. §§ 742.4 and 742.8. EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c).

**Charges 20-28      15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation**

On nine occasions between on or about January 9, 2009 and on or about April 8, 2009, Avnet Asia ordered, sold, forwarded and/or transferred items subject to the Regulations and with knowledge or reason to know that a violation of the Regulations was intended or about to occur in connection with the items.

Specifically, Avnet Asia ordered, sold, forwarded and/or transferred electronic components classified under ECCN 3A001, controlled for National Security and Anti-Terrorism reasons, and valued at approximately \$180,366, that were ultimately exported or reexported to China and Iran. At all times pertinent hereto, Section 742.4 of the Regulations imposed a BIS license requirement for the export or reexport of the items to China and Iran. Additionally, Section 746.7 of the Regulations prohibits the export or reexport to Iran of any item subject to both the Regulations and the ITR, if the transaction is prohibited by the ITR and has not been authorized by OFAC. At all times pertinent hereto, the ITR prohibited, *inter alia*, the unauthorized export or reexport, either directly or indirectly, of the items to Iran. *See* 31 C.F.R. §§ 560.204-205.

The investigation revealed that on multiple occasions Account Manager A informed end-users that purchase orders submitted to Avnet Asia for export-controlled products would have to be made via Singapore Company No. 2. In furtherance of these sales, Account Manager A prepared fraudulent documents falsely indicating that Singapore Company No. 2 was the end-user when in fact it was a trading company and not an end-user for the types of items at issue. Account Manager A knew that Singapore Company No. 2 would ship goods to restricted locations including China and Iran. The same two now-former lower-level employees of Avnet Asia discussed *supra* knowingly participated in conduct related to the scheme.

No U.S. Government authorization had been sought or obtained in connection with these transactions. By engaging in the above-described conduct, Avnet Asia committed nine violations of Section 764.2(e) of the Regulations.

**Charges 29-46      15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation**

On 18 occasions between on or about February 21, 2013 and on or about January 28, 2015, Avnet Asia ordered, sold, forwarded and/or transferred items subject to the Regulations and with knowledge or reason to know that a violation of the Regulations was intended or about to occur in connection with the items.

Specifically, Avnet Asia ordered, sold, forwarded and/or transferred electronic components classified under ECCN 3A001, controlled for National Security and Anti-Terrorism reasons, and valued at approximately \$814,332, that were ultimately exported or reexported to China via Hong Kong. At all times pertinent hereto, Section 742.4 of the Regulations imposed a BIS license requirement for the export or reexport of the items to China.

A now-former Avnet Asia Account Manager (Account Manager B) managed the account for Hong Kong Company No. 1, which purported to be an end-user of the products it was purchasing from Avnet Asia. Account Manager B, however, had an ownership interest in Hong Kong Company No. 1 that was not disclosed to other Avnet Asia employees. Account Manager B used Hong Kong Company No. 1 as a trading company to ship goods from Hong Kong to China, and to conceal the involvement of Chinese interests in the purchase of goods.

From at least 2012 through 2015, Account Manager B used Account Manager B's position with Avnet Asia to procure goods from the United States for Hong Kong Company No. 1. Account Manager B then used Hong Kong Company No. 1 to ship at least some of these goods to China or to other trading companies for shipment to China. Account Manager B concealed Hong Kong Company No. 1's true purpose from U.S. companies by creating forms falsely stating that Hong Kong Company No. 1 was the end user of the export controlled goods it was seeking.

Account Manager B's job for Avnet Asia did not include management responsibilities. Other employees of Avnet Asia received repeated inquiries from a U.S. company seeking assurances about the end user of the export controlled goods sought by Hong Kong Company No. 1, but they relied solely upon Account Manager B's representations and did not conduct additional due diligence which would have revealed that Hong Kong Company No. 1 was a trading company rather than an end user for the products at issue.

The conduct ceased when the Department of Commerce alerted Avnet Asia of information obtained in connection with a BIS End Use Check in Hong Kong in June 2015. No U.S. Government authorization had been sought or obtained in connection with these transactions. By engaging in the above-described conduct, Avnet Asia committed 18 violations of Section 764.2(e) of the Regulations.

**Charges 47-51      15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation**

On five occasions on or about December 30, 2009, Avnet Asia ordered, sold, forwarded and/or transferred items subject to the Regulations with knowledge or reason to know that a violation of the Regulations was intended or about to occur in connection with the items.

Specifically, Avnet Asia ordered, sold, forwarded and/or transferred electronic components, items subject to the Regulations, designated EAR99, and valued at approximately \$2,094, to Wing Shing Computer Components Company (H.K.) Ltd. ("Wing Shing"), without the required BIS licenses.

Wing Shing was listed on the Entity List, which is set forth in Supplement No. 4 to Part 744 of the Regulations. Wing Shing was added to the Entity List on September 22, 2008 for acting contrary to the national security and foreign policy interests of the United States. *See* 73 Fed. Reg. 54,449 (Sep. 22, 2008). Wing Shing was a customer of Avnet Asia prior to its addition to the Entity List.

Pursuant to Section 744.11 of the Regulations, a license was required to export or reexport any item subject to the Regulations to Wing Shing, including the EAR99 electronic components involved in the transactions at issue, after it was placed on the Entity List. No license exceptions were available for exports or reexports to Wing Shing, and license applications to export or reexport to Wing Shing were subject to a license review policy of a presumption of denial.

Avnet Asia knew or had reason to know that Wing Shing was added to the Entity List, that export licenses were required to export the items to Wing Shing, and that no such export licenses had been obtained.

