

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

07 CR 10.072 PBS

UNITED STATES OF AMERICA)
)
 v.)
)
 OUSSAMA ABDUL ZIADE,)
 and BUFORD GEORGE PETERSON,)
)
 Defendants.)

Crim. No.)
)
 Violations:)
 50 U.S.C. §1705(b))
 (Dealing in Property of)
 Specially Designated Global)
 Terrorist, Attempt to Deal in)
 Property of Specially)
 Designated Global Terrorist,)
 Conspiracy to Deal in the)
 Property of Specially)
 Designated Global Terrorist);)
 50 U.S.C. §1705(b))
 (Failure to Block Assets of)
 Specially Designated Global)
 Terrorist);)
 18 U.S.C. §2 (Aiding and)
 Abetting);)
 18 U.S.C. §1014 (False)
 Statements Made on Loan)
 Application);)
 18 U.S.C. §1001 (False)
 Statements))

... case
... filed on 3/16/07
...
...
...
3/16/07

INDICTMENT

The Grand Jury charges that:

INTRODUCTORY ALLEGATIONS

1. Ptech, Inc. ("Ptech") was a private, for-profit computer software company, that was originally incorporated in Massachusetts on February 2, 1994. Ptech's principal place of business was last located at 500 Victory Road in Quincy, Massachusetts.

2. From in or about February 1994 through in or about 2003, Ptech developed and sold systems management software to private

businesses, individuals, and government agencies. From approximately 1994 until 1997, Ptech's main focus was research and development. Ptech spent approximately \$20 million developing its products. These funds came primarily from Saudi Arabian investors, including Yassin Kadi a/k/a "Shaykh Yassin Abdullah Kadi," "Yassin A. A. Kadi," "Yassin Al-Kadi," "Yasin Kahdi," "Yasin Al-Qadi," and "Yassin Qadi" ("Kadi").

3. From in or about 1994 through in or about 2001, Kadi invested over ten million dollars into Ptech through numerous entities that he owned, controlled, or in which he held a beneficial interest. As a result of these investments, Ptech, at various times, issued common stock to a number of Kadi's entities including, but not limited to, these seven entities: Sarmany Limited, Caravan Company Limited, Caravan Development Group Limited, Perdana Investments Limited, Abrar Group International, Sara Company Limited, and Grayson Group Limited.

4. Defendant OUSSAMA ABDUL ZIADE ("ZIADE") was the President, Chief Executive Officer, and Chairman of the Board of Directors of Ptech from in or about February 1994 to in or about 2003.

5. Defendant BUFORD GEORGE PETERSON ("PETERSON") served as the Chief Financial Officer and Chief Operating Officer of Ptech from in or about February 2001 to in or about August 2002.

6. Under the International Emergency Economic Powers Act,

50 U.S.C. §§ 1701-1706 ("IEEPA"), upon the declaration of a national emergency with respect to "any unusual and extraordinary threat . . . to the national security, foreign policy or economy of the United States," the President of the United States ("the President") has the authority to "investigate, regulate, or prohibit" transactions involving "any property in which any foreign country or a national thereof has any interest by any person, or with respect to any property, subject to the jurisdiction of the United States . . ." 50 U.S.C. §§ 1701-1702.

7. On September 23, 2001, pursuant to IEEPA, the President issued Executive Order 13224, entitled "Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism." In this Executive Order, the President declared a national emergency to address "the terrorist attacks in New York, Pennsylvania, and the Pentagon committed on September 11, 2001" and "the continuing and immediate threat of further attacks on United States nationals or the United States. . ." The President further found that it was necessary "because of the pervasiveness and expansiveness of the financial foundation of foreign terrorists" to impose financial sanctions against "foreign persons that support or otherwise associate with these foreign terrorists."

8. Executive Order 13224, among other things, prohibits any transaction or dealing by United States persons in property or

any interest in property of organizations or individuals named in the Annex to the Order or declared to be a Specially Designated Global Terrorist by the U.S. Secretary of State or the Secretary of Treasury pursuant to the criteria articulated in the Order.

The Executive Order also blocks, or freezes, any interest in property held by any organization or person determined to be subject to the Order.

9. In addition, Executive Order 13224 specifically prohibits: (1) any transaction "that evades or avoids, or has the purpose of evading or avoiding, or attempts to violate, any of the prohibitions set forth in this order . . .; and (2) any conspiracy formed to violate any of the prohibitions set forth in this order . . ."

