

FILED
U.S. DISTRICT COURT
EASTERN DISTRICT OF LA

2008 JAN -4 PM 2: 17

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FELONY

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA

**BILL OF INFORMATION FOR CONSPIRACY
TO VIOLATE THE INTERNATIONAL EMERGENCY ECONOMIC
POWERS ACT AND THE IRANIAN TRANSACTIONS REGULATIONS**

UNITED STATES OF AMERICA

*

CRIMINAL NO.

08-003

v.

*

SECTION:

SECT. L MAG. 4

JAMES ANGEHR

*

VIOLATION: 18 USC § 371

JOHN FOWLER

* * *

The United States Attorney charges that:

COUNT 1

A. AT ALL TIMES MATERIAL HEREIN:

1. Defendants **JAMES ANGEHR** and **JOHN FOWLER** ("ANGEHR and FOWLER") are owners and corporate officers of Engineering Dynamics, Inc. ("EDI") which is a Kenner, Louisiana engineering company that designed, produced, marketed, and supported Structural Analytical Computer Software ("SACS"), an engineering software program intended to assist in the design of offshore oil and gas structures. SACS is a controlled product under various

Fee USA
Process _____
X Dktd _____
CtRmDep _____
Doc. No. _____

United States laws and regulations due to the product's sophistication and its potential use.

2. Nelson Szilard Galgoul ("Galgoul") was the director of SUPORTE Consultoria e Projetos Ltda. ("Suporte"), an engineering consulting firm located at Rua Visconde de Inha ma 134/505, Rio de Janiero, Brazil. Suporte was a consulting engineering firm headed by which also acted as an agent for EDI in the marketing and support of SACS. Galgoul also provided training to engineers and technical personnel in the use of SACS. In particular, GALGOUL marketed and serviced SACS and trained users of the software in Iran from 1995 through 2007.

3. Iran Marine Industrial Company ("IMICO") is a marine construction company doing business in Iran.

4. Namvaran Consulting Engineers ("Namvaran") is an engineering firm doing business in Iran.

5. Petroleum Development and Engineering Company ("PEDEC") is an engineering company doing business in Iran.

6. Iranian Offshore Engineering and Construction Company ("IOEC") is an engineering company doing business in Iran.

7. Sazeh Consultants ("SAZEH") is an engineering company doing business in Iran.

8. Iran Shipbuilding and Offshore Industries Complex Company ("ISOICO") is an engineering and construction company doing business in Iran.

International Emergency Economic Powers Act (IEEPA)

9. The International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. §§ 1701-1706, authorized the President of the United States to impose economic sanctions against a foreign country in response to an unusual or extraordinary threat to the national security, foreign policy, or economy of the United States when the President declares a national emergency with respect to that threat.

10. On March 15, 1995, the President issued Executive Order No. 12957 finding that "the actions and policies of the Government of Iran constitute an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States" and declaring "a national emergency to deal with that threat." Executive Order No. 12957, as expanded and continued by Executive Orders No. 12959 and 13059 and successive Presidential notices, was in effect at all times relevant to this Indictment.

11. Executive Orders No. 12959 and 13059 (the "Executive Orders") imposed economic sanctions, including a trade embargo, on Iran. The Executive Orders prohibited, among other things, the exportation, re-exportation, sale, or supply, directly or indirectly, to Iran of any goods, technology, or services from the United States or by a United States person. The Executive Orders also prohibited any transaction by any United States

person or within the United States that evaded or avoided, or had the purpose of evading or avoiding, any prohibition set forth in the Executive Orders.

The Iranian Transactions Regulations

12. The Executive Orders authorized the Secretary of the Treasury, in consultation with the Secretary of State, "to take such actions, including the promulgation of rules and regulations, as may be necessary to carry out the purposes" of the Executive Orders. Pursuant to this authority, the Secretary of the Treasury promulgated the Iranian Transactions Regulations ("ITR"), 31 C.F.R. Part 560, implementing the sanctions imposed by the Executive Orders.

13. Under the Iranian Transactions Regulations, 31 C.F.R. Part 560:

- a. Section 560.204 provided that no goods, technology, or services may be exported, re-exported, sold, or supplied to Iran, directly or indirectly, from the United States or by a United States person wherever located, without authorization. 31 C.F.R. 560.204
- b. Section 560.203 prohibited any transaction by any United States person or within the United States that evaded or avoided, or had the purpose of evading or avoiding, or that attempted to violate,

any of the prohibitions set forth in Part 560.

