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## Telexes: Front Company Kala Naft

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By the late 1980s, Iran's military and nuclear entities were using neutral sounding Iranian procurement companies to hide the true end use of their procurements from Western suppliers. The telexes obtained by ISIS contain an example of one of these companies, namely Kala Naft, which means "oil goods" ([See the telex appendix here](#)). In this case, it appears that the name of the company was used without involving the company itself. Later, this company was sanctioned by supplier countries.

Kala Naft is listed in telexes obtained by ISIS as the consignee for the purchase and planned shipment of inert ceramic balls. Ceramic balls are used in a wide range of chemical applications where different materials interact together. Having liquid materials flow over the balls increases the amount of surface area in which a chemical reaction takes place, thereby increasing the reaction rate. These balls are used in the oil and gas industry. They are also useful in various parts of the nuclear fuel cycle, including uranium conversion processes and deuterium dioxide (D<sub>2</sub>O) production.

There are several telexes between a German supplier and Iranian entities about procuring the balls, including one telex which contains the coding system linked to Department 4 of the Physics Research Center (PHRC) that is identified as involving uranium conversion. ISIS assesses that all of the telexes between the company and the Iranian entity involve the same request and planned shipment of the balls.

In 1991, the German supplier addresses the Iranian entity as "PHRC Purchasing Dept., Kala Naft, " as well as "Consignee Kala Naft Co., Tehran, Traffic Dept. 14". According to a Western source, this is the same company known today as Kala Naft, which has been sanctioned by the U.S. Department of Treasury and Japan's Ministry of Trade, Economy, and Industry (METI). In 2010, the Department of Treasury identified Kala Naft as wholly owned by Iran's national oil company.

However, it is not clear if Kala Naft was actually involved in the request for the ceramic balls in 1991. It is possible that the PHRC utilized the name of Kala Naft, well known as associated with Iran's oil industry, in the telex communication to the supplier as a cover in order to purchase the ceramic balls for its nuclear program. Including in a telex the name of a well known Iranian company associated with its oil and gas industry would limit any suspicions on the part of the supplier company that the materials would be used in Iran's nuclear program.

On April 5, 1991, the German supplier responded to an enquiry sent the previous day from the Iranian entity and provided a price quote for several thousand kilograms of Duranit inert ceramic balls (telex 188). The telex is sent to Sharif University's telex number and lists the consignee as "Kala Naft". There is no mention of PHRC or the PHRC messaging number in this telex.

On April 16, 1991, the same German supplier responds to an April 11, 1991 telex referencing PHRC message number 1304.4D09/B, the code associated with PHRC Department 4 (uranium conversion) (telex 262). The telex this time is sent to PHRC's telex number. The supplier is requesting an extension of a letter of credit. In this message, the consignee is listed as "PHRC Purchasing Dept. Kala Naft, Purchasing Manager." In the final telex referencing Kala Naft, the same German supplier sends a telex to PHRC's telex number requesting an extension of a letter of credit and a purchase order "so that we can start with preparation of your order" (telex 529).