10. Attached to Executive Order 13224, the President identified 12 individuals and 15 organizations whose property and interests in property were blocked pursuant to the Order.

11. On October 12, 2001, pursuant to Executive Order 13224, the United States government designated Yassin Kadi as a Specially Designated Global Terrorist ("SDGT"), thereby blocking all property in which Kadi held any interest.

12. On October 26, 2001, the Office of Foreign Assets Control, a component of the U.S. Department of Treasury, published the amended list of blocked persons pursuant to Executive Order 13224. See 66 Federal Register 54404. Kadi was

designated as follows:

AL-QADI, Yasin (a.k.a. KADI, Shaykh Yassin Abdullah; a.k.a. KAHDI, Yasin) Jeddah, Saudi Arabia (individual) [SDGT].

KADI, Shaykh Yassin Abdullah (see AL-QADI, Yasin) (individual) [SDGT].

KAHDI, Yasin (see AL-QADI, Yasin) (individual) [SDGT].

66 Federal Register at 54406, 55408.

13. After October 12, 2001, the effective date of Kadi's designation, any interest in any property, direct or indirect, held by Kadi, and subject to the jurisdiction of the United States, was blocked as matter of law. Further, any transaction involving, or dealing, in any interest in any property, direct or indirect, held by Kadi, and subject to the jurisdiction of the United States was prohibited by Executive Order 13224.

14. As of October 12, 2001, Kadi indirectly owned and controlled a large percentage of Ptech common shares, representing a total investment of approximately ten million dollars in Ptech. Kadi held that interest in the names of entities he owned and controlled or in which he held a beneficial interest, including the following four entities: Sarmany Limited, Caravan Company Limited, Caravan Development Group Limited, and Sara Company Limited. These four entities will be referred to in this indictment as "Kadi's Entities." At the time of his designation, ZIADE knew that Kadi held an interest in Ptech stock issued in the names of Kadi's Entities.

15. On or about October 18, 2001, ZIADE downloaded onto his laptop computer a Chicago Tribune article (dated October 16, 2001) regarding Kadi's designation as a Specially Designated Global Terrorist.

16. On or about November 8, 2001, ZIADE visited the website of the Office of Foreign Asset Control and downloaded onto his laptop computer a copy of Executive Order 13224 with the list of people and entities designated as Specially Designated Global Terrorists. This list included Kadi's name and indicated he had been designated as a SDGT on October 12, 2001.

17. On or about November 29, 2001, ZIADE drafted a capitalization table identifying Kadi as the owner of approximately 9.9 million dollars worth of Ptech common shares, which had been issued by Ptech in the names of Kadi's Entities.

18. From in or about October 2001 through in or about December 2002, ZIADE took no action to block the Ptech (MA) common shares issued to Kadi's Entities.

19. From in or about January 2002 through in or about May 2002, ZIADE engaged and participated in transactions involving, and dealt in, the property and interests of property of Kadi in violation of Executive Order 13224.

COUNT ONE: 50 U.S.C. §1705(b) (Engaging in Transactions Involving, and Dealing in, Property of Specially Designated Global Terrorist); 18 U.S.C. §2 (Aiding and Abetting)

The Grand Jury charges that:

The allegations contained in paragraphs 1-19 of the Introductory Allegations are hereby re-alleged and incorporated by reference as if fully set forth herein.

From in or about January 2002 through in or about April 2002, in the District of Massachusetts and elsewhere in the United States,

OUSSAMA ABDUL ZIADE,

defendant herein, did willfully and knowingly violate and attempt to violate Executive Order 13224 of the President of the United States dated September 23, 2001 (entitled "Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism"), and knowingly participate in the violation of said Order, in that defendant ZIADE, being a United States person, attempted to and did engage in a transaction involving, and attempted to and did deal in, the property and interest in property of a Specially Designated Global Terrorist, Yassin A. A. Kadi a/k/a Shaykhh Yassin Abdullah Kadi, Yassin Kadi, Yassin Al-Kadi, Yasin Kahdi, Yasin Al-Qadi, and Yassin Qadi ("Kadi"), by causing Ptech, Inc., a Massachusetts corporation, the stock of which Kadi held an interest in through companies he owned, controlled, and in which he held a beneficial interest, to

be merged with a new Delaware entity also called Ptech, Inc.

All in violation of Title 50, United States Code, Section 1705(b), Executive Order 13224, and Title 18, United States Code, Section 2.

