



Independent Distributors of Electronics Association

[Updated 10/11/2018]

In accordance with Section 8 of the IDEA General Membership Manual, the IDEA Ethics and Oversight Committee and Board Officers have assessed the response and documentation provided by Abacus Technologies. This process included, but was not limited to, phone calls with the leadership team at Abacus Technologies, Abaram Network Solutions and TJR Procurement, a thorough review followed by discussions surrounding the following documents : the legal filings of the aforementioned case, GIDEP reports, response to GIDEP, response to IDEA, an examination of the supporting documents provided by Abacus Technologies, their procurement verification steps, inspection protocol, Purchase Order terms and conditions as well as third party discussion, including ERAI. The IDEA Ethics and Oversight Committee and Board Officers have found the explanations and actions taken by Abacus Technologies to be satisfactory. Thereby, the IDEA Ethics and Oversight Committee and Board Officers have recommended to the IDEA Board of Directors that Abacus Technologies remains an IDEA member.

Abacus Technologies' membership with IDEA has been under review. Abacus Technologies, an IDEA member since Oct 2015 is linked to the following companies: Abaram Network Solutions, Inc., TJR Procurement, LLC and the following individuals are on the leadership team: Sefanit Tesfaye and David Jesse MacDougall. Abaram Network Solutions and Abacus Technologies are located at the same address, in the same building.

The following is a detailed incident report of the membership violations and concerns brought by IDEA to Abacus Technologies and the full response provided by Abacus Technologies.

Membership violations and concerns brought by IDEA to Abacus Technologies

1. Civil lawsuit against related companies and individuals
2. GIDEP "Agency Action Notice" submitted by the Defense Logistics Agency in regards to the above mentioned civil lawsuit
3. Temporary Loss of ERAI membership
4. Misrepresentation by incorrect use of the IDEA logo
5. A GIDEP report was filed against Abacus Technologies on September 26th, 2017
6. During Abacus Technologies' IDEA-QMS-9090 audit on December 18th, 2017, the question was asked whether any GIDEP reports had been filed against Abacus Technologies. The answer given by Abacus Technologies representative was "no".



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Below is Abacus Technologies' response to each concern:

1. Civil lawsuit against related companies and individuals

On June 7, 2018, Cisco Systems, Inc. and Cisco Technology, Inc. (henceforth collectively referred to as Cisco) filed a lawsuit against Abaram Network Solutions, Inc., (henceforth referred to as Abaram) TJR Procurement, LLC, (henceforth referred to as TJR) and the individuals Sefanit Tesfaye and David Jesse MacDougall.

Cisco alleges that Abaram and TJR, which are operated under the leadership of MacDougall and Tesfaye, knowingly made multiple purchases of counterfeit Cisco products from Hong Kong Sells Technology, whom they referred to as a known seller of counterfeit products. Cisco outlined reasons why they believed this claim to be true, including citing information from an individual who previously worked at Abaram as well as bringing up that Abaram either knew or should have known that the prices they were buying at were 'too good to be true'. Cisco also highlighted that between August 2016 and February 2017, the United States Customs and Border Protection (US CBP) seized counterfeit Cisco products en route to Abaram on five separate occasions. Cisco stated that for one of the shipments that were found to be counterfeit, the shipper's address listed on the trace paperwork was false and the named company did not conduct business there. Cisco further alleged that after imports to Abaram became a red flag for US CBP, Abaram began rerouting shipments to TJR, which in turn got trucked over to Abaram once they cleared customs

Cisco stated that Abaram was aware that the products they were importing were not authentic and yet they knowingly purchased and planned to sell those products to customers in the United States who were unaware that they were purchasing counterfeit products. Cisco is seeking a permanent injunction to stop the defendants from importing, exporting, and distributing unauthorized and counterfeit Cisco products and pursuing actual damages resulting from their actions.

Abaram Network Solutions' response:

First and foremost Abaram Network Solutions, Inc. and TJR Procurement, LLC patently and resolutely deny Cisco's allegations, particularly the most provocative and egregious accusation - that Abaram intentionally and repeatedly imported and sold counterfeit Cisco product. Abaram and TJR are aggressively defending themselves against these allegations as this case remains in active litigation. They have provided strong evidence to the contrary for these claims included herein. Abaram Network Solutions, Inc. and TJR Procurement LLC have independently prided themselves on building a solid business reputation and have endeavored to create long standing relationships with many satisfied customers that rely on their commitment to quality and customer service.

We would like it to be clearly noted that the First Amended Complaint filed against Abaram Network Solutions, Inc. and TJR Procurement, LLC does not make a single reference or allegation of an



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investigation by Cisco due to any customer or supplier reported complaint about supplying counterfeit or defective Cisco products in any way. To date, there is not a single customer or supplier reported incident of confirmed counterfeit Cisco material. Many of the allegations about Abaram and TJR in the First Amended Complaint appear to be based on false information Cisco obtained from a disgruntled former Abaram employee who contacted Cisco's ethics hotline in March of 2018. We are confident that if he had not made these false and misleading statements, Cisco would have no reason or cause to investigate our business.

