



## ISIS REPORT

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### **A Smuggler's Procurement of Nuclear Dual-Use Pressure Transducers for Iran**

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In April 2009, the Royal Canadian Mounted Police (RCMP) arrested an Iranian-Canadian citizen, Mahmoud Yadegari, on evidence that he procured nuclear dual-use components from a U.S. company, brought them to Canada, and attempted to re-export them to Iran via Dubai.<sup>1</sup> Yadegari allegedly purchased two pressure transducers, which can be used in gas centrifuge plants to measure gas pressure of the uranium hexafluoride in the cascades. Pressure transducers also have commercial functions in industrial, aviation, and meteorological processes. Yadegari allegedly tried to hide the specifications of the transducers in order to export them without the required export license. The U.S. company suspected foul-play and tipped off U.S. export officials, who in turn alerted Canadian authorities.<sup>2</sup>

This case suggests that Iran continues to require dual-use items for its gas centrifuge program in contravention of national and international laws. Moreover, Iran's smuggling programs will seek those items in the United States, and then import them via multiple turntable countries, in this case Canada and Dubai.

#### **The Case**

Mahmoud Yadegari allegedly purchased from the firm Setra Systems the two pressure transducers, worth \$1,100 each, taking possession of the equipment in person at the company's Boston, Massachusetts location.<sup>3</sup> Yadegari then drove the equipment across the Canadian border to Toronto. The date of the alleged procurement from the U.S.

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<sup>1</sup> See Royal Canadian Mounted Police Press Release, "Police Intercept Illicit Export of Nuclear Technology," April 17, 2009. <http://www.rcmp-grc.gc.ca/on/news-nouvelles/2009/09-04-17-ce-da-eng.htm>; Mike Funston, "Canadian Charged with Trying to Export Nuclear Devices to Iran," *The Toronto Star*, April 18, 2009. <http://www.thestar.com/News/GTA/article/620556>. *The Toronto Star* specifies that the items were allegedly intended for transshipment through Dubai.

<sup>2</sup> Funston, "Canadian Charged."

<sup>3</sup> Ibid.

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company has not been released by authorities. The Canadian export authority, the Royal Canadian Mounted Police Customs and Excise Program, was tipped off by the U.S. Immigration and Customs Enforcement (ICE) Counter Proliferation Investigations Unit that a U.S. company had sold a sensitive item to Yadegari. Authorities had earlier been notified by Setra Systems that it had suspicions about a recent sale.

Yadegari reportedly sold the two pressure transducers to Iran for \$6,000. Yadegari attempted to re-export the equipment after removing contents labels and undervaluing the items, but Canadian authorities stopped the export at the Toronto International Airport.<sup>4</sup> Canadian authorities state that they have evidence indicating that the package's ultimate destination was Iran. It is not clear whether Yadegari approached Iranian officials seeking a client as he was facing financial hardship, or if Iran came to him seeking a buyer for the equipment.

Yadegari was denied bail in May 2009 and remains in prison in Toronto pending trial for violations of Canada's Customs Act, the Export Import Permits Act, and the Iran regulations of the United Nations Act. The United Nations Act prevents exports of equipment usable in nuclear programs to Iran and carries sentences of up to one million dollars and ten years in prison.<sup>5</sup> Violations of Canada's export laws carry a maximum sentence of five years. The judge handling Yadegari's case said in court that he will face a maximum five years in jail for his charges.<sup>6</sup>

Canadian authorities have seized more than two dozen nuclear-related items in the past year.<sup>7</sup> Much of this material was destined for Iran. However, authorities did not launch any prosecutions, because the companies listed as the exporters were fictitious and could not be located.<sup>8</sup> Canadian authorities are also finding that materials destined for Iran are transiting through turntable countries such as Hong Kong, Singapore and Malaysia but the United Arab Emirates is the main hub.<sup>9</sup>

If Yadegari indeed removed content labels from the packages he allegedly tried to send to Iran, he may have also inaccurately described the items themselves on the customs declaration. This would be done to eliminate any contradiction between what Yadegari declared on the customs documents and any labels that the manufacturer placed on the packages. Obscuring the nature of items to be exported and undervaluing them in customs declarations is a smuggling tactic that can be useful for avoiding scrutiny from customs officials looking for banned exports or those requiring a license.

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<sup>4</sup> Colin Freeze and Joe Friesen, "Canadian Charged with Trying to Help Iran Go Nuclear; Suspect Accused in Plan to Export Weapons Technology," *The Globe and Mail*, April 18, 2009.

<sup>5</sup> Shannon Kari, "No Bail for Iranian-Canadian in Nuclear Technology Case," *The National Post*, May 4, 2009. <http://www.nationalpost.com/related/topics/story.html?id=1561770>

<sup>6</sup> Ibid.

<sup>7</sup> Stewart Bell, Matthew Coutts, and Shannon Kari, "Toronto Man Charged in Attempt to Ship Nuclear Technology to Iran," *The National Post*, April 17, 2009.

<http://www.nationalpost.com/news/story.html?id=1506739>

<sup>8</sup> Ibid.

<sup>9</sup> Ibid.