

AO 91 (Rev. 02/09) Criminal Complaint

UNITED STATES DISTRICT COURT
for the
District of Delaware

2

United States of America
v.
MARC KNAPP

Case No. 10-107 M

CR 10-108

unsealed on
12/15/10 - XPG

Defendant

SEALED

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

On or about the date of _____ in the county of _____ in the _____ District of
DE & elsewhere, the defendant violated _____ U. S. C. § _____
, an offense described as follows:

SEE ATTACHED CRIMINAL COMPLAINT FORM FOR FULL DESCRIPTION OF OFFENSES, INCORPORATED IN FULL HEREIN.

This criminal complaint is based on these facts:
SEE ATTACHED AFFIDAVIT, INCORPORATED IN FULL HEREIN.

Continued on the attached sheet.

Harry C. Ubele

Complainant's signature

Harry C. Ubele, Special Agent U.S. I.C.E.

Printed name and title

Sworn to before me and signed in my presence.

Date: 07/20/2010

Leonard P. Stark

Judge's signature

City and state: Wilmington, Delaware

Hon. Leonard P. Stark, U.S. Magistrate Judge

Printed name and title

**IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE**

UNITED STATES OF AMERICA,)	
)	
Plaintiff,)	
v.)	Cr. A. No. 10- 107-M
)	
MARC KNAPP,)	
)	
Defendants.)	

CRIMINAL COMPLAINT

I, the complainant in this case, state that the following is true to the best of my knowledge and belief.

COUNT I

From in or about December 24, 2009, to on or about February 22, 2010, in the District of Delaware and elsewhere, defendant **MARC KNAPP** knowingly and willfully attempted to export from the United States to the Islamic Republic of Iran, and caused the attempted export to the Islamic Republic of Iran, and caused the attempted supply to the Islamic Republic of Iran, of ten Nomex flight suits and one F-14 NATOPS emergency procedures manual, without the required authorization from the Office of Foreign Asset Control, Department of the Treasury, having first been obtained, in violation of Title 50, United States Code, Sections 1702 and 1705(c), and Title 18, United States Code, Section 2, Executive Order 13222, and Title 31, Code of Federal Regulations, Sections 560.204-560.205.

COUNT II

From in or about December 24, 2009, to on or about February 22, 2010, in the District of Delaware and elsewhere, defendant **MARC KNAPP** did knowingly and willfully export and cause the export from the United States to Hungary a defense article, that is one F-14 NATOPS

emergency procedures manual, which was designated as a defense article 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, in violation of Title 22, United States Code, Sections 2778(b)(2) and 2778(c), Title 18, United States Code, Section 2, and Title 22, Code of Federal Regulations, Sections 121.1, 123.1, and 127.1.

COUNT III

From in or about December 24, 2009, to on or about March 16, 2010, in the District of Delaware and elsewhere, defendant **MARC KNAPP** knowingly and willfully attempted to export from the United States to the Islamic Republic of Iran, and caused the attempted export to the Islamic Republic of Iran, and caused the attempted supply to the Islamic Republic of Iran of two (2) CSU-13 Anti-Gravity flight suits, without the required authorization from the Office of Foreign Asset Control, Department of the Treasury, having first been obtained, in violation of Title 50, United States Code, Sections 1702 and 1705(c), and Title 18, United States Code, Section 2, Executive Order 13222, and Title 31, Code of Federal Regulations, Sections 560.204-560.205.

COUNT IV

From in or about December 24, 2009, to on or about February 22, 2010, in the District of Delaware and elsewhere, defendant **MARC KNAPP** did knowingly and willfully export and cause the export from the United States to Hungary a defense article, that is two (2) CSU-13 Anti-Gravity flight suits, which were designated as a defense article 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, in violation of Title 22, United States Code,

Sections 2778(b)(2) and 2778(c), Title 18, United States Code, Section 2, and Title 22, Code of Federal Regulations, Sections 121.1, 123.1, and 127.1.

COUNT V

From in or about December 24, 2009, to on or about March 17, 2010, in the District of Delaware and elsewhere, defendant **MARC KNAPP** knowingly and willfully attempted to export from the United States to the Islamic Republic of Iran, and caused the attempted export to the Islamic Republic of Iran, and caused the attempted supply to the Islamic Republic of Iran of one F-14 (GRU-7A) fighter plane ejection seat, without the required authorization from the Office of Foreign Asset Control, Department of the Treasury, having first been obtained, in violation of Title 50, United States Code, Sections 1702 and 1705(c), and Title 18, United States Code, Section 2, Executive Order 13222, and Title 31, Code of Federal Regulations, Sections 560.204-560.205.

COUNT VI

From in or about December 24, 2009, to on or about March 17, 2010, in the District of Delaware and elsewhere, defendant **MARC KNAPP** did knowingly and willfully attempt to cause the export from the United States to Iran a defense article, that is one F-14 (GRU-7A) fighter plane ejection seat, which was designated as a defense article 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, in violation of Title 22, United States Code, Sections 2778(b)(2) and 2778(c), Title 18, United States Code, Section 2, and Title 22, Code of Federal Regulations, Sections 121.1, 123.1, and 127.1.

COUNT VII

From in or about December 24, 2009, to on or about April 30, 2010, in the District of Delaware and elsewhere, defendant **MARC KNAPP** knowingly and willfully attempted to export from the United States to the Islamic Republic of Iran, and caused the attempted export to the Islamic Republic of Iran, and caused the attempted supply to the Islamic Republic of Iran of electronic versions of the NATOPS emergency procedures manual for 14A &B (Tomcat), F-5 (Tiger II) and F-4B (Phantom) fighter jets, without the required authorization from the Office of Foreign Asset Control, Department of the Treasury, having first been obtained, in violation of Title 50, United States Code, Sections 1702 and 1705(c), and Title 18, United States Code, Section 2, Executive Order 13222, and Title 31, Code of Federal Regulations, Sections 560.204-560.205.

COUNT VIII

From in or about December 24, 2009, to on or about April 30, 2010, in the District of Delaware and elsewhere, defendant **MARC KNAPP** did knowingly and willfully export and cause the export from the United States to Hungary a defense article, that is electronic versions of the NATOPS emergency procedures manual for 14A &B (Tomcat), F-5 (Tiger II) and F-4B (Phantom) fighter jets, which were designated as a defense article 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, in violation of Title 22, United States Code, Sections 2778(b)(2) and 2778(c), Title 18, United States Code, Section 2, and Title 22, Code of Federal Regulations, Sections 121.1, 123.1, and 127.1.

COUNT IX

From in or about December 24, 2009, to on or about May 13, 2010, in the District of Delaware and elsewhere, defendant **MARC KNAPP** knowingly and willfully attempted to export from the United States to the Islamic Republic of Iran, and caused the attempted export to the Islamic Republic of Iran, and caused the attempted supply to the Islamic Republic of Iran of three (3) CSU-13 Anti-Gravity flight suits, without the required authorization from the Office of Foreign Asset Control, Department of the Treasury, having first been obtained, in violation of Title 50, United States Code, Sections 1702 and 1705(c), and Title 18, United States Code, Section 2, Executive Order 13222, and Title 31, Code of Federal Regulations, Sections 560.204-560.205.

COUNT X

From in or about December 24, 2009, to on or about May 13, 2010, in the District of Delaware and elsewhere, defendant **MARC KNAPP** did knowingly and willfully export and cause the export from the United States to Hungary a defense article, that is three (3) CSU-13 Anti-Gravity flight suits, which were designated as a defense article 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, in violation of Title 22, United States Code, Sections 2778(b)(2) and 2778(c), Title 18, United States Code, Section 2, and Title 22, Code of Federal Regulations, Sections 121.1, 123.1, and 127.1.

COUNT XI

From in or about December 24, 2009, to on or about July 20, 2010, in the District of Delaware and elsewhere, defendant **MARC KNAPP** knowingly and willfully attempted to

export from the United States to the Islamic Republic of Iran, and caused the attempted export to the Islamic Republic of Iran, and caused the attempted supply to the Islamic Republic of Iran of four (4) AN/PRC-149 handheld search and rescue radios, without the required authorization from the Office of Foreign Asset Control, Department of the Treasury, having first been obtained, in violation of Title 50, United States Code, Sections 1702 and 1705(c), and Title 18, United States Code, Section 2, Executive Order 13222, and Title 31, Code of Federal Regulations, Sections 560.204-560.205.

COUNT XII

From in or about December 24, 2009, to on or about July 20, 2010, in the District of Delaware and elsewhere, defendant **MARC KNAPP** knowingly and willfully attempted to export from the United States to the Islamic Republic of Iran, and caused the attempted export to the Islamic Republic of Iran, and caused the attempted supply to the Islamic Republic of Iran of one F-5B Tiger II fighter jet, without the required authorization from the Office of Foreign Asset Control, Department of the Treasury, having first been obtained, in violation of Title 50, United States Code, Sections 1702 and 1705(c), and Title 18, United States Code, Section 2, Executive Order 13222, and Title 31, Code of Federal Regulations, Sections 560.204-560.205.