The former employee worked at Abaram Network Solutions for roughly 1.5 years. He was well liked, and the feelings were always understood to be mutual. During his tenure at Abaram he faced mounting personal financial and legal issues that are all a matter of public record (ie. bankruptcy, foreclosure, arrest, eviction, etc.). It was during this time of increased financial and legal stress that the same employee began to exhibit a continued history of trying to override product rejections made by our Quality Control department and ship items to his clients despite a non-conformance that had been identified. Our Quality Control department always stood firmly on their decision and the product would not be shipped. Abaram has on record multiple internal correspondences showing this constant friction and our continued stance on quality. This led to the former employees overall frustration and what we believe was an underlying reason that he became impatient about having to follow company quality procedures and ultimately resigned his position before he returned to work from the holiday break to start the 2018 year.

In March 2018, several months after his resignation, this same former employee went online to Cisco's website and electronically filed an ethics complaint against our business. We are confident that without these false and misleading statements, from the disgruntled ex-employee, Cisco would have no motive or cause to investigate our business. It should also be noted that the date that this former employee made these statements was within 24 business hours of learning that he would be receiving a smaller than anticipated final commission check. Ironically the reason for the reduced commission check was due to a reduced profit where the former employee had manipulated both his own customer and our receiving department and ultimately short shipped his client by several thousand dollars of material. Abaram took the proper steps to take care of the client upon learning of the former employee's actions but this did not sit well with the former employee. It is evident that the former employee's false account to Cisco was made in retaliation for learning that he would be receiving a diminished final check.

Through our preparation for this case, we learned that this former employee formed his own directly competing business reselling Cisco hardware and licensing products from independent resellers using the same business model as Abaram. The former employee created a company name, website and even posted Cisco items for sale on the internet. He then began soliciting customers using website sales, eBay sales and direct selling techniques while he was an employee at Abaram both before and after his false statements to Cisco as early as October 2017. It is unclear as to whether he utilized any quality measures of any kind as he had no background or experience as a quality inspector. This lawsuit is particularly ironic now that he has decided to point the finger so many months after his resignation when we are 100% certain that he knew more than anyone of our unbending stance on quality. Records providing evidence of this are on file.



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We believe that this employee contacted Cisco for two essential reasons: 1) in hopes of being financially compensated for his fabricated story because he was driven by extreme desperation due to the dire financial and legal situation in his own personal life (as evidenced through public record) and 2.) to harm Abaram's reputation and try and eliminate us from competition so he can make sales to Abaram customers on the very Cisco products that he has taken issue with.

On August 9, 2018 we attempted to question this employee under oath in a scheduled deposition, but he failed to appear as required by the subpoena he was served with. Multiple parties including Cisco's attorneys from California as well as Abaram and TJR's attorney from Florida traveled great distances to accommodate the former employee but he did not even show the courtesy to communicate at any time prior to his deposition that he would not be responding to the subpoena that he was served with. We do not expect his story to hold up in court. We do however feel that it is necessary to address each of Cisco's claims of wrongful conduct and provide our responses to each of these allegations. The following detail Cisco's enumerated (#29 - #42 of Civil Action No.: 2:18-cv-354-FtM-99MRM) allegations and Abaram's responses to these allegations:

(#29) Cisco alleges that Abaram Network Solutions, Inc. and TJR Procurement, LLC without the consent of Cisco, imported, sold, offered for sale, distributed, transported, or assisted in or caused the importation, sale, distribution, or transportation in interstate commerce of products bearing unauthorized reproductions, copies, counterfeits and colorable imitations of the Cisco Marks and continue to do so.

Answer: Both companies patently and resolutely deny these allegations and affirm that they are false and evidence to the contrary are the following:

1. a.) Proof of Authorization and Traceability records are on file for the three customs seizures identified in the Complaint and were provided to CBP which is described in greater detail in our answer to #35 herein.
2. b.) All suppliers have been thoroughly vetted prior to being added to our ERP system as an approved supplier, based on supplier survey information to confirm: whether they are an authorized Cisco partner or independent reseller; only supplied new and original factory sealed genuine Cisco product; and provide quality references
3. c.) All Purchase Orders issued to suppliers advise that product must be new and original factory sealed genuine Cisco product and any counterfeit product would be rejected and quarantined.
4. d.) All Cisco products that we have received from Hong Kong Sellsi or any other supplier have undergone our full Inspection Checklist (see attached) which includes the use of the Cisco website Serial Number Check Tool to validate every serial we receive (<https://cway.cisco.com/sncheck/>). The inspection checklist includes but is not limited to the following: all product was received in the original sealed condition with no signs of alteration or that the original sealing tape has been broken and re-taped; of all product label and bar code information matched the written information as compared to the bar code scanned information; all label dates and box manufacture dates chronologically make sense; the seal number on the Cisco seal label matches the seal number on the product label; etc. All inspection reports and serial number validation result records are on file. Records of product non-



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conformances are retained on file illustrating our requirements for new and original genuine factory sealed Cisco product. Example inspection reports are attached herein.