After Wing Shing was added to the Entity List, a potential sale to Wing Shing was flagged by Avnet Asia's compliance software as involving a denied or restricted party. In keeping with standard practices, Avnet Asia personnel ran the potential sale through the compliance software a second time to confirm the hit. On the second check, though, the compliance software did not flag the transaction. A now-former Avnet Asia manager directed lower-level employees to abide by the results of the second check and process the transaction, even though Avnet Asia personnel confirmed that Wing Shing was, in fact, on the Entity List. As a result of this direction, five sales to Wing Shing were processed on or about December 30, 2009.

No BIS authorization had been sought or obtained in connection with these transactions. By engaging in the above-described conduct, Avnet Asia committed five violations of Section 764.2(e) of the Regulations.

**Charges 52-53      15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct**

On two occasions on or about February 16, 2012 and on or about January 22, 2014, Avnet Asia engaged in conduct prohibited by the Regulations when it ordered, sold, forwarded and/or transferred electronic components classified under ECCN 3A001, controlled for National Security and Anti-Terrorism reasons, and valued at approximately \$52,160, that were ultimately exported or reexported to China via Hong Kong. At all times pertinent hereto, Section 742.4 of the Regulations imposed a BIS license requirement for the export or reexport of the items to China.

No U.S. Government authorization had been sought or obtained in connection with these transactions. By engaging in the above-described conduct, Avnet Asia committed two violations of Section 764.2(a) of the Regulations.

WHEREAS, BIS and Avnet Asia 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 also taken into consideration the Non-Prosecution Agreement that Avnet Asia has entered into with the U.S. Attorney's Office for the District of Columbia; and

WHEREAS, I have approved of the terms of such Settlement Agreement;  
IT IS THEREFORE ORDERED:

FIRST, Avnet Asia shall be assessed a civil penalty in the amount of \$3,229,000. The payment of \$1,721,000 shall be made to the U.S. Department of Commerce within 30 days of the date of this Order. Payment of the remaining \$1,508,000 shall be suspended for a period of two years from the date of this Order, and thereafter shall be waived, provided that during this two-year payment probationary period under this Order, Avnet Asia has not committed a violation of the Export Control Reform Act of 2018 ("ECRA"),<sup>5</sup> the Regulations, or any order, license, or authorization issued under ECRA or the Regulations, has made full and timely payment of \$1,721,000 as set forth above, has complied with all other terms of the Settlement Agreement and has committed no violation of the Non-Prosecution Agreement.

SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2012)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and if payment is not made by the due date specified herein, Avnet Asia will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

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<sup>5</sup> See note 1, *supra*.

THIRD, that for a period of two (2) years from the date of this Order, Avnet Asia, with a last known address of 151 Lorong Chuan #105-02A&03, New Tech Park, Singapore 556741, 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:

- 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 engaging 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 from any other activity subject to the Regulations.

FOURTH, 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.

FIFTH, 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 ownership, control, position of responsibility, affiliation, or other connection in the conduct of trade or business may also be made subject to the provisions of this Order.



SIXTH, as authorized by Section 766.18(c) of the Regulations, the two-year denial period set forth above shall be suspended during a probationary period of two-years under this Order, and shall thereafter be waived, provided that Avnet Asia has made full and timely payment as set forth above, has complied with the terms of the Non-Prosecution Agreement and has not committed another violation of ECRA, the Regulations, or any order, license, or authorization issued under ECRA or the Regulations. If Avnet Asia does not make full and timely payment as set forth above, violates the terms of the Non-Prosecution Agreement or during the two-year probationary period under this Order commits another violation of ECRA, the Regulations, or any order, license, or authorization issued under ECRA or the Regulations, the suspension may be modified or revoked by BIS and a denial order (including a two-year denial period) activated against Avnet Asia. If the suspension is modified or revoked, the activation order may also revoke any BIS licenses in which Avnet Asia has an interest at the time of the activation order.<sup>6</sup>

SEVENTH, Avnet Asia shall not dispute or deny, directly or indirectly, the allegations contained in the Proposed Charging Letter or this Order or take any position contrary thereto in any public statement. The foregoing does not affect Avnet Asia's testimonial obligations in any administrative or judicial proceeding, nor does it affect its right to take legal or factual positions in civil litigation or other civil proceedings in which the U.S. Department of Commerce is not a party.

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<sup>6</sup> Such a revocation would include licenses existing at the time of the activation order, whether the license had issued before or after ECRA's enactment on August 13, 2018. *See* note 1, *supra*.

EIGHTH, 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.

**KEVIN  
KURLAND** Digitally signed by  
KEVIN KURLAND  
Date: 2021.01.29  
08:45:20 -05'00'

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Kevin J. Kurland  
Performing the Non-exclusive Functions and  
Duties of the Assistant Secretary for Export  
Enforcement

Issued this 29th day of January, 2021.

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

In the Matter of:

Avnet Asia Pte., Ltd.  
151 Lorong Chuan #105-02A&03  
New Tech Park, Singapore 556741

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between Avnet Asia, Pte., Ltd., of New Tech Park, Singapore (“Avnet Asia”), 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”).<sup>1</sup>

WHEREAS, BIS has notified Avnet Asia of its intentions to initiate an administrative proceeding against Avnet Asia pursuant to the Regulations;<sup>2</sup>

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<sup>1</sup> The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“the EAA”), which lapsed on August 21, 2001. The President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, including the Notice of August 8, 2018 (83 Fed. Reg. 39,871 (Aug. 13, 2018)), continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 (“ECRA”). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

<sup>2</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2020). The charged violations occurred in 2007-2015. The Regulations governing the violations at issue are found in the 2007-2015 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2020 Regulations set forth the procedures that apply to this matter.