Section 560.203 further prohibited any attempt to violate the prohibitions contained in Part 560.

31 C.F.R. § 560.203.

14. The United States Department of the Treasury's Office of Foreign Assets Control ("OFAC"), located in the District of Columbia, had responsibility for administering the ITR and was the entity empowered to authorize transactions with Iran during the embargo. Such authorization, if granted, would be in the form of a license.

B. THE CONSPIRACY

15. Beginning in or around March, 1995, and continuing through in or around February, 2007, within the Eastern District of Louisiana and elsewhere, the defendants, **JAMES ANGEHR** and **JOHN FOWLER**, and others known and unknown to the Grand Jury, knowingly combined, conspired, confederated, and agreed with each other to commit an offense against the United States, to wit, to wilfully violate IEEPA and the ITR by exporting and attempting to export U.S. origin commodities to Iran without having first obtained the required authorizations from OFAC, located in the District of Columbia, in violation of Title 50, United States Code, Section 1705 and Title 31, Code of Federal Regulations, Section 560.

C. OVERT ACTS

16. In furtherance of this conspiracy, the defendants, **ANGEHR** and **FOWLER**, and their co-conspirators committed the following overt acts among others in the Eastern District of Louisiana and elsewhere:

- a. On or about May 11, 1995, **ANGEHR** sent Galgoul a telefax which stated, "You may or may not know that our wonderful President Clinton is, or already has, signed an executive order banning trade with Iran. I have to get the details of how soon it goes into effect but I know it is not long from now. I am afraid this is going to have a very detrimental effect on our business there."
- b. On or about July 17, 1995, **ANGEHR** sent a telefax to Suporte which stated, "I spoke with Nelson late last week before he was to leave for Iran. We have discussed with him in detail the prohibition that we now have from the US government regarding trade with Iran."
- c. On or about August 24, 1995, **ANGEHR** sent a telefax to Galgoul which stated in pertinent part, "It seems as though we are going to have some money coming from Brazil as well as from the middle east. I am trying to figure out if there is a way for use (sic) to get it back here in cash. I will give you my thoughts on this in a few days. Please do not address this topic in your telefaxes to us as I do not control who reads them."
- d. On or about July 21, 1996, **ANGEHR** sent a telefax to an EDI employee stating in pertinent part that, "The companies in Iran that we sold software to before the embargo are 1. Iran Marine Industrial Company (IMICO). 2. Namvaran Consulting Engineers. 3. Petroleum Development and Engineering Company (PEDEC). 4. Iranian Offshore Engineering and Construction Company (IOEC). 5. Sazeh Consultants (Temporary License). Following the embargo through 2006, EDI continued to sell and maintain software for these same Iranian entities directly and through Galgoul."

- e. On or about August 5, 1999, **ANGEHR** sent a telefax to Galgoul providing the SACS edit codes for EDI427 and 429 which were intended for an Iranian client.
- f. In or about 1999, Galgoul sent a facsimile to **ANGEHR** which stated in pertinent part, "I paid a visit to our Middle East client, IMICO, on this Qatar trip (they have recently upgraded to 5.0 and purchased a 2d key - total purchase US\$61051 of which you pay me 20% and an additional US \$1000 overdrawn in your last invoice). I was hoping to pick up the old keys, but the person responsible for keeping track of them wasn't in town. Please make sure their keys EDI410S, EDI411S, EDI416S and EDI442S are still temporary." In the same facsimile, Galgoul invoiced EDI for \$7,040 in travel expenses.
- g. On January 5, 2000, Galgoul sent **ANGEHR** an e-mail which discussed his plans to travel to Tehran, Iran on January 18. Galgoul further stated that "The only place where I use my Brazilian passport is Iran."
- h. On or about March 22, 2000, Galgoul sent an e-mail to EDI requesting assistance relative to a structural engineer in Tehran, Iran. Galgoul stated, "During that trip of mine to Qatar I stopped in Tehran and instructed this guy to check the upgrades at the EDI site, but it seems he couldn't cope with it. I'll see to it that I send him notifications of all the upgrades. Don't worry about it."
- i. On or about October 12, 2000, **ANGEHR** forwarded an inquiry from the Subsea R&D Center in Isfahan University of Technology in Iran stating, "We did send a proforma invoice in response to this query, but we should have probably just forwarded it to you."
- j. On or about December 4, 2000, Galgoul sought **ANGEHR's** "blessing" relative to a negotiated sale of upgraded software for eight keys sold to IOEC for \$121,244. Galgoul further accounted for the following keys owned by IOEC: 019, 090, 230, 231, 451, 510, 546, 549.

