

UNITED STATES DISTRICT COURT
DISTRICT OF CONNECTICUT

FILED

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US DISTRICT COURT
HARTFORD CT

UNITED STATES OF AMERICA

: Crim. No. 3:14CR09 (VLB)

: VIOLATIONS:

v.

: 22 U.S.C. Sections 2778(b)(2), 2778(c)

: 22 C.F.R. Sections 127.1(a), 127.3

MOZAFFAR KHAZAEI

a/k/a "Arash Khazaie"

: 22 C.F.R. Sections 126.1(a) and (e)

SUBSTITUTE INFORMATION

The United States Attorney charges:

The Defendant

1. At all times relevant to this Information, the defendant MOZAFFAR KHAZAEI was a dual citizen of Iran and the United States.

The Arms Export Control Act and International Traffic in Arms Regulations

2. The Arms Export Control Act (the "AECA"), 22 U.S.C. §§ 2751-2799, prohibits the export of defense materials without first obtaining a license from the Department of State. Section 38 of the AECA, 22 U.S.C. § 2778, regulates the export from and import into the United States of "defense articles" and "defense services." The State Department, Directorate of Defense Trade Controls ("DDTC"), promulgates regulations under the AECA, which are known as the International Traffic in Arms Regulations (the "ITAR"). 22 C.F.R. §§ 120-130. The ITAR contain the United States Munitions List ("USML"), which sets forth 21

categories of defense articles and services that are subject to export licensing controls. *Id.* § 121.1.

3. Unless an exemption applies, the ITAR requires an export license from DDTC for the export of USML articles and related technical data to all destinations. See 22 C.F.R. §§ 123, 124 and 125. A license application must describe the munitions sought to be exported with particularity, as well as set forth the ultimate consignee and end use.

4. In addition, and as set forth in ITAR § 126.1 “[i]t is the policy of the United States to deny licenses and other approvals for exports and imports of defense articles and defense services, destined for or originating in certain countries.” See 22 C.F.R. § 126.1(a). Among other countries, this policy applies to Iran. See *id.* Accordingly, “[n]o sale, export, transfer, reexport, or retransfer of, and no proposal or presentation to sell, export, transfer, reexport, or retransfer, any defense articles or defense services . . . may be made to [Iran] . . . or to any person acting on its behalf, whether in the United States or abroad, without first obtaining a license or written approval of the Directorate of Defense Trade Controls. However . . . it is the policy of the Department of State to deny licenses and approvals in such cases.” See ITAR § 126.1(e)(1).

5. Without first obtaining the required license or other written approval from the DDTC, it is unlawful to willfully export or attempt to export from the United States any defense article or technical data or to furnish or attempt to furnish any defense service for which a license or written approval is required. See ITAR § 127.1(a).

General Allegations

6. At different times between 2001 and 2013, KHAZAEE was employed by three separate defense contractors. While employed at each company, KHAZAEE received training on the proper handling, storage and retention of proprietary, trade secret and export-controlled materials, including those subject to the ITAR, and he was subsequently granted access to such sensitive documents. When KHAZAEE left his employment with each defense contractor, he confirmed that he did not maintain possession of any trade secret or proprietary information.

7. From at least 2009 through and including late 2013, KHAZAEE attempted to use trade secret, proprietary and export controlled material that he had obtained from his employers to gain employment in Iran.

8. In November and December 2009, KHAZAEE corresponded by email with an individual at a state-controlled university in Iran to whom he attempted to send, and in some cases did send, power point presentations containing trade secret, proprietary and export controlled material relating to the Joint Strike Fighter Program. Because KHAZAEE encountered difficulties attaching and emailing the relatively large files, he created an email account, for which he provided the individual in Iran with his login information and password. In an email dated November 30, 2009, KHAZAEE stated that he was “sending some [of] them to this made up account,” he provided the steps to access the account, and directed the individual in Iran to “get a power point file in the attachment (the name of the file is: Diffuser_CDP seal_OGV).” A power point file bearing the

name "Diffuser_CDP seal_OGV," relating to the F-136 Engine for the Joint Strike Fighter Program, was found on KHAZAEE's computer media. The power point bore multiple warnings that it contained proprietary information of particular U.S. defense contractors, and it also contained numerous, explicit export control warnings.