WHEREAS, BIS has issued a Proposed Charging Letter to Avnet Asia that alleges that Avnet Asia committed fifty-three (53) violations of the Regulations, specifically:

**Charges 1-19 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation**

On 19 occasions between on or about October 31, 2007, and on or about May 6, 2009, Avnet Asia ordered, sold, forwarded and/or transferred items subject to the Regulations and the Iranian Transaction Regulations (“ITR”)<sup>3</sup> with knowledge or reason to know that a violation of the Regulations was intended or about to occur in connection with the items. Specifically, Avnet Asia ordered, sold, forwarded and/or transferred electronic components, valued at approximately \$173,054, and classified under Export Control Classification Number (“ECCN”) 3A001 and designated EAR99,<sup>4</sup> knowing or with reason to know that the items were ultimately destined to Iran.

Pursuant to Section 746.7 of the Regulations, BIS prohibits the export or reexport to Iran of any item subject to both the Regulations and the ITR, if the transaction is prohibited by the ITR and has not been authorized by OFAC. At all times pertinent hereto, the ITR prohibited, *inter alia*, the unauthorized export or reexport, either directly or indirectly, of the items to Iran. See 31 C.F.R. §§ 560.204-205.

A now-former Avnet Asia account manager (Account Manager A) acted in concert with an Iranian trading company named Electronic Components Palace (“ECP”) to acquire items from the United States or otherwise subject to the Regulations for Iranian end-users. In furtherance of this diversion scheme, fraudulent documents were created and provided to falsely indicate that Singapore Company No. 1 was the customer when in fact the items were ordered for ECP and ultimately destined to Iran.

Account Manager A’s job at Avnet Asia included management responsibilities. Two now-former lower-level employees of Avnet Asia knowingly participated in conduct related to the scheme. Moreover, Avnet Asia had reason to know that ECP was not the end-user for the products it acquired via Avnet Asia and Account Manager A.

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<sup>3</sup> 31 C.F.R. Part 560 (2007-2009). By Federal Register notice on October 22, 2012, the Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) renamed the ITR the Iranian Transactions and Sanctions Regulations (“ITSR”) and reissued the set of Regulations in its entirety. See 77 Fed. Reg. 64,664 (Oct. 22, 2012).

<sup>4</sup> Items classified under ECCN 3A001 are controlled for National Security and Anti-Terrorism reasons and required a BIS export or reexport license to Iran. 15 C.F.R. §§ 742.4 and 742.8. EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c).

No U.S. Government authorization had been sought or obtained in connection with these transactions. By engaging in the above-described conduct, Avnet Asia committed 19 violations of Section 764.2(e) of the Regulations.

**Charges 20-28      15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation**

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The investigation revealed that on multiple occasions Account Manager A informed end-users that purchase orders submitted to Avnet Asia for export-controlled products would have to be made via Singapore Company No. 2. In furtherance of these sales, Account Manager A prepared fraudulent documents falsely indicating that Singapore Company No. 2 was the end-user when in fact it was a trading company and not an end-user for the types of items at issue. Account Manager A knew that Singapore Company No. 2 would ship goods to restricted locations including China and Iran. The same two now-former lower-level employees of Avnet Asia discussed *supra* knowingly participated in conduct related to the scheme.

No U.S. Government authorization had been sought or obtained in connection with these transactions. By engaging in the above-described conduct, Avnet Asia committed nine violations of Section 764.2(e) of the Regulations.

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Specifically, Avnet Asia ordered, sold, forwarded and/or transferred electronic components classified under ECCN 3A001, controlled for National Security and Anti-Terrorism reasons, and valued at approximately \$814,332, that were ultimately exported

or reexported to China via Hong Kong. At all times pertinent hereto, Section 742.4 of the Regulations imposed a BIS license requirement for the export or reexport of the items to China.

A now-former Avnet Asia Account Manager (Account Manager B) managed the account for Hong Kong Company No. 1, which purported to be an end-user of the products it was purchasing from Avnet Asia. Account Manager B, however, had an ownership interest in Hong Kong Company No. 1 that was not disclosed to other Avnet Asia employees. Account Manager B used Hong Kong Company No. 1 as a trading company to ship goods from Hong Kong to China, and to conceal the involvement of Chinese interests in the purchase of goods.

From at least 2012 through 2015, Account Manager B used Account Manager B's position with Avnet Asia to procure goods from the United States for Hong Kong Company No. 1. Account Manager B then used Hong Kong Company No. 1 to ship at least some of these goods to China or to other trading companies for shipment to China. Account Manager B concealed Hong Kong Company No. 1's true purpose from U.S. companies by creating forms falsely stating that Hong Kong Company No. 1 was the end user of the export controlled goods it was seeking.

Account Manager B's job for Avnet Asia did not include management responsibilities. Other employees of Avnet Asia received repeated inquiries from a U.S. company seeking assurances about the end user of the export controlled goods sought by Hong Kong Company No. 1, but they relied solely upon Account Manager B's representations and did not conduct additional due diligence which would have revealed that Hong Kong Company No. 1 was a trading company rather than an end user for the products at issue.

The conduct ceased when the Department of Commerce alerted Avnet Asia of information obtained in connection with a BIS End Use Check in Hong Kong in June 2015. No U.S. Government authorization had been sought or obtained in connection with these transactions. By engaging in the above-described conduct, Avnet Asia committed 18 violations of Section 764.2(e) of the Regulations.

**Charges 47-51      15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation**

On five occasions on or about December 30, 2009, Avnet Asia ordered, sold, forwarded and/or transferred items subject to the Regulations with knowledge or reason to know that a violation of the Regulations was intended or about to occur in connection with the items.

Specifically, Avnet Asia ordered, sold, forwarded and/or transferred electronic components, items subject to the Regulations, designated EAR99, and valued at approximately \$2,094, to Wing Shing Computer Components Company (H.K.) Ltd. (“Wing Shing”), without the required BIS licenses.

Wing Shing was listed on the Entity List, which is set forth in Supplement No. 4 to Part 744 of the Regulations. Wing Shing was added to the Entity List on September 22, 2008 for acting contrary to the national security and foreign policy interests of the United States. *See* 73 Fed. Reg. 54,449 (Sep. 22, 2008). Wing Shing was a customer of Avnet Asia prior to its addition to the Entity List.