This criminal complaint is based on these facts:

SEE ATTACHED AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT,
INCORPORATED IN FULL HEREIN.

Continued on the attached sheet.

Harry C. Ubele
Complainant's signature

Harry C. Ubele, Special Agent, U.S. I.C.E.
Printed name and title

Sworn to before me and signed in my presence.

Date: July 20, 2010

Leonard P. Stark
Judge's Signature

City and State: Wilmington, Delaware

Hon. Leonard P. Stark, U.S. Magistrate Judge
Printed name and title

AFFIDAVIT IN SUPPORT OF CRIMINAL COMPLAINT

I, Harry C. Ubele, being duly sworn, state the following:

A. Introduction and Agent Background

1. I am a Special Agent with the Department of Homeland Security (DHS), United States Immigration and Customs Enforcement (ICE) assigned to the Special Agent in Charge Philadelphia Office (SAC/PHL) and I have been a Law Enforcement Officer for approximately seven (7) years. In that capacity, I have conducted numerous criminal investigations involving the violation of federal export control laws, money laundering, illegal importation of narcotics and other laws. I am responsible for investigating, among other activities, crimes involving the exportation of arms and technology, which are regulated under applicable federal statutes based on their nature, the nature of their intended use, and/or the identity of their end user. As a result of my training and experience, I am familiar with violations of the laws relating to the unlawful export of goods or technology to destinations outside the United States. Because this affidavit is being submitted for the limited purpose of establishing probable cause to obtain a criminal complaint and arrest warrant, I have not included every aspect of the investigation.

2. I have been the case agent in this current investigation since December of 2009. From my participation in this investigation and from reports made to me by other special agents, as well as by other law enforcement authorities, and from my review of documents and other evidence, I am thoroughly familiar with the facts and circumstances of this investigation.

3. The Arms Export Control Act (AECA) authorizes the President of the United States to control the export of “defense articles and defense services.” 22 U.S.C. § 2778 (a)(1). AECA also gives the President authority to designate items as “defense articles.” *Id.* The statutory authority of the President to promulgate regulations with respect to exports of defense

articles and defense services was delegated to the State Department, and the regulations are administered by the Directorate of Defense Trade Controls within the State Department. Under AECA and the International Traffic in Arms Regulations (ITAR), Title 22, Code of Federal Regulations, Sections 120-130, it is unlawful to export or attempt to export, or to re-export, U.S. origin articles that have been designated as defense articles, without a license. In order to prove that a defendant committed an offense under AECA and ITAR, the government must prove beyond a reasonable doubt that the defendant exported, attempted to export or caused to be exported from the United States a defense article; the defendant did not obtain a license or written approval for the export from the State Department; and the defendant acted willfully (that is, with knowledge that his conduct was unlawful).

4. Under the International Economic International Emergency Economic Powers Act (IEEPA), 50 U.S.C. §§1701-1705, 31 C.F.R. Pt. 550 et. seq., the President has the authority to impose unilateral economic sanctions, including export prohibitions, upon a presidential declaration of a national emergency caused by a foreign threat. Generally, the declaration is in the form of an executive order which imposes stricter export restrictions, including embargoes, on transactions involving a particular country or its nationals. IEEPA-based regulations, including comprehensive sanctions programs targeting Iran, are set forth in 31 C.F.R. Pt. 560, et seq. See also Executive Order 13222 (see 74 FR 41325).

5. Pursuant to 31 C.F.R. § 560.204: “the exportation, reexportation, sale or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of any goods, technology or services to Iran, or the Government of Iran, is prohibited, including the exportation, reexportation, sale, or supply of any goods, technology, or services to a person in a third country undertaken with knowledge or reason that: Such goods, technology, or services are

intended specifically for supply, transshipment, or reexportation to Iran or the Government of Iran.”

6. Pursuant to 31 C.F.R. § 560.205: “the exportation from a third country, directly or indirectly, by a person other than a United States person, of any goods, technology or services that have been exported from the United States is prohibited, if:

(1) Undertaken with the knowledge or reason to know that the reexportation is intended specifically for Iran or the Government of Iran; and

(2) The exportation of such goods, technology or services from the United States to Iran was subject to export license application requirement under any United States regulation...”

7. As set forth in greater detail herein, this investigation involves the illegal export and attempted export of the following United States defense articles by Marc KNAPP (“Knapp”): five (5) CSU-13 Anti-Gravity (Anti-G) Flight Suits; one F-14 NATOPS emergency procedures manual; three (3) electronic versions of the NATOPS emergency procedures manual; four (4) AN/PRC-149 Survival radios; two (2) F-14 (GRU-7A) Ejection Seats; and an F-5B Tiger II fighter plane.

- a. The CSU-13 Anti-G Flight Suit is a United States Munitions List Article X (a) (3) Item. Fighter pilots wear Anti-G Flight Suits to counteract the forces of gravity and acceleration.
- b. The NATOPS emergency procedures manuals are United States Munitions List Articles VIII (i) items, for use during in-flight emergency procedures by pilots of F-14A & B (Tomcat), F-5 (Tiger II) and F-4B (Phantom) fighter jets.
- c. The F-14 (GRU-7A) ejection seat, which fighter pilots utilize in F-14 fighter jets, is a United States Munitions List Article VIII (h) Item.
- d. The AN/PRC-149 is a handheld search and rescue radio used primarily by U.S.

Navy pilots as an emergency locator beacon. The AN/PRC-149 is a United States Munitions list Article XI(a)(5) Item.

e. The F-5B Tiger II is a United States fighter jet. The F-5B Tiger II is a United States Munitions List Article

8. ICE Agents have determined that KNAPP does not have a license or written approval from the Department of State, Directorate of Defense Trade Control or Office of Foreign Assets Controls Department to export goods or technology outside the United States or to Iran.

9. Based on the facts set forth in this affidavit, there is probable cause to believe that KNAPP has knowingly and willfully violated Title 22, United States Code, Sections 2778 (b)(2) and 2778 (c), and Title 18, United States Code 2, and Title 22, Code of Federal Regulations, Sections 121.1, 123.1, and 127.1(a)(1) (AECA); and Title 50, United States Code, Sections 1702 and 1705(c), and Title 18, United States Code, Section 2, Executive Order 13222, and Title 31, Code of Federal Regulations, Sections 560.204-560.205 (IEEPA), by causing the export of United States defense articles and United States manufactured commodities and attempting to export United States defense articles and United States manufactured commodities without the requisite export license.

B. Investigation

10. In December, 2009, ICE Agents received information from a cooperating source, hereinafter referred to as CD1, regarding Marc Knapp and his exporting U.S. manufactured defense articles without obtaining the required license(s). CD1 subsequently arranged for an introduction of KNAPP to an ICE (SAC/PHL) undercover agent (UCA1) .

11. Between December 23, 2009, and December 24, 2009, UCA1 sent several emails to

KNAPP at eagledriver27@yahoo.com, an email address provided by CD1. In one of the emails, UCA1 stated that he was sorry that he missed KNAPP'S telephone calls and stated that he understood that KNAPP may be able to meet in Philadelphia prior to returning to Los Angeles. UCA1 stated that he would like to discuss some business and hopefully buy the "seat" from KNAPP. (The seat UCA1 is referring to is an F-14 ejection seat). On or about December 24, 2009, UCA1 received a telephone call from KNAPP, which he was unable to answer. KNAPP left a voicemail for UCA1, in which he stated that he was sorry he missed UCA1's telephone call, that he would reply to UCA1's email, and that he was available to meet UCA1 on January 4, 2010.

