UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,	:	**NO.** 20-cr-112 (RC)
	:	
v.	:	
	:	
ESSENTRA FZE COMPANY LIMITED,	:	
	:	
Defendant.	:	

DEFERRED PROSECUTION AGREEMENT

Defendant Essentra FZE Company Limited (the "Company"), by its undersigned representatives, and the United States Attorney's Office for the District of Columbia; and the United States Department of Justice, National Security Division (the "Offices"), enter into this deferred prosecution agreement (the "Agreement"), the terms and conditions of which are as follows:

Criminal Information and Acceptance of Responsibility

1. The Company acknowledges and agrees that the Offices will file the attached one-count criminal Information in the United States District Court for the District of Columbia charging the Company with knowingly and willfully conspiring to violate the International Emergency Economic Powers Act ("IEEPA"), in violation of Title 18, United States Code, Section 371, and Title 50, United States Code, Sections 1701-1707, and the regulations issued thereunder. In so doing, the Company: (a) knowingly waives its right to indictment on these charges, as well as all rights to a speedy trial pursuant to the Sixth Amendment of the United States Constitution, Title 18, United States Code, Section 3161, Federal Rule of Criminal Procedure 48(b), and Local Criminal Rule 45.1 of the United States District Court for the District of Columbia; and

(b) knowingly waives any objection with respect to venue to any charges by the Offices arising out of the conduct described in the Statement of Facts attached hereto as Exhibit A, and consents to the filing of the Information, as provided under the terms of this Agreement, in the United States District Court for the District of Columbia.

2. The Company admits, accepts, and acknowledges responsibility for its conduct and that of its officers or employees as charged in the Information, and as set forth in the Factual Statement attached hereto as Exhibit A, which is incorporated herein by reference, and that the allegations described in the Information and the facts described in the Statement of Facts are true and accurate. If the Offices pursue a prosecution that is deferred by this Agreement, the Company stipulates to the admissibility of the Statement of Facts in any such proceeding, including any trial, guilty plea, civil forfeiture proceeding, or sentencing proceeding, and will not contradict anything in the Statement of Facts at any such proceeding.

Term of the Agreement

3. This Agreement is effective for a period beginning on the date on which the Information is filed and ending three years from that date (the "Term"). The Company agrees, however, that, in the event the Offices determine, in their sole discretion, that the Company has knowingly violated any provision of this Agreement or has failed to completely perform or fulfill each of the Company's obligations under this Agreement, an extension or extensions of the term of the Agreement may be imposed by the Offices, in their sole discretion, for up to a total additional time period of one year, without prejudice to the Offices' right to proceed as provided in Paragraphs 17 through 21 below. Any extension of the Agreement extends all terms of this Agreement, including the terms of the reporting requirement in Paragraph 12, for an equivalent

period. Conversely, in the event the Offices find, in their sole discretion, that there exists a change in circumstances sufficient to eliminate the need for the reporting requirement in Paragraph 12, and that the other provisions of this Agreement have been satisfied, the Term of the Agreement may be terminated early.

Relevant Considerations

4. The Offices enter into this Agreement based on the individual facts and circumstances presented by this case, including:

(a) the nature and seriousness of the offense conduct, which involved the Company's export of U.S. financial services to North Korea in violation of U.S. sanctions laws and regulations;

(b) the Company's willingness to acknowledge and accept responsibility for the actions of its officers or employees as charged in the Information and as set forth in the Statement of Facts;

(c) the Company's remediation efforts to date, including its comprehensive improvement of its U.S. sanctions compliance program;

(d) the Company's willingness to take disciplinary action against employees who were involved in the conduct;

(e) the Company's willingness to settle any and all civil and criminal claims currently held by the Offices for any act within the scope of the Statement of Facts;

(f) the Company's cooperation with the Offices, including voluntarily making foreign employees available for interviews, and collecting, analyzing, and organizing voluminous evidence and information for the Offices;

(g) the Company's commitment to continue its cooperation with the Offices as set forth in Paragraphs 5 and 6; and

(h) The Company's assurances, through its undersigned counsel and corporate representative signing the DPA, that the Company has disclosed to the Offices all potential U.S. sanctions violations of which they are aware, no matter how preliminary the evidence, as of the date of the execution of this Agreement.

Future Cooperation and Disclosure Requirements

5. The Company shall cooperate fully with the Offices in any and all matters relating to the conduct described in this Agreement and the Statement of Facts and other conduct investigated by the Offices, at any time during the Term of this Agreement, subject to applicable law and regulations, until the date upon which all investigations and prosecutions arising out of such conduct are concluded, whether or not those investigations and prosecutions are concluded within the term specified in Paragraph 3. At the request of the Offices, the Company shall also cooperate fully with other domestic or foreign law enforcement and regulatory authorities and agencies in any investigation of the Company, its parent company or its affiliates, or any of its present or former officers, directors, employees, agents, and consultants, or any other party, in any and all matters relating to the conduct described in this Agreement and Statement of Facts and other conduct investigated by the Offices or any other component of the Department of Justice at

any time during the Term of this Agreement, subject to all applicable laws and regulations. The Company's cooperation pursuant to this paragraph is subject to applicable laws and regulations, as well as valid claims of attorney-client privilege or attorney work product doctrine; however, the Company must provide to the Offices a log of any information or cooperation that is not provided based on an assertion of law, regulation, or privilege, and the Company bears the burden of establishing the validity of any such assertions. The Company agrees that its cooperation pursuant to this paragraph shall include, but not be limited to, the following:

a. The Company shall truthfully disclose all factual information with respect to its activities, those of its parent company and affiliates, and those of its present and former directors, officers, employees, agents, and consultants, including any evidence or allegations and internal or external investigations, about which the Company has or at any time gains any knowledge or about which the Offices may inquire. This obligation of truthful disclosure includes, but is not limited to, the obligation of the Company to provide to the Offices, upon request, any document, record or other tangible evidence about which the Offices may inquire of the Company.

b. Upon request of the Offices, the Company shall designate knowledgeable employees, agents, or attorneys to provide to the Offices the information and materials described in Paragraph 5(a) above on behalf of the Company. It is further understood that the Company must at all times provide complete, truthful, and accurate information.

c. The Company shall use its best efforts to make available for interviews or testimony, as requested by the Offices, present or former officers, directors, employees, agents and consultants of the Company. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with domestic or foreign law

enforcement and regulatory authorities. Cooperation under this paragraph shall include identification of witnesses who, to the knowledge of the Company, may have material information regarding the matters under investigation.

d. The Company shall use its good faith efforts to identify additional witnesses who, to the Company's knowledge, may have material information concerning this investigation, and notify the Offices.

e. With respect to any information, testimony, documents, records or other tangible evidence provided to the Offices pursuant to this Agreement, the Company consents to any and all disclosures to other governmental authorities, including United States authorities and those of a foreign government, of such materials as the Offices, in their sole discretion, shall deem appropriate.

f. The Company shall provide information, materials, and testimony as necessary or requested to identify or to establish the original location, authenticity, or other basis for admission into evidence of documents or physical evidence in any criminal or judicial proceeding.