- k. On or about January 17, 2001, **ANGEHR** sent an e-mail to an EDI employee directing them not to respond to a sales lead stating, "Please don't respond. I will send it on to Nelson who has taken over our client base in Iran."
- l. On or about May 10, 2001, **ANGEHR** sent an e-mail to Galgoul with a copy to an officer of EDI referencing a quotation for software from "an Iranian client - ISOICO (Iran Shipbuilding & Offshore Industries Complex Co.)." The employee further noted in the e-mail that "ISOICO's shipyard is located in Bander Abbas, but head office is in Tehran."
- m. On or about August 20, 2001, Galgoul sent **ANGEHR** an e-mail which referenced an information request from a "NIOC engineer." Galgoul further stated that he had learned of NIOC's interest in purchasing the EDI software but added, "The only problem with selling to them is the enormous approval time. They go through official channels to get the purchase approved and the US\$ authorized, but I think we've all learned by now that everything from the middle east takes forever."
- n. On or about August 22, 2001, Galgoul sent **ANGEHR** an e-mail concerning a naval architect who has a poor reputation. Galgoul added that "Nevertheless as long as he pays its (sic) fine." In addition, Galgoul states that the software he is working with belongs "to IOEC." "They are the company that has 8 SACS keys and who have been negotiating an upgrade for \$US120000.00. The last I heard from them was that they were in bad financial condition (in spite of being owned by the son of the former president Mr. Rafsanjani, who stepped up into a position between the Ayiatolas (sic) and the present day president when he left office. Right now we have several things cooking up in the middle east: - 2 new companies have informed me that they are buying: ISOICO and PETROIRAN - 2 others are negotiating upgrades: IOEC and IMICO."

- o. On or about November 13, 2001, **ANGEHR** sent Galgoul an e-mail regarding his upcoming travel which stated, "Have a nice trip and be careful since you are coming to the terrorists' main target."
- p. On or about December 18, 2001, Galgoul sent **ANGEHR** an e-mail stating that he has received payment from one client in the sum of \$90105 and expects payment from a second client in the amount of \$88213. As to the first sum, Galgoul states that "you get $0.8 \times 90105 = \text{US\$}64925$." As to the second sum, Galgoul states "you get another $0.8 \times 88213 = \text{US\$}70570$."
- q. On or about February 8, 2002, Galgoul sent **ANGEHR** an e-mail referencing "good news." "I just got notified by my bank that the other middle east client paid. I now need new codes for their keys." Later in the e-mail, Galgoul stated, "Please don't forget the ISOICO codes."
- r. On September 18, 2002, Galgoul sent **ANGEHR** an e-mail stating in part, "I got 2 payments from my Middle East clients during the last few months: US\$25434.00 and US\$4765.00, which adds up to US\$30199.50, from which I get \$US6039.90 and leaves EDI with US\$24159.60."
- s. On or about March 13, 2003, Galgoul sent EDI his key inventory which referenced the following Iranian clients: IMICO keys 452, 426, 427, 428, 410S, 411S, 416S, 443S; OIEC key 603S; ISOICO keys 864S, 862S, and 863S.
- t. On or about April 16, 2003, Galgoul sent an e-mail to EDI stating that ISOICO is claiming an entitlement to training and that "I'll be going over there to give it to them. I will try to sell them the maintenance."
- u. On or about October 4, 2003, Galgoul provided an accounting of his sales to EDI in an e-mail which reflecting among other things the following payments from an Iranian client SAZEH on the following times and in the following amounts:
May 19, 2003 - \$6231.90; June 30, 2003 - \$6231.90;
July 7, 2003 - 7930.00; July 23, 2003 -
US\$3408.00. In the e-mail to an officer of EDI,

Galgoul stated, "Nelson pays EDI 80% of these values, wherefore US\$19041.44."

