

2/26/87

R25

RELEASED IN FULL

ALK:lcm

IN THE UNITED STATES DISTRICT COURT
FOR THE EASTERN DISTRICT OF PENNSYLVANIA

UNITED STATES OF AMERICA	:	CRIMINAL NO.	_____
v.	:	DATE FILED:	_____
ARSHAD Z. PERVEZ	:	VIOLATIONS:	18 U.S.C. § 371
INAM UL-HAQ	:		(Conspiracy - 1 Count)
	:		18 U.S.C. § 201(b)
	:		(Bribery - 1 Count)
	:		18 U.S.C. § 1952(a)(3)
	:		(Interstate Travel in
	:		Aid of Racketeering -
	:		1 Count)
	:		50 U.S.C. § 2410
	:		(Export Administration
	:		Act Violations -
	:		2 Counts)
	:		18 U.S.C. § 1001
	:		(False Statements -
	:		3 Counts)

I N D I C T M E N T

COUNT ONE

THE GRAND JURY CHARGES THAT:

1. At all times material to this indictment, the President of the United States was authorized by Congress to further United States foreign policy and maintain national security and nuclear non-proliferation by restricting the export of goods that would make a significant contribution to the military potential of any other country which would prove detrimental to the national security of the United States.

M200800012
383-00-0031
Box 3

REVIEW AUTHORITY: Sharon Ahmad, Senior Reviewer

-2-

Specifically, the indictment charges that from October of 1986 through July 10, 1987, Pervez and Inam conspired to defraud the United States Department of Commerce in its implementation of the United States export laws, by attempting to export highly controlled metals with nuclear applications to Pakistan. The metals are maraging 350 steel and beryllium. Maraging 350 steel is a specialty steel with a very high tensile strength and other special properties, used in a uranium enrichment plant for nuclear applications. The export of maraging 350 steel is controlled for the purpose of national security. Beryllium is also a specialty metal, which is used as hardware on nuclear weapons. The export of beryllium is controlled for the purposes of national security and nuclear non-proliferation.

According to the indictment, the defendant contacted companies engaged in the manufacture of maraging 350 steel and requested price quotations. When they learned that an export license would not be issued by the Department of Commerce, Pervez offered a bribe to an undercover agent who was posing as a Department of Commerce licensing officer in order to obtain an export license. It is also charged that the defendants submitted false documents relating to the end use of the maraging steel.

-3-

The defendants face the following penalties if convicted of the following charges in which they are named:

<u>COUNT</u>	<u>DEFENDANT</u>	<u>CHARGE</u>	<u>PENALTY</u>
One	Pervez Inam	18 USC § 371 Conspiracy to defraud the govt.	5 years in prison \$250,000 fine
Two	Pervez	18 USC § 201 Bribery	15 years in prison fine of three times the equivalent of the thing of value
Three	Pervez	18 USC § 1952 Interstate Travel in aid of Racketeering	5 years in prison \$250,000 fine
Four	Pervez	50 U.S.C. § 2410(b) Export violation (steel).	10 years in prison \$250,000 fine
Five	Pervez	50 U.S.C. § 2410(a) Export violation (beryllium)	5 years in prison \$250,000 fine or fine five times the equiva- lent of the thing of value
Six	Pervez Inam	18 U.S.C. § 1001 False statements (end use)	5 years in prison \$250,000 fine
Seven	Pervez Inam	18 U.S.C. § 1001 (end use)	5 years in prison \$250,000 fine
Eight	Pervez	18 U.S.C. § 1001 False Statement (Application for Export License)	5 years in prison \$250,000 fine

In total Pervez could be sentenced to 55 years in prison and a fine of at least \$1,750,000; Inam could be sentenced to 15 years in prison and a fine of at least \$750,000.

This case results from a nine month undercover investigation by the United States Customs Service. Prosecution will be handled by Assistant U.S. Attorney Amy L. Kurland.

2. At all times material to this indictment, the commercial export of goods restricted for the purposes of national security and nuclear non-proliferation was governed by the Export Administration Act, as amended, Title 50, United States Code, Appendix, Section 2401-2410, and the regulations issued thereunder. The Export Administration Act contained the Commodity Control List (CCL), which included all commodities subject to United States Department of Commerce export controls.

3. At all times material to this indictment, maraging 350 steel, a specialty steel with a very high tensile strength and other special properties, was used in a uranium enrichment plant to manufacture nuclear weapons. The export of maraging 350 steel was controlled for the purpose of national security, pursuant to Title 50, United States Code Appendix, Section 2410 and the Commodity Control List (CCL), Code of Federal Regulations, Section 399.1, Supp. 1, Group 6, Export Control Commodity Number 1635A.