6. In addition to the obligations in Paragraph 5, during the Term of the Agreement, should the Company's board of directors, officers, senior management or legal and compliance personnel learn of non-frivolous evidence or allegations of any violation of U.S. sanctions laws or regulations by the Company or any of its employees acting within or without of the scope of their employment, the Company shall promptly report such evidence or allegations to the Offices. The Company shall likewise bring to the Offices' attention any administrative, regulatory, civil, or criminal proceeding or investigation of the Company relating to sanction laws of any other

jurisdiction. Nothing in this Agreement shall be construed to require the Company to produce any information, documents, records or tangible evidence that are protected by the attorney-client privilege, the work product doctrine, or other applicable confidentiality, criminal or data protection laws, or are subject to the rules and regulations of the Company's regulators regarding the disclosure of confidential supervisory information, or to otherwise take any steps in violation any applicable laws and regulations.

Payment of Monetary Penalty

7. The Offices and the Company agree that, based on the factors set forth in 18 U.S.C. § 3572(a), and 18 U.S.C. § 3571(d), a fine of $666,543.88 ("Fine Amount") is an appropriate fine in this case. The Fine Amount represents twice the value of transactions described in the Statement of Facts. The Company and the Offices agree that the Fine Amount is appropriate given the facts and circumstances of this case, including the nature and seriousness of the Company's conduct and the Company's lack of prior history of sanctions violations. Any payments made toward satisfaction of the Fine Amount are final and shall not be refunded. Furthermore, nothing in this Agreement shall be deemed an agreement by the Offices that the Fine Amount is the maximum fine that may be imposed in any future prosecution, and the Offices are not precluded from arguing in any future prosecution that the Court should impose a higher fine, although the Offices agree that under those circumstances, it will recommend to the Court that any amount paid under this Agreement should be offset against any fine the Court imposes as part of a future judgment relating to the conduct described in the Statement of Facts. The Company acknowledges that no tax deduction may be sought in connection with the payment of any part of the Fine Amount. The Company shall pay the fine plus any associated transfer fees within five business days of the date

on which this Agreement is signed, pursuant to payment instructions provided by the Offices in their sole discretion. The Company releases any and all claims it may have to such funds, and further certifies that it passes clean title to these funds, which are not the subject of any lien, security agreement, or other encumbrance. Transferring encumbered funds or failing to pass clean title to the funds in any way will be considered a breach of this agreement. The Company shall indemnify the government for any costs it incurs associated with the passing of clean title to the funds.

Conditional Release from Liability

9. Subject to Paragraphs 17 through 21, the Offices agree, except as provided herein, that they will not bring any criminal or civil case against the Company relating to any of the conduct described in the Statement of Facts or the criminal information filed pursuant to this Agreement. The Offices, however, may use any information related to the conduct described in the attached Statement of Facts against the Company: (a) in a prosecution for perjury or obstruction of justice; (b) in a prosecution for making a false statement; (c) in a prosecution or other proceeding relating to any crime of violence; or (d) in a prosecution or other proceeding relating to a violation of any provision of Title 26 of the United States Code.

a. This Agreement does not provide any protection for any criminal or civil case against the Company that is not related to the conduct described in the Statement of Facts or Information.

b. This Agreement does not provide any protection against prosecution for any future conduct by the Company.

c. In addition, this Agreement does not provide any protection against any prosecution of any individuals, regardless of their affiliation with the Company.

Corporate Compliance Program

10. The Company represents that it has implemented and will continue to implement a compliance program designed to prevent and detect violations of U.S. sanctions laws and regulations, including IEEPA, throughout its operations, including the operations of the Company's subsidiaries, and majority-owned or controlled joint ventures whose operations are subject to sanctions administered by the U.S. Department of the Treasury, Office of Foreign Assets Control ("OFAC").

11. In order to address any deficiencies in its sanctions compliance program, the Company represents that it has undertaken, and will continue to undertake in the future, the following sanctions compliance obligations:

a. Continue to not knowingly undertake any U.S. dollar transactions and currency conversions that transit the United States or any transactions involving U.S. persons, with individuals or entities on OFAC's Specially Designated Nationals and Blocked Persons list;

b. Continue to not knowingly undertake any U.S. dollar transactions or currency conversions that transit the United States or any activities involving U.S. persons for, on behalf of, or in relation to any person or entity resident or operating in, or the governments of, Iran, North Korea, or Syria that is prohibited by U.S. law or OFAC regulations;

c. Continue to complete global sanctions training, covering United States, United Nations, United Kingdom, and European Union sanctions and trade control laws for all relevant employees, including, but not limited to, personnel within the sanctions compliance

function, as well as relevant gatekeepers and business units. Essentra understands that it bears the burden of identifying relevant employees;

d. Continue to apply and implement compliance procedures and training designed to ensure that the Company's compliance officer in charge of sanctions is made aware in a timely manner of attempts by any person or entity (including, but not limited to, the Company's employees, customers, financial institutions, companies, organizations, groups, or persons) to circumvent or evade U.S. sanctions laws, including, but not limited to, circumvention attempts involving deceptive business practices or suspected North Korean front companies;

e. Abide by any and all requirements of the Settlement Agreement by and between OFAC and the Company regarding remedial measures or other required actions related to this matter;

f. Within 30 days of the execution date of this Agreement, the Company shall notify those individuals with responsibility for sanctions compliance of the Company's compliance obligations under this Agreement and the criminal conduct admitted to in the Statement of Facts and shall certify to the Offices in the Company's first Quarterly Report (as required by Paragraph 12) that such notification has been completed and shall provide the Offices with a copy of such notice.

