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## **Inventive U.S. Sting Operation Catches Iran-Based Military Equipment Smuggler**

By David Albright, Paul Brannan, and Andrea Scheel Stricker

Iran-based smugglers of sophisticated military, missile, and nuclear goods operating on the government of Iran's behalf have often believed that they are immune to overseas prosecution. They are paid by their government's military or nuclear entities, which view their actions as legal under Iranian law. However, these smugglers and the Iranian government willfully ignore the laws of the supplier nations they target and international laws created by the United Nations Security Council.

The case of the Iranian citizen Amir Hossein Ardebili shows the determination of the U.S. government to bring Iranian smugglers to justice and thwart the Iranian government in its efforts to benefit from its nationally directed smuggling operations. These methods should be applied aggressively to all smugglers that traffic these dangerous goods. At the same time, international laws and cooperation should be strengthened and broadened to ease the process of prosecuting and convicting these smugglers and the officials behind them.

In May 2008, Iranian citizen Amir Hossein Ardebili secretly pleaded guilty in a U.S. court to fourteen counts of violations of the U.S. Arms Control Act, International Emergency Economic Powers Act, and conspiracy, smuggling, and money laundering laws. In December 2009, a U.S. federal court sentenced him to a sentence of five years in prison.<sup>1</sup>

The arrest and conviction of Ardebili was a culmination of a three year sting operation directed by the U.S. Immigration and Customs Enforcement (ICE) agency aimed at busting his long running military procurement operation for the Iranian Ministry of Defense. He was quietly arrested in October 2007 outside the United States after being lured from Iran by U.S. undercover agents to Tbilisi, Georgia to conclude what he presumed was an arms deal. Agents seized his laptop, which contained extensive records of his smuggling operations and led ICE to keep his case secret as they followed up the leads contained on his computer. He was extradited in January 2008 to Philadelphia for detention and subsequent trial in Delaware. Two indictments against Ardebili, publicly released shortly before his sentencing, reveal that he was convicted of attempting to procure goods usable in Iranian attack aircraft, missiles, and missile guidance and target acquisition systems.<sup>2</sup>

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<sup>1</sup> John Shiffman, "In Tears, Iranian Arms Dealer Sentenced to 5 Years," *The Philadelphia Inquirer*, December 14, 2009.

<sup>2</sup> Department of Justice Press Release, "Iranian Arms Procurement Agent to be Sentenced," December 2, 2009; John Shiffman, "Iranian Arms Dealer, Extradited in '07, Secretly Jailed in Philadelphia," *The Philadelphia Inquirer*, December 2, 2009. (This article's title erroneously indicates the date of Ardebili's extradition as 2007; he was extradited in 2008, which the text of the article does note.)

## **\$1 Million Worth of Equipment per Year**

Ardebili, a 36-year-old engineer from Shiraz, Iran is described by the U.S. Department of Justice as a “prolific” arms smuggler, his efforts spanning at least five to six years based on records contained in the laptop seized during his arrest.<sup>3</sup> U.S. agents said that Ardebili’s operation obtained around \$1 million in U.S. equipment each year.<sup>4</sup> Other unnamed “U.S. investigators” interviewed by *Newsweek* magazine said that Ardebili was “part of a network of fairly low-level middlemen whom the Iranian government hired to try to procure U.S. and other Western technology for its military and missile programs.”<sup>5</sup> The case’s legal documents do not reveal the name of his company or affiliation in Iran.