5. e.) All product serial numbers were requested and verified in advance of shipment from suppliers using Cisco's online Serial Number Check Tool (<https://cway.cisco.com/sncheck/>).

(#30) Cisco alleges that Abaram's primary business is the sale of counterfeit Cisco product.

Answer: Abaram patently and resolutely denies this accusation. Abaram is an independent reseller of multiple brands of networking hardware – not only Cisco, and has gone to great lengths to perform due diligence to qualify and validate all product that it resells.

(#31) Cisco alleges that Sefanit Tesfaye and David Jesse MacDougall are stepmother and stepson, own 50 and 25 % of Abaram respectively, and both are actively involved in the day-to-day management and operations of Abaram.

Answer: The former employee's account to Cisco regarding the ownership, operation, and relationship of Abaram Network Solutions, Inc. and TJR Global Procurement, LLC are factually inaccurate and are simply not true. Sefanit Tesfaye and David Jesse MacDougall are not stepmother and stepson and are not related in any way. Sefanit Tesfaye does not run or manage Abaram Network Solutions, Inc and has zero percent direct or indirect ownership.

David Jesse MacDougall is directly involved in the operation of Abaram including the establishment of policies and practices to ensure that only original authentic product is procured from approved suppliers within the electronic ERP system and is properly inspected and validated prior to release to its customers.

(#32) Cisco alleges that Sefanit Tesfaye and David Jesse MacDougall, and/or Abaram purchased TJR Procurement LLC in or around 2014 as a means to bid on government contracts because TJR is in a historically underutilized business zone company (a "Hubzone company") and therefore receives preferential access to procurement opportunities with the federal government.

Answer: Neither Abaram or David Jesse MacDougall have any ownership whatsoever in TJR Procurement, LLC. Sefanit Tesfaye does own and manage TJR Procurement, LLC. Abaram Network Solutions, Inc and TJR Procurement, LLC are not directly related companies and remain completely separate as evidenced in their corporate business records. They do however maintain a business relationship.

(#33) Cisco alleges that Sefanit Tesfaye and David Jesse MacDougall control Abaram and TJR, and are their alter egos, and that Sefanit Tesfaye and David Jesse MacDougall knowingly and intentionally used Abaram and TJR to commit unlawful actions.

Answer: Abaram Network Solutions, Inc and TJR Procurement, LLC are not directly related companies and remain completely separate as evidenced in their corporate business records. They do however



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maintain a business relationship. We resolutely deny the claim that they knowingly or intentionally used either company to commit unlawful acts.

(#34) Cisco alleges that 1.) Abaram purchases a large amount of its infringing products from Hong Kong Sellsi – “a known seller of counterfeit products”, and 2.) that Abaram knows or should have known that products from Hong Kong Sellsi were not authentic Cisco products, including because Hong Kong Sellsi allegedly made representations that it sold counterfeit “Cisco” transceivers (e.g. by asking if Abaram wished to purchase “Cisco labeled” or “Cisco original” products) and 3.) because Hong Kong Sellsi sold its products at such low prices – typically 80 to 90 percent off list price – as to be a “red flag” that the products were not genuine. 4.) Cisco alleges that David Jesse MacDougall was informed at least on one occasion, by an Abaram employee that Hong Kong Sellsi solder counterfeit Cisco products and Abaram nevertheless continued to purchase “Cisco” products from Hong Kong Sellsi.

Answer: 1.) Abaram has purchased only a fraction of its total Cisco purchases from the supplier Hong Kong Sellsi. The irony of the statement by Cisco that “Hong Kong Sellsi was a known seller of counterfeit products and that Abaram knows or should have known that products from Hong Kong Sellsi were not authentic Cisco products” is that Hong Kong Sellsi (Sellsi Technology Co. Ltd.) was listed as an Authorized Cisco Partner on Cisco’s website using their Partner Locator feature (<https://locatr.cloudapps.cisco.com/WWChannels/LOCATR/openBasicSearch.do>) when we initially reviewed and approved them as a supplier back in 2014 and again when we checked in 2016. We have only learned of their current non-Cisco partner status after performing a recent check once they were named in the present civil case.

Records are on file showing Hong Kong Sellsi’s proof of authorization from the Cisco website; Hong Kong Sellsi’s website stating that they are an Authorized Cisco Partner; and the supplier questionnaire completed by Hong Kong Sellsi in which they re-confirm their Cisco Authorized Partner relationship and affirm that all product they supply is new and original authentic Cisco factory sealed product.