Corporate Compliance Reporting

12. For the Term of the Agreement, the Company shall provide the Offices with Quarterly Reports within thirty days after the end of each calendar quarter ("Quarterly Reports") describing the status of the Company's continued improvements to its sanctions compliance programs as required by this Agreement and the OFAC settlement. The Quarterly Reports must

include specific and detailed accounts of the Company's sanctions and compliance improvements and shall identify any violations of U.S. sanctions laws that have come to the attention of the Company's legal and compliance personnel during the reporting period. In the event the Offices find that there exists a change of circumstances sufficient to eliminate the need for any portion of the reporting requirements set forth in this paragraph, the Offices may, in their sole discretion, choose to suspend or terminate the reporting requirements in whole or in part. As the reports may include proprietary, financial, confidential, and competitive business information, and as public disclosure could impede government investigations, these reports shall remain non-public except as otherwise agreed to by the parties in writing. The Offices in their sole discretion may determine that disclosure would further the discharge of their duties and responsibilities or is otherwise required by law, and under such circumstances may disclose the reports after providing the Company notice of their intent to disclose (but not the identity of party to whom the disclosure will be made) and an opportunity to be heard as to any necessary redactions or other concerns.

13. During the Term of this Agreement, the Offices, as they deem necessary and upon request to the Company, shall, subject to applicable laws and regulations: (a) be provided by the Company with access to any and all non-privileged books, records, accounts, correspondence, files, and any and all other documents or other electronic records, including emails, of the Company and its representatives, agents, affiliates that it controls, and employees, relating to any matters described or identified in the Quarterly Reports; and (b) have the right to interview any officer, employee, agent, consultant, or representative of the Company concerning any non-privileged matter described or identified in the Quarterly Reports.

14. The Company shall notify the Offices of any criminal, civil, administrative or regulatory investigation, inquiry, or action, of the Company or its current directors, officers, employees, consultants, representatives, and agents related to the Company's compliance with U.S. sanctions laws and regulations, to the extent permitted by the agency conducting the investigation or action and applicable laws and regulations, including, without limitation, rules and regulations regarding the disclosure of confidential supervisory information. To the extent necessary to fulfill this requirement, the Company shall immediately seek the approval of such regulators to disclose such criminal, civil, administrative or regulatory investigation, inquiry or action to the Offices. Subject to approval by its regulators, it is understood that the Company shall promptly notify the Offices of (a) any deficiencies, failings, or matters requiring attention with respect to the Company's sanctions compliance program identified in an examination report by any regulator within 10 business days of approval from such regulator to share such information; and (b) any steps taken or planned to be taken by the Company to address the identified deficiency, failing, or matter requiring attention. The Offices may, in their sole discretion, direct the Company to provide other reports about its sanctions compliance program as warranted.

Deferred Prosecution

15. In consideration of the undertakings agreed to by the Company herein, including (a) past and future cooperation as described herein; (b) payment of a monetary penalty; and (c) remedial actions to date and the undertakings agreed to by the Company herein, the Offices agree that any prosecution of the Company for the conduct set forth in the Statement of Facts and the Information be, and hereby is, deferred for the Term of this Agreement. To the extent there is conduct disclosed by the Company that does not concern any act specified in the Statement of

Facts or that was the subject of this investigation, such conduct will not be exempt from further prosecution and is not within the scope of or relevant to this Agreement.

16. The Offices further agree that if the Company fully complies with all of its obligations under this Agreement, the Offices will not continue the criminal prosecution against the Company described in Paragraph 1 and, at the conclusion of the Term, this Agreement shall expire. Within 30 days of the Agreement's expiration, or less at the discretion of the Offices, the Offices shall seek dismissal with prejudice of the Information filed against the Company described in Paragraph 1, and agrees not to file charges in the future against the Company based on the conduct described in this Agreement and the attached Statement of Facts.

Breach of the Agreement

17. If, during the Term of this Agreement, the Company (a) commits any felony under United States federal law; (b) provides in connection with this Agreement deliberately false, incomplete, or misleading information, including in connection with its assurances about disclosure of any violations of U.S. sanctions known to the Company as of the execution date of this Agreement, and disclosure of information about individual culpability; (c) fails to cooperate as set forth in Paragraphs 5 and 6 of this Agreement; (d) fails to implement a compliance program as set forth in Paragraph 10 of this Agreement; or (e) otherwise fails specifically to perform or to fulfill completely each of the Company's obligations under the Agreement, the Company shall thereafter be subject to prosecution for any federal criminal violation of which the Offices have knowledge, including, but not limited to, the charges in the Information described in Paragraph 1, which may be pursued by the Offices in the United States District Court for the District of Columbia or any other appropriate venue. Determination of whether the Company has

breached the Agreement and whether to pursue prosecution of the Company shall be in the Offices' sole discretion. Any such prosecution may be premised on information provided by the Company. Any such prosecution relating to the conduct described in the attached Statement of Facts or relating to conduct known to the Offices prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement, subject to any tolling agreements between the Offices and the Company, may be commenced against the Company, notwithstanding the expiration of the statute of limitations, between the execution date of this Agreement and the expiration of the Term plus one (1) year. Thus, by signing this Agreement, the Company agrees that the statute of limitations with respect to any such prosecution that is not time-barred on the date of the signing of this Agreement shall be tolled for the Term plus one year. In addition, the Company agrees that the statute of limitations as to any violation of federal law that occurs during the Term will be tolled from the date upon which the violation occurs until the earlier of the date upon which the Offices are made aware of the violation or the duration of the Term, plus one year, and that this period shall be excluded from any calculation of time for purposes of the application of the statute of limitations.

18. In the event the Offices determine that the Company has breached this Agreement, the Offices agree to provide the Company with written notice of such breach prior to instituting any prosecution resulting from such breach. Within 30 days of receipt of such notice, the Company shall have the opportunity to respond to the Offices in writing to explain the nature and circumstances of such breach, as well as the actions the Company has taken to address and remediate the situation, which explanation the Offices shall consider in determining whether to pursue prosecution of the Company.