9. In additional emails from December 2009 to the same recipient in Iran, KHAZAEE attached two more power point presentations bearing warnings that they contained sensitive, proprietary and export controlled material relating to the Joint Strike Fighter Program, and KHAZAEE again provided the login and password information to the individual in Iran to access the power points in KHAZAEE's email account. An electronic copy of one of the power points bearing the same file path set forth in the email was recovered from KHAZAEE's electronic computer media.

10. In an email dated December 8, 2009 to the same recipient in Iran, KHAZAEE wrote "some of these are very controlled . . . and I am taking [a] big risk. Again please after downloading these two Power Point files delete everything immediately. After these two ppt files, you have a total [of] three ppt files for discussion I can't leave them there more [than] one or at max two days. IF I DO NOT GET A RESPONSE . . . IN A DAY OR TWO I WILL DELEATE THEM." [sic] (emphasis in original).

11. Reply email indicated that the individual in Iran confirmed to KHAZAEE that he had received the emails and power points.

12. Travel records as well as documents recovered from KHAZAEE's computer media indicated that KHAZAEE also traveled to Iran in 2009 and gave presentations at a state-controlled university in Iran relating to his work at a U.S. defense contractor.

13. Analysis of KHAZAEE's computer media revealed not only additional documents containing proprietary, trade secret and export controlled material belonging to the U.S. defense contractors at which he had been employed, but also cover letters and application documents, dating from in or about 2009 through in or about 2013, in which KHAZAEE sought employment with multiple state-controlled technical universities in Iran. In multiple letters to state-controlled universities in Iran, KHAZAEE described the knowledge and skills he had obtained while working for the U.S. defense contractors. In the letters, KHAZAEE also wrote: "[a]s lead engineer in these projects I have learned some of the key technique[s] that could be transferred to our own industry and universities, if opportunity arises." KHAZAEE further stated that he was "looking for an opportunity to work in Iran, and certainly it has to do with transferring my skill and knowledge to my nation."

14. In or about 2013, KHAZAEE authored additional materials in connection with seeking a position at a state-controlled university in Iran. KHAZAEE wrote: "I have close[] to 17 years of industry experience. Currently I am employed . . . working on F135 and F119 aircraft engine projects." KHAZAEE further wrote:

Even though working industry being very exciting, with best pay-salary and high-tech events, my original nationality being Iranian (which I am very proud of), has caused me tremendous issue and hindrances towards my progress and goals. I can't make any publication in current job (everything is very proprietary and restricted, mostly military projects), I was rejected to participate in the new advance engine program (this is beyond F135 engine, it's called AETD), purely based on my original nationality. This is the primary is reason for my consideration to move to Iran; hopefully I can contribute some of the key ideas & concepts in teaching new talented students and reward them towards the industry trend, especially in aircraft gas turbine (aircraft engines, and power gen engine) components and much more

[sic].

15. In or about 2013, KHAZAEE wrote to a university faculty member in Iran expressing his interest in working as a research staff scientist or professor at the Iranian University of Science and Technology ("IUST"), stating he could "enhance the credibility of the technical community of the IUST and Iran." "Meanwhile," KHAZAEE wrote, "I am very much trying to wrap-up things with my life in [the] United States." KHAZAEE stated that he had found a shipping company and asked for logistical and financial assistance in shipping his car and personal belongings to Iran. KHAZAEE asked if the recipient could "manage some sort of arrangement with custom[s] of Tehran (or government) . . . th[at] is,

wa[i]ve the custom fee . . . since I have acquired all credentials and degree from abroad and [am] willing to serve in an Iran institution.”

16. In or about November 2013, while residing in Connecticut, KHAZAEE caused a shipment to be sent by truck from Connecticut to a freight forwarder located in Long Beach, California, which was intended for shipment from the United States to the city of Hamadan in the Islamic Republic of Iran (“Iran”). The documentation for KHAZAEE’s shipment indicated that it contained household goods. The content of the shipment included numerous boxes and digital media. Upon examination by federal law enforcement, the boxes and digital media included thousands of documents consisting of sensitive technical manuals, specification sheets, technical drawings and data, and other proprietary material relating to military jet engines and the United States Air Force’s F35 Joint Strike Fighter (“JSF”) program and the F-22 Raptor. The documents examined included many documents that were labeled as “Export-Controlled,” as well as stamped with “ITAR-controlled” warnings.