Pursuant to Section 744.11 of the Regulations, a license was required to export or reexport any item subject to the Regulations to Wing Shing, including the EAR99 electronic components involved in the transactions at issue, after it was placed on the Entity List. No license exceptions were available for exports or reexports to Wing Shing, and license applications to export or reexport to Wing Shing were subject to a license review policy of a presumption of denial.

Avnet Asia knew or had reason to know that Wing Shing was added to the Entity List, that export licenses were required to export the items to Wing Shing, and that no such export licenses had been obtained.

After Wing Shing was added to the Entity List, a potential sale to Wing Shing was flagged by Avnet Asia's compliance software as involving a denied or restricted party. In keeping with standard practices, Avnet Asia personnel ran the potential sale through the compliance software a second time to confirm the hit. On the second check, though, the compliance software did not flag the transaction. A now-former Avnet Asia manager directed lower-level employees to abide by the results of the second check and process the transaction, even though Avnet Asia personnel confirmed that Wing Shing was, in fact, on the Entity List. As a result of this direction, five sales to Wing Shing were processed on or about December 30, 2009.

No BIS authorization had been sought or obtained in connection with these transactions. By engaging in the above-described conduct, Avnet Asia committed five violations of Section 764.2(e) of the Regulations.

**Charges 52-53      15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct**

On two occasions on or about February 16, 2012 and on or about January 22, 2014, Avnet Asia engaged in conduct prohibited by the Regulations when it ordered, sold, forwarded and/or transferred electronic components classified under ECCN 3A001, controlled for National Security and Anti-Terrorism reasons, and valued at approximately \$52,160, that were ultimately exported or reexported to China via Hong Kong. At all times pertinent hereto, Section 742.4 of the Regulations imposed a BIS license requirement for the export or reexport of the items to China.

No U.S. Government authorization had been sought or obtained in connection with these transactions. By engaging in the above-described conduct, Avnet Asia committed two violations of Section 764.2(a) of the Regulations.

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

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

WHEREAS, Avnet Asia 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 Non-Prosecution Agreement entered between Avnet Asia and the U.S. Attorney’s Office for the District of Columbia;

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

WHEREAS, Avnet Asia neither admits nor denies the allegations contained in the Proposed Charging Letter; and

WHEREAS, Avnet Asia 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 Avnet Asia, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.
2. The following sanctions shall be imposed against Avnet Asia:



a. Avnet Asia shall be assessed a civil penalty in the amount of \$3,229,000. The payment of \$1,721,000 shall be made to the U.S. Department of Commerce within 30 days of the date of the Order. Payment shall be made in the manner specified in the attached instructions. Payment of the remaining \$1,508,000 shall be suspended for a period of two years from the date of the Order, and thereafter shall be waived, provided that during this two-year payment probationary period under the Order, Avnet Asia has not committed another violation of the Export Control Reform Act of 2018 (“ECRA”),<sup>5</sup> the Regulations, or any order, license, or authorization issued under ECRA or the Regulations, has made full and timely payment of \$1,721,000 as set forth above, and has complied with the terms of the Non-Prosecution Agreement.

b. For a period of two (2) years from the date of the Order, Avnet Asia, with a last known address of 151 Lorong Chuan #105-02A&03, New Tech Park, Singapore 556741, 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;

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<sup>5</sup> See note 1, *supra*.

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 engaging 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 from any other activity subject to the Regulations.

c. BIS agrees that, as authorized by Section 766.18(c) of the Regulations, the two-year denial period set forth in Paragraph 2.b shall be suspended during a probationary period of two years under the Order, and shall thereafter be waived, provided that Avnet Asia has made full and timely payment in accordance with Paragraph 2.a above, has complied with the terms of the Non-Prosecution Agreement, and has not committed another violation of ECRA, the Regulations, or any order, license or authorization issued under ECRA or the Regulations. If Avnet Asia does not make full and timely payment in accordance with Paragraph 2.a above, violates the terms of the Non-Prosecution Agreement or during the two-year probationary period of the Order commits another violation of ECRA, the Regulations, or any order, license or authorization issued under ECRA or the Regulations, the suspension may be modified or revoked by BIS and a denial order (including a two-year denial period) activated against Avnet Asia.

If the suspension is modified or revoked, the activation order may also revoke any BIS licenses in which Avnet Asia has an interest at the time of the activation order.<sup>6</sup>

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, Avnet Asia hereby waives all rights to further procedural steps in this matter (except the procedural steps set forth in Sections 766.17(c) and 766.18(c) of the Regulations with respect to the possible activation of suspended sanctions due to a violation 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. Avnet Asia 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 Avnet Asia pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement, or has fulfilled its obligations under the Non-Prosecution Agreement.

4. Avnet Asia shall not dispute or deny, directly or indirectly, the allegations contained in the Proposed Charging Letter or the Order or take any position contrary thereto in any public statement. The foregoing does not affect Avnet Asia's testimonial obligations in any administrative or judicial proceeding, nor does it affect its right to take

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<sup>6</sup> Such a revocation would include licenses existing at the time of the activation order, whether the license had issued before or after ECRA's enactment on August 13, 2018. See Note 1, *supra*.

legal or factual positions in civil litigation or other civil proceedings in which the U.S. Department of Commerce is not a party.

5. BIS agrees that upon full and timely payment of the civil penalty as set forth in Paragraph 2.a above and fulfilling its obligations under the Non-Prosecution Agreement, BIS will not initiate any further administrative proceeding against Avnet Asia in connection with any violation of 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, or appropriate designee, 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. This Agreement constitutes and contains the entire agreement and understanding among the parties, and the terms of this Agreement or the Order, if issued, may not be varied or otherwise altered or affected by any agreement, understanding, representation, or interpretation not contained in this Agreement; 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, or appropriate designee, approves it by

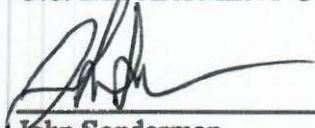
issuing the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

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/she has authority to enter into this Settlement Agreement and to bind his/her respective party to the terms and conditions set forth herein.