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

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

21. No later than 90 days prior to the expiration of the Term of this Agreement, and again on the date of the expiration of the Term of this Agreement, the Company, through its General Manager, will certify to the Offices that, in good faith reliance on information provided

to the General Manager by key employees within the Company, based upon their information and belief, the Company has met its disclosure obligations under Paragraph 12 of this Agreement. Any certification made pursuant to this Paragraph shall be deemed a material statement and representation by the Company to the executive branch of the United States for purposes of Title 18, United States Code, Section 1001, and it will be deemed to have been made in the judicial district in which this Agreement is filed.

Sale or Merger of Company

22. Except as may otherwise be agreed by the parties in connection with a particular transaction, the Company agrees that in the event that, during the Term, it sells, merges, or transfers business operations or assets that are material to the Company's consolidated operations, or to the operations of any subsidiaries or affiliates involved in the conduct described in the attached Statement of Facts, as they exist as of the date of this Agreement, whether such sale is structured as a sale, asset sale, merger, or transfer, it shall include in any contract for sale, merger, or transfer, a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement. The purchaser or successor in interest must also agree in writing that the Offices' ability to declare a breach under this Agreement is applicable also in full force to that entity. The Company agrees that the failure to include these provisions in the transaction will make any such transaction null and void. The Company shall provide notice to the Offices at least 30 days prior to undertaking any such sale, merger, or transfer. The Offices shall also notify the Company prior to such transaction (or series of transactions) if it determines that the transaction(s) will have the effect of circumventing or frustrating the enforcement purposes of this Agreement. If at any time during the Agreement, the Company engages in a transaction(s) that has the effect

of circumventing or frustrating the enforcement purposes of this Agreement, the Offices may deem it a breach of this Agreement. Nothing herein shall restrict the Company from indemnifying (or otherwise holding harmless) the purchaser or successor in interest for penalties or other costs arising from any conduct that may have occurred prior to the date of the transaction, so long as such indemnification does not have the effect of circumventing or frustrating the enforcement purposes of this Agreement, as determined by the Offices.

Public Filing

23. The Company and the Offices agree that this Agreement (and its attachments) shall be publicly filed in the United States District Court for the District of Columbia.

Public Statements by Company

24. The Company expressly agrees that it shall not, through present or future attorneys, officers, directors, employees, agents, or any other person authorized to speak for the Company make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by the Company set forth above or the facts described in the attached Statement of Facts. Any such contradictory statement shall, subject to cure rights of the Company described below, constitute a breach of this Agreement, and the Company thereafter shall be subject to prosecution as set forth in Paragraphs 17 through 21 of this Agreement. The decision whether any public statement by any such person contradicting a fact contained in the Statement of Facts will be imputed to the Company for the purpose of determining whether it has breached this Agreement shall be at the sole discretion of the Offices. If the Offices determine that a public statement by any such person contradicts in whole or in part a statement contained in the Statement of Facts, the Offices shall so notify the Company, and the Company may avoid a breach of this Agreement

by publicly repudiating such statement(s) within five business days after notification. The Company shall be permitted to raise defenses and to assert affirmative claims in other proceedings relating to the matters set forth in the Statement of Facts provided that such defenses and claims do not contradict, in whole or in part, a statement contained in the Statement of Facts. This Paragraph does not apply to any statement made by any present or former officer, director, employee, or agent of the Company in the course of any criminal, regulatory, or civil case initiated against such individual, unless such individual is speaking on behalf of the Company.

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

26. The Offices agree, if requested to do so, to bring to the attention of law enforcement and regulatory authorities the facts and circumstances relating to the nature of the conduct underlying this Agreement, including the nature and quality of the Company's cooperation and remediation. By agreeing to provide this information to such authorities, the Offices are not agreeing to advocate on behalf of the Company, but rather are agreeing to provide facts to be evaluated independently by such authorities.

Limitations on Binding Effect of Agreement

27. This Agreement is binding on the Company and the Offices but specifically does not bind any other component of the Department of Justice, other federal agencies, or any state, local or foreign law enforcement or regulatory agencies, or any other authorities, although the Offices will bring the cooperation of the Company and its compliance with its other obligations under this Agreement to the attention of such agencies and authorities if requested to do so by the Company. Nothing in this Agreement restricts in any way the ability of the Offices, any other federal department or agency, or any state or local government from proceeding criminally, civilly, or administratively, against any current or former directors, officers, employees, or agents of the Company or against any other entities or individuals. The parties to this Agreement intend that the Agreement does not confer or provide any benefits, privileges, immunities, or rights to any other individual or entity other than the parties hereto.

Notice

28. Any notice to the Offices under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, addressed to:

Chief,
Counterintelligence and Export Control Section,
National Security Division
U.S. Department of Justice
950 Pennsylvania Ave, N.W., Suite 7700d
Washington, DC 20005

with copies to:

Chief,
National Security Section,
U.S. Attorney for the District of Columbia
555 4th Street NW, Washington, DC 20530

Any notice to the Company under this Agreement shall be given by personal delivery, overnight delivery by a recognized delivery service, or registered or certified mail, addressed to:

David Mortlock

Willkie Farr & Gallagher LLP

1875 K Street, N.W.

Washington, DC 20006-1238

Notice shall be effective upon actual receipt by the Offices or the Company.

Execution in Counterparts

29. This Agreement may be executed in one or more counterparts, each of which shall be considered effective as an original signature. Further, all facsimile and digital images of signatures shall be treated as originals for all purposes. The execution date shall be the last date when all signatories have signed the Agreement.