COUNT TWO: 50 U.S.C. §1705(b) (Engaging in Transactions Involving, and Dealing in, Property of Specially Designated Global Terrorist); 18 U.S.C. §2 (Aiding and Abetting)

The Grand Jury further charges that:

The allegations contained in paragraphs 1-19 of the Introductory Allegations are hereby re-alleged and incorporated by reference as if fully set forth herein.

From in or about February 2002 through in or about May 2002, in the District of Massachusetts and elsewhere in the United States,

OUSSAMA ABDUL ZIADE,

defendant herein, did willfully and knowingly violate and attempt to violate Executive Order 13224 of the President of the United States dated September 23, 2001 (entitled "Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism"), and knowingly participate in the violation of said Order, in that defendant ZIADE, being a United States person, attempted to and did engage in a transaction involving, and attempted to and did deal in, the property and interest in property of a Specially Designated Global Terrorist, Yassin A. A. Kadi a/k/a ShaykKh Yassin Abdullah Kadi, Yassin Kadi, Yassin Al-Kadi, Yasin Kahdi, Yasin Al-Qadi, and Yassin Qadi ("Kadi"), by causing common stock and shares of Ptech (MA) in which Kadi had an interest to be converted into Preferred A

shares of Ptech, Inc. (DE).

All in violation of Title 50, United States Code, Section 1705(b), Executive Order 13224, and Title 18, United States Code, Section 2.

COUNT THREE: 50 U.S.C. §1705(b) (Engaging in Transactions Involving, and Dealing in, Property of Specially Designated Global Terrorist); 18 U.S.C. §2 (Aiding and Abetting)

The Grand Jury further charges that:

The allegations contained in paragraphs 1-19 of the Introductory Allegations are hereby re-alleged and incorporated by reference as if fully set forth herein.

From in or about February 2002 through in or about May 2002, in the District of Massachusetts and elsewhere in the United States,

OUSSAMA ABDUL ZIADE,

defendant herein, did willfully and knowingly violate and attempt to violate Executive Order 13224 of the President of the United States dated September 23, 2001 (entitled "Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism"), and knowingly participate in the violation of said Order, in that defendant ZIADE, being a United States person, attempted to and did engage in a transaction involving, and attempted to and did deal in, the property and interest in property of a Specially Designated Global Terrorist, Yassin A. A. Kadi a/k/a Shaykhh Yassin Abdullah Kadi, Yassin Kadi, Yassin Al-Kadi, Yasin Kahdi, Yasin Al-Qadi, and Yassin Qadi ("Kadi"), by causing stock and shares of Ptech (MA) held in the names of Sarmany Limited and Sara Company Limited, entities in

which Kadi had an interest, to be transferred to other foreign entities.

All in violation of Title 50, United States Code, Section 1705(b), Executive Order 13224 and Title 18, United States Code, Section 2.

COUNT FOUR: 50 U.S.C. §1705(b) (Conspiracy to Engage in Transactions Involving, and Deal in, Property of Specially Designated Global Terrorist)

The Grand Jury further charges that:

The allegations contained in paragraphs 1-19 of the Introductory Allegations are hereby re-alleged and incorporated by reference as if fully set forth herein.

Beginning in or about October 2001 and continuing through in or about December 2002, in the District of Massachusetts and elsewhere,

OUSSAMA ABDUL ZIADE,

defendant herein, being a United States person, did willfully and knowingly violate Executive Order 13224 issued under Chapter 35 of Title 50, United States Code, in that defendant ZIADE did unlawfully conspire, combine, confederate and agree with others known and unknown to the Grand Jury to fail to block, engage in transactions involving, and deal in, the property and interests in property of a Specially Designated Global Terrorist, Yassin A. A. Kadi a/k/a Shaykhh Yassin Abdullah Kadi, Yassin Kadi, Yassin Al-Kadi, Yasin Kahdi, Yasin Al-Qadi, and Yassin Qadi ("Kadi"), in violation of Title 50, United States Code, Section 1705(b).

MANNER AND MEANS

The manner and means by which the conspiracy was sought to be accomplished included, among other things, the following during the dates of the alleged conspiracy:

1. After learning that Kadi was designated as a Specially Designated Global Terrorist in October 2001, defendant ZIADE, assisted by persons known and unknown to the Grand Jury, engaged in transactions designed in whole or in part to conceal the source and ownership of Ptech's assets and common stock.