11. If any provision of this Settlement Agreement is found to be unlawful, only the specific provision in question shall be affected and the other provisions shall remain in full force and effect.

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



John Sonderman  
Director of Export Enforcement

Date: 1/28/2021

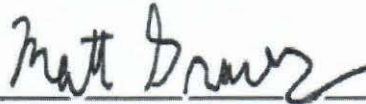
AVNET ASIA PTE., LTD.



Allan Tiro  
Vice President, Global Trade Compliance  
Avnet, Inc.

Date: 28 January 2021

Reviewed and approved by:



Matthew Graves, Esq.  
DLA Piper LLP  
Counsel for Avnet Asia Pte., Ltd.

Date: January 28, 2021

PROPOSED CHARGING LETTER

U.S. REGISTERED MAIL- RETURN RECEIPT REQUESTED

Avnet Asia Pte., Ltd.  
151 Lorong Chuan #105-02A&03  
New Tech Park, Singapore 556741

*Attention: Mr. Allan Tiro*  
*Vice-President, Global Trade Compliance*  
*Avnet, Inc.*

Dear Mr. Tiro,

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Avnet Asia Pte., Ltd., of New Tech Park, Singapore (“Avnet Asia”), has committed 53 violations of the Export Administration Regulations (the “Regulations”).<sup>1</sup> Specifically, BIS alleges that Avnet Asia committed the following violations:<sup>2</sup>

**Charges 1-19 15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation**

As described in further detail in the attached Schedule of Violations, which is incorporated herein by reference, on 19 occasions between on or about October 31, 2007, and on or about May 6, 2009, Avnet Asia ordered, sold, forwarded and/or transferred

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<sup>1</sup> The Regulations originally issued under the Export Administration Act of 1979, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“EAA”), which lapsed on August 21, 2001. 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, including the Notice of August 8, 2018 (83 Fed. Reg. 39,871 (Aug. 13, 2018)), has continued the Regulations in full force and effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*) (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, 50 U.S.C. §§ 4801-4852 (“ECRA”). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA, including as continued in effect pursuant to IEEPA, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

<sup>2</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2020). The violations alleged occurred in 2007-2015. The Regulations governing the violation at issue are found in the 2007-2015 versions of the Code of Federal Regulations, 15 C.F.R. Parts 730-774 (2007-2015). The 2020 Regulations govern the procedural aspects of this case.

items subject to the Regulations and the Iranian Transaction Regulations (“ITR”)<sup>3</sup> with knowledge or reason to know that a violation of the Regulations was intended or about to occur in connection with the items. Specifically, Avnet Asia ordered, sold, forwarded and/or transferred electronic components, valued at approximately \$173,054, and classified under Export Control Classification Number (“ECCN”) 3A001 and designated EAR99,<sup>4</sup> knowing or with reason to know that the items were ultimately destined to Iran.

Pursuant to Section 746.7 of the Regulations, BIS prohibits the export or reexport to Iran of any item subject to both the Regulations and the ITR, if the transaction is prohibited by the ITR and has not been authorized by OFAC. At all times pertinent hereto, the ITR prohibited, *inter alia*, the unauthorized export or reexport, either directly or indirectly, of the items to Iran. *See* 31 C.F.R. §§ 560.204-205.

A now-former Avnet Asia account manager (Account Manager A) acted in concert with an Iranian trading company named Electronic Components Palace (“ECP”) to acquire items from the United States or otherwise subject to the Regulations for Iranian end-users. In furtherance of this diversion scheme, fraudulent documents were created and provided to falsely indicate that Singapore Company No. 1 was the customer when in fact the items were ordered for ECP and ultimately destined to Iran.

Account Manager A’s job at Avnet Asia included management responsibilities. Two now-former lower-level employees of Avnet Asia knowingly participated in conduct related to the scheme. Moreover, Avnet Asia had reason to know that ECP was not the end-user for the products it acquired via Avnet Asia and Account Manager A.

No U.S. Government authorization had been sought or obtained in connection with these transactions. By engaging in the above-described conduct, Avnet Asia committed 19 violations of Section 764.2(e) of the Regulations.

#### **Charges 20-28      15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation**

As described in further detail in the attached Schedule of Violations, which is incorporated herein by reference, on nine occasions between on or about January 9, 2009 and on or about April 8, 2009, Avnet Asia ordered, sold, forwarded and/or transferred

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<sup>3</sup> 31 C.F.R. Part 560 (2007-2009). By Federal Register notice on October 22, 2012, the Department of the Treasury’s Office of Foreign Assets Control (“OFAC”) renamed the ITR the Iranian Transactions and Sanctions Regulations (“ITSR”) and reissued the set of Regulations in its entirety. *See* 77 Fed. Reg. 64,664 (Oct. 22, 2012).

<sup>4</sup> Items classified under ECCN 3A001 are controlled for National Security and Anti-Terrorism reasons and required a BIS export or reexport license to Iran. 15 C.F.R. §§ 742.4 and 742.8. EAR99 is a designation for items subject to the Regulations but not listed on the Commerce Control List. 15 C.F.R. § 734.3(c).

items subject to the Regulations and with knowledge or reason to know that a violation of the Regulations was intended or about to occur in connection with the items.