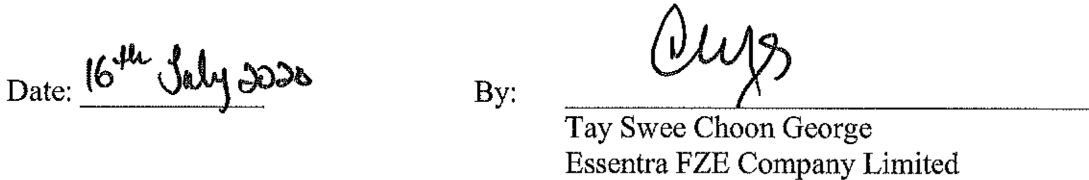
Complete Agreement

30. This Agreement, including its attachments, sets forth all the terms of the Agreement between the Company and the Offices. There are no promises, agreements, or conditions that have been entered into other than those expressly set forth in this Agreement, and none shall be entered into and/or be binding upon the Company or the Offices unless signed by the Offices, the Company's attorneys, and a duly authorized representative of the Company. This Agreement supersedes any prior promises, agreements, or conditions between the Company and the Offices. The Company agrees that it has the full legal right, power, and authority to enter into

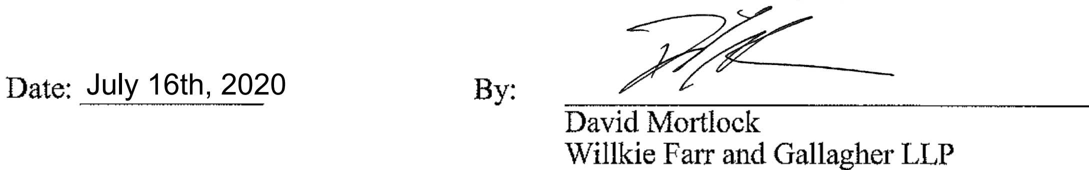
and perform all of its obligations under this Agreement and it agrees to abide by all terms and obligations of this Agreement as described herein. No amendments, modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Offices, the attorneys for the Company and a duly authorized representative of the Company.

ACCEPTED AND AGREED TO:

FOR ESSENTRA FZE COMPANY LIMITED:



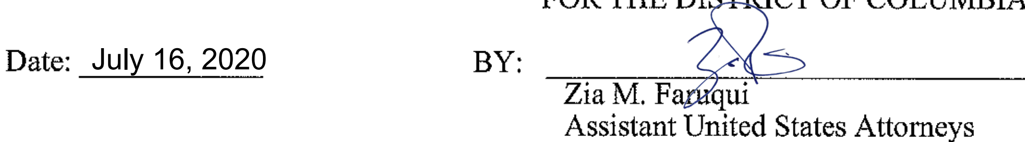
Date: 16th July 2020 By: ____________________
Tay Swee Choon George
Essentra FZE Company Limited



Date: July 16th, 2020 By: ____________________
David Mortlock
Willkie Farr and Gallagher LLP

FOR THE DEPARTMENT OF JUSTICE:

MICHAEL R. SHERWIN
ACTING UNITED STATES ATTORNEY
FOR THE DISTRICT OF COLUMBIA



Date: July 16, 2020 BY: ____________________
Zia M. Faruqui
Assistant United States Attorneys

JOHN DEMERS
ASSISTANT ATTORNEY GENERAL
NATIONAL SECURITY DIVISION

Date: July 16, 2020 BY: /s/ David Recker
David C. Recker
Trial Attorney
Counterintelligence and Export Control Section

CERTIFICATE OF CORPORATE RESOLUTIONS

WHEREAS, Essentra FZE Company Limited (the "Company") has been engaged in discussions with the United States Attorney's Office for the District of Columbia, and United States Department of Justice, National Security Division (collectively, the "Offices") regarding issues arising in relation to historical violations of U.S. sanctions laws and regulations; and

WHEREAS, in order to resolve such discussions, it is proposed that the Company enter into a certain agreement with the Offices; and

WHEREAS, the Company's Secretary, Tay Swee Choon George, together with outside counsel for the Company, have advised the Court of the Company of its rights, possible defenses, the Sentencing Guidelines' provisions, and the consequences of entering into such agreement with the Offices;

Therefore, the Court has RESOLVED that:

1. The Company (a) acknowledges the filing of the one-count Information charging the Company with knowingly and willfully conspiring to violate International Emergency Economic Powers Act, in violation of Title 18, United States Code, Section 371, and Title 50, United States Code, Section 1701 *et seq.*, and the regulations issued thereunder; (b) waives indictment on such charges and enters into a deferred prosecution agreement with the Offices; (c) agrees to accept a monetary penalty against the Company totaling $666,543.88, and to pay such penalty to the United States Treasury with respect to the conduct described in the Information;

2. The Company accepts the terms and conditions of this Agreement, including, but not limited to, (a) a knowing waiver of its rights to a speedy trial pursuant to the Sixth Amendment to the United States Constitution, Title 18, United States Code, Section 3161, and Federal Rule of

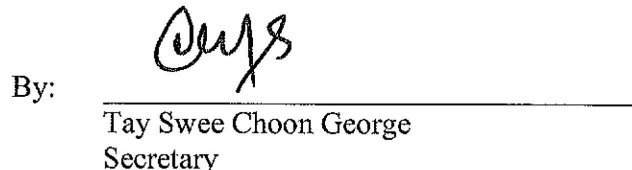
Criminal Procedure 48(b); and (b) a knowing waiver for purposes of this Agreement and any charges by the Offices arising out of the conduct described in the attached Statement of Facts of any objection with respect to venue and consents to the filing of the Information, as provided under the terms of this Agreement, in the United States District Court for the District of Columbia; and (c) a knowing waiver of any defenses based on the statute of limitations for any prosecution relating to the conduct described in the attached Statement of Fact or relating to conduct known to the Offices prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement;

3. The Secretary of the Company, Tay Swee Choon George, is hereby authorized, empowered and directed, on behalf of the Company, to execute the Deferred Prosecution Agreement;

4. The Secretary of the Company, Tay Swee Choon George, is hereby authorized, empowered and directed to take any and all actions as may be necessary or appropriate and to approve the forms, terms or provisions of any agreement or other documents as may be necessary or appropriate, to carry out and effectuate the purpose and intent of the foregoing resolutions; and

5. All of the actions of the Secretary of the Company, Tay Swee Choon George, which actions would have been authorized by the foregoing resolutions except that such actions were taken prior to the adoption of such resolutions, are hereby severally ratified, confirmed, approved, and adopted as actions on behalf of the Company.