2. From in or about December 2001 through in or about May 2002, defendant ZIADE did communicate with a Ptech director known to the Grand Jury and with agents of Kadi regarding how Ptech stock issued to foreign entities owned and/or controlled by Kadi (including, but not limited to, Sarmany Limited and Sara Company Limited) would be transferred to other entities.

OVERT ACTS

In furtherance of the conspiracy and to effect the illegal objects thereof, the defendant and his co-conspirators performed overt acts, in the District of Massachusetts and elsewhere, including but not limited to the following:

3. From in or about November 2001 through in or about May 2002, ZIADE discussed with a Ptech director known to the Grand Jury, other officers and agents of Ptech and with agents of Kadi how to eliminate foreign stockholders owned and/or controlled by Kadi from Ptech's records to "fix the foreign ownership issue."

4. From in or about November 2001 through in or about April 2002, ZIADE, a Ptech director known to the Grand Jury, and agents of Kadi, drafted, exchanged, and discussed, clustering proposals

whereby Kadi's Entities, including Sarmany Limited and Sara Company Limited, and Kadi's wife and relatives would transfer their shares to other entities.

5. From in or about January through in or about February 2002, ZIADE proposed creating "new entities" and "fresh holding companies" in order to "get a clean migratory merger."

6. In or about January 2002, ZIADE authorized the establishment of a new corporation, also called Ptech, Inc., in Delaware.

7. In or about January 2002, ZIADE voted to approve, adopt, and enter into a Plan and Agreement of Merger between Ptech, Inc. (MA) and Ptech, Inc. (DE).

8. In or about January 2002, knowing that Ptech stock was then owned, in part, by, Kadi Entities, ZIADE approved and authorized the merger of Ptech, Inc. (MA) and Ptech, Inc. (DE), with Ptech (DE) being the surviving entity.

9. On or about February 21, 2002, ZIADE executed a document entitled "Certificate of Merger" as the President of Ptech, Inc. (MA) and Ptech, Inc. (DE).

10. In or about March 2002, ZIADE executed a document entitled "Articles of Merger" as the President of Ptech, Inc. (MA) and Ptech, Inc. (DE).

11. From in or about January 2002 through in or about February 2002, pursuant to the Plan of Merger, and Articles of

Incorporation and Bylaws for Ptech (DE) which ZIADE had previously approved, ZIADE caused shareholders of Ptech (MA) to be notified that upon the effective date of the merger, each share of common stock in Ptech (MA) would be converted into 150 Preferred A shares of Ptech (DE).

12. In or about October 2002, ZIADE acknowledged to one former Ptech employee that the Delaware merger was a way "to go around the problem," by which Ziade was referring to the "problem" caused by Kadi's designation as a SDGT.

13. From in or about January 2002 through in or about February 2002, ZIADE caused the shareholders of Ptech (MA), including Kadi's Entities, his wife and his relatives, to be notified that, upon return of their Ptech (MA) stock certificates, new stock certificates in the name of Ptech (DE) would be issued.

14. From in or about January 2002 through in or about April 2002, ZIADE advised agents of one of Kadi's Entities, Sarmany Limited, to transfer its Ptech shares to other entities.

15. From in or about March 2002 through in or about May 2002, ZIADE transferred, on Ptech's internal records, the Ptech shares owned by Sarmany Limited and Sara Company Limited, two of Kadi's Entities, to three other entities: Arkday Limited, Bective Limited, and Grayson Group Limited.

16. On or about April 24, 2002, ZIADE nullified Sarmany

Limited's stockholder agreement and its Ptech stock certificates and transferred Sarmany's entire property interest in Ptech (55,800 shares of Ptech (MA) common stock) on Ptech's capitalization tables to three foreign entities: Bective Limited, Arkday Limited, and Grayson Group Limited. Sarmany's Ptech shares were transferred to these three entities at the conversion rate given to the original Ptech (MA) shareholders: each share of Ptech (MA) common stock was converted into 150 shares of Preferred A stock of Ptech (DE).

17. On or about April 24, 2002, ZIADE nullified Sara Company Limited's stock certificates and transferred Sara Company Limited's entire property interest in Ptech (1,764 shares of Ptech (MA) common stock) on Ptech's capitalization tables to Arkday Limited.

18. On occasions between in or about June 2002 and in or about August 2002, ZIADE traveled to Saudia Arabia to meet with Ptech's investors and met with Kadi and/or with other individuals known to him to be Kadi's agents.