Answer: 2.) Cisco’s statement that Hong Kong Sellsi made representations (to the former employee) that it sold counterfeit Cisco transceivers by asking if Abaram wished to purchase “Cisco labeled” or “Cisco original” products is based upon his account to Cisco. We attempted to question this former employee under oath in a scheduled deposition, but he failed to appear as required by the subpoena he was served with. No such referenced communication was found to exist on record in any way.

Answer: 3.) Cisco’s characterization that because Hong Kong Sellsi sold product at “low prices – typically 80 to 90 percent off list price” Abaram should have been a “red flag” that their products were not genuine is patently false. In reality, Abaram only win’s customer bid opportunities between 15%-20% of the time and the primary reason that we lose more than 80% of the time is due to our quoted pricing compared to competition quoting the same product. We communicate with Cisco customers that regularly get registered deal pricing that can be 60%, 70% and sometimes as high as 80% off list price depending on incentives and deal type. Cisco pricing throughout alternate regions of the world can regularly be significantly lower due to higher standard discounts, differences in currency strength and market competition that does not exist in the United States.



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Answer: 4.) Cisco's statement that David Jesse MacDougall was informed at least on one occasion (by the employee) that Hong Kong Sellsi sold counterfeit Cisco products is completely false and misleading. No such communication was found to exist on record and did not occur in any way. We attempted to question this employee under oath in a scheduled deposition, but he failed to appear as required by the subpoena he was served with.

(#35 & #36) Cisco alleges that between August 2016 and February 2017, U.S. Customs and Border Protection ("CBP") seized products bearing counterfeit Cisco Marks being imported by Abaram on five separate occasions.

Answer: There were three (3) items purchased from three different suppliers that were seized by CBP. One of the purchase orders was shipped in three (3) separate box shipments and were therefore identified per shipment box as an individual seizure event.

What is not stated by Cisco is that the product in question was purchased from:

- • Authorized Cisco Partner – Hong Kong Sellsi / Sellsi Technology Co. Ltd. (One (1) box shipment on August 3rd, 2016)
- • Authorized Cisco Partner - Hong Kong Zton Technology Co. Ltd. (Single Item - Three (3) box shipments on January 17, 2017)

- Independent reseller of networking hardware - Forward Digital System Co., Ltd. who provided traceability to an Authorized Cisco Partner Ingram Micro for the shipment. (One (1) box shipment on August 2nd, 2016)

Abaram petitioned CBP for all three of these referenced seizures by providing the following:

1. 1) Proof of Authorized Cisco Partnership of the seller using Cisco's website Partner Locator Tool from their website (<https://locatr.cloudapps.cisco.com/WWChannels/LOCATR/openBasicSearch.do>)
2. 2) Print out validation report for each serial number using the Cisco Serial Number Check Tool from the Cisco website (<https://cway.cisco.com/sncheck/>).
3. 3) Printout reference to Authorized Cisco Partnership from the sellers corresponding websites.
4. 4) Abaram Network Solutions Purchase Orders showing Terms and Conditions stating, "Must be New, Factory Sealed, Authentic Cisco with Clean Serial Numbers".
5. 5) Supplier Questionnaire affirming products to be authentic Cisco.
6. 6) Traceability to Ingram Micro on letterhead affirming the traceability of the product in

question from Forward Digital System Co., Ltd.

Despite providing this information we received responses from CBP advising us that



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they would not be reversing their decision for detaining the product despite the evidence of authenticity provided. CBP did not provide any tangible form of evidence to the contrary.

(#37) Cisco alleges that after (and as a result of) these seizures Abaram began shipping products to TJR Procurement, LLC to have the products diverted back to Abaram in a “scheme” to evade CBP.

Answer: This is yet another false and misleading statement. As is typical in any distribution company, we ship and receive products in multiple warehouses depending on timing and coordination with customer locations and any other logistics requirements. Historically Abaram has made inbound shipments to several facilities. It was actually prior to these referenced seizures that Abaram began to request that our international suppliers ship our orders directly to a third- party independent testing laboratory in Florida to aid in the overall inspection process. The test lab later received a cease and desist letter from Cisco advising them to no longer import to (and test and inspect Cisco products at) that facility. It was only after being notified by our test lab partner of this letter that we began to also ship to the TJR business address. It should be noted that shipping to the Ft. Myers address began prior to the referenced CBP seizures.