Specifically, Avnet Asia ordered, sold, forwarded and/or transferred electronic components classified under ECCN 3A001, controlled for National Security and Anti-Terrorism reasons, and valued at approximately \$180,366, that were ultimately exported or reexported to China and Iran. At all times pertinent hereto, Section 742.4 of the Regulations imposed a BIS license requirement for the export or reexport of the items to China and Iran. Additionally, Section 746.7 of the Regulations prohibits the export or reexport to Iran of any item subject to both the Regulations and the ITR, if the transaction is prohibited by the ITR and has not been authorized by OFAC. At all times pertinent hereto, the ITR prohibited, *inter alia*, the unauthorized export or reexport, either directly or indirectly, of the items to Iran. *See* 31 C.F.R. §§ 560.204-205.

The investigation revealed that on multiple occasions Account Manager A informed end-users that purchase orders submitted to Avnet Asia for export-controlled products would have to be made via Singapore Company No. 2. In furtherance of these sales, Account Manager A prepared fraudulent documents falsely indicating that Singapore Company No. 2 was the end-user when in fact it was a trading company and not an end-user for the types of items at issue. Account Manager A knew that Singapore Company No. 2 would ship goods to restricted locations including China and Iran. The same two now-former lower-level employees of Avnet Asia discussed *supra* knowingly participated in conduct related to the scheme.

No U.S. Government authorization had been sought or obtained in connection with these transactions. By engaging in the above-described conduct, Avnet Asia committed nine violations of Section 764.2(e) of the Regulations.

**Charges 29-46      15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation**

As described in further detail in the attached Schedule of Violations, which is incorporated herein by reference, on 18 occasions between on or about February 21, 2013 and on or about January 28, 2015, Avnet Asia ordered, sold, forwarded and/or transferred items subject to the Regulations and with knowledge or reason to know that a violation of the Regulations was intended or about to occur in connection with the items.

Specifically, Avnet Asia ordered, sold, forwarded and/or transferred electronic components classified under ECCN 3A001, controlled for National Security and Anti-Terrorism reasons, and valued at approximately \$814,332, that were ultimately exported or reexported to China via Hong Kong. At all times pertinent hereto, Section 742.4 of the Regulations imposed a BIS license requirement for the export or reexport of the items to China.

A now-former Avnet Asia Account Manager (Account Manager B) managed the account for Hong Kong Company No. 1, which purported to be an end-user of the products it was



purchasing from Avnet Asia. Account Manager B, however, had an ownership interest in Hong Kong Company No. 1 that was not disclosed to other Avnet Asia employees. Account Manager B used Hong Kong Company No. 1 as a trading company to ship goods from Hong Kong to China, and to conceal the involvement of Chinese interests in the purchase of goods.

From at least 2012 through 2015, Account Manager B used Account Manager B's position with Avnet Asia to procure goods from the United States for Hong Kong Company No. 1. Account Manager B then used Hong Kong Company No. 1 to ship at least some of these goods to China or to other trading companies for shipment to China. Account Manager B concealed Hong Kong Company No. 1's true purpose from U.S. companies by creating forms falsely stating that Hong Kong Company No. 1 was the end user of the export controlled goods it was seeking.

Account Manager B's job for Avnet Asia did not include management responsibilities. Other employees of Avnet Asia received repeated inquiries from a U.S. company seeking assurances about the end user of the export controlled goods sought by Hong Kong Company No. 1, but they relied solely upon Account Manager B's representations and did not conduct additional due diligence which would have revealed that Hong Kong Company No. 1 was a trading company rather than an end user for the products at issue.

The conduct ceased when the Department of Commerce alerted Avnet Asia of information obtained in connection with a BIS End Use Check in Hong Kong in June 2015. No U.S. Government authorization had been sought or obtained in connection with these transactions. By engaging in the above-described conduct, Avnet Asia committed 18 violations of Section 764.2(e) of the Regulations.

**Charges 47-51      15 C.F.R. § 764.2(e) – Acting with Knowledge of a Violation**

As described in further detail in the attached Schedule of Violations, which is incorporated herein by reference, on five occasions on or about December 30, 2009, Avnet Asia ordered, sold, forwarded and/or transferred items subject to the Regulations with knowledge or reason to know that a violation of the Regulations was intended or about to occur in connection with the items.

Specifically, Avnet Asia ordered, sold, forwarded and/or transferred electronic components, items subject to the Regulations, designated EAR99, and valued at approximately \$2,094, to Wing Shing Computer Components Company (H.K.) Ltd. ("Wing Shing"), without the required BIS licenses.

Wing Shing was listed on the Entity List, which is set forth in Supplement No. 4 to Part 744 of the Regulations. Wing Shing was added to the Entity List on September 22, 2008 for acting contrary to the national security and foreign policy interests of the United States. *See* 73 Fed. Reg. 54,449 (Sep. 22, 2008). Wing Shing was a customer of Avnet Asia prior to its addition to the Entity List.

Pursuant to Section 744.11 of the Regulations, a license was required to export or reexport any item subject to the Regulations to Wing Shing, including the EAR99 electronic components involved in the transactions at issue, after it was placed on the Entity List. No license exceptions were available for exports or reexports to Wing Shing, and license applications to export or reexport to Wing Shing were subject to a license review policy of a presumption of denial.

Avnet Asia knew or had reason to know that Wing Shing was added to the Entity List, that export licenses were required to export the items to Wing Shing, and that no such export licenses had been obtained.

After Wing Shing was added to the Entity List, a potential sale to Wing Shing was flagged by Avnet Asia's compliance software as involving a denied or restricted party. In keeping with standard practices, Avnet Asia personnel ran the potential sale through the compliance software a second time to confirm the hit. On the second check, though, the compliance software did not flag the transaction. A now-former Avnet Asia manager directed lower-level employees to abide by the results of the second check and process the transaction, even though Avnet Asia personnel confirmed that Wing Shing was, in fact, on the Entity List. As a result of this direction, five sales to Wing Shing were processed on or about December 30, 2009.

