



# Department of Justice

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FOR IMMEDIATE RELEASE  
DECEMBER 15, 2010  
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## **CALIFORNIA MAN CHARGED WITH ATTEMPTED MILITARY EXPORTS TO IRAN**

David C. Weiss, United States Attorney for the District of Delaware, John P. Kelleghan, Special Agent in Charge, Department of Homeland Security, Homeland Security Investigations (HSI), and Edward T. Bradley, Special Agent in Charge, Defense Criminal Investigative Service, Northeast Field Office, announced today that Marc Knapp, 35, of Simi Valley, California, has been charged in a two-count felony Information.<sup>1</sup>

The Information charges Knapp with one count of violating the International Emergency Economic Powers Act, Title 50, United States Code, Sections 1702 and 1705(c), and Executive Order 13222, and Title 31, Code of Federal Regulations, Sections 560.204-560.205, and one count of violating the Arms Export Control Act, Title 22, United States Code, Sections 2778(b)(2) and 2778(c), and Title 22, Code of Federal Regulations, Sections 121.1, 123.1, and 127.1. Knapp faces a maximum statutory sentence of 40 years incarceration, followed by three years supervised release, a \$2,000,000 fine, forfeiture, and a \$200 mandatory special assessment.

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<sup>1</sup>The Information is merely an accusation, and all defendants are presumed innocent unless proven guilty.

The Information charges that Knapp engaged in a seven-month course of criminal conduct involving illegal exports to Hungary and attempted exports to the Islamic Republic of Iran and Russia. As set forth in the Information, as well as affidavits accompanying a Criminal Complaint and various search warrants, Knapp's conduct involved the illegal export and attempted export of the following United States defense articles:

- an F-5B Tiger II fighter jet;
- five (5) CSU-13 Anti-Gravity (Anti-G) Flight Suits, which are worn by pilots to counteract the forces of gravity and acceleration;
- one F-14 NATOPS emergency procedures manual, which is designed for use by pilots during in-flight emergencies in F-14A & B (Tomcat), F-5 (Tiger II) and F-4B (Phantom) fighter jets;
- three (3) electronic versions of the NATOPS emergency procedures manual;
- four (4) AN/PRC-149 Survival radios, which are hand-held search and rescue radios used primarily by U.S. Navy pilots as an emergency locator beacon; and
- two (2) F-14 (GRU-7A) Ejection Seats.

According to court documents that have been unsealed, a cooperating defendant introduced Knapp to an undercover HSI special agent ("UC"). The UC met with Knapp on several occasions, at locations in California, Pennsylvania, Delaware, and Budapest, Hungary. During the meetings, Knapp informed the UC that he had various defense items for sale. He also admitted to procuring an F-14 (GRU-7A ejection seat), which was sold to the UC by another source. Over the course of their interaction, Knapp provided the UC with various lists containing items for sale, and he sent photographs and descriptions to the UC via email.

On two occasions, Knapp exported items outside the United States. On February 22, 2010, Knapp exported two (2) CSU-13 Anti-Gravity flight suits and a NATOPS emergency

procedures manual to an address in Hungary; and on May 13, 2010, Knapp exported an additional three CSU-13 Anti-Gravity flight suits to an address in Hungary. On a third occasion, Knapp sold the UC an F-14 (GRU-7A) ejection seat, which the UC indicated would be forwarded to Iran. On March 17, 2010, Knapp delivered the seat to a shipping company located in California. Knapp identified the item to the shipping company as a “museum display chair,” and he provided the shipping company with a consignee’s address in Denmark. After Knapp left the shipping company HSI agents seized the ejection seat prior to its export outside the United States.

Knapp first broached the idea of obtaining an F-5 fighter jet from a source in California to sell to the UC in January 2010. Knapp told the UC that the “Iranians” might be interested in various items, including the F-5 fighter jet, and stated that he was not concerned whether the jet or the other items ended up in Iran. According to Knapp, he was able to “compartmentalize” selling the UC products that would end up in Iran because the United States would “shoot down” anything provided to them. During a January 2010 meeting in California, Knapp took the UC to an airport to inspect the aircraft, and, over the course of the next several months, the UC and Knapp had several conversations regarding transporting the aircraft from California to a freight forwarder in Delaware; determining appropriate transshipment points to Iran; and devising a payment scheme. They also arranged to meet in Budapest, Hungary, to discuss the purchase.

On April 29-30, 2010, the UC and another undercover law enforcement officer posing as an Iranian intermediary, met with Knapp in Budapest. During the meetings, 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 displayed additional photographs of the F-5 on his laptop computer.

On July 9, 2010, Knapp sent a contract for the F-5 fighter jet to the UC via the United States mail. 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 aircraft. The contract further set forth the timing (approximately four 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.”

On July 20, 2010, Knapp met with the UC at a location in Wilmington, Delaware. Knapp brought to the meeting various defense items, including the four AN/PRC-149 handheld search and rescue radios, which the UC agreed to purchase for \$11,000.00. The UC informed Knapp that the radios would be shipped to Russia.

Knapp and the UC then discussed the logistics of flying the F-5 fighter jet from California to Delaware, and preparing the jet for transshipment to Iran. UC 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 that it was in working order based upon his transport of the plane from California to Delaware. He further stated that what the Iranians had already seen in photographs was what they would get. According to Knapp, the only thing he would not be able to test was the weapons systems. The UC asked whether he could tell the Iranians that Marc Knapp personally guaranteed the aircraft, to which Knapp replied that he could. The parties then signed the contract. Following the meeting, HSI and DCIS agents placed defendant under arrest.

“This case demonstrates the threat to our national security posed by those, like Knapp, who are willing to trade with Iran and attempt to provide that nation with American goods and technology, particularly military components,” said U.S. Attorney David C. Weiss. “I applaud our law enforcement partners for their exceptional dedication in pursuing this major investigation. I would like to thank the government of Hungary and particularly the National Customs and Tax Bureau for their invaluable assistance.”

“HSI will continue to pursue those who are willing to put America's national security at risk” said John P. Kelleghan, special agent in charge of HSI in Philadelphia. “The export of technology to Iran is controlled so that it cannot be used to harm America or its allies. Enforcing export laws are one of HSI’s top priorities and we will continue to work with our partners to ensure that those who send prohibited items to Iran are brought to justice.”

“The Defense Criminal Investigative Service remains vigilant for offenders both within and outside our borders who intend to harm our nation's security,” said Edward T. Bradley, Special Agent in Charge of DCIS, Northeast Field Office. “The unlawful sale of sensitive Defense technology increases hostile nations’ ability to injure U.S. military forces. Our mission of protecting America’s Warfighters remains paramount and is substantially furthered by these cooperative, priority investigations.”

This case is being prosecuted by David L. Hall and Robert F. Kravetz, Assistant United States Attorneys. For further information, contact United States Attorney David C. Weiss, Assistant United States Attorney David L. Hall, or Assistant United States Attorney Robert F. Kravetz at (302) 573-6277.

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