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IRANIAN NATIONAL CHARGED WITH ILLEGALLY EXPORTING SPECIALIZED METALS FROM THE UNITED STATES TO IRAN

Some Metals Allegedly Destined for Iranian Entities Involved Ballistic Missile Activity

WASHINGTON – Milad Jafari, 36, a citizen and resident of Iran has been indicted for illegally exporting and attempting to export specialized metals from the United States through companies in Turkey to several entities in Iran, including some entities that have been sanctioned for involvement in ballistic missile activities.

The 11-count indictment, returned by a grand jury in the District of Columbia on July 21, 2010 and unsealed today, was announced by David Kris, Assistant Attorney General for National Security; Ronald C. Machen Jr., U.S. Attorney for the District of Columbia; Eric L. Hirschhorn, Under Secretary of Commerce for Industry and Security; and Sean Joyce, Executive Assistant Director of the FBI's National Security Branch.

The indictment charges Jafari with one count of conspiracy to illegally export materials to Iran and to defraud the United States; five separate counts of illegal export and attempted illegal export of materials to Iran and five additional counts of smuggling materials. The indictment also seeks forfeiture of \$177,867.92 in connection with these offenses. Jafari remains at large and is believed to be in Iran. He faces a maximum potential sentence of five years in prison for the conspiracy count, 20 years in prison for each count of illegal exports to Iran, and 10 years in prison for each smuggling count.

Today, the U.S. Department of the Treasury also announced the designation of Jafari, several of his family members and associates, and several corporate entities in Iran and Turkey, under Executive Order 13382, which targets for sanctions proliferators of weapons of mass destruction and their supporters - thereby isolating them from the U.S. financial and commercial systems. According to the Treasury Department, Jafari and his associates operate a procurement network that provides direct support to Iran's missile program by securing metal products, including steel and aluminum alloys, for subordinates of Iran's Aerospace Industries Organization (AIO).

The federal indictment unsealed today alleges that Jafari and others operated Macpar Makina San. Ve Ticaret A.S. (Macpar), a Turkish and Iranian business with locations in Istanbul and Tehran. Jafari and others also operated Standart Teknik Parca San. Ve Ticaret A.S. (STEP), a Turkish business with locations in Istanbul and Tehran.

From about February 2004 through about August 2007, the indictment alleges, Jafari engaged in a conspiracy to defraud the United States and to cause the export of goods to Iran in violation of the U.S. embargo and without the required U.S. government licenses for such exports. In carrying out the conspiracy, Jafari and his conspirators allegedly solicited orders from customers in Iran and purchased goods from U.S. companies on behalf of these Iranian customers. Jafari and others allegedly wired money to the U.S. companies as payment, concealed from the U.S. companies the end-use and end-users of the goods, and caused the goods to be shipped to Turkey and later to Iran.

Attempted Export to Sanam Industrial Group

For instance, the indictment alleges that in July 2006, Sanam Industrial Group – an entity in Iran that is controlled by Iran’s AIO and has been sanctioned by the United States and United Nations for involvement in nuclear and ballistic missile activities -- issued to Jafari’s company, STEP, a request for quote for 660 pounds of a specialized steel welding wire with aerospace applications. In May 2007, Jafari allegedly caused an order to be placed for 660 pounds of this exact type of welding wire with a Nevada company. The following month, the Nevada firm received more than \$38,000 from Jafari’s company, Macpar.

According to the indictment, Jafari made arrangements with a freight forwarder for the welding wire to be picked up from the Nevada company. The shipment was detained by the Department of Commerce’s Office of Export Enforcement before it left the country. In response to questions from the Nevada company about the end-use of the welding wire, Jafari told the company that the materials “will not be exported from Turkey and will not be used for any nuclear, missile or chemical/biological weapons related applications,” the indictment alleges.

In another instance, the indictment alleges that in August 2006, Heavy Metals Industries in Iran placed an order with Jafari’s company, STEP, for 3,410 pounds of precipitation hardening steel made in the United States. The following year, Jafari caused Macpar to place an order with an Ohio company for 4,410 pounds of a high-grade, temperature resistant, stainless steel known to have aerospace applications. Jafari informed the Ohio firm that the steel would not be shipped to Iran. In August 2007, the stainless steel shipment was detained by the Department of Commerce’s Office of Export Enforcement before it left the country.

Other Alleged Shipments to Iran

The indictment alleges that Jafari and his conspirators were successful in causing several shipments of other materials to be exported from the United States to Iran via Turkey. In July 2006, Jafari allegedly caused three kilograms of custom-made brazing alloy to be shipped from a California company to Turkey, and, in 2007, to be shipped to Iran. According to the indictment, the brazing alloy had been requested by SAPICO, also known as the Sahand Aluminum Parts Industrial Company, in Iran. SAPICO was later

sanctioned in June 2010 by the United Nations for being a cover for the Shahid Hemmat Industrial Group, which is involved in Iran's ballistic missile program.

In March 2007, Jafari allegedly caused a shipment of 1,366 pounds of commercial bronze bars he purchased in the United States to be trucked from Turkey to Iran, and in September 2006, he caused electronic testing equipment to be shipped from an Illinois company to Iran via Turkey. The indictment notes additional exports of U.S. fiber-optic equipment and aerosol generators allegedly arranged by Jafari in 2004 and 2005.

"The allegations in the indictment unsealed today shed light on the reach of Iran's illegal procurement networks and the importance of keeping U.S. materials from being exploited for Iran's weapons development," said David Kris, Assistant Attorney General for National Security. "I applaud the many agents, analysts and prosecutors who helped bring about these charges."

"The indictment unsealed today against Milad Jafari demonstrates that the United States will relentlessly pursue those who are seeking to illegally acquire U.S. goods and technology for use in Iran, and we will continue to use every tool at our disposal to protect the national security of the United States," said U.S. Attorney Ronald C. Machen, Jr. "I am proud of the efforts of our agents and prosecutors who have worked to bring this case."

"Combating illegal exports to Iran is a top priority. We are committed to choking off rogue procurement networks by every means available to us," said Under Secretary of Commerce Eric L. Hirschhorn.

"Shutting down the illegal acquisition of material destined for use in weapons programs is among the highest priorities in the FBI," said Sean Joyce, Executive Assistant Director of the FBI's National Security Branch. "We'll continue to pursue illegal acquisition efforts and protect our nation from the grave threat these WMD-related activities pose to our national security."

The investigation is being conducted by special agents of the San Jose, Calif., Washington field office and Operations Division of the Commerce Department's Office of Export Enforcement and special agents of the FBI's Charlotte, N.C., Field Division. The case is being prosecuted by Ryan Fayhee, Trial Attorney from the Counterespionage Section of the Justice Department's National Security Division, and George Varghese, Assistant U.S. Attorney from the U.S. Attorney's Office for the District of Columbia.

The details contained in the indictment are mere allegations. Defendants are presumed innocent unless and until proven guilty in a court of law.

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