Date: 16th July 2020



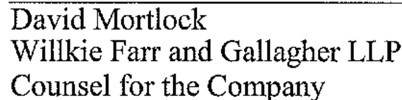
By: ______________________
Tay Swee Choon George
Secretary

Essentra FZE Company Limited

CERTIFICATE OF COUNSEL

I am counsel for Essentra FZE Company Limited (the "Company") in the matter covered by this Agreement. In connection with such representation, I have examined relevant Company documents and have discussed the terms of this Agreement with the Company Board of Directors. Based on our review of the foregoing materials and discussions, I am of the opinion that the representative of the Company has been duly authorized to enter into this Agreement on behalf of the Company and that this Agreement has been duly and validly authorized, executed, and delivered on behalf of the Company and is a valid and binding obligation of the Company. Further, I have carefully reviewed the terms of this Agreement with the Board of Directors and the Secretary of the Company. I have fully advised them of the rights of the Company, of possible defenses, of the Sentencing Guidelines' provisions and of the consequences of entering into this Agreement. To my knowledge, the decision of the Company to enter into this Agreement, based on the authorization of the Board of Directors, is an informed and voluntary one.

Date: July 16th, 2020



By: ______________________________
David Mortlock
Willkie Farr and Gallagher LLP
Counsel for the Company

ATTACHMENT A

[Statement of Facts]

UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF COLUMBIA

UNITED STATES OF AMERICA,	:	**NO. 20-cr-112 (RC)**
	:	
v.	:	
	:	
ESSENTRA FZE COMPANY LIMITED,	:	
	:	
	:	
Defendant.	:	

STATEMENT OF FACTS

This Factual Statement is made pursuant to, and is part of, the Deferred Prosecution Agreement dated July 16, 2020 , between the United States Attorney's Office for the District of Columbia, the United States Department of Justice, National Security Division (collectively, "DOJ") and Essentra FZE Company Limited ("Essentra FZE"). Essentra FZE hereby agrees and stipulates that the following information is true and accurate. Essentra FZE admits, accepts, and acknowledges that it is responsible for the acts of its officers, directors, employees, and agents as set forth below. Should DOJ pursue the prosecution that is deferred by this Agreement, Essentra FZE agrees that it will neither contest the admissibility of, nor contradict, this Statement of Facts in any such proceeding. The following facts establish beyond a reasonable doubt the charge set forth in the criminal Information attached to this Agreement, and set forth below. All conduct discussed in this Factual Statement occurred on or about the dates described.

Statutory Background

1. IEEPA, enacted in 1977, authorizes the President to impose economic sanctions in response to an unusual or extraordinary threat, which has its source in whole or substantial part

outside the United States, to the national security, foreign policy, or economy of the United States when the President declares a national emergency with respect to that threat.

2. The Department of the Treasury enforces and administers economic sanctions to accomplish U.S. foreign policy and national security goals. In particular, the Department of the Treasury publishes a publicly available list of individuals and entities ("Specially Designated Nationals and Blocked Persons" or "SDNs") targeted by U.S. economic sanctions. SDNs' property and interests in property, subject to U.S. jurisdiction or in the possession and control of U.S. persons, are blocked when they are placed on the SDN list. U.S. persons, including U.S. financial institutions, are generally prohibited from dealing with SDNs and their property and interests in property.

3. Using the powers conferred by IEEPA, the President and the Executive Branch have issued orders and regulations governing and prohibiting certain transactions with countries, individuals, and entities suspected of proliferating Weapons of Mass Destruction ("WMD"). On November 14, 1994, the President issued Executive Order 12,938, finding "that the proliferation of nuclear, biological, and chemical weapons ('weapons of mass destruction') and of the means of delivering such weapons, constitutes an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States, and [declaring] a national emergency to deal with that threat."

4. On June 27, 2008, the President declared in Executive Order 13,466 ("Continuing Certain Restrictions With Respect to North Korea and North Korean Nationals") that "the existence and risk of the proliferation of weapons-usable fissile material on the Korean Peninsula constituted an unusual and extraordinary threat to the national security and foreign policy of the United States," and thereby declared a "national emergency." The Executive Order further

authorized the United States Secretary of the Treasury, in consultation with the Secretary of State, "to take such actions, including the promulgation of rules and regulations, and to employ all powers granted to the President by IEEPA as may be necessary to carry out the purposes of this order."

5. On March 15, 2016, the President, to take additional steps with respect to the previously described national emergency, issued Executive Order 13,722 to address the Government of North Korea's continuing pursuit of its nuclear and missile programs. Pursuant to that authority, on March 16, 2016, the Secretary of the Treasury promulgated the "North Korea Sanctions Regulations." See 31 C.F.R. § 510.101 *et seq*. Executive Order 13,722 and the North Korea Sanctions Regulations prohibit the export of financial services from the United States or by any U.S. person to North Korea, unless exempt or authorized by OFAC.

6. Foreign financial institutions maintain U.S. dollar bank accounts at banks in the United States ("Correspondent Banks"). Correspondent Banks accounts are broadly defined to include any account established for a foreign financial institution to receive deposits from, or to make payments or disbursements on behalf of, the foreign financial institution, or to handle other financial transactions, such as currency conversions, related to such foreign financial institution. See 31 C.F.R. § 1010.605. Correspondent Banks serve to support international wire transfers for foreign customers in a currency that the foreign customer's overseas financial institution normally does not hold on reserve, such as U.S. dollars and to conduct currency conversions to/from U.S.

dollars. It is through these accounts that the funds used in U.S. dollar transactions clear and/or are converted into other currencies.

7. SDNs are, among other things, prohibited from accessing Correspondent Banks in the United States through foreign financial institutions, either directly or indirectly.

8. The North Korea Sanctions Regulations further prohibited the export of financial services, to include Correspondent Banking activities, by any U.S. person.

9. The North Korea Sanctions Regulations define "U.S. person" as any:

a. United States citizen or permanent resident alien;

b. entity organized under the laws of the United States or any jurisdiction within the United States, including foreign branches; or

c. any person in the United States.

10. The North Korea Sanctions Regulations also prohibited activities that evaded or avoided, or had the purpose of evading or avoiding, any prohibition set forth in these regulations.