12. On or December 24, 2009, UCA1 and KNAPP spoke via telephone. During the conversation, the parties discussed multiple issues, including the following:

a. UCA1 and KNAPP discussed meeting on January 4, 2010. KNAPP asked if it was okay if he brought his wife with him. UCA1 replied that he would rather not discuss certain things in front of her. KNAPP stated that his wife knows the things that he has been doing in the past, in terms of selling seats. UCA1 asked KNAPP if his wife knew the seats were going overseas, to which KNAPP responded that she did. UCA1 explained that he would rather meet KNAPP in private for the first meeting. KNAPP stated that he understood and that she has no reason to put herself at risk.

b. UCA1 asked if KNAPP could obtain any F-5 ejection seats. KNAPP stated that he had been working with his supplier and that he would have a list of seats with him at the meeting. KNAPP stated that his supplier was a bit spooked at times. UCA1 stated that he understands and further that sometimes he does some things for particular reasons, which is probably what KNAPP's supplier does as well, in order to stay out of jail. KNAPP stated that

when his supplier sells KNAPP the seats, he makes KNAPP fill out a form stating that he will not send them outside the United States, but that KNAPP has sent them outside the United States anyway. UCA1 stated that it sounds like they are on the same page.

c. UCA1 further stated that there was no way that he could get an end user certificate for these seats. UCA1 stated that he could not do any export documents for these seats. KNAPP stated that it was cool with him and that ultimately it was him taking the risk. KNAPP stated that he tells his supplier that the seats are not going past him. UCA1 stated that it is great that KNAPP falsifies the paperwork.

d. UCA1 stated that it sounds great and that they could sit down and have lunch and UCA1 could get KNAPP'S bank information. KNAPP stated that any deposits that UCA1 would make to KNAPP would have to be under \$9,000.00. KNAPP stated that anything under \$10,000.00 does not get reported. KNAPP stated that this would help them stay under the radar. KNAPP stated that he has seen how the previous F-14 ejection seat was shipped and how it was marked. UCA1 stated that the seat arrived in Denmark without any problems.¹

e. UCA1 verified that he was going to give KNAPP \$25,000.00 and CD1 \$4,000.00. UCA1 asked KNAPP how he wanted the money. KNAPP stated that he wanted the money sent to him in amounts under \$9,500.00 spread out over a couple days. KNAPP further stated that he is a real stickler, that he already completed a deal on ACES II, and F-5 ejection seats, and that he ensures that he gets everything delivered on time.

f. UCA1 asked what the timeframe was on receiving the F-14 ejection seat. KNAPP stated that his supplier required a \$4,000.00 deposit in order that it is delivered to Los Angeles. KNAPP indicated that he would push his supplier to get the seat to Los Angeles no

¹ This reference is to an F-14 ejection seat sold by CD1 to UCA1 prior to CD1's arrest.

later than January 16, 2010, if \$4,000.00 was given to his supplier as a deposit. KNAPP further stated that he has methods available to nail his supplier if anything goes wrong. UCA1 asked KNAPP to send his bank account information via email. UCA1 stated that KNAPP's supplier must be in the U.S. Air Force, so he has to be more worried. KNAPP stated that he thinks his supplier is not active duty military.

13. On or about January 4, 2010, KNAPP and UCA1 met for lunch in Philadelphia, PA. During the meeting, the two discussed multiple issues, including the following:

a. KNAPP brought a list of ten ejection seats which he could obtain from his intermediary, including prices for eight of the seats. KNAPP later explained that his intermediary had some of the seats in his possession, while his intermediary's seller had the remainder.

b. KNAPP discussed in greater detail his prior export of three ejection seats (an "ACES" for an F-18, an "ACES 2" and an F-5 ejection seat) to Europe. According to KNAPP, he was required to sign an end-user agreement for each of the seats. However, he told UCA1, that the seats had shipped to Europe in contradiction of the end-user agreement. KNAPP stated that the sales occurred two to three years earlier and he "has not heard a peep" about the seats since.

c. KNAPP informed UCA1 that he would email him photographs of two F-14 ejection seats. UCA1 responded that he could send the photographs to his customers who "know what they want."

d. In terms of the mechanics of the deal, KNAPP explained that he would help avoid a paper trail by depositing cash into his savings account, which he would then use to pay his seller. If UCA1 purchased an ejection seat for \$25,000, he would make a \$4,000 downpayment

to KNAPP. KNAPP would pay his intermediary, who in turn would pay the seller. The seller would crate and ship the seat to California. KNAPP would retrieve the seats and deliver them to CD1, who would crate and ship the seats for him. The remaining \$21,000 for the seats would be paid to KNAPP on separate occasions in increments of less than \$10,000.

e. KNAPP and UCA1 then discussed other items that KNAPP could obtain for UCA1, including: (1) a NATOPS emergency book/flight manual for F-14 pilots (\$500); (2) an F-14 parachute with risers and a seat pan (the area where the parachute fits in the seat); and (3) approximately 10 Nomex pilot flight suits (\$200 each). UCA1 explained that his customers were not collectors, but that they wanted things that could be shipped to a foreign country and used. KNAPP stated that he understood.

f. KNAPP then informed UCA1 that he could obtain several additional pieces of U.S. military technology, and asked whether UCA1 had any connections to China or Russia. UCA1 responded that he was interested in any U.S. military technology, but that it was probably better if KNAPP did not know about his customers. KNAPP then explained that he had access to four (4) pilot emergency radios that connect directly to a satellite and are utilized when a pilot is shot down. KNAPP stated that the radios could be reverse-engineered, or that UCA1's customers would have the ability to "just listen in" – i.e., become aware of a pilot's location. KNAPP estimated that the radios should sell for approximately 300,000€ (euros).

g. KNAPP also informed UCA1 that he could obtain a U.S. fighter pilot helmet with advanced avionics – known as a Joint Helmet Mounted Cueing System ("JHMCS") – which improved the capability of fighter pilots to shoot down enemy aircraft. KNAPP stated that the helmet, which is actually being used by U.S. fighter pilots, would bring any country up to par with the most cutting-edge U.S. fighter pilot technology. KNAPP estimated that the JHMCS

should sell for 500,000€. According to KNAPP, the JHMCS was currently in Switzerland, they would have to pay up to \$30,000 - \$50,000 up front to obtain it, and they would have to find out a way to ship it to the United States – possibly through one of KNAPP’s contacts who could smuggle it back on a military flight.

g. KNAPP further informed UCA1 that he knew a company in California that had two F-5 aircraft for sale. KNAPP stated that certain countries need optional aircraft, but that there were “export regulations” to get the aircraft out of the country. UCA1 stated that they could say that the aircraft were going to England, even though they both know that the aircraft would not be staying in England. KNAPP responded that UCA1’s approach was fine, but that he had contacts who are originally from Africa who have connections to the government through family.

h. KNAPP and UCA1 agreed that they were “on the same page” in terms of wanting to stay out of jail. KNAPP stated that the only possible trail would be a money trail. KNAPP suggested for the parties to minimize email communications, and, if such communications were necessary, KNAPP would send documents via email in a WinZip, password-protected format. KNAPP also suggested the use of pre-paid telephones. KNAPP and UCA1 further agreed to cut CD1 out of any further discussions, other than asking him to help crate the F-14 seats for shipment. KNAPP provided UCA1 with information regarding his Citibank bank account (Citibank West, in Simi Valley, CA) (the “Citibank Account”), including the routing number, and account number, which he said he would confirm upon returning home to California.

i. In discussing prices for the various items, KNAPP remarked that “Iranians” might be interested in the flight manual. UCA1 asked KNAPP whether he would care if items ended up in Iran. KNAPP responded that he would not. UCA1 then informed KNAPP that Iran was

trying to obtain F-4 and F-14 fighter jets and accompanying items, and that so long as KNAPP did not care about the end destination, they could make some money. KNAPP stated that he was able to “compartmentalize,” and that the United States would “shoot down” anything (referring to aircraft, etc.) provided to Iran. KNAPP further stated that shipping the two items (the radios and the helmet) to Iran could “level the playing field.” UCA1 explained that there is money to be made in shipping items to Iran because no one is able to obtain proper documents to ship items to that country. KNAPP stated that they could get planes from California to Iran through Canada, Switzerland, or possibly Mexico, and that he would research the issue further.

j. KNAPP and UCA1 agreed to meet a week later in Los Angeles, and UCA1 stated that he would work on getting Knapp \$21,000 for the F-14 seat. UCA1 further stated, “Let’s stay out of jail,” to which KNAPP acknowledged that they were “skating on thin ice.” KNAPP and UCA1 agreed to use code words to describe the sale items going forward. They agreed to call the ejection seats “chairs,” the radios “cars,” the avionics helmet a “boat” and the F-5s “trains.”

14. On January 4, 2010, UCA1 received an email from KNAPP’s email address at eagledriver27@yahoo.com, wherein KNAPP provided specific information about his Citibank Account. On January 5, 2010, Special Agents from the ICE SAC/PHL, acting in an undercover capacity, wire transferred \$4,000.00 to KNAPP’s Citibank Account as a down payment for the F-14 ejection seat, as the parties had previously discussed. UCA1 then sent KNAPP an email at eagledriver27@yahoo.com stating that he had just wired the funds to KNAPP. KNAPP responded the same day that he would inform UCA1 when he received the funds. UCA1 responded that he would be in Los Angeles the following week, and that he reserved a room for them to meet for lunch on January 13, 2010. KNAPP responded by sending an email from

eagledriver27@yahoo.com, which directed UCA1 to see the attached information. KNAPP attached documents using WinZip, and provided UCA1 with the password to open. Four documents were attached labeled A, B, C and D. Document "A" contained various pictures of ejection seats. Document "B" contained pictures of the AN/PRC-149 Radio Set. Document C contained pictures of a pilot's helmet, alleged to be a JMHCS helmet. Document "D" contained pictures of a Seat Pan survival container.