It was our experience that both the Naples, FL and Fort Myers, FL business addresses experienced regular delays related to CBP inspection process. We experienced over 200 inbound CBP inspection delays that would typically take days or even weeks to review but would ultimately be released by CBP after inspection and delivered without explanation. We found that the overall time for CBP inspection simply took less time when shipped to the Ft. Myers address which was the basis for the decision. In no way were we trying to evade CBP as both facilities experienced CBP inspections and delays. Furthermore, we were in constant communication with CBP about every single inbound inspection delay. We would regularly communicate by phone and email with customs agents and provide them with any kind of supporting documents that they requested to aid in their review and inspection of the product to facilitate a speedy release. Products purchased by Abaram and TJR were often to support specific customer installations that were usually very time sensitive in nature. A timely delivery of product was imperative to the client as they often had engineers scheduled and waiting on product to perform their job.

(#38.) Cisco alleges that its Authorized Partner Hong Kong Sellsi’s address supplied on the shipping documents related to CBP seizure notice No. 2016-4167-103523-01 is false and states that the Hong Kong Sellsi is not present at that address.

Answer: Abaram does not control why or where Hong Kong Sellsi conducts business from or ships from. During the approval process Hong Kong Sellsi provided contact information which we entered into our ERP system having no reason to believe that it was not their true address. It should also be noted that it is common practice for companies in Asia that export products regularly to outsource the logistics arm of invoicing and shipping to a professional freight forwarding company that has better shipping rates, more efficient customs paperwork processing and overall reduction of overhead by spreading the cost over several hundred clients.



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(#39) Cisco alleges that 1.) Abaram continued to import hundreds of thousands of dollars' worth of Cisco products from Hong Kong Sellsi every month until at least December 2017 and that 2.) Abaram continues to purchase counterfeit Cisco products in 2018, to present, as an on-going business that is primarily selling Cisco products.

Answer 1.): This claim is wildly overstated and inaccurate. After review from ERP records, Abaram has purchased on average \$22,000 per month from Hong Kong Sellsi from the time of the CBP seizure on August 3rd 2016 through December 2017.

Answer 2.): Abaram patently denies this allegation based on the following:

1. a.) Hong Kong Sellsi (Sellsi Technology Co. Ltd.) was listed as an Authorized Cisco Partner when we initially reviewed and approved them as a supplier back in 2014 and when we checked again in 2016 as a result of the CBP seizure on August 3rd, 2016. We have only learned of their current non-Cisco partner status after performing a recent check once they were named in the present civil case.
 2. b.) All Purchase Orders issued to Hong Kong Sellsi advised that product must be new and original factory sealed genuine Cisco product and any counterfeit product would be rejected and quarantined.
 3. c.) All product purchased from Hong Kong Sellsi passed our thorough inspection process to ensure that the product was in new and original sealed condition and that all product label and bar code information appeared to be genuine, un-altered, original Cisco and additional indicators were verified including product label date versus box manufacture date, sealing tape, and the Cisco seal label number inspection.
 4. d.) Abaram requested and verified product serial numbers in advance of shipment from Hong Kong Sellsi using Cisco's online website.
- e.) There was not a single reported incident of verified counterfeit product supplied by Hong Kong Sellsi or any other supplier by a single customer of Abaram Network Solutions, Inc. or TJR Procurement, LLC.

(#40) Cisco alleges that Abaram has successfully imported infringing products that were not seized by CBP because CBP inspects only a small portion of all shipments coming into the U.S., and that Abaram knows or should know that the infringing products are not authentic, Abaram nevertheless knowingly sells these products to customers in the U.S. who are unaware that they are purchasing counterfeit products.

Answer: Abaram again patently denies this allegation based on the following:

1. a.) Hong Kong Sellsi (Sellsi Technology Co. Ltd.) was listed as an Authorized Cisco Partner when we initially reviewed and approved them as a supplier back in 2014 and when we checked again in 2016 as a result of the CBP seizure on August 3rd, 2016. We have only learned of their current



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non-Cisco partner status after performing a recent check once they were named in the present civil case.

2. b.) All Purchase Orders issued to Hong Kong Sellsi advised that product must be new and original factory sealed genuine Cisco product and any counterfeit product would be rejected and quarantined.
3. c.) All product purchased from Hong Kong Sellsi passed our thorough inspection process to ensure that the product was in new and original sealed condition and that all product label and bar code information appeared to be genuine, un-altered, original Cisco and additional indicators were verified including product label date versus box manufacture date, sealing tape, and the Cisco seal label number inspection.
4. d.) Abaram requested and verified product serial numbers in advance of shipment from Hong Kong Sellsi using Cisco's online website.
5. e.) There was not a single reported incident of verified counterfeit product supplied by Hong Kong Sellsi or any other supplier by a single customer of Abaram Network Solutions, Inc. or TJR Procurement, LLC.

(#41) Cisco alleges 1.) that Abaram sells all or virtually all of its counterfeit Cisco products to authorized Cisco channel partners and 2.) that these partners then sell counterfeit products to Cisco customers, which have been harmed because they place their orders to authorized partners to receive certain benefits, including confidence that the products they receive are genuine. 3.) Cisco alleges that it has been harmed when Abaram induced Cisco's authorized channel partners to breach their obligations to Cisco, and purchase products from them. 4.) Cisco alleges that the harm to Cisco and Cisco's customers is made clear because some if not all of the products that Abaram sold to the authorized channel partners were counterfeit.