No BIS authorization had been sought or obtained in connection with these transactions. By engaging in the above-described conduct, Avnet Asia committed five violations of Section 764.2(e) of the Regulations.

**Charges 52-53      15 C.F.R. § 764.2(a) – Engaging in Prohibited Conduct**

As described in further detail in the attached Schedule of Violations, which is incorporated herein by reference, on two occasions on or about February 16, 2012 and on or about January 22, 2014, Avnet Asia engaged in conduct prohibited by the Regulations when it ordered, sold, forwarded and/or transferred electronic components classified under ECCN 3A001, controlled for National Security and Anti-Terrorism reasons, and valued at approximately \$52,160, that were ultimately exported or reexported to China via Hong Kong. At all times pertinent hereto, Section 742.4 of the Regulations imposed a BIS license requirement for the export or reexport of the items to China.

No U.S. Government authorization had been sought or obtained in connection with these transactions. By engaging in the above-described conduct, Avnet Asia committed two violations of Section 764.2(a) of the Regulations.

\* \* \* \* \*

Accordingly, Avnet Asia is hereby notified that an administrative proceeding is instituted against it pursuant to Part 766 of the Regulations for the purpose of obtaining an order

imposing administrative sanctions<sup>5</sup>, including, but not limited to any or all of the following:

- The maximum civil penalty allowed by law of up to the greater of \$307,922 per violation,<sup>6</sup> or twice the value of the transaction that is the basis of the violation;<sup>7</sup>
- Denial of export privileges;
- Exclusion from practice before BIS; and/or
- Any other liability, sanction, or penalty available under law.

If Avnet Asia 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 Avnet Asia defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to Avnet Asia. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charges in this letter.

Avnet Asia 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. Avnet Asia 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.

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

Avnet Asia is further notified that under the Small Business Regulatory Enforcement Flexibility Act, Avnet Asia 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/>.

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<sup>5</sup> The alleged violations occurred prior to August 13, 2018, the date of enactment of ECRA. Consequently, the potential sanctions are provided for in IEEPA. In situations involving alleged violations that occurred on or after August 13, 2018, the potential sanctions are specified in Section 1750(c) of ECRA.

<sup>6</sup> *See* 15 C.F.R. §§ 6.3(b)(4), 6.3(b)(6), 6.4. This amount is subject to annual increases pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Sec. 701 of Public Law 114-74, enacted on November 2, 2015. *See* 85 Fed. Reg. 207, 208 (Adjusting for inflation the maximum civil monetary penalty under IEEPA from \$302,584 to \$307,922).

<sup>7</sup> *See* International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Avnet Asia'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 Avnet Asia's answer must be served on BIS at the following address:

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

Gregory Michelsen is the attorney representing BIS in this case; any communications that Avnet Asia may wish to have concerning this matter should occur through him. Mr. Michelsen may be contacted by telephone at (202) 482-5301.