15. On January 6, 2010, UCA1 received a telephone call from KNAPP in which they discussed the F-14 ejection seat.

a. KNAPP indicated that he had received the initial down payment from UCA1. KNAPP further stated that he would need the balance of the money for the F-14 ejection seat by the January 20. UCA1 stated that he would try to wire KNAPP \$7,000.00 on Friday and he would also bring a check for KNAPP when he was out in Los Angeles. KNAPP asked UCA1 if he could meet UCA1 without CD1. KNAPP stated that they should meet separate in order to look at the "cars" (AN-PRC/149 survival radios). KNAPP further stated that pictures of the "cars" (AN-PRC/149 survival radios) were in the "vacation plans" that he sent to UCA1.

b. UCA1 stated that he wanted to purchase the ten flight suits and the F-14 NATOPS manual. UCA1 further stated that he understood that the suits could be used in any "train" (F-5 fighter aircraft), but sometimes he had to explain that to his customers. KNAPP and UCA1 discussed KNAPP driving the "cars" (PRC-149 radios) out to UCA1, as they discussed at their meeting in Philadelphia. UCA1 explained that if KNAPP could get the anti-gravity flight suits over to them, then this will help show his customers they are not messing around and that they can get "this stuff." UCA1 explained that his customers were shocked about the possibilities of purchasing the "trains" (F-5 aircraft). UCA1 stated that he wanted KNAPP to ship the anti-

gravity flight suits and the book to the UAE as soon as UCA1 provided KNAPP with the address. KNAPP stated that it should not be a problem. UCA1 stated that he did not want KNAPP doing anything that he was not comfortable doing. KNAPP stated that he would get back to UCA1 in terms of direct shipment.

c. UCA1 stated that the items would be shipped to an address “over there” that is untraceable. KNAPP and UCA1 discussed that if the shipment of anti-gravity flight suits was opened, it could never be traced back from where it was shipped.

d. UCA1 stated that KNAPP may have a more difficult time setting up a bank account in Switzerland. KNAPP asked if UCA1 thought setting up a bank account somewhere else would work, such as the UAE. UCA1 stated that he would look into it and mentioned the possibility of Canada.

e. UCA1 and KNAPP discussed UCA1 providing the remainder of the payment to KNAPP by January 20, 2010. UCA1 and KNAPP discussed the pictures that KNAPP sent to UCA1 via email. KNAPP stated that the pictures were of the “cars” (PRC-149 radios), the F-14 NATOPS book and the other items. KNAPP and UCA1 discussed KNAPP driving the cars (PRC-149 radios) across the country. KNAPP stated that as soon as he had the bank account set up in Canada, he was good to go. UCA1 and KNAPP further talked about wiring the entire amount from UCA1 to KNAPP all at once. KNAPP stated that he would be comfortable with one large transfer, if that would satisfy UCA1. UCA1 responded that he was not sure that would be a good idea.

f. Finally, UCA1 and KNAPP discussed the purchase of the “trains” (F-5 fighter aircraft) and how to get around the paperwork on the sellers end. KNAPP stated that he had one person that he could trust, but also that this person would not even understand what KNAPP was

trying to do.

16. Between January 6, 2010, and January 9, 2010, KNAPP and UCA1 exchanged a series of emails using KNAPP's eagledriver27@yahoo.com address. During the emails, the parties confirmed that they would meet the following Wednesday in Los Angeles; KNAPP confirmed that the "cars" (AN/PRC-149 survival radios) were American made; KNAPP stated that they could only view the "trains" (the F-5 fighter aircrafts) by appointment; and KNAPP stated that he was working on a shipping quota for the flight suits to be shipped via Spain.

17. On January 11, 2010, UCA1 made a consensual telephone call to KNAPP at the telephone number KNAPP provided to him. During the phone call, KNAPP stated that he was unsure whether the "trains" would be available for inspection during UCA1's trip to California. KNAPP explained that he was in the process of determining a timeline for the "cars" (PRC-149 radios), but anticipated transporting four "cars" to UCA1 and receiving payment for only one at the time of delivery. The parties discussed devising a plan for meeting with the seller of the F-5 aircraft, who would likely want to know the identity of the person who would take it for a test flight. KNAPP indicated that he had two contacts who could possibly fly the aircraft, including an individual in California. KNAPP further explained that he had various sources and could provide UCA1 with a continuous stream of items for sale, including anti-gravity flight suits and oxygen masks. KNAPP stated that Spain was likely the best place to ship the items. Finally, KNAPP told UCA1 he expected a delivery date of January 20, 2010 for the "office chair" (F-14 ejection seat). UCA1 stated that he hoped to have the \$7,000 down payment to KNAPP by the time of their meeting. KNAPP stated that he was working to provide UCA1 with photographs of other "office chairs" from an existing supplier, as well as making contacts with other suppliers who might be able to sell "office chairs." Following the conversation, UCA1

received a text message from KNAPP stating shipping the flight suits to Spain would cost approximately \$200, and that he had fifteen (15) flight suits ready for sale.

18. Also on January 11, 2010, UCA1 received multiple emails from KNAPP at eagledriver27@yahoo.com. KNAPP stated that he was going to schedule an appointment to look at the “trains” (F-5 fighter aircraft) on Thursday. KNAPP further provided the names of the manufacturers for the flight suits. KNAPP also stated that he was still looking for repeat items such as suits, Anti-gravity flight suits, masks, and harnesses. KNAPP emailed UCA1 again the next day, January 12, 2010, in which he informed UCA1 that the seller of the F-5 fighter aircraft may require identification if they inspect the aircraft. KNAPP further advised that if UCA1 still wanted to look at them, then they should meet before in order to discuss the approach to the seller. KNAPP followed up the emails by leaving a voice mail message with UCA1 on January 13, 2010, in which he stated it was possible to see the “trains” on January 13 or January 14. KNAPP further stated that he had a number of items that he was looking forward to discussing with UCA1 at their meeting.

19. On January 13, 2010, KNAPP, UCA1 and CD1 met for lunch in Los Angeles, CA. During the lunch meeting, the parties discussed the following:

a. UCA1, CD1 and KNAPP discussed the F-14 ejection seat that was due to arrive in Los Angeles from KNAPP’s intermediary in approximately one week. KNAPP stated that he would provide photographs of the other ejection seats soon. UCA1 stated that he was going to pay KNAPP directly for the shipping of the seat to Denmark. In response to a question from UCA1, CD1 stated that there were no issues with using the same shipping company that they previously used to ship an ejection seat, particularly because the company did not ask any question. KNAPP stated, “That is the key right there.”

b. KNAPP stated that he would be purchasing a “throw-away” telephone soon to use to communicate with UCA1. UCA1, KNAPP and CD1 discussed the crating and logistics of the shipping of the F-14 ejection seat to Denmark. KNAPP stated that the seller makes him sign an end user statement that it will not leave the United States, but that his seller never asks him any questions.

c. During a period when CD1 left the meeting, UCA1 and KNAPP discussed the flight suits and the F-14 NATOPS manual. UCA1 stated that he intended to purchase them that day from KNAPP for \$2,500.00. UCA1 further told KNAPP that the suits and the NATOPS manual were destined for Iran. KNAPP acknowledged that he understood. UCA1 explained that he did not want to discuss this in front of CD1 because CD1 would not be comfortable with anything being shipped to Iran. UCA1 stated that after they arrived in Bahrain, then they would be shipped across the water to Iran. KNAPP stated it was a “short swim” over there.

d. Upon CD1’s return, UCA1 and KNAPP discussed the structuring of the remaining \$21,000.00 that needed to be sent to KNAPP. UCA1 stated that he would send three payments of \$7,000.00 to KNAPP. UCA1 asked KNAPP if he was going to use CD1 to help ship the F-14 ejection seat to Denmark. CD1 asked if KNAPP remembered helping him ship the last ejection seat to Denmark. KNAPP stated that he did. UCA1, KNAPP and CD1 discussed the F-14 ejection seat arriving from Texas and KNAPP taking it to CD1’s house, where they would crate it, then drive it to the shipping line for export to Denmark. KNAPP stated that he had a UPS box that they could use for a return address, so they don’t draw attention to themselves. KNAPP further stated that he would rent a truck to pick it. KNAPP stated that if the shipping company gets questioned on what type of car dropped off the ejection seat, the shipping line would be describing a rental van and not KNAPP’S personal car. UCA1, KNAPP and CD1 further

discussed how they were going to label and undervalue the F-14 ejection seat in order to avoid scrutiny and import taxes as well.

e. CD1 departed the meeting. Thereafter, UCA1 and KNAPP discussed the sale of the F-5 Fighter aircraft and the potential to view the aircraft that day at the Van Nuys Airport. During the course of their meeting, KNAPP received confirmation that they could view the F-5 aircraft later that day at Van Nuys Airport. KNAPP stated that this type of sale may alert the FBI or CIA. KNAPP stated that they needed to do an end user certificate if they purchased this F-5. UCA1 stated that if they said it was remaining in the United States, then they wouldn't have to fill out an end user certificate. KNAPP stated that was not necessarily correct.