Between July 2005 and October 2007, the period of illegal activity for which he was convicted, Ardebili attempted to procure 10 QRS-11 Gyro Chip Sensors, 1,000 MAPCGM0003 Phase Shifters, and 2 DADC-107 Digital Air Data Computers.<sup>6</sup> According to the Department of Justice, QRS-11 Gyro Chip Sensors are controlled for their multiple aircraft, missile, and space applications. Phase Shifters are usable in phased array radar, which guides missiles and helps them acquire targets. Digital Air Data Computers are replacements for F-4 fighter jet Central Air Data Computers, and assist with the flying, attack, and high accuracy weapons delivery capabilities of the aircraft.<sup>7</sup> Ardebili was convicted of attempting to procure these items without an export license from the U.S. Treasury and State Departments, which control exports of sensitive equipment, respectively, via the Office of Foreign Assets Control (OFAC) and the Directorate of Defense Trade Control (DDTC) Munitions List.<sup>8</sup> Items not controlled for export on defense article lists but sent to Iran were exported in violation of the U.S. embargo against Iran.

## **A Successful Sting Operation**

The investigation of Ardebili reportedly began after authorities received several tips from U.S. companies that they had received suspicious equipment requests.<sup>9</sup> Over the years, Ardebili sent tens of thousands of e-mails, often using aliases, to potential U.S. suppliers of equipment with uses spanning the gamut of naval, avionics, and conventional military programs. Ardebili would deceive companies to obtain items by concealing his identity as an Iranian procurement agent, offering shipping addresses in countries less sensitive to export scrutiny, then diverting the items from third party countries to Iran.

The U.S. sting operation began in 2004 and encapsulated all of the violations for which Ardebili was convicted of between 2005 and 2007. U.S. officials did not press charges for any of Ardebili’s past efforts, though they learned much about Iran’s inexhaustible efforts to illicitly acquire U.S. military technology and circumvent sanctions based on records from his seized laptop.<sup>10</sup> The *Washington Post* reported that in 2004, “ICE agents began laying the groundwork to target Ardebili, setting up counterfeit storefronts—in U.S. cities and in Europe—where they could receive electronic bids for sensitive

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<sup>3</sup> DOJ Press Release; “Iranian Arms Dealer, Extradited in ’07.”

<sup>4</sup> John Shiffman, “Iranian Arms Merchant Says ‘War is Coming,’” *The Philadelphia Inquirer*, December 3, 2009.

<sup>5</sup> Mark Hosenball, “Is Iran Playing Games with ‘Hostages?’” *Newsweek*, December 17, 2009.

<sup>6</sup> *Ibid.*

<sup>7</sup> DOJ Press Release.

<sup>8</sup> United States District Court for the District of Delaware, Indictment, *United States of America v. Amir Hossein Ardebili, a/k/a Amir Ahkami, a/k/a Alex Dave*, Cr. A. No. 07-155, November 19, 2007; United States District Court for the District of Massachusetts, Indictment, *United States of America v. Alex Dave, a/k/a, Amir Ahkami, a/k/a Amir Ardebili, a/ka/ Arash Koren*, March 6, 2008.

<sup>9</sup> Sebastian Rotella, “Iranian Arms Trafficker Sentenced to 5 Years,” *The Los Angeles Times*, December 15, 2009.

<sup>10</sup> “Iranian Arms Dealer, Extradited in ’07.”

technology barred from export to countries that pose a national security threat.”<sup>11</sup> The *Post* reported that ICE agents used a phony company in Philadelphia and began regularly communicating with Ardebili on the internet to solicit equipment deals. Assistant U.S. Attorney for the District of Delaware David L. Hall, who prosecuted the case, told ISIS that a phony company located in Boston was also used to make deals. The two companies are used by ICE as part of its wide-ranging counter trafficking operations.

ICE agents contacted Ardebili by e-mail, instant message, and phone offering to sell military items such as missile and night vision equipment.<sup>12</sup> Often, the agents would send e-mails using broken English in order to lend the appearance that they were not American. They peppered their communications with acknowledgement that the deals were risky and illegal, but in response Ardebili proposed ways to circumvent sanctions. During the conversations, Ardebili urged the agents to meet him in the United Arab Emirate of Dubai to conclude deals or to ship items through Europe where they could then be shipped to Iran.<sup>13</sup>