Answer 1.) : Abaram patently denies this claim.

Answer 2.) : As of the date of the filing of this suit there has not been a single report of suspected or verified counterfeit product by a customer or end user to Cisco as having been supplied by Abaram that we are aware of.

Answer 3.) Abaram has always been straightforward with its customers about its status as an independent reseller of genuine factory-sealed surplus Cisco products as it is the very cornerstone of our value proposition.

(#42) Cisco alleges that they have been, and continue to be, harmed by Defendants unlawful actions.

Answer: We believe that neither Abaram Network Solutions, Inc. nor TJR Procurement, LLC have knowingly committed any unlawful act that has harmed Cisco. We believe the only challenge that we pose to Cisco is that of legal competition in the form of lawful commerce and resale of genuine factory sealed surplus Cisco product at discounted pricing to its customers. This case remains in active litigation and we will continue to cooperate by providing any needed information about our process or procedures that aid in the prevention of counterfeit product. To the marketplace.



2. GIDEP “Agency Action Notice” submitted by the Defense Logistics Agency in regards to the above mentioned civil lawsuit

The Defense Logistics Agency has not filed an investigation into Abaram Network Solutions or TJR Procurement, LLC. The reference being made here is that the Defense Logistics Agency was the “Submitting Agency” on a GIDEP “Agency Action Notice” that was published on the GIDEP website dated July 12th 2018. The information being submitted is the “First Amended Complaint” of Civil Action No.: 2:18-cv-354-FtM-99MRM filed against Abaram Network Solutions, Inc. and TJR Procurement, LLC.

Please note the reason the DLA is listed as the submitting agency is because a NBC-2 news reporter directly provided this civil case document to the DLA representative as cause for requesting specific contract detail for any transactions between TJR Procurement LLC and the Defense Logistics Agency. Neither TJR Procurement, LLC or Abaram Network Solutions, Inc. have ever sold any Cisco products to the Defense Logistics Agency. Any product that TJR Procurement, LLC does supply to the DLA comes with full manufacturer traceability and/or site inspection prior to shipment. We have already directly contacted the submitting DLA representative and expressed our willingness to provide any information regarding shipments to the DLA. Please also note that this “Agency Action Notice” is not posted against Abacus Industries, Inc. dba Abacus Technologies. We still feel that it is extremely important to address this GIDEP Agency Action Notice in detail.

3. Temporary Loss of ERAI membership.

IDEA members are required to be in good standing with ERAI. IDEA was notified that for a short period following news of the lawsuit referenced above, Abacus Technologies was removed from being a member in good standing with ERAI.

Abacus Technologies’ Response

Abacus Technologies has been an active member with the ERAI for nearly 20 years. We have been one of the earliest adopters of the organization and one of its most fervent supporters. Abacus Technologies Corporate business address is 3894 Mannix Drive, #208, Naples, FL 34114. The corporate business address for the ERAI is 3899 Mannix Drive, #422, Naples, FL 34114. Abacus or ERAI could literally throw a baseball across the parking lot and hit each other’s facilities. Our doors have always been open to the ERAI and we have specifically invited them into our facility to review any and all of our operations. I have had 2-3 hours of direct telephone conversation with Kristal Snider at the ERAI regarding the civil lawsuit that Abaram and TJR are litigating with Cisco and we also discussed the subject matter of the NBC-2 news story that referred to that case. In fairness to Kristal and the ERAI I cannot detail the specifics of those conversations.

NBC-2 ran a story in July 2018 about the recently filed civil lawsuit brought by Cisco Systems, Inc. in June 2018. Their story obviously tried to blend the current civil litigation with Abaram Network Solutions, Inc. and TJR Procurement, LLC with an unrelated event that involved an Abacus Technologies transaction that occurred in 2008/2009. That 10-year-old transaction was one that both the electronics community



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and the ERAI already had knowledge of and had already addressed years prior (see attached response to GIDEP from that time). I understand that NBC-2 would do this because they are in the business of selling news even if that means leaving very important details out. The fact that we took the time to address the details with NBC-2 news before they ran their story shows they are less concerned with reporting truthfully or accurately and more concerned with the way they spin the story to maximize viewership, etc. The difference between NBC-2 news and the ERAI however is that we have never maintained a personal or business relationship with NBC-2 but we have maintained one with the ERAI, our customer base and the industry that we work in for more than 20 years.