- v. In an e-mail to **ANGEHR** dated July 10, 2004, Galgoul inquired whether the EDI bookkeeper was familiar with EDI's billing arrangements with Galgoul and asked, "My question to you is if all of the Middle East things should also be disclosed?" In a response dated July 11, 2004, **ANGEHR** stated that "nothing has changed from before" and that the bookkeeper "is not privy to the details of the situation so all she needs to know is the breakdown of what we owe you in commission, training and expenses so she knows how to code it in our accounting system."
- w. On or about November 30, 2004, Galgoul sent an e-mail to **ANGEHR** and **FOWLER** and also another officer of EDI stating, "I got an e-mail from an Iranian company yesterday which has 4 keys on version 5.0, but who I also knew were using pirate versions of SACS. I've got some friends there, so I decided to ask what caused the change of policy. Today's reply tells me that their pirate copies are producing incorrect results, wherefore they can no longer use them. Isn't that interesting? Have a nice day!"
- x. On December 25, 2004, Galgoul sent an e-mail to **ANGEHR** providing "the description of the deal I cut with my middle east client, who was using pirate software." Galgoul also provided information concerning his banking information in Munich, Germany. **ANGEHR** responded, saying in pertinent part that, "US\$80K is hard to turn down and I am happy to get them weaned from using pirated copies." **ANGEHR** also discussed the need for the client to subscribe to a maintenance agreement and when a new version of the software would be available.
- y. On or about June 13, 2005, **ANGEHR** sent an e-mail to various officers and employees of EDI stating that Galgoul "is already scheduled to go to Iran this week and we benefit as much as anybody by this trip because we cannot do business there and he is checking for us to find out if there are any

pirated copies of SACS being used. We do not want him to cancel or postpone this trip.

- z. On or about August 12, 2005, Galgoul sent an e-mail to **ANGEHR** stating in pertinent part, "IMICO upgraded to a NETWORK version and paid Nelson US\$80000 (Credit to Nelson 20% - US\$16000."
- aa. On or about October 23, 2005, Galgoul sent **ANGEHR** an e-mail stating in pertinent part, "During my stay in Tehran I tried to know some more about what is happening to SACS in terms of piracy. As far as I could see, they haven't been able to break the software after our protective measures taken 2 years ago."

all in violation of Title 18, United States Code, Section 371.

NOTICE OF FORFEITURE

1. The allegations of Count 1 of this superseding bill of information are realleged and incorporated by reference as though set forth fully herein for the purpose of alleging forfeiture to the United States of America pursuant to the provisions of Title 50, United States Code, Section 1705; Title 31, Code of Federal Regulations, Sections 560.203 and 560.204; and Title 18, United States Code, Section 981(a)(1)(C), made applicable through Title 28, United States Code, Section 2461(c).

2. As a result of the offenses alleged in Count 1, defendants, **JAMES ANGEHR** and **JOHN FOWLER**, shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C), made applicable through Title 28, United States Code, Section 2461(c), any and all property, real or personal, which constitutes or is derived from proceeds traceable to a

violation of Title 50, United States Code, Section 1705,

including but not limited to:

\$1,000,000 in United States Currency and all interest and proceeds traceable thereto, in that such sum in aggregate is property which constitutes or is derived from proceeds traceable to a violation of Title 50, United States Code, Section 1705.

3. If any of the above described property, as a result of any act or omission of the defendants:

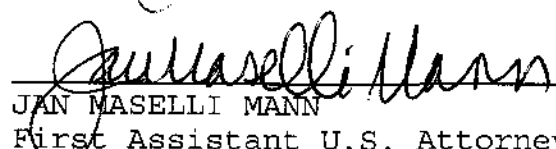
- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third person;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be subdivided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any

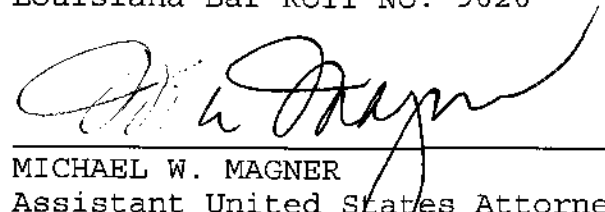
other property of said defendants up to the value of the above
forfeitable property.



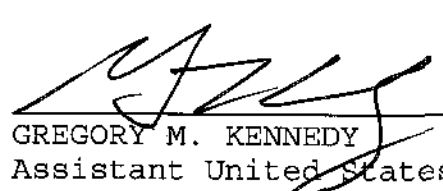
JIM LETTEN
United States Attorney
Louisiana Bar Roll No. 8517



JAN MASELLI MANN
First Assistant U.S. Attorney
Chief, Criminal Division
Louisiana Bar Roll No. 9020



MICHAEL W. MAGNER
Assistant United States Attorney
Louisiana Bar Roll No. 1206



GREGORY M. KENNEDY
Assistant United States Attorney
Louisiana Bar Roll No. 20896

New Orleans, Louisiana
January 4, 2008