f. KNAPP stated that UCA1 needed to send him the address in Denmark for the ejection seat. UCA1 gave KNAPP a check in the amount of \$2,500.00 for the ten flight suits and the NATOPS manual, which were going to be shipped to Bahrain, and then transshipped to Iran. UCA1 stated that he would provide the address to KNAPP as soon as he received it. KNAPP provided UCA1 with an address in Westlake Village California, which he stated was his UPS address.

g. KNAPP and UCA1 then discussed the JHMCS helmet, which was currently in the possession of KNAPP's friend, including the potential to reverse-engineer the helmet. KNAPP stated his friend was storing it on a shelf. UCA1 stated that his customer wanted the helmet, but would not pay 500,000€.

h. KNAPP and UCA1 further discussed the four AN-PRC/149 radios and the price KNAPP provided to UCA1. UCA1 stated that his customers were not willing to pay 350,000€ for the radios, either. KNAPP asked how much they were willing to pay and UCA1 stated that he would attempt to get a price that his customers would pay. KNAPP stated that maybe he

underestimated the technology that UCA1's customers currently had. KNAPP stated that he wanted UCA1 to try to get the best price for these four radios.

i. UCA1 reiterated that his customers were very interested in the F-5 aircraft, but that he had no idea how they were going to get it out of the country. KNAPP stated that the FAA may have very strict regulations on this aircraft. UCA1 stated that the Iranians really want the F-5, but they also know that UCA1 and KNAPP can get other parts. KNAPP and UCA1 discussed the potential of using Mexico as a transshipment point for the F-5.

j. KNAPP discussed different banking options and further that his father-in-law put him in contact with a guy that he was going to meet with that night in order to discuss some banking options, such as Belize or Panama, for privacy reasons.

k. KNAPP and UCA1 discussed sending the flight suits, oxygen masks, helmets and the ejection seats to Iran and how shipping those to Iran would help establish trust from the Iranians, but that the export of an F-5 would take a little more time.

l. KNAPP stated that he would be selling the ejection seat to UCA1 at cost price in order to establish a relationship with UCA1. KNAPP discussed selling the radios to China and that they could sell them through Hong Kong because Hong Kong is a big collector's item place and would be easier to ship through.

m. KNAPP suggested that they use the term, "newspaper" for anything pertaining to money. KNAPP stated that he may have multiple bank accounts for UCA1 to use when transferring the money for the radios.

20. UCA1 and KNAPP finished the meeting and departed for the Van Nuys Airport to look at the F-5 fighter aircraft. Upon arrival at the airport, UCA1 got in KNAPP'S vehicle. KNAPP and UCA1 discussed what they were going to say to the seller. KNAPP stated that he

was going to tell them that he was coming into an inheritance and always wanted to own an F-5. After viewing the F-5 fighter aircraft, UCA1 and KNAPP discussed the potential of exporting the aircraft to Iran. KNAPP told UCA1 one reason why he is “spooked” about transferring technology is because his family has worked as electrical engineers for the DOD (Department of Defense) for many years and that his dad wrote military standards for satellite communication. KNAPP hypothesized that if the Chinese asked questions about the radios (i.e., assuming that UCA1 could find a Chinese buyer) that KNAPP could explain to them that the radios do not work on a dedicated channel and they include prioritization. KNAPP and UCA1 reiterated that their two main goals were to (1) stay out of jail and (2) make money. UCA1 stated that he has an escape plan and that he could leave the U.S. and that he couldn’t be extradited back if they were caught. KNAPP stated that is one reason that he wants to use overseas bank accounts. KNAPP stated that he could go to Lebanon and that his father-in-law could take him and his wife anywhere. KNAPP stated that if he needed to disappear, he could. KNAPP stated that he was even worried about his fingerprints on the rail while they were looking at the F-5. KNAPP suggested that refer to the Iranians as “Hispanics” in future conversations to avoid using the word “Iran,” that way that word (Iran) is not out there. UCA1 stated that he would rather not make fun of Hispanics, so he will refer to Iran as “Ireland” and Iranians as “Irish”.

21. Between January 15, 2010, and January 19, 2010, UCA1 received four emails from KNAPP’s eagledriver27@yahoo.com email account. In the first email (January 15, 2010), KNAPP stated that he would let UCA1 know when he received the “newspaper” (money), and further stated that he would forward UCA1 updated “vacation plans” (business plans). In the second email (also on January 15, 2010), KNAPP sent UCA1 a 17-page document labeled “vacation plans,” which contained information regarding various ejection seats that KNAPP

could obtain for UCA1. On January 18, 2010, KNAPP emailed UCA1 and asked him whether he would be able to receive Wednesday's "newspaper." KNAPP further stated that he had attached more "vacation plans," which consisted of a four-page document containing pictures of the four AN-PRC/149 survival radios. Finally, on January 19, 2010, UCA1 received an email from KNAPP, in which KNAPP stated that he was awaiting "tomorrow's newspaper" and that UCA1 should advise which "office chairs" (ejection seats) he would be ordering.

22. On January 25, 2010, Special Agents from the ICE SAC/PH, acting in an undercover capacity, wire transferred \$8,000.00 to KNAPP's Citibank Account for the F-14 ejection seat. This was the second payment for the F-14 ejection seat. Later that evening, UCA1 sent an email to KNAPP at eagleddriver27@yahoo.com, stating that he just returned and sent KNAPP the "newspaper" (money). UCA1 further stated that he would call KNAPP later. KNAPP responded via email stating that he would check for the "newspaper." The next day, January 26, 2010, KNAPP again responded via email that he had received yesterday's "newspaper" and was looking forward to catching up with UCA1.

23. On January 27, 2010, Special Agents from the ICE SAC/PH, acting in an undercover capacity, wire transferred an additional \$7,000.00 to KNAPP's Citibank Account as the third payment for the F-14 ejection seat. That same day, UCA1 emailed KNAPP at eagleddriver27@yahoo.com and informed him that he should receive a check for that day's "newspaper." KNAPP responded via email "thanks," and attached a two-page document which stated that he would keep UCA1 posted on the delivery of the first office chair (ejection seat). KNAPP further discussed the other ejection seats, the AN-PRC/149 radios, the JHMCS Helmet and the F-5 fighter aircraft.

24. On January 29, 2010, Special Agents from the ICE SAC/PH, acting in an

undercover capacity, wire transferred \$6,000.00 to KNAPP's Citibank Account as the fourth and final payment for the F-14 ejection seat. That same day, UCA1 sent an email to KNAPP at eagledriver27@yahoo.com stating that he sent the remaining "newspaper" (money) and that he was looking forward to speaking to KNAPP next week. KNAPP responded on January 30, 2010, that he received the "newspaper," and further asked UCA1 what other "office chairs" (ejection seats) that UCA1 was interested in purchasing.

25. On February 2, 2010, UCA1 made a consensually monitored telephone call to KNAPP at a new number that KNAPP had obtained. The phone conversation addressed a number of topics, including:

a. UCA1 and KNAPP discussed an email attachment previously sent by KNAPP addressing the various commodities he had for sale. UCA1 asked if KNAPP received the last "newspaper" (wire transfer) for the F-14 ejection seat. KNAPP stated that he received it. KNAPP further stated that the only thing remaining outstanding was the shipping costs.

b. UCA1 and KNAPP discussed the AN/PRC-149 Survival Radios, referred to by KNAPP and UCA1 as "cars". UCA1 stated that the price that KNAPP was asking was way too high. KNAPP stated that he was willing to come down, but that he further understood the value based on the technology it uses. UCA1 stated that he must not fully understand the technology. KNAPP explained that the radios use prioritization on satellite communication and encryption, and KNAPP explained the methodology on how it operates. UCA1 asked KNAPP to send him some information on this methodology so that he could explain it to his customers. KNAPP stated that he would send him something in email later that day.

c. UCA1 stated that he would have an address for KNAPP in Denmark soon in order that KNAPP could ship the suits (Anti-Gravity flight suits).

d. UCA1 and KNAPP discussed the delivery of the first F-14 ejection seat to Denmark. KNAPP stated that he would provide the shipping costs to UCA1 when he received them. UCA1 stated that the F-14 ejection seat was for Iran, and that “they” did not want to buy any more until they received this first one.

e. UCA1 asked what KNAPP meant when he referred to the “boat” in a prior email. KNAPP stated that he was referring to the Joint Helmet Mounted Cueing System (JHMCS) fighter pilot helmet. UCA1 stated that he was still waiting to get a counter offer from his customers on the helmet, as they were unwilling to pay KNAPP’S asking price.

f. KNAPP stated that he would be working on the logistics for the purchase of the “train” (F-5 fighter jet). KNAPP stated that he wanted to proceed with this sale, but that he was still working on it on his end.

g. Finally, UCA1 and KNAPP discussed the electronic version of the NATOPS manual. UCA1 asked KNAPP to provide a price to UCA1 at his convenience.