The most concerning aspect of our case to us and the industry at large is that Cisco can allege that Abaram and TJR's primary business is one that engages in the intentional sale of counterfeit Cisco products. They can make this claim and successfully earn a trial without providing a single reported incident where a supplier, customer or end user alleged that we purchased or sold them a single counterfeit Cisco part. They also did not need to provide a single instance of a sited product failure or quality issue as it directly relates to a single Cisco product that Abaram or TJR has sold. The entire civil claim is based on the account of a single disgruntled ex-employee and 3 products seized by CBP. The 3 products held by CBP were seized despite our ability to provide traceability to authorized supply in all three instances. It should also be noted that these three transactions would have only represented 3 of many thousand product transactions that Abaram and TJR had engaged in. The most frightening revelation that our case shows is the extremely low burden of proof needed for a product manufacturer to bring a civil counterfeit claim against an independent supplier.

To the best of my knowledge, until June of 2018, the ERAI had never altered an ERAI membership status of "member in good standing" or passed official judgement against a business because of their specific involvement in civil litigation of any kind. It is safe to say that both the ERAI and IDEA retain active members that have at some point been engaged in some form of civil business litigation but have not been judged on that distinction. To our knowledge, Abacus is the only business where ERAI has acted in this manner. The ERAI has however taken very strong stances in the past against ERAI members that were the subject of Criminal Lawsuits where the allegations involved criminal intent and knowingly committing crimes. It is our sole opinion that the ERAI has decided to take an unprecedented action against Abacus Technologies chiefly because of the publicity created by the NBC-2 news reporter and the connection that they attempted to make in relating very unrelated events.

It should be noted that the defendant of the civil case brought by plaintiff Cisco Systems, Inc. is Abaram Network Solutions, Inc., TJR Procurment, LLC, Sefanit Tesfaye and David Jesse MacDougall. None of these entities or persons are direct members of either the ERAI or the IDEA nor is either person referenced a direct owner of Abacus Industries, Inc. dba Abacus Technologies. The only overlap is that both Sefanit Tesfaye and David Jesse MacDougall are corporate officers of Abacus Industries, Inc. dba Abacus Technologies. This is a very important distinction as it underscores the truly extreme range of application of an unprecedented ruling that the ERAI has taken against Abacus Industries, Inc. dba Abacus Technologies.

We understand the very difficult position that the ERAI is in given the presence of the NBC-2 news story and the potential backlash the ERAI could face from their own membership for not acting. NBC-2 has



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presented a very one-sided story which leaves much of the ERAI membership a very distorted view of reality and that perception is what the ERAI is trying to deal with. We appreciate their continued review of the situation and remain hopeful that they can evaluate our membership status using our open and honest presentation of the facts.

4. Misrepresentation by incorrect use of the IDEA logo

The IDEA logo was found on Abacus Technologies' related company Abaram Network Solutions. Though this logo has been removed, its presence on Abacus Technologies' related company's website is a violation of IDEA's Trademark Usage Policy.

Abacus Technologies' Response

We initially learned of the presence of the IDEA logo on the Abaram Network Solutions site through our phone call with Scott, Ed and Faiza. Upon the completion of the phone call we immediately placed a request with our IT provider to remove the IDEA logo from the site. It was removed promptly and will remain so. When we tasked our IT Company to set up our websites we did not provide clear enough instructions on the division of certificates and logos per each site which lead to this infraction in the first place. We appreciate you bringing this to our attention on our call so we could provide more detailed instruction and the proper corrections could be made.

While the Abacus Technologies membership is under review we have already sent an urgent request to our IT provider to remove the IDEA logo from the Abacus Technologies website pages to prevent any misconception or confusion with our current IDEA membership status. The logo will remain absent from our website until the boards full consideration for review is completed and we are notified accordingly.

We understand the significance of the IDEA logo and what it means to the organization, our fellow members and what it represents to the industry at large. We acknowledge this subject with the utmost regard.

5. A GIDEP report was filed against Abacus Technologies on September 26th, 2017

In accordance with IDEA General Membership Manual section 5.11, members are required to notify IDEA, within 5 days, of any GIDEP reports that have been filed against the Member Company and provide background information regarding each report.

Abacus Technologies' Response

The timing of this GIDEP report came at possibly one of the worst times that we have experienced both in business and personally for a significant number of our employees and families. Abacus Technologies is in Naples, FL on the Gulf of Mexico. In September of 2017 we literally faced a direct hit from Category 4 Hurricane Irma. We evacuated our homes and business and did not return to the Naples area for several weeks after the storm passed. We flew much of our critical workforce to Boston, MA, Lake



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Forest, CA and Austin, TX so that they could respond to customers while we did not have power or any form of communication in the state of Florida. We moved the entire contents of our warehouse by truck to Atlanta, GA as we were told the entire city of Naples, FL would be under water. Mike O'Keefe, our Quality Manager who lives in Naples, FL evacuated with his wife and three children to Boston, MA and stayed there for several weeks during the storm. We all returned to Naples, FL and faced a diminished work force as many of our employees remained without power in their homes for many weeks after the storm. We spent the next two months after the storm literally putting the company and warehouse back together and did not truly return to a "normal state" until November of 2017.