19. On a date not known precisely to the grand jury, but occurring sometime between August and November 2002, ZIADE told a former Ptech employee that there was no "paper trail" linking Kadi to Ptech because Kadi had never owned any Ptech shares in his own name.

20. On or about December 5, 2002, ZIADE made false

statements to federal law enforcement agents and Assistant United States Attorneys regarding his knowledge of Kadi's ownership interest in Ptech stock.

All in violation of Title 50, United States Code, Section 1705(b) and Executive Order 13224.

COUNT FIVE: 50 U.S.C. §1705(b) (Failure to Block Property of Specially Designated Global Terrorist); 18 U.S.C. §2 (Aiding and Abetting)

The Grand Jury further charges that:

The allegations contained in paragraphs 1-19 of the Introductory Allegations are hereby re-alleged and incorporated by reference as if fully set forth herein.

From in or about October 2001 through in or about August 2002, in the District of Massachusetts and elsewhere in the United States,

OUSSAMA ABDUL ZIADE,

defendant herein, did willfully and knowingly violate and attempt to violate Executive Order 13224 of the President of the United States dated September 23, 2001 (entitled "Blocking Property and Prohibiting Transactions with Persons Who Commit, Threaten to Commit, or Support Terrorism"), and knowingly participate in the violation of said Order, in that defendant ZIADE, being a United States person, failed to block the property and interest in property of a Specially Designated Global Terrorist, Yassin A. A. Kadi a/k/a Shaykhh Yassin Abdullah Kadi, Yassin Kadi, Yassin Al-Kadi, Yasin Kahdi, Yasin Al-Qadi, and Yassin Qadi ("Kadi"), to wit: Ptech common stock and shares held in the names of entities Kadi owned, controlled, and in which he held a beneficial interest.

All in violation of Title 50, United States Code, Section

1705(b), Executive Order 13224 and Title 18, United States Code,
Section 2.

COUNT SIX: 18 U.S.C. §1014 (False Statement Made on Loan Application to U.S. Small Business Administration)

The Grand Jury further charges that:

The allegations contained in paragraphs 1-19 of the Introductory Allegations are hereby re-alleged and incorporated by reference as if fully set forth herein.

On or about January 21, 2002, in the district of Massachusetts,

OUSSAMA ABDUL ZIADE and BUFORD GEORGE PETERSON, defendants herein, knowingly made a false statement for the purpose of influencing the action of the United States Small Business Administration ("SBA"), in connection with a loan application in the amount of \$650,000 for Ptech, Inc. ("Ptech"), submitted under the SBA's Expanded Economic Injury Disaster Loan Program, a program created by the SBA to assist small businesses economically harmed by the terrorist attacks of September 11, 2001, in that the defendants falsely represented the identities of the owners of Ptech stock by omitting in Ptech's stock ownership table contained in the SBA loan application, which the defendants signed, the fact that Sarmany Limited (a company that was at that time owned and controlled by Kadi, a Specially Designated Global Terrorist) owned 20% or more of the stock of Ptech.

All in violation of Title 18, United States Code, Sections 1014 and 2.

COUNT SEVEN: 18 U.S.C. §1001 (False Statements)

The Grand Jury further charges that:

The allegations contained in paragraphs 1-19 of the Introductory Allegations are hereby re-alleged and incorporated by reference as if fully set forth herein.

On or about December 5, 2002, in the District of Massachusetts,

OUSSAMA ABDUL ZIADE,

defendant herein, in a matter within the jurisdiction of the executive branch of the Government of the United States, did knowingly and willfully make materially false, fictitious and fraudulent statements and representations to federal law enforcement agents and Assistant United States Attorneys for the District of Massachusetts, to wit, pursuant to a proffer agreement, Ziade made the following statements, which he knew to be false: (1) he was never conclusively able to determine whether Yassin Kadi had invested any of his own money into Ptech, Inc.; (2) he did not have any paperwork disclosing that Yassin Kadi had invested any of his own money into Ptech, Inc.; and (3) approximately five months previously (July 2002), he first learned that Yassin Kadi had more of a connection with Caravan than he originally believed.

All in violation of Title 18, United States Code, Section 1001.

A TRUE BILL

Mary J. Graham

FOREPERSON OF THE GRAND JURY

B. Siegmann

E. STEPHANIE SIEGMANN
JEFFREY AUERHAHN
Assistant United States Attorneys

DISTRICT OF MASSACHUSETTS

March 1, 2007

Returned into the District Court by the Grand Jurors and filed.

Alfano

Deputy clerk

3/1/07

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(initials)