Entities

11. Essentra FZE: was incorporated in the United Arab Emirates ("UAE") and sold cigarette products to over twenty-five customers worldwide, including companies in South Africa, Jordan, and the UAE. From in or about 2013 to in or about March 2019, Essentra FZE was a subsidiary of Essentra MEA PTE LTD. Essentra MEA PTE LTD was a joint venture with Company 1, a foreign-based tobacco company ("Company 1"). In or about March 2019, Essentra MEA PTE LTD, and by extension Essentra FZE, became wholly-owned subsidiaries of U.K.-based Essentra PLC. Persons relevant to this scheme at Essentra FZE include:

a. Person 1 was a supervisor at Essentra FZE and a co-conspirator in this scheme ("Essentra FZE Employee 1"). All of his or her actions herein were undertaken within the scope of his or her employment by Essentra FZE.

b. Person 2 was a customer-facing employee at Essentra FZE and a co-conspirator in this scheme ("Essentra FZE Employee 2"). All his or her actions herein were undertaken within the scope of his or her employment by Essentra FZE.

12. Front Company 1 was an alleged tobacco component supplier based in the UAE. Company 1 used Front Company 1 as a cutout, in part, for U.S. dollar payments and contract documents involving North Korea customers.

13. Company 2 was a North Korean front company for a state-run tobacco company located in North Korea ("North Korean Company 1"). North Korean Company 1 imported cigarette products into North Korea that were supplied by Essentra FZE, Company 1, and others. Persons relevant to this scheme at North Korean Company 1 include:

a. Person 3, a North Korean citizen, was an export manager for North Korean Company 1, and was a co-conspirator in this scheme ("North Korean Company Employee 1").

b. Person 4, a North Korean citizen, was a sales executive for North Korean Company 1, and was a co-conspirator in this scheme ("North Korean Company Employee 2").

14. Company 3 was another foreign-based tobacco supplier that was incorporated in East Asia and participated in this scheme ("Company 3").

Background on North Korean Front Companies

15. The North Korean financial sector is comprised of state-controlled financial institutions that use "front companies to conduct international financial transactions that support the proliferation of WMD and the development of ballistic missiles in violation of international

and U.S. sanctions," and are subject to "little or no bank supervision or anti-money laundering or combating the financing of terrorism [] controls." 81 Fed. Reg. at 78,715.

16. The United Nations Panel of Experts found that once North Korea could register a front company without overt links to the country through the assistance of foreign nationals, it became significantly easier for its firms to pass rudimentary due diligence checks by financial institutions and open and maintain bank accounts.

The Scheme

17. Starting in as early as October 2017 and continuing through December 2018 (the "relevant time period"), Essentra FZE conspired with others to violate § 510.212 of the North Korea Sanctions Regulations by causing a U.S. financial institution, including its foreign branch, to export financial services to North Korea, and otherwise facilitate export transactions that would have been prohibited if engaged in by U.S. persons in violation of §§ 510.206 and 510.211 of the North Korea Sanctions Regulations. The co-conspirators failed to seek or obtain the requisite licenses from OFAC in the District of Columbia when conducting such activities. In so doing, the co-conspirators defrauded the U.S. Government by interfering with and obstructing a lawful government function, that is, the enforcement of IEEPA and the North Korea Sanctions Regulations. This conduct occurred in the UAE and the United States.

18. U.S. sanctions prevented correspondent banks in the United States from processing U.S. dollar wire transfers on behalf of customers located in North Korea. In order to deceive banks into processing Essentra FZE's U.S. dollar transactions, North Korean Company 1 and their co-conspirators, including Company 1, utilized financial cutouts and front companies, such as Front Company 1, to conceal the North Korean nexus. The defendant's and co-conspirators' deceptive

practice tricked U.S. correspondent banks into processing transactions that would not have otherwise been processed.

19. Essentra FZE was aware that its products were destined for North Korea. Essentra FZE and its co-conspirators employed false end-user information for shipments to North Korea to facilitate these shipments. Essentra FZE addressed several commercial invoices to Front Company 1, and falsely listed a company in China as the consignee in order to not alert regulators, banks, or shippers that the true customers were in North Korea.

20. Essentra FZE employees and co-conspirators from Company 1, Front Company 1, and North Korean Company 1 discussed the production, procurement, and export of cigarette products to North Korea via front company payments.

21. At all relevant times, Essentra FZE was aware of U.S. sanctions prohibiting transacting with North Korea through the use of U.S. dollar wire transfers. Essentra FZE, to include both Essentra FZE Employee 1 and Essentra FZE Employee 2, conducted regular compliance reviews of their customers to comply with U.S. sanctions laws and regulations, including, but not limited to, trade compliance policies.

Representative Transactions with North Korean Company 1

22. In December 2017, an employee of Company 1 introduced Essentra FZE Employee 1 to North Korean Company Employee 1.

23. Essentra FZE Employee 2 subsequently met North Korean Company Employee 1 at a meeting in a restaurant in Dubai in early 2018.

24. Essentra FZE Employee 2 understood at the meeting that Company 1 had a pre-existing relationship with North Korean Company 1 and North Korean Company Employee 1. During the meeting, North Korean Company Employee 1 discussed purchasing tobacco filtration

products from Essentra FZE for export to North Korea. North Korean Company Employee 1 stated that he had a factory in North Korea and business dealings in Northern China.

25. Thereafter, on February 22, 2018, the Company 1 employee shared North Korean Company Employee 1's contact details with Essentra FZE Employee 2. North Korean Company Employee 1 and Essentra FZE Employee 2 began communicating thereafter via an encrypted messaging platform.

26. An employee of Company 1 provided North Korean Company Employee 1 with Essentra FZE's tobacco filter specifications. North Korean Company Employee 1 then discussed preparing an order with Essentra FZE Employee 1.

27. North Korean Company Employee 1 asked Essentra FZE Employee 2 who would be listed on the Essentra FZE side of the contract. Essentra FZE Company Employee 2 stated that he would need to check with Company 1 to answer such question. North Korean Company Employee 1 replied that it was not important, but to ensure that the documents did not reference North Korea. Specifically, the messages transpired as follows:

- North Korean Company Employee 1: *But don't mention that customer is in my country.*
- Essentra FZE Employee 1: *Ok sure*
- North Korean Company Employee 1: *You understand what I mean?*
- Essentra FZE Employee 1: *Yes*
- North Korean Company Employee 1: *You just mention China or where else. Contract will be signed by other foreign company*
- Essentra FZE Employee 1: *Understood*

28. Approximately three days later, when discussing the supply of such items, North Korean Company Employee 1 again stated, "*you just tell them the destination is China, don't*

mention about my country." Essentra FZE Employee 2 confirmed and that Company 1 would oversee such efforts.