Mike O'Keefe had communicated directly with the customer, Pole/Zero, in early September 2017 before the hurricane or the publication of the actual GIDEP report dated September 26th, 2017. Mike provided Pole/Zero with all information that we had on file for the referenced Motorola part in question that had been shipped roughly 8 years prior in October 2009. This included our PO# **3136261 to the supplier and our PO# 3136413 to Electro-Comp Tape & Reel Services, Inc.** who performed all the test and inspection on the subject product. Mike thought that the matter had been resolved directly with the client and only learned of the existence of the actual GIDEP report many weeks later in the month of October.

In preparation for our response to IDEA, I had the opportunity to review this matter in detail with Mike O'Keefe. We both agree that the proper course of action would have been to notify IDEA of our knowledge of the GIDEP report even if it was weeks after the expected 5 Day deadline. We could have explained the reason for the delayed reporting and any reasonable member of the committee would surely see the circumstances of timing to be understandable. In review of this situation we feel that we failed to respond in the most proactive way possible even given the circumstances. We understand the requirement and importance of communication with IDEA in the event of GIDEP reports and will commit to make these communications promptly in the future!

6. During Abacus Technologies' IDEA-QMS-9090 audit on December 18th, 2017, the question was asked whether any GIDEP reports had been filed against Abacus Technologies. The answer given by Abacus Technologies representative was "no".

Abacus Technologies' Response

Mike interpreted this segment of the audit to be about the standard itself and its presence in our Quality Management system which he cited accordingly. After the completion of the desk audit, Mike O'Keefe had a follow up call with an auditor, Mark, and Faiza of IDEA. He was asked if there had been any new quality incidences reported to GIDEP about Abacus Technologies. Mike's interpretation of this related conference call follow-up was as to whether there were any new quality incidences that were reported by/to GIDEP since the time of the last IDEA audit or since the time we implemented the IDEA Standard. The incident reported by GIDEP in the September 2017 was about a product sale/shipment that had occurred in October 2009 at which time we were not an IDEA member and had in no way implemented the IDEA Standard. Mike did not understand the question being asked to be relevant to the September 2017 GIDEP report about the October 2009 shipment referenced in Question# 3. If we have failed to properly understand this requirement statement within the audit itself we can adjust our



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response in the future if it means any and all reported incidences to GIDEP or ERAI irrespective of time or relatively to membership date.

Closing Remarks from Abacus Technologies

We want to first provide our sincerest thank you to any member of the committee that has taken the time to review our comments and information presented today. We also want to thank any members of the committee that may have already taken their personal time to try to gather all information about our case to be informed on the subject matter. We are particularly appreciative of the phone call that we had together on July 19th with Gil, Scott, and Faiza. We are truly impressed with the response the IDEA has shown with what we believe to be a very high level of moral integrity and character by communicating with this issue as directly as you have. It shows us how important the IDEA Organization is and how hard you work to represent its members.

In our review of our response to the IDEA we recognize that there are some matters that are out of our control but there are however some areas that remain in our control that present opportunities for improvement. For instance, we feel that we need to have more direct oversight as a check and balance on areas such as use of the IDEA logo. Just because we are not technical programmers does not mean that we cannot review our own website for simple proof reading or mis-use of logos. We also see the need for an action check list that can help us transition from a reactive state to a proactive state after times of chaos that we have experienced in the last couple of years (ie. Forest fires and hurricanes).

We believe that Abacus Technologies is an outstanding organization that strives to continually improve all aspects of what we do. We have some of the best people in the business that truly care about their customers and the industry that we work in. We have made a strong commitment to ensuring that counterfeit product does not find its way into the marketplace. Over the last two years alone we have spent over \$1,000,000 at independent testing facilities on over 2,688 individual line items. This testing goes beyond that of even our own customer requirements. We truly value the same ideals that IDEA embraces, and we feel that we continue to be a worthy member of such an organization. Over the last several years we have continued to make improvements to our quality processes. Below are a list of the current certifications that we hold. Please allow us to continue as a member of this valued organization.

Certifications

- ISO/9001 *Quality management systems - Requirements*
- SAE/AS9120 *Quality Management Systems - Requirements for Aviation, Space and Defense Distributors*
- IDEA-QMS-9090 *Quality Management System Standard for Independent Distributors of Electronics Association Members*
- IDEA-ICE-3000 *IDEA certified inspectors*
- FAA AC - 0056B *FAA Advisory Circular – Voluntary Industry Distributor Accreditation Program*
- ANSI/ESD/S.20.20 *ESD Association Standard For the Development of an Electrostatic Discharge Control Program for – Protection of Electrical and Electronic Parts, Assemblies and Equipment (Excluding Electrically Initiated Explosive Devices)*



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