4. At all times material to this indictment, beryllium, a specialty metal, was used as hardware on nuclear weapons. The export of beryllium was controlled for the purposes of national security and nuclear non-proliferation, pursuant to Title 50, United States Code Appendix, Section 2410 and the Commodity Control List (CCL), Title 15, Code of Federal Regulations, Section 399.1, Supp. 1, Group 6, Export Control Commodity Number 3609A.

5. At all times material to this indictment, persons desiring to export commodities contained on the CCL were required

tain a validated export license from the Office of Export Administration (OEA) of the Department of Commerce, before export- that commodity from the United States, except where the rt was authorized under a general license or other authoriza- by OEA.

6. At all times material to this indictment, OEA lations required an exporter of CCL articles to provide rehensive statements on the export license application con- ing the true nature and purpose of the proposed export, udg, but not limited to, a complete description of the .cles to be exported, the end-use of the articles, the country hich the articles were to be used (country of ultimate desti- ion), the person and entity that would be using the articles i-user or ultimate consignee), and the specific purpose of the ort.

7. At all times material to this indictment, OEA lations prohibited the shipment of CCL articles beyond the -user in the country of ultimate destination as reflected on validated OEA export license.

8. At all times material to this indictment, before CCL articles could be exported from the United States, the orter was required to file and cause to be filed with the strict Director of the United States Customs Service a Shipper's ort Declaration stating in part:

- a. the country of ultimate destination;
- b. the ultimate consignee (end-user) of the articles;

3
t
ant
brook
dant
cer
out
se-
gree
n to
he
ng

XEROX TELECOPIER 495:28- 7-87:12:42PM

2026334372: # 8

- c. the type of articles being exported; and
- d. the type of export license, if any, that the exporter had obtained which authorized the export of the articles.

9. At all times material to this indictment, defendant ARSHAD Z. PERVEZ was the president and sole proprietor of AP Enterprises, a business represented by PERVEZ to be engaged in the import and export of goods, with an office at 1007-75 Havenbrook Boulevard, Willowdale, Ontario M2J 1A8, Canada.

10. At all times material to this indictment, defendant INAM UL HAQ was the Managing Director and Chief Executive Officer of Multinational, Inc., located at 24B, Gulberg 11, Lahore, Pakistan.

THE CONSPIRACY

11. From in or about October, 1986 through on or about July 10, 1987, in the Eastern District of Pennsylvania and elsewhere, defendants

ARSHAD Z. PERVEZ and
INAM UL-HAQ

and others known and unknown to the grand jury, did knowingly, willfully and unlawfully conspire, combine, confederate and agree together and with each other and with others known and unknown to the grand jury to defraud the United States and its agency, the Department of Commerce, by impairing, obstructing and defeating

XEROX TELECOPIER 495:28- 7-87;12:42PM

2026334372;# 9

the lawful functions of the Department of Commerce in its implementation of the export laws of the United States.

12. It was part of the conspiracy that the defendants would and did contact companies engaged in the manufacture of maraging 350 steel to request price quotations and other information relating to the sale and export of that material to Pakistan.

13. It was further part of the conspiracy that defendant INAM UL-HAQ would and did direct defendant ARSHAD Z. PERVEZ to attempt to evade the Department of Commerce licensing requirements, because a validated export license would not be issued for maraging 350 steel, since the material is highly controlled for foreign policy reasons.

14. It was further part of the conspiracy that defendant ARSHAD Z. PERVEZ would and did offer and agree to pay a \$5000 "kickback," which he later reduced to \$3000, to a Department of Commerce licensing officer in order to obtain a validated export license for maraging 350 steel.

15. It was further part of the conspiracy that the defendants would and did submit documents to the Department of Commerce, which falsely stated that the maraging 350 steel would be used for the manufacture of high speed turbines and compressors in Pakistan.

16. It was further part of the conspiracy that defendant ARSHAD Z. PERVEZ would and did travel from Toronto, Canada, to Philadelphia, Pennsylvania to pay a \$1000 portion of the \$3000

XEROX TELECOPIER 495:28- 7-87:12:43PM

2026334372: #10

17. It was further part of the conspiracy that the defendants would and did cause a confirmed, irrevocable letter of credit to be issued by the Habib European Bank Limited for \$170,000 as payment for the maraging 350 steel.

OVERT ACTS

In furtherance of the conspiracy, defendants and others known and unknown to the grand jury, committed the following overt acts in the Eastern District of Pennsylvania and elsewhere:

1. On or about October 15, 1986, defendant ARSHAD Z. PERVEZ requested a price quotation for 50,000 pounds of maraging 350 steel from the Toronto office of Carpenter Steel Corporation (Carpenter), Reading, Pennsylvania.

2. On or about October 15, 1986, defendant ARSHAD Z. PERVEZ stated that the maraging 350 steel, which he was interested in acquiring, would be used for "remelt."