26. Between February 3, 2010, and February 22, 2010, KNAPP (using eagledriver27@yahoo.com) and UCA1 exchanged multiple emails.

a. In the initial email KNAPP sent to UCA1 on February 3, 2010, KNAPP stated that he was attaching updated “vacation plans”. Attached to the email was a 17-page document containing pictures of various ejection seats that KNAPP stated he could obtain for UCA1. KNAPP further stated that the PRC-149 is the Navy’s choice for pilot survival radios, providing military satellite communication and encoded GPS location for search and rescue. KNAPP further stated that although the radio is billed as a search and rescue (SAR) radio, and not a combat search and rescue (CSAR) radio, it contained CSAR technology. KNAPP stated that even the PRC-112, the PRC-149’s predecessor, was used in combat missions. KNAPP also

stated that the technologies in the military satellite communications from the survival radios are not over a dedicated, open channel/frequency on the satellite. KNAPP stated that instead the communications are broken down into small, short time segments in order to minimize enemy interception from the downed pilot, thus reducing his vulnerability to detection and location by enemy forces. Regarding the F-14 ejection seat, KNAPP stated that he was waiting for information about the shipping company and the previous shipping manifest, in order to quote the cost of crating the F-14 ejection seat. KNAPP further recommended sending the 10 flight suits and NATOPS manual to an address in Bahrain instead of Hungary to save money. KNAPP stated that he was still working on an electronic version of the NATOPS manual.

b. On February 4, 2010, UCA1 sent email to KNAPP at eagledriver27@yahoo.com. UCA1 attached the shipping document as requested by KNAPP for the F-14 ejection seat that KNAPP previously assisted CD1 ship to Denmark without the requisite license.

c. KNAPP responded the same day, stating that he was coordinating the pick-up of the “office chair” and that he would let UCA1 know when that occurred. On February 4, 6, 8, and 14, KNAPP sent emails containing attachments with certain information, including (1) a 12-page document that contained various photographs of F-14 ejections seats, indicated that the first seat was on its way, and stated that he had obtained a second “office depot” (additional supplier); (2) a document stating that, that in addition to the 10-11 ejection seats to which he already had access, he located an additional 20-21 ejection seats for sale; (3) a document stating that the ejection seats were in working condition and not for display, that several of the seats contain rocket motor tubes, and that a \$5,000 deposit would be required for each seat; and (4) a 6-page document containing photographs and other information. KNAPP also confirmed that he shipped the anti-gravity flight suits and F-14 NATOPS manual to an address that UCA1 had

provided in Hungary, referenced that the shipping cost was \$593.78, and discussed providing UCA1 with more information on the AN/PRC-149 survival radios.

d. On February 19, 2010, UCA1 received three emails from KNAPP at eagledriver27@yahoo.com. KNAPP stated that he was resending the photographs in three separate Word documents. KNAPP further stated that he would send UCA1 an update referencing the latest available items. Attached to the three emails were photographs of multiple military flight suits. (These flight suits appeared to be regular flight suits and not Anti-gravity flight suits as UCA1 requested).

e. On February 22, 2010, UCA1 received an email from KNAPP at eagledriver27@yahoo.com. KNAPP stated that the F-14 ejection seat should arrive in approximately 2 weeks.

27. On February 22, 2010, the ten flight suits and the F-14 NATOPS manual arrived in Hungary. ICE Attaché/Vienna subsequently retrieved the items from Hungarian officials and subsequently returned them to ICE SAC/PHL for evidentiary purposes.

28. On February 23, 2010, UCA1 made a consensual telephone call to KNAPP at a telephone number KNAPP provided previously.

a. UCA1 and KNAPP discussed the delivery of the flight suits to Hungary. UCA1 stated that the package arrived there and that he was able to open up the photographs of the suits sent by KNAPP. UCA1 stated that they were the wrong flight suits. UCA1 further stated that they were regular flight suits, not Anti-Gravity flight suits as he expected. KNAPP apologized for the mix-up and stated that he would send UCA1 whatever ones he wanted at cost. UCA1 stated that it was okay, but that he may have a problem with credibility when it comes to bigger ticket items if they cant get the smaller ticket items right. KNAPP asked if the Anti-Gravity suits

should be the newer CSU-13 or the CSU-15. UCA1 stated that the newer version would be fine, so long as they worked in Iranian aircraft.

b. UCA1 and KNAPP then discussed the AN/PRC-149 Survival Radios, referred to by KNAPP and UCA1 as “cars”. UCA1 stated that his customers insisted that these radios were only worth approximately \$10,000 to \$12,000. KNAPP stated that he had no idea that they were worth so little and that he was sure it was based on quantity. UCA1 and KNAPP further discussed that they were also not getting these radios through legitimate means. KNAPP stated that he was trying to verify that the technology in the radios is what he believes it to be. KNAPP further stated that an American company called SEI apparently held the contract for the AN/PRC-149 Survival Radios.

c. KNAPP and UCA1 then discussed the F-5 fighter jets, referred to by KNAPP and UCA1 as “trains”. KNAPP stated that he received the price from the seller. KNAPP further stated that he was still working on getting the specifications. UCA1 asked KNAPP to send him the price via email.

d. UCA1 and KNAPP then discussed the possibility of conducting a meeting in Hungary. UCA1 stated that if they were going to do the F-5 fighter jet, then KNAPP would have to meet one of the Iranian buyer representatives.

e. UCA1 and KNAPP discussed the timeline on the delivery of the first F-14 ejection seat. UCA1 stated that he may be out in Los Angeles in the next couple weeks and that maybe UCA1 could go out there when the seat arrived to talk more freely.

f. KNAPP stated that he was working on getting some more items for UCA1. KNAPP asked if UCA1 had any interest in Night Vision Goggles for pilots, to which UCA1 responded that he was interested, but that they should concentrate on the first seat and proceed

from there. KNAPP stated that he would gather the Anti-Gravity suits, take photographs and send them to UCA1 for approval prior to shipping them to Hungary.

29. On February 24, 2010, UCA1 received an email from KNAPP at eagledriver27@yahoo.com. Attached to the email were two documents. One contained a four-page document in which KNAPP provided an update on the Ant-Gravity suits. KNAPP further stated that he began acquiring one seat for UCA1 on his own. KNAPP provided information on the "cars" (AN/PRC-149 survival radios). In particular, KNAPP stated that he wanted UCA1 to negotiate the best price possible and that UCA1 should keep in mind that the radios are not available through normal channels. KNAPP further stated that compensation for risk of export is further needed to be taken into consideration. KNAPP also discussed the purchase of the "train" (F-5 fighter aircraft). KNAPP stated that this would be a high-profile purchase and may be reported to the government. KNAPP further discussed the possibility of getting "glasses" (Night Vision Goggles). The second attachment contained a 48-page document containing multiple pictures of various ejection seats, to include prices and descriptions.

30. On February 25, 2010, KNAPP emailed UCA1 a 10-page document containing photographs of CSU-13 and CSU-15 Anti-Gravity flight suits. KNAPP further provided photographs and a description the CSU-17 and the CSU-21 upper G-suit vests, as well as a list of other aviation products that he could supply. KNAPP sent a follow-up email the next day stating that he would let UCA1 know when he had the latest Anti-Gravity flight suits. KNAPP also stated that he wanted to speak with UCA1 about the latest travel dates.

31. On March 3, 2010, KNAPP emailed UCA1 that the F-14 ejection seat was going to ship Friday (March 5, 2010). KNAPP stated that he would give UCA1 the arrival date when he received it along with the cost of shipping.

32. On March 4, 2010, UCA1 made a consensually monitored telephone call to KNAPP in which they discussed the delivery, crating by CD1, and subsequent shipment of the F-14 ejection seat out of the United States. UCA1 stated that he was interested in the "glasses" (Night Vision Goggles) that KNAPP discussed previously. KNAPP stated that they were either gen 3 or gen 4, and that the seller has an official background as a lens crafter. UCA1 and KNAPP also discussed the Anti-Gravity flight suits. KNAPP stated that they would either be the CSU-13 or the CSU-15, and that both are compatible with the F-14 fighter jet. UCA1 stated that the first ten flight suits were not worth \$200 each because they were not Anti-Gravity. UCA1 stated that the "Irish," referring to the Iranians, were not happy with the flight suits. KNAPP stated that he would do whatever it takes to make it right, and that he wanted to make sure that they got the correct Anti-Gravity flight suits as soon as possible and also wanted to gain their confidence to purchase other items. Finally, UCA1 and KNAPP discussed meeting in Hungary for KNAPP to meet UCA1's contact in order to discuss the purchase of the F-5 fighter jet for \$3.6 million. KNAPP stated that once they have first "office chair" (F-14 ejection seat) done, that he was looking into possibly buying another "office chair" (ejection seat) out of his own pocket.

33. KNAPP sent two emails to UCA1 on March 5, 2010, and March 6, 2010, respectively. In the first email, KNAPP stated that he was going to pay for the shipping of the F-14 ejection seat and that he was still waiting to hear about the final delivery date. In the second email, KNAPP attached a one-page document which stated that the F-14 ejection seat would arrive on Wednesday (March 10). KNAPP further discussed the Anti-Gravity flight suits, the AN/PRC-149 survival radios, and the potential travel dates for him and UCA1.