Eventually, agents brokered deals to sell Ardebili the gyro chip sensors, phase shifters, and digital air data computers. Ardebili reportedly had difficulties raising funds for the purchases (he also lived at home with his parents) leading his attorneys to assert that he was not as prolific an arms smuggler as prosecutors claimed and that they were going after a relatively small fish.<sup>14</sup> However, Ardebili sent a wire transfer of \$7,000 for the gyro chip sensors from a bank account located in the United Arab Emirates to a bank account in Massachusetts held in the name of a phony ICE company.<sup>15</sup> He also sent a transfer from an Iranian bank to a Delaware bank account held by an ICE company in the amount of \$2,980 for phase shifters, which agents told him could be shipped through Azerbaijan. Those financial transactions were illegal because Iran is barred from doing business with U.S. banks.

Agents eventually persuaded Ardebili to fly from Tehran to Tbilisi, Georgia to meet with representatives from the Philadelphia “company.” They even paid for his flight. ICE agents, one from a European station involved in the deal, and one from the Philadelphia “company,” brought some of the items to the October 2007 meeting. Undercover agents transported the phase shifters to Georgia as part of the phony deal in order to obtain additional evidence for the case, returning them to the United States after concluding the arrest. According to Assistant U.S. Attorney Hall, delivery of the other requested items was never made. The Boston company had told Ardebili that there were problems with the shipments of the gyro chip sensors, and the digital air data computers were never delivered.

The U.S. agents filmed their entire encounter with Ardebili for evidence.<sup>16</sup> When agents asked about the justification for his operation, Ardebili stated that the Iranian government believes war with the United States is coming and it is preparing its defenses.<sup>17</sup>

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<sup>11</sup> Carrie Johnson and Spencer S. Hsu, “Cat-and-Mouse Game Traps Arms Broker,” *The Washington Post*, December 3, 2009.

<sup>12</sup> “Iranian Arms Dealer, Extradited in ’07.”

<sup>13</sup> “Iranian Arms Merchant Says ‘War is Coming.’”

<sup>14</sup> Laura Rozen, “Ardebili’s Laptop,” *Politico*, December 22, 2009.

<sup>15</sup> District of Massachusetts, Indictment, p. 6.

<sup>16</sup> Video surveillance footage released by U.S. authorities of the meeting between undercover ICE agents and Ardebili in October 2007 in Georgia is available on the *Philadelphia Inquirer* website (<http://www.philly.com/>) by searching “Ardebili.”

<sup>17</sup> “Iranian Arms Merchant Says ‘War is Coming.’”

## Iran Becomes Involved

Iranian representatives reportedly made personal contact with United Nations Secretary-General Ban Ki-moon in October 2009 to report concerns over Ardebili's detention.<sup>18</sup> Iran sought contact with Ardebili following his sentencing through its interests section located at the Pakistani embassy in Washington, D.C., and also through the Swiss government, which facilitates U.S.-Iran contacts.<sup>19</sup> Iran also listed Ardebili on a list of eleven nationals it believes are being detained without merit by the United States. Eight of those on the list are being held for investigation or are fulfilling sentences for nuclear or military equipment trafficking.<sup>20</sup> An Iranian NGO working with family members of the individuals is filing suit against the United States for what it believes is extraordinary rendition, false charges, and abduction of the citizens.<sup>21</sup>

Iranian foreign minister Manouchehr Mottaki publicly demanded that the U.S. government release Ardebili since he believed the arrest was politically motivated and Ardebili's guilty plea revealed an "inappropriate mental condition." Mottaki complained that, "For over one year we are uninformed about his fate. Now we are faced with a clandestine legal procedure on his case."<sup>22</sup> However, U.S. officials stated that there was a need to keep the detention of Ardebili a secret for two years while they pursued leads and analyzed the additional information obtained from his laptop.<sup>23</sup> Using information obtained from Ardebili's laptop, ICE agents were able to arrest and convict a U.S. citizen based in Arizona for trying to sell equipment to Iran without a license.<sup>24</sup>

