



***United States Attorney
District of New Jersey***

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CONTACT: Rebekah Carmichael
Office of Public Affairs
(973) 645-2888

**NEW JERSEY-BASED DEFENSE CONTRACTOR PLEADS GUILTY TO VIOLATING
ARMS EXPORT CONTROL ACT, CONSPIRACY WITH CHINESE COMPANY**

Swiss Technology Inc. Consents to \$1.1 Million in Restitution

NEWARK, N.J. – New Jersey-based defense contracting company Swiss Technology, Inc. (“Swiss Tech”), admitted today to conspiring to violate the Arms Export Control Act by exporting U.S. Department of Defense drawings and specifications to the People’s Republic of China, U.S. Attorney Paul J. Fishman announced.

Swiss Tech, once located in Newark and now in Clifton, N.J., pleaded guilty through its managing member to an Information charging one count of conspiracy to commit an export control violation. The company entered the guilty plea before U.S. District Judge Jose L. Linares in Newark federal court.

“We simply can’t risk that companies trying to manufacture military equipment on the cheap will expose our troops to more danger than they already face,” said U.S. Attorney Fishman.

“Our armed forces deserve the very best equipment to perform their missions in these difficult times,” said Edward T. Bradley, Special Agent in Charge, Department of Defense, Defense Criminal Investigative Service (DCIS), Northeast Field Office. “Fraudulent practices, designed to illegally enrich a corporation, and which could compromise the integrity and reliability of that vital equipment is inexcusable. The Defense Criminal Investigative Service is committed to vigorously investigating such violations of law.”

“This case underscores ICE’s commitment to work tirelessly with our law enforcement partners to investigate individuals or corporate organizations that circumvent federal regulations in the name of greed,” said Peter T. Edge, Special Agent in Charge of U.S. Immigration and Customs Enforcement’s Homeland Security Investigation (ICE HSI) in Newark. “When our troops’ safety is put in jeopardy, our national security is also compromised.”

According to documents filed in this case and statements made in court:

From August 2004 through June 2009, Swiss Tech entered into contracts with the U.S. Department of Defense (DoD) to manufacture defense articles and parts for use in military operations. Rather than manufacture the parts, Swiss Tech exported DoD drawings, specifications, and sample parts to the People’s Republic of China without obtaining a license

from the U.S. State Department.

The company contracted with a company in the People's Republic of China which manufactured the items at a much cheaper price per unit than they would have cost to make in the United States using domestic product. The items included parts to be used with M4 and M16 rifles and M249 machine guns, some of which were to be used in U.S. military operations.

Swiss Tech admitted that it entered into the agreement with the company in the People's Republic of China for the financial benefit of Swiss Tech and its co-conspirators and to hide its activities from the U.S. government. As a result of the conspiracy, Swiss Tech caused the DoD to sustain losses of more than \$1.1 million in connection with the fraudulent contracts.

Under the terms of the plea agreement, Swiss Tech consented to the court ordering restitution in the amount of \$1,148,051.80 to the DoD. Sentencing is currently scheduled for November 15, 2011.

U.S. Attorney Fishman credited special agents of DCIS, under the direction of Special Agent in Charge Edward T. Bradley; and ICE HSI, under the direction of Special Agent in Charge Peter T. Edge, for the investigation leading to the guilty plea. He also thanked attorneys from the U.S. Department of Justice's National Security Division, Counterespionage Section, under the direction of Assistant Attorney General Lisa O. Monaco, for their assistance; as well as DoD's Air Force Office of Special Investigations, under the direction of Special Agent in Charge Mark Walker; and Army Criminal Investigation Division, under the direction of Special Agent in Charge Forrest Woodward.

The government is represented by Assistant U.S. Attorney Zahid N. Quraishi of the U.S. Attorney's Office in Newark.

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Defense counsel: Michael S. Weinstein Esq., Hackensack, N.J.