



## The United States Department of Justice

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### **Iranian National Charged with Unlawfully Procuring Microelectronics Used in Unmanned Aerial Vehicles on Behalf of the Iranian Government**

#### ***Justice Department Seizes More Than \$800,000 from Companies Tied to Network***

WASHINGTON – Today, the Justice Department unsealed an indictment charging Iranian national Hossein Hatefi Ardakani and co-defendant Gary Lam, who worked for a Chinese company, with crimes related to the procurement of U.S.-manufactured dual-use microelectronics for the Islamic Revolutionary Guard Corps (IRGC) Aerospace Force Self Sufficiency Jihad Organization’s (ASF SSJO) one-way attack unmanned aerial vehicle (UAV) program.

Concurrent with this unsealing, the U.S. Department of the Treasury’s Office of Foreign Assets Control (OFAC) [designated](#) Ardakani and Lam, whom OFAC identified as Lin Jinghe in its [October designation](#), as well as two other individuals and 10 entities involved in the procurement network used by Ardakani in support of Iran’s production of UAVs.

“Today’s coordinated action with the Treasury Department demonstrates the Justice Department’s commitment to keeping military-grade equipment out of the hands of the Iranian regime,” said Assistant Attorney General Matthew G. Olsen of the Justice Department’s National Security Division. “We will aggressively investigate, disrupt, and hold accountable criminal networks that supply sensitive technology to hostile and repressive governments in contravention of U.S. sanctions.”

“Today’s announcements show that we remain focused on disrupting the efforts of Iran and its agents to circumvent U.S. sanctions in support of Iran’s weapons programs, including its drone program, which have been used to support and supply terrorist organizations and other foreign adversaries – such as Russia – around the globe,” said U.S. Attorney Matthew M. Graves for the District of Columbia. “This whole-of-government approach is one more step in stopping the acquisition of drones for nefarious purposes such as attacks on innocent civilians and civilian infrastructure.”

“U.S. technology has zero place in Iranian UAVs,” said Assistant Secretary for Export Enforcement Matthew S. Axelrod of the Department of Commerce. “As these allegations demonstrate, those who procure dual-use microelectronics for the Islamic Revolutionary Guard Corps will be held accountable.”

“Ardakani and his co-conspirators crafted a sophisticated web of front companies to obscure the illicit acquisition of U.S. and foreign technology to procure components for deadly UAVs,” said Special Agent in Charge Michael J. Krol of Homeland Security Investigations (HSI) New England. “These very components have been found in use by Iran’s allies in current conflicts, including in Ukraine. The disruption of these criminal networks by Homeland Security Investigations means that hundreds of thousands of critical UAV components will never again be used for malign purposes.”

According to the indictment, between at least in or around September 2014 and September 2015, Ardakani and Lam, who was based in China and Hong Kong, as well as other associates, conspired to illegally purchase and export from the United States to Iran dual-use microelectronics that are commonly used in UAV production, including high electron mobility transistors (HEMTs), monolithic microwave integrated circuit (MMIC) power amplifiers, and analog-to-digital converters. Each of these components are subject to U.S. export controls for anti-terrorism, national security and regional stability reasons.

The indictment further alleges that on four separate occasions Ardakani and his co-conspirators used a web of foreign companies to accomplish their obfuscation and evasion efforts. For example, between June and September 2015, Ardakani and Lam caused an unwitting French company to purchase from a U.S. company several pieces of analog-to-digital converters with applications in wireless and broadband communications, radar and satellite subsystems, multicarrier, multimodal cellular receivers, antenna array positioning and infrared imaging. Lam then caused a division of the French company to ship the analog-to-digital converters to Hong Kong, where they were reexported to Iran. A variation of this tactic – involving witting and unwitting companies in Canada, Hong Kong, and China – was used on the other three occasions.

In addition to the indictment, separate, related seizure actions targeting Nava Hobbies SDN BHD (Nava Hobbies) and Arta Wave SBN BHD and their property were unsealed today. Nava Hobbies is one of the 10 entities designated by OFAC in

its action announced today. The funds are subject to seizure based on violations of U.S. law, including U.S. economic sanctions targeting Iran and money laundering violations. The seizures, totaling more than \$800,000, aim to further degrade this network's ability to procure UAV components. Proceedings involving this property remain ongoing.

Ardakani and Lam are charged with conspiracy to export U.S. goods to Iran and to defraud the United States, which carries a maximum penalty of five years in prison; unlawfully exporting and attempting to export goods to Iran, which carries a maximum penalty of 20 years in prison; and conspiracy to engage in international money laundering, which carries a maximum penalty of 20 years in prison. A federal district court judge will determine any sentence after considering the U.S. Sentencing Guidelines and other statutory factors. Ardakani and Lam remain at large and are believed to reside abroad.

HSI, the Department of Commerce's Bureau of Industry and Security, and the Defense Criminal Investigative Service are investigating the case.

Assistant U.S. Attorney Jolie Zimmerman for the District of Columbia is prosecuting the case, with valuable assistance from Assistant U.S. Attorney Sean Heiden for the District of Columbia and Trial Attorneys Heather Schmidt and Brendan Geary of the National Security Division's Counterintelligence and Export Control Section.

*An indictment is merely an allegation. All defendants are presumed innocent until proven guilty beyond a reasonable doubt in a court of law.*

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