On December 14, Ardebili was sentenced to five years in prison of a possible ten to fourteen years; his two years spent in jail prior to sentencing will count as time served. Ardebili expressed remorse for his acts, tearfully begging the judge to consider that though he had broken U.S. laws, his activity was not illegal in Iran. On the day of his sentencing, the city of Wilmington, Delaware, was forced to close down two city blocks surrounding the courthouse due to threats from an unknown party that Ardebili's life was in danger.<sup>25</sup> Ardebili announced later that he would appeal his sentence.<sup>26</sup>

## Observations and Lessons

This case and several other cases investigated or prosecuted by the United States over the last few years show that Iran's efforts to acquire U.S. military, missile, and nuclear goods are both profound and considerably entrenched. U.S. enforcement and investigatory agencies have become aware of the depth of the problem and have launched coordinated operations to stop it.<sup>27</sup>

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<sup>18</sup> "Iranian Arms Dealer, Extradited in '07."

<sup>19</sup> "Is Iran Playing Games with 'Hostages?'"

<sup>20</sup> "Ardebili's Laptop," Laura Rozen, "Iran Links U.S. Hikers Case to Detained Iranians," *Politico*, December 9, 2009.

<sup>21</sup> *Ibid.*

<sup>22</sup> "Iran Denounces Trial of National in U.S., Calls it Politically Motivated," *The Tehran Times*, December 9, 2009.

<sup>23</sup> "In Tears, Iranian Arms Dealer Sentenced to 5 Years."

<sup>24</sup> "Ardebili's Laptop."

<sup>25</sup> *Ibid.*

<sup>26</sup> "Iranian Appeals Prison Sentence for Arms Smuggling," Associated Press. December 28, 2009.

<sup>27</sup> See for example ISIS case studies on Iran's illicit trading efforts and U.S. legal cases against defendants: <http://isis-online.org/isis-reports/case-studies/category/illicit-trade/#2009>

This case demonstrates that tips from U.S. suppliers to the U.S. government about suspicious requests can expose Iranian illicit procurement schemes to authorities, allowing them to bring smugglers to justice. However, more can be done by the U.S. government to facilitate cooperation with key U.S. companies targeted by Iran and other states for sensitive goods. With more cooperation by the U.S. government, including the more routine provision to companies of the names of smuggling fronts and activities, companies could better detect illegal procurement schemes, avoid accidental sales to Iran, and tip off the government about these efforts.

Countries like Iran whose governments direct procurement networks and operatives to illegally acquire sensitive technologies from abroad often have not feared that their procurement agents will be arrested and tried in foreign countries. But to run their operations, these agents periodically have to leave Iran, at which point they can be arrested.

The United States is willing to exert exceptionally creative means abroad to thwart Iran's illicit trade; other supplier countries should more aggressively join in these efforts. U.S. authorities were able to painstakingly build their case against Ardebili, pose as arms salespeople, and lure him to a country amenable to U.S. extradition, ultimately convicting him of his crimes in the United States.

However, the circuitous method used to ensnare Ardebili, luring him from one country and extraditing him from another, shows that this approach is fraught with potential for failure. It is not the ultimate answer for successfully prosecuting smuggling of sensitive goods. Moreover, Iran is increasingly taking action to defend its procurement agents arrested in the course of their smuggling operations, from independent contractors like Ardebili to formerly high level government officials.[\(link to Tajik\)](#) Iran acts as if its violations of other countries' laws is somehow justified, claiming that it is not illegal in Iran. Even if agents are arrested, Iran has a plentiful supply of such agents anxious to make money. Until a system is set up to manage the modern crime of arms smuggling, authorities will be forced to resort to complicated operations in order to bring smugglers to justice.

The irresponsible attitude of the Iranian government shows why the international community needs a coherent system to deal with issues of prosecuting transnational arms trafficking and smuggling, gaining extradition, and applying penalties against lawbreakers. Countries like Iran may be deterred from their habitual disrespect of others' laws if its agents both inside and outside Iran were more routinely subject to prosecution using internationally established norms and judicial practices.