Sincerely,

John Sonderman  
Director  
Office of Export Enforcement

## Avnet Asia

## SCHEDULE OF VIOLATIONS

| Violation | Date of Export | Item                                | ECCN  | Total Value (\$) | Destination/Entity             | Violation            |
|-----------|----------------|-------------------------------------|-------|------------------|--------------------------------|----------------------|
| 1         | 10/31/2007     | Transistors                         | EAR99 | \$146.00         | Iran                           | 15 C.F.R. § 764.2(e) |
| 2         | 3/1/2008       | Converter/ Circuits                 | EAR99 | \$4,100.00       | Iran                           | 15 C.F.R. § 764.2(e) |
| 3         | 3/17/2008      | Crystals                            | EAR99 | \$8,000.00       | Iran                           | 15 C.F.R. § 764.2(e) |
| 4         | 3/17/2008      | Crystals                            | EAR99 | \$8,000.00       | Iran                           | 15 C.F.R. § 764.2(e) |
| 5         | 5/5/2008       | Evaluation Boards                   | 3A001 | \$2,420.00       | Iran                           | 15 C.F.R. § 764.2(e) |
| 6         | 5/8/2008       | Integrated Circuit                  | EAR99 | \$648.00         | Iran                           | 15 C.F.R. § 764.2(e) |
| 7         | 6/10/2008      | Crystals                            | EAR99 | \$17,500.00      | Iran                           | 15 C.F.R. § 764.2(e) |
| 8         | 7/8/2008       | DSP Board                           | 3A001 | \$24,950.00      | Iran                           | 15 C.F.R. § 764.2(e) |
| 9         | 11/27/2008     | Crystals                            | EAR99 | \$8,160.00       | Iran                           | 15 C.F.R. § 764.2(e) |
| 10        | 11/27/2008     | Crystals                            | EAR99 | \$8,160.00       | Iran                           | 15 C.F.R. § 764.2(e) |
| 11        | 12/28/2008     | Crystals                            | EAR99 | \$7,750.00       | Iran                           | 15 C.F.R. § 764.2(e) |
| 12        | 12/28/2008     | Crystals                            | EAR99 | \$7,750.00       | Iran                           | 15 C.F.R. § 764.2(e) |
| 13        | 2/7/2009       | Crystals                            | EAR99 | \$7,750.00       | Iran                           | 15 C.F.R. § 764.2(e) |
| 14        | 2/7/2009       | Crystals                            | EAR99 | \$7,750.00       | Iran                           | 15 C.F.R. § 764.2(e) |
| 15        | 3/16/2009      | Crystals                            | EAR99 | \$7,750.00       | Iran                           | 15 C.F.R. § 764.2(e) |
| 16        | 3/16/2009      | Crystals                            | EAR99 | \$7,750.00       | Iran                           | 15 C.F.R. § 764.2(e) |
| 17        | 3/16/2009      | Crystals                            | EAR99 | \$7,750.00       | Iran                           | 15 C.F.R. § 764.2(e) |
| 18        | 3/16/2009      | Crystals                            | EAR99 | \$18,360.00      | Iran                           | 15 C.F.R. § 764.2(e) |
| 19        | 5/6/2009       | Crystals                            | EAR99 | \$18,360.00      | Iran                           | 15 C.F.R. § 764.2(e) |
| 20        | 1/12/2009      | Static RAM Chips                    | 3A001 | \$7,900.00       | China                          | 15 C.F.R. § 764.2(e) |
| 21        | 1/22/2009      | Digital to Analog Converter (DAC)   | 3A001 | \$3,434.82       | China                          | 15 C.F.R. § 764.2(e) |
| 22        | 2/11/2009      | Programmable Gate Array             | 3A001 | \$4,890.00       | China                          | 15 C.F.R. § 764.2(e) |
| 23        | 3/30/2009      | Digital Signal Processor            | 3A001 | \$6,206.40       | China                          | 15 C.F.R. § 764.2(e) |
| 24        | 4/1/2009       | Programmable Gate Array             | 3A001 | \$7,650.00       | China                          | 15 C.F.R. § 764.2(e) |
| 25        | 4/1/2009       | Digital Signal Processors           | 3A001 | \$37,800.00      | China                          | 15 C.F.R. § 764.2(e) |
| 26        | 4/1/2009       | Digital Signal Processors           | 3A001 | \$14,450.00      | China                          | 15 C.F.R. § 764.2(e) |
| 27        | 4/8/2009       | Digital Signals Processors          | 3A001 | \$27,066.00      | Iran                           | 15 C.F.R. § 764.2(e) |
| 28        | 4/8/2009       | Digital Signals Processors          | 3A001 | \$70,969.00      | Iran                           | 15 C.F.R. § 764.2(e) |
| 29        | 2/21/2013      | HPA Die                             | 3A001 | \$12,390.00      | China                          | 15 C.F.R. § 764.2(e) |
| 30        | 5/13/2013      | KaBand 3W HPA                       | 3A001 | \$8,417.00       | China                          | 15 C.F.R. § 764.2(e) |
| 31        | 5/13/2013      | KaBand 3W HPA                       | 3A001 | \$23,566.00      | China                          | 15 C.F.R. § 764.2(e) |
| 32        | 5/13/2013      | KaBand 3W HPA                       | 3A001 | \$28,616.00      | China                          | 15 C.F.R. § 764.2(e) |
| 33        | 5/13/2013      | KaBand 3W HPA                       | 3A001 | \$23,566.00      | China                          | 15 C.F.R. § 764.2(e) |
| 34        | 6/7/2013       | KaBand 3W HPA                       | 3A001 | \$50,499.00      | China                          | 15 C.F.R. § 764.2(e) |
| 35        | 11/4/2013      | Wide Band Power Amp                 | 3A001 | \$49,125.00      | China                          | 15 C.F.R. § 764.2(e) |
| 36        | 11/4/2013      | Wide Band Power Amp                 | 3A001 | \$80,151.00      | China                          | 15 C.F.R. § 764.2(e) |
| 37        | 12/1/2013      | Wide Band Power Amp                 | 3A001 | \$41,368.00      | China                          | 15 C.F.R. § 764.2(e) |
| 38        | 12/1/2013      | Wide Band Power Amp                 | 3A001 | \$129,275.00     | China                          | 15 C.F.R. § 764.2(e) |
| 39        | 1/23/2014      | Wide Band Power Amp                 | 3A001 | \$77,565.00      | China                          | 15 C.F.R. § 764.2(e) |
| 40        | 3/21/2014      | Wide Band Power Amp                 | 3A001 | \$51,710.00      | China                          | 15 C.F.R. § 764.2(e) |
| 41        | 4/29/2014      | Wide Band Power Amp                 | 3A001 | \$69,809.00      | China                          | 15 C.F.R. § 764.2(e) |
| 42        | 7/2/2014       | Wide Band Power Amp                 | 3A001 | \$25,855.00      | China                          | 15 C.F.R. § 764.2(e) |
| 43        | 11/12/2014     | KaBand 3W HPA                       | 3A001 | \$84,165.00      | China                          | 15 C.F.R. § 764.2(e) |
| 44        | 12/1/2014      | KaBand 3W HPA                       | 3A001 | \$33,666.00      | China                          | 15 C.F.R. § 764.2(e) |
| 45        | 1/20/2015      | KaBand 3W HPA                       | 3A001 | \$16,833.00      | China                          | 15 C.F.R. § 764.2(e) |
| 46        | 1/28/2015      | Wide Band Power Amp                 | 3A001 | \$7,756.00       | China                          | 15 C.F.R. § 764.2(e) |
| 47        | 12/30/2009     | Assemblies, Boards                  | 3A001 | \$1,118.00       | Wing Shing Computer Components | 15 C.F.R. § 764.2(e) |
| 48        | 12/30/2009     | Mounts, Feedthrough Caps, Inductors | 3A001 | \$271.00         | Wing Shing Computer Components | 15 C.F.R. § 764.2(e) |
| 49        | 12/30/2009     | Mounts                              | 3A001 | \$42.00          | Wing Shing Computer Components | 15 C.F.R. § 764.2(e) |
| 50        | 12/30/2009     | Pins                                | 3A001 | \$85.00          | Wing Shing Computer Components | 15 C.F.R. § 764.2(e) |
| 51        | 12/30/2009     | "Conn Metpaks"                      | 3A001 | \$578.00         | Wing Shing Computer Components | 15 C.F.R. § 764.2(e) |
| 52        | 2/16/2012      | Dual Port Stat Ram                  | 3A001 | \$9,660.00       | China                          | 15 C.F.R. § 764.2(a) |
| 53        | 12/22/2014     | HS Analogue to Digital Converter    | 3A001 | \$42,500.00      | China                          | 15 C.F.R. § 764.2(a) |