17. One such document was a 103-page document containing technical data that the United States Department of State’s Directorate of Defense Trade Controls has confirmed was designated as a defense article under Category XIX(g) on the United States Munitions List. Another is a 5-page document also containing technical data that DDTTC has confirmed is covered by Category XIX(g) on the USML.

18. KHAZAEE did not apply for nor did he obtain any export license or written authorization to export any of the documents.

19. Several shipping documents identified the sender of the shipment as KHAZAEE from an address in Connecticut, and listed the ultimate recipient as an individual at an address in Iran. Also recovered in the shipping documents was a copy of a personal check from KHAZAEE written to the freight forwarder for the cost of the shipment and bearing a signature appearing to be KHAZAEE's.

20. A fingerprint analysis of certain items in the shipment recovered approximately twenty-three (23) positive fingerprint hits for KHAZAEE.

21. KHAZAEE subsequently booked a January 9, 2014 flight from Indianapolis, Indiana, through Newark, New Jersey and Frankfurt, Germany, with a final destination of Tehran, Iran.

22. On January 9, 2014, KHAZAEE was arrested at the Newark Liberty International Airport before departing for Iran. Search warrants executed on KHAZAEE's checked and carry-on luggage revealed additional sensitive, proprietary, trade secret and export controlled documents relating to military jet engines, in both hard copy and in electronic form on KHAZAEE's computer media. In KHAZAEE's checked luggage was a document setting forth details regarding his attempted shipment of materials to Iran. Also found and seized was \$59,645.00 USD in cash, which had been split up into multiple bank envelopes in increments of, approximately \$5,000 each, and stored in various places in KHAZAEE's carry-on luggage.

COUNT ONE

**(Willful Violation of the Arms Export Control Act,
Attempted Export of Defense Articles to Iran Without a License)**

23. The allegations set forth in paragraphs 1 through 22 of this Information are hereby re-alleged and incorporated as though set forth in full herein.

24. In or about November 2013, in the District of Connecticut and elsewhere, the defendant knowingly and willfully exported and caused to be exported from the United States to Iran a defense article, that is a 103-page document containing technical data that the United States Department of State's Directorate of Defense Trade Controls has confirmed was designated as a defense article under Category XIX(g) on the United States Munitions List, without having first obtained from the Department of State a license for such export or written authorization for such export.

All in violation of Title 22, United States Code, Sections 2778(b)(2) and 2778(c), and Title 22, Code of Federal Regulations, Sections 126.1(a) and (e), 127.1(a) and 127.3.

FORFEITURE ALLEGATION

Upon conviction of the Arms Export Control Act offense alleged in Count One of this Information, the defendant MOZAFFAR KHAZAEE shall forfeit to the United States of America pursuant to 22 U.S.C. § 401 and 28 U.S.C. § 2461(c), all right, title, and interest in any and all items and articles exported and shipped in violation of law, and attempted to be exported and shipped in violation of law, and all vessels, devices and any other items containing such items and articles, and


all vessels, devices and any other items used in exporting and shipping, and in attempting to export and ship, such items and articles, including but not limited to: (1) all the contents of the boxes of documents that he attempted to ship except for the personal items that he or his representative are willing to identify; (2) all of the documents obtained from his employers; and (3) all of the digital media identified below.

<u>Type:</u>	<u>Make:</u>	<u>Model</u>	<u>Serial Number:</u>
External Hard Drive	IOMEGA		FRAF514FeM
Laptop	Toshiba		7D115252C
External Hard Drive	Toshiba		71R3C185TQQ4
Thumb Drive	Lexar Cruzer	Firefly	0A4E9703090212260307
Thumb Drive	SanDisk	Micro	0000162443723863
Laptop	Lenovo	4446	L3-BFV1D

All in accordance with 22 U.S.C. Section 401, 28 U.S.C. Section 2461(c), and 21 U.S.C. Section 853, and Rule 32.2(a), Federal Rules of Criminal Procedure.

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