34. On March 10, 2010, UCA1 made a consensually monitored telephone call to

KNAPP in which they discussed the F-14 ejection seat, which was scheduled to be delivered to Chino (California) airport. KNAPP further stated that he currently had two Anti-Gravity flight suits in his possession, which he agreed to ship to the Hungarian address that UCA1 had provided. In addition, UCA1 stated that he could provide KNAPP with \$12,000 each for the AN/PRC-149 Search and Rescue Radios. KNAPP accepted this offer. UCA1 stated that when they got back from Hungary, that they should concentrate on the radios. Finally, UCA1 stated that they could talk about a time frame for the second ejection seat with UCA1's contact when they met in Hungary.

35. On March 10, 2010, and March 11, 2010, KNAPP sent two emails to UCA1 regarding the F-14 ejection seat and the anti-gravity flight suits. The emails stated that the ejection seat would arrive on "Friday or Saturday" (March 12 or 13). KNAPP provided a six-page document which contained photographs of an ejection seat he intended to purchase with his own money and a UPS tracking number for the two Anti-Gravity flight suits shipped to Hungary. According to the UPS tracking number, the package had been shipped on March 11, 2010.

36. On March 12, 2010, UCA1 made a consensually monitored telephone call to KNAPP in which they discussed the F-14 ejection seat and KNAPP's plans to pick it up over the next several days to take it to CD1 for packaging. KNAPP stated that he located another ejection seat for an F-4 fighter jet, which the seller was completely restoring to military specifications. UCA1 stated that he was going to bring to the meeting a list of F-5 aircraft parts to see if KNAPP could acquire them. UCA1 and KNAPP discussed the fact that a government contract and State Department licenses are required to obtain these parts. KNAPP stated that he was trying to keep himself and UCA1 "as under the radar as much as possible." KNAPP explained that he was going to meet with another contact to discuss the last list that UCA1

provided to him. KNAPP stated that he realized that “this may be closer to the surface than they wanted to go,” but that he would be checking with his guy to see if it is possible to acquire the items. KNAPP stated that when he does his business, the buck stops with him; that is, no one else is aware that the items are being shipped to Iran, but rather believe that the items are staying with KNAPP as a collector. Finally, KNAPP told UCA1 that he could get an electronic version of the F-14 NATOPS manual for UCA1.

37. Between March 14, 2010, and March 16, 2010, KNAPP sent UCA1 a series of emails from eagledriver27@yahoo.com updating him as he picked up the ejection seat and delivered it to CD1’s residence.

38. On or about March 16, 2010, the second shipment containing two (2) Anti-Gravity flight suits arrived at the undercover address in Budapest, Hungary. ICE Attaché/Vienna subsequently retrieved the package and returned it to ICE SAC/PHL for evidentiary purposes.

39. On March 17, 2010, Knapp met with UCA1 and CD1 at CD1’s residence, located in the Los Angeles, California area, for the purpose of crating the F-14 ejection seat.

a. During the initial part of the meeting, KNAPP, UCA1, and CD1 discussed how to package and crate the ejection seat, which was missing two pieces – leg restraints and a hose connector. KNAPP pointed out that the seat stated “GRU-7A,” which is the designation for F-14 fighter jets. KNAPP suggested that they could put masking tape over the labels, but that Customs could take it off. KNAPP and UCA1 spray-painted the crate using stencils that contained the address in Denmark, and a stencil reading: “For Museum Display Only, Contains One Vintage Aircraft Seat for Gloster Meteor MK-IV, MFD. By The Martin Baker Co., Middlesex, England.”

b. Once the crate was completed, UCA1 and KNAPP asked CD1 to leave so that

they could speak privately. UCA1 asked whether KNAPP could just carry the parts to Hungary, where they were meeting in the future. UCA1 informed KNAPP that his Iranian partner – basically a contractor for the Iranian government – wanted to meet in Hungary on April 21, 2010. KNAPP stated that he did not feel comfortable carrying the parts through Customs because they have part numbers listed on them. KNAPP stated that he would feel more comfortable sending them via UPS. UCA1 stated that he would just have KNAPP send them to the Budapest address, as the parts would possibly catch up with the ejection seat because the other parts are probably already on their way to Iran. KNAPP stated he was currently working on purchasing the second ejection seat out of his pocket. KNAPP stated that this is why he likes the “new guy” with whom he is dealing, as there will be no more mess ups. KNAPP stated that this new guy is going to have the ejection seat militarily up to air readiness. UCA1 asked if this guy knew it was going to Iran. KNAPP stated that he did not. KNAPP stated that he had to sign an end user agreement for the ejection seat.

c. KNAPP and UCA1 further discussed the complete F-5 fighter jet that was for sale for \$3.6 million. KNAPP stated that he was working on a plan to get the aircraft out of Van Nuys and into an uncontrolled airfield. KNAPP further stated that he was still trying to figure out how he could get it past Customs and out of the United States.

d. UCA1 and KNAPP discussed how the Iranians were mad about the flight suits getting messed up. KNAPP stated that two of the correct Anti-Gravity flight suits were on their way to Hungary. KNAPP stated that he was trying to find a new source for the Anti-Gravity flight suits, through another source that can get him as close to the manufacturer as possible, but that he doesn't want to raise any flags.

e. UCA1 and KNAPP discussed the discreet language that they use when talking on

the telephone, referring to “cars” (AN/PRC-149 search and rescue radios), “office chairs” (ejection seats), “train” (F-5 fighter jet) etc. UCA1 stated that sometimes it is better to meet in person so they could talk more freely, and that they would be able to speak freely with the Iranian contact in Hungary.

f. UCA1 and KNAPP discussed the AN/PRC-149 search and rescue radios and driving them across country in order that they could be delivered to the freight forwarder and shipped outside the United States.

g. UCA1 and KNAPP discussed Night Vision Goggles that KNAPP could acquire, and how the guy he gets them from has no idea they are going to be shipped outside the United States; rather, he believed that KNAPP was going to use them to fly at night.

h. UCA1 and KNAPP discussed that all the items; except the radios were going to Iran and that the radios were going somewhere else. UCA1 and KNAPP talked about UCA1’s freight forwarder, including how the freight forwarder could explain in detail how to be discrete in shipping items overseas. CD1 subsequently returned, at which time UCA1, KNAPP, and CD1 loaded the crated F-14 ejection seat into KNAPP’s rental truck. KNAPP transported the crate to a shipping company located in Long Beach, California. During the transport, KNAPP was under constant ICE surveillance. Once at the facility, KNAPP was assisted by an ICE/LA undercover agent, hereinafter referred to as UCA2. UCA2 and KNAPP discussed the shipment of the item to Copenhagen, Denmark, and KNAPP identified the item as a “museum display chair.” KNAPP provided identifying information as the shipper to UCA2, including his address and one of the phone numbers that he had used to communicate to UCA1. KNAPP paid \$362,25 in cash for the shipment, provided a consignee’s address in Fredericksburg, Denmark, and provided UCA2 with an email address of mknapp27@yahoo.com in order to receive a Bill of Lading.

40. ICE/LA subsequently seized the F-14 ejection seat, shipping documents and the \$362.25 in cash and subsequently turned it over to ICE SAC/PHL for evidentiary purposes.

41. Between March 18, 2010, and March 28, 2010, KNAPP and UCA1 exchanged several emails (via eagledriver27@yahoo.com) in which they set a meeting for Budapest, Hungary, on April 21, 2010. During the emails, KNAPP also informed UCA1 that the missing parts for the F-14 ejection seat were leg restraints and a hose connector. KNAPP forwarded his travel itinerary to UCA1, and informed him that he planned on bringing the electronic version of the F-14 NATOPS manual with him to Hungary for UCA1's customer. KNAPP also discussed items that he wanted to discuss with UCA1 in person, including new "office chairs" (ejection seats), the shipment of the "train" (F-5 fighter jet), "glasses" (Night Vision goggles), and other items.

42. The meeting in Hungary was pushed back approximately one week due to European airspace restrictions in the wake of the volcanic eruption in Iceland. The parties agreed to meet the following week, April 29-30, 2010, in Hungary.

43. On Thursday, April 29, 2010, UCA1 and KNAPP met in Budapest, Hungary. During the meeting, the parties discussed meeting with an Iranian national and UCA1's Hungarian contact. UCA1 explained that his Hungarian contact could repackage merchandise from the United States to be transshipped through Dubai to Iran, in order to remove any identification data from KNAPP. UCA1 stated that this would protect the procurement network. In response to KNAPP's remark that he understood they were "crossing the line," UCA1 stated that he and KNAPP were breaking the law. UCA1 informed KNAPP that they were selling items to Iran, that it was a risky proposition, and that they would go to prison if apprehended. KNAPP stated that he understood all of this, and that he was willing to take the risk.