29. On April 21, 2018, two Company 1 employees communicated with Essentra FZE Employee 1 regarding an agreement with North Korean Company Employee 1, and shared a message from North Korean Company Employee 2 which detailed product specifications.

30. On April 26, 2018, Essentra FZE Employee 2 replied with product specifications and quality testing parameters. Subsequently, an employee of Company 1 sent Essentra FZE Employee 2 a "revised contract," with Front Company 1 as "producer and exporter of filter rods," and another front company for North Korean Company 1, referred to as "an importer of Filter Rods from UAE to China" as the buyer.

31. On May 23, 2018, Essentra FZE Employee 1 asked an employee of Company 1 of the status on "NK contract." On May 24, 2018, a Company 1 employee replied, "[w]e have got the contract signed now waiting for the payment." Essentra FZE Employee 1 asked when Essentra could begin production.

32. On June 6, 2018, North Korean Company Employee 1 stated, "I hope you produce our exact required specification as in the contract because it is our first deal. Next order will be easy." Essentra FZE Employee 2 replied "Understand and will inform our production team accordingly."

33. The related invoice showed that the order was for Front Company 1 and shipped to a front company associated with North Korean Company 1. The draft bill of lading falsely stated that the goods were ultimately bound for Dalian, China.

34. A Company 1 employee sent North Korean Company Employee 1 the related contract. North Korean Company Employee 2 sent the contract back with requested revisions.

35. On July 4, 2018, North Korean Company Employee 1 asked Company 1 and Essentra FZE employees what the schedule was for shipment of the containers. An employee from Company 1 replied that he was "getting documents from Essentra," which he would forward on to North Korean Company 1.

36. On July 9, 2018, North Korean Company Employee 1 received confirmation that five containers were to be shipped on July 17, 2018.

37. North Korean Company Employee 1 and North Korean Company Employee 2 received two invoices dated July 14, 2018, which listed Front Company 1 and falsely listed an end destination of Dalian, China. The contents of both orders were shipped together.

38. On July 25, 2018, North Korean Company Employee 1 asked for an update on the status of the "5 containers" and when they would arrive in Dalian, China. An employee from Company 1 responded that the shipment should arrive in mid-August.

39. On or about September 19, 2018, Front Company 1 wired a payment in AED, which at that time converted to approximately $61,397.12, to Essentra FZE. That AED payment was made to Essentra FZE's bank in the UAE, which was a foreign branch of a U.S. bank. No OFAC license was sought or obtained in the District of Columbia for this foreign currency payment to the foreign branch of a U.S. bank.

40. On or about October 15, 2018, Front Company 1 wired a payment of $149,630.88 to Essentra FZE. No OFAC license was sought or obtained in the District of Columbia for this U.S. dollar payment, which transited through the United States.

41. On or about December 15, 2018, Front Company 1 wired a payment in AED, which at that time converted to approximately $122,243.94, to Essentra FZE. That AED payment was made to Essentra FZE's bank in the UAE, which was a foreign branch of a U.S. bank. No OFAC

license was sought or obtained in the District of Columbia for this foreign currency payment to the foreign branch of a U.S. bank.

42. These three payments, which caused a U.S. financial institution, including its foreign branch, to export financial services to North Korea, and otherwise facilitated export transactions that would have been prohibited if engaged in by U.S. persons, were all in violation of the North Korea Sanctions Regulations, totaled $333,271.94.

Representative Transactions with Company 3

43. Beginning in or around October 2017, Essentra FZE employees and co-conspirators from Company 3 discussed the production, procurement, and export of tobacco products to North Korea with the use of front companies facilitated through the U.S. financial system.

44. On October 11, 2017, an employee of Company 3 told Essentra FZE Employee 1, "Before that i need to clarify one thing regarding with dual charcoal filter…it is North korean requesting filter, 8 containers per month."

45. The employee of Company 3 further informed Essentra FZE Employee 1,

> I want to know you to clear point about this North korean client's requesting filters: Our Chinese client those who do tobacco produce in North Korea, they are looking for cheap price filter accordance with above specifications and we found supplier to them and all the invoice and payment process will go through [Company 3] cause of sanction and also agreement.

46. The Company 3 employee further warned that the shipping documents should list a final destination of Dalian, China.

47. This proffer of evidence is not intended to constitute a complete statement of all facts known by the parties, but is a minimum statement of facts intended to provide the necessary factual predicate for the guilty plea. The limited purpose of this proffer is to demonstrate that there exists a sufficient legal basis for the defendant's plea of guilty to the charged crimes. This Statement of the Offense fairly and accurately summarizes and describes some of the defendant's actions and involvement in the offenses to which he is pleading guilty.

Respectfully Submitted

Michael R. Sherwin
Acting United States Attorney
N.Y. Bar No. 4444188

BY: ______________________________
Zia M. Faruqui
Assistant United States Attorney

JOHN C. DEMERS
ASSISTANT ATTORNEY GENERAL
NATIONAL SECURITY DIVISION

/s/ David Recker
____
David C. Recker
Trial Attorney
Counterintelligence and Export Control Section

DEFENDANT'S ACKNOWLEDGMENT

I have read the Statement of Offense setting forth the facts related to my guilty plea to one count of Conspiracy to Violate IEEPA and Defraud the United States, in violation of 18 U.S.C. § 371. I have discussed this proffer fully with the corporation's attorney, David Mortlock of Willkie Farr & Gallagher LLP. The company and I fully understand this proffer and we acknowledge its truthfulness, agree to it and accept it without reservation. We do this voluntarily and of my own free will. No threats have been made to me or the company, nor am I under the influence of anything that could impede my ability to understand this proffer fully.

Date: 16th July 2020

Tay Swee Choon George,
Essentra FZE Company Limited
Authorized Corporate Representative

ATTORNEY'S ACKNOWLEDGMENT

I have read each of the pages constituting the government's proffer of evidence related to my client's guilty plea to one count of Conspiracy to Violate IEEPA and Defraud the United States, in violation of 18 U.S.C. § 371. I have reviewed the entire proffer with my client and have discussed it with my client fully. I concur in my client's agreement with and acceptance of this proffer.

Date: July 16th, 2020

David Mortlock, esq.
Willkie Farr & Gallagher LLP
Counsel for Defendant