



DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

JUL 21 2014

PENALTY NOTICE

[REDACTED]

[REDACTED]

President
Epsilon Electronics Inc.
1550 S. Maple Ave.
Montebello, CA 90640

Dear [REDACTED]:

On May 9, 2014, the Office of Foreign Assets Control (“OFAC”) issued a Prepenalty Notice (“Notice”) to Epsilon Electronics Inc. (“Epsilon” or “you”), also doing business as Power Acoustik Electronics, Sound Stream, Kole Audio, and Precision Audio, due to your exportation of goods to Asra International Corporation LLC (“Asra”), also doing business as Asra Electronic Trading Co., with knowledge or reason to know that such goods were intended specifically for supply, transshipment, or reexportation, directly or indirectly, to Iran, in apparent violation of the Iranian Transactions and Sanctions Regulations (the “ITSR”), 31 C.F.R. part 560, promulgated pursuant to the International Emergency Economic Powers Act, 50 U.S.C. §§ 1701-06.

The Notice proposed a penalty in the amount of **\$4,073,000** and advised you of the right to make a written presentation to OFAC setting forth the reasons why a penalty should not be imposed, or, if imposed, why the amount should be less than that proposed in the Notice.

You responded to OFAC by letter dated June 6, 2014. In your response, you asserted that no violation of the ITSR occurred, and that: you did not know or have reason to know that the goods were being shipped to Iran; Epsilon did not authorize Asra to export goods to Iran; the invoices were addressed to Dubai, the U.A.E.; Epsilon is not “specifically aware” of the circumstances surrounding a photo gallery on your Web site that referenced Iran; and, Epsilon would not ship its products to Iran because of [REDACTED]

After a thorough review of the facts and circumstances pertaining to this matter, including your response to the Notice, OFAC has determined that you have violated § 560.204 of the ITSR and that no reduction from the proposed penalty amount set forth in the Notice is warranted. Multiple facts tend to show that the goods exported to Asra were sent to Iran and that Epsilon knew or had reason to know that the goods were intended specifically for supply, transshipment, or reexportation, directly or indirectly, to Iran. Specifically, Asra’s Web site indicates that it only distributes in Iran; Epsilon attempted to send one shipment of goods directly to Asra’s address in Iran; and Epsilon posted pictures on its Web site of its products in Iran. Asra also posted these photos on its Web site, and labeled them as being from Iran.

Accordingly, a civil penalty in the amount of **\$4,073,000** is hereby imposed upon **Epsilon Electronics Inc.** pursuant to 31 C.F.R. §560.704.

You must pay this penalty or arrange for installment payment of the penalty within 30 days of the mailing of this Penalty Notice to avoid the imposition of additional charges. Payment by check payable to the "U.S. Treasury" in the amount of \$4,073,000 and referencing the above ENF number can be sent to the U.S. Department of the Treasury, Accounting Services Branch, Attn: [REDACTED]

[REDACTED]. Alternatively, you may pay through Electronic Funds Transfer (EFT). Instructions for EFT payment are enclosed. Pursuant to 31 U.S.C. § 7701, **you must include a Taxpayer Identification Number or Social Security Number on your payment**; that number will be used for the purpose of collecting and reporting on any delinquent penalty amount. Pursuant to 31 U.S.C. § 3717, **failure to pay this penalty in a timely manner will result in the accrual of appropriate interest, the imposition of an applicable administrative charge, and, if the payment is more than 90 days past due, the imposition of further penalty charges.**

Please note that 31 C.F.R. § 560.706 provides that this matter may be referred either for administrative collection measures or to the U.S. Department of Justice for appropriate action to recover the penalty in a civil suit in Federal District Court if payment is not made within 30 days of the date of this Penalty Notice.

If you have any questions concerning this matter, you may contact [REDACTED], Enforcement, Office of Foreign Assets Control, at [REDACTED]. Please have the ENF number listed at the top of this Notice available when you call.

Sincerely,



Adam J. Szubin
Director
Office of Foreign Assets Control

Enclosure