44. On Friday, April 30, 2010, UCA1 and KNAPP met with an undercover Hungarian law enforcement officer posing as UCA1's Hungarian business partner and Iranian intermediary (hereinafter "UCA3").

a. During the meeting, KNAPP explained that he would have a contact fly the F-5 from California to the East Coast, where it would subsequently be crated and shipped to Hungary for transshipment to Iran. KNAPP also showed UCA1 and UCA3 photographs of the F-5 on his laptop computer from a trip that KNAPP took to view F-5 (which was in addition to the time that he viewed the F-5 with UCA1 in California).

b. KNAPP further apologized for the mix-up regarding the initial shipment of flight suits to Hungary, which were not anti-gravity flight suits as requested.

c. UCA1 explained that KNAPP took a serious risk by smuggling data (NATOPS manuals) on his laptop out of the United States, and that the price for the data would be approximately \$8,000. This price was \$1,000 more than what KNAPP had quoted UCA1 prior to the meeting. KNAPP subsequently downloaded the data from his laptop to a thumb drive, which he gave to UCA3. UCA3 stated that he would review the data and get back to UCA1 with a proposed price.

45. Between on or about May 1, 2010, and continuing to July 12, 2010, KNAPP and UCA1 exchanged multiple emails via eagledriver27@yahoo.com. During the emails, KNAPP and UCA1 discussed setting up a meeting in Wilmington, Delaware, to meet with UCA1's business contact who would assist KNAPP in exporting the F-5 outside the United States. The parties ultimately selected Tuesday, July 20, 2010, as the date in which they could meet.

46. On or about May 13, 2010, three CSU-13 anti-gravity flight suits arrived in Hungary. ICE Attaché/Vienna subsequently retrieved the items from Hungarian officials and

subsequently returned them to ICE SAC/PHL for evidentiary purposes. These three suits represented replacement suits for KNAPP's earlier error in sending non-anti-gravity flight suits on or about February 22, 2010. Thus, after this shipment, KNAPP still "owed" UCA1 an additional five CSU-13 anti-gravity flight suits.

47. On or about May 24, 2010, Special Agents from the ICE SAC/PHL, acting in an undercover capacity, wire transferred \$12,000 to KNAPP's Citibank Account. This payment represented \$7,000 for the electronic version of the NATOPS manual and \$5,000 as a down payment for four (4) AN/PRC-149 handheld search and rescue radios.

48. On or about June 14, 2010, KNAPP emailed UCA1 that he would be sending him a contract for the purchase of the F-5 fighter jet. UCA1 provided KNAPP with an address in Wilmington, Delaware, to which he could send the contract. On or about July 9, 2010, your affiant received the contract via U.S. mail.

49. On the cover page attached to the contract, KNAPP stated, "[UCA1, As you know, I'm straight forward and am motivated and fully committed to delivering on all and whatever you and I are working on. For this reason, the following pages are concise." The body of the contract (entitled "Contract for acquisition and transport of F-5B from CA to DE") set forth in detail the purchase price and terms for the sale of the F-5B aircraft. The contract further set forth the timing (approximately 4 weeks) in which the aircraft would be flown to Delaware after UCA1 transferred \$3.25 million into a bank account specified by KNAPP. In addition, the contract provided terms for insurance, registration, and operational costs of flying the aircraft from California to Delaware. KNAPP further noted that his requested commission would be \$500,000, "with 50% paid on the date of arrival and landing of the aircraft at the DE (New Castle) or other agreed on airport, and 50% paid at the time of arrival at destination."

50. On or about July 20, 2010, KNAPP met with UCA1 at a location in Wilmington, Delaware. During the meeting, the following occurred:

a. KNAPP brought with him a suitcase that contained various avionics items for sale to UCA1. UCA1 agreed to purchase the items in the suitcase for the price of \$11,000. KNAPP further brought to the meeting two additional CSU-13 anti-gravity flight suits, which he indicated were replacements for his original botched shipment of flight suits to Hungary.

b. KNAPP provided UCA1 with the four AN/PRC-149 handheld search and rescue radios and explained how the radios worked. UCA1 informed KNAPP that the radios would be going to Russia, to which KNAPP remarked, "Awesome." KNAPP further stated, "Whoever your customer is, I'm happy with."

c. KNAPP discussed that he was going to open up an offshore bank account in the country of Nevis. According to KNAPP, Nevis financial institutions do not divulge any information to law enforcement officials in other countries. KNAPP further mentioned the Roman Polanski extradition proceedings in Switzerland, and that the Swiss had denied the United States's extradition request.

d. KNAPP again confirmed that there was a balance of \$43,000 for the AN/PRC-149 radios. He requested UCA1 to give him checks in amounts less than \$10,000. UCA1 wrote out five checks – four in the amount of \$9,000, and one in the amount of \$7,000 – which he presented to KNAPP. KNAPP accepted the checks.

e. KNAPP informed UCA1 that he had an additional F-14 ejection seat for sale for the price of \$30,000. KNAPP explained that the seat had been completely restored by a contact in the "Midwest" who would ship the seat to KNAPP in California. KNAPP stated that the

contact had “no clue” that the seat would be going to Iran. KNAPP further stated that the contact had access to other military items, including a flight simulator and the nose section of an F-4 aircraft.

f. KNAPP and UCA1 then discussed the logistics of flying the F-5B from California to Delaware for shipment to Iran. KNAPP stated that they should remove all markings from the aircraft so that it would not be able to be traced back to them. This included the markings on the tail section and the cockpit placard. In that instance, according to KNAPP, the aircraft might be mistaken for a Turkish or Spanish aircraft. KNAPP envisioned that the aircraft would have to be shipped in a 50' x 30' x 15' container, with the wing tanks and rails removed from the aircraft. KNAPP and a pilot would fly the plane from California to Delaware, and then KNAPP would transport the tanks by ground.

g. UCA1 stated that he envisioned shipping a commingled container of items to Budapest, Hungary. In Budapest, UCA3 would remove the items for future shipping, sending the AN/PRC-149 radios to Russia and the remaining items to Iran. KNAPP said that he understood.

h. UCA1 and KNAPP then reviewed the contract referenced in Paragraph 49, above. UCA1 told KNAPP that the Iranians expected KNAPP to make a personal guarantee that the aircraft would arrive in Iran and that it would be operational. KNAPP explained that the Iranians would know it is in working order based upon his transport of the plane from California to Delaware. He further stated that what the Iranians have already seen in photographs (i.e., the photographs shown to UCA3 on KNAPP's computer in Hungary) is what they will get. According to KNAPP, the only thing he would not be able to test was the weapons systems.

UCA1 asked whether he could tell the Iranians that Marc KNAPP personally guaranteed the aircraft. KNAPP stated that he could. UCA1 and KNAPP then shook hands, and both signed two copies of the contract.

i. KNAPP and UCA1 then discussed their prior trip to Hungary. KNAPP reaffirmed his understanding that their conduct had “crossed the line” and was unlawful. On several occasions during the course of the meeting, UCA1 reminded KNAPP that he could walk away from any of the deals at any time.

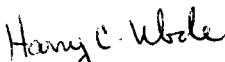
j. UCA1 provided KNAPP with a power of attorney form and export form for the aircraft to be shipped from Delaware to Hungary. UCA1 told KNAPP he could use his real name or another name in filling out the forms. KNAPP stated that he would use the use the names “Peter Jefferies” or “Steve Jones” to fill out the forms, and stated that he would declare the item to be shipped as a “Museum Display Shell.”

k. Later, UCA1 received a phone call from another undercover agent posing as UCA1’s shipping business partner (hereinafter referred to as “UCA4”). UCA1 placed UCA4 on speaker phone. UCA4 explained the export process and that it was alright for KNAPP to fill out the forms using any name that he liked, so long as he was consistent. KNAPP thereafter filled out the power of attorney and export declaration forms using the name “Steve Johnson” and stating that the item to be shipped was a “Museum Display Shell.”

51. Following the meeting, ICE agents placed KNAPP under arrest.

C. Conclusion

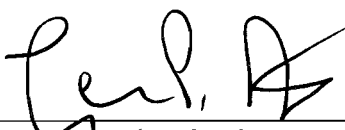
52. Wherefore, for the foregoing reasons, I assert that there is probable cause to issue a criminal complaint and arrest warrant for Marc Knapp for knowingly and willfully violating Title 22, United States Code, Sections 2778 (b)(2) and 2778 (c), and Title 18, United States Code 2, and Title 22, Code of Federal Regulations, Sections 121.1, 123.1, and 127.1(a)(1); and Title 50, United States Code, Sections 1702 and 1705(c), and Title 18, United States Code, Section 2, Executive Order 13222, and Title 31, Code of Federal Regulations, Sections 560.204-560.205. by causing and attempting to cause the export of United States defense articles without the requisite export license.



Harry C. Ubele
Special Agent
U.S. Immigration and Customs Enforcement

Dated: July 20, 2010

Sworn to and subscribed before me
on this 20th day of July 2010



Hon. Leonard P. Stark
United States Magistrate Judge