



Additional Taiwan-Based Element of Iranian Military Goods Procurement Network Exposed

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September 16, 2015

On June 25, 2015, the U.S. District Court for the Western District of Texas announced that Kunlin Hsieh (or Xia) of Taiwan pled guilty to conspiring to violate U.S. export control laws and transshipment of dual-use military equipment from the United States to Iran.¹ The goods had uses in missile guidance systems, secure tactical radio communications, and military radar networks. According to court documents, between 2007 and 2014, Hsieh, a Taiwanese national and sales manager of JunBon Enterprises of Taiwan, along with his associate Agris Indricevs, who was charged in the same indictment, procured and brokered the purchase of U.S. goods and transshipped them to Iran. They also worked with Ryan Surrena, another employee of JunBon, who was charged in a separate indictment. Hsieh will face up to twenty years in prison at a sentencing hearing scheduled for September 25, 2015. Indricevs' case was scheduled to go to trial on August 10, 2015. Surrena was arrested in Texas in 2013 and worked with U.S. officials to further their case. He pled guilty to reduced charges in July 2014 under a sealed plea agreement, which likely takes into consideration his believed assistance, and is due to face sentencing in October 2015.

This network represents another element of an already known procurement network operating among entities in Taiwan and Iran and targeting goods made in the United States. The network sent U.S. dual-use military equipment to several companies owned by Mehrdad Foomanie in Iran, such as Sazgan Ertebat Co and Moravid Sanant Co, Ltd.² Foomanie, who remains at large, was indicted by the Texas court in 2011. Another Taiwanese national operating in the United States, Susan Yip, was arrested and sentenced in Texas. ISIS documented the case of Yip and Foomanie [here](#). Yip used her Taiwan based company Hivocal Technology Co to procure goods for Foomanie in Iran.³ She pled guilty in July 2012 to charges and was sentenced to two years in prison. It appears that U.S. officials gathered additional evidence for charges before seeking to indict the other participants in the network.

Lessons

In this case, a U.S. subsidiary company accepted false end-user statements and did not adequately scrutinize the intended user of controlled U.S. goods. Its parent company displayed a greater penchant

¹ Department of Justice Press Release, *Taiwanese National Pleads Guilty to Violating U.S. Sanctions on Exportation of Goods to Iran*, June 25, 2015.

² United States District Court, Western District of Texas, San Antonio Division, *Grand Jury Indictment: United States of America v. Kunlin Hsieh, a.k.a. Kunlin Xia, Agris Indricevs*, Filed August 13, 2014.

³ United States District Court, Western District of Texas, San Antonio Division, *Grand Jury Indictment: United States of America v. Susan Yip, Mehrdad Foomanie, and Mehrdad Ansari*, Filed June 15, 2011.

for due diligence. Inadequate central compliance systems are a weakness routinely exploited by illicit procurement networks to obtain controlled goods.

Overall, both the Hsieh/Indricevs/Surrena and Yip/Foomanie indictments show that the United States has used effective means of gathering case evidence against illicit procurement agents working for Iran. Rigorous enforcement should remain a hallmark of the U.S. government. This policy should not end with the finalization of the Joint Comprehensive Plan of Action (JCPOA).

Iran is not expected to end illicit procurement attempts in the United States, particularly for military and missile programs still sanctioned under U.S. law. Already, ISIS is getting reports that Iranian companies or agents are accelerating efforts to seek U.S. defense companies' equipment, falsely arguing that sanctions are ending and companies can freely sell these goods to Iran. They are apparently seeking opportunities to exploit the current confusion over the implementation of the JCPOA and the new United Nations Security Council Resolution 2231 on Iran. It is imperative that the U.S. government make clear broadly and publicly that such transactions remain illegal and will be prosecuted.

Entities in Iran may also seek to circumvent the JCPOA's provision regarding using an [oversight channel](#) to procure goods with dual nuclear and civilian uses. The United States and countries worldwide will rely strongly on detection, enforcement, and prosecution efforts to stop and deter Iranian smugglers and to ensure that Iran is complying with UN resolution 2231 and the JCPOA more broadly.