3. On or about November 12, 1986, defendant ARSHAD Z. PERVEZ arranged a meeting with Carpenter officials to discuss licensing requirements.

4. On or about November 13, 1986, defendant INAM UL-HAQ advised defendant ARSHAD Z. PERVEZ, by telex, that an "export permit is a must which Commerce Department does not give."

5. On or about November 13, 1986, defendant INAM UL-HAQ told defendant ARSHAD Z. PERVEZ to "bypass" the Commerce

XEROX TELECOPIER 495:26- 7-67;12:44PM

2026334372:#11

6. On or about November 19, 1986, defendant ARSHAD Z. PERVEZ and David Walker attended a meeting wherein Pervez identified the end user of the maraging 350 steel as 1) "INAM" of Multinational, Inc., 2) the Pakistani equivalent of the National Aeronautical Space Administration, and 3) the engineering department of Karachi University.

7. At the meeting described in paragraph 6, defendant ARSHAD Z. PERVEZ requested dates, pricing and shipping information relating to the purchase of the maraging steel, and stated that he would obtain further details about the order from defendant INAM UL-HAQ.

8. On or about November 21, 1986, defendant INAM UL-HAQ advised defendant ARSHAD Z. PERVEZ, by telex, that "bypass" of the Commerce Department is "a must" and that the end use is "manufacture H.S. compressors/turbines."

9. On or about November 25, 1986, defendant INAM UL-HAQ advised defendant ARSHAD Z. PERVEZ, by telex, to give any end use that will be acceptable.

10. On or about December 1, 1986, defendant ARSHAD Z. PERVEZ stated the end use for the maraging 350 steel was "rocket motors."

11. On or about December 1, 1986, defendant ARSHAD Z. PERVEZ stated that he wanted to make a \$5000 payment to facilitate the export license approval.

XEROX TELECOPIER 495/25- 7-57:12:45PM

2028334372:112

12. On or about December 2, 1986, defendant ARSHAD Z. PERVEZ called Carpenter and said that he wanted to reduce the "kickback" from \$5000 to \$3000.

13. On or about January 13, 1987, in Philadelphia, defendant ARSHAD Z. PERVEZ met with an undercover agent posing as a Department of Commerce licensing officer and made a partial payment of \$1000 on the \$3000 bribe.

14. On or about January 14, 1987, defendant ARSHAD Z. PERVEZ nodded his head in the affirmative when asked if the maraging 350 steel was to be used in a gas centrifuge enrichment plant to make nuclear weapons.

15. On or about January 21, 1987, defendant ARSHAD Z. PERVEZ requested defendant INAM UL-HAQ, by telex, to make the payoff money available before the shipment, and told INAM that he had made partial payment of the bribe.

16. On or about February 12, 1987, defendant INAM UL-HAQ wrote to defendant ARSHAD Z. PERVEZ and stated that in reference to PERVEZ's problems regarding the maraging 350 steel sale, "personal interests must not be permitted to overtake national interest."

17. On or about March 31, 1987, the defendants caused a false export license to be issued by the Department of Commerce and sent to PERVEZ.

18. On or about April 15, 1987, the defendants caused a copy of the false export license to be sent to Teledyne Vasco,

XEROX TELECOPIER 495:28- 7-87:12:46PM

2026334372;#13

another manufacturer of maraging steel, with a request for a price quotation.

19. On or about April 16, 1987, defendant INAM UL-HAQ, by telex, sent defendant ARSHAD Z. PERVEZ "congratulations" on the "export license breakthrough."

20. On or about May 1, 1987, defendant ARSHAD Z. PERVEZ, by telex, told defendant INAM UL-HAQ that he was "working on beryllium bar."

21. On or about June 3, 1987 defendant INAM UL-HAQ travelled from Pakistan to Toronto, Canada to meet with defendant ARSHAD Z. PERVEZ.

22. On or about June 9, 1987, defendant ARSHAD Z. PERVEZ agreed to pay Carpenter \$4.70 per pound for the maraging 350 steel, and to pick up the order in two separate shipments in mid-July. He further stated that he would use part of his 5% commission to pay the remainder of the kickback to the commerce officer.

23. On or about June 9, 1987, defendant ARSHAD Z. PERVEZ stated that he wanted to obtain beryllium and suggested numerous illegal means by which to divert beryllium to Pakistan.

24. On or about June 11, 1987, defendant ARSHAD Z. PERVEZ requested that Carpenter accept a letter of credit for the maraging 350 steel with an inflated purchase price and submit the difference between the inflated price and the true price back to him as a kickback.

25. On or about June 12, 1987, the defendants caused a confirmed, irrevocable letter of credit to be issued by the Habib European Bank Limited for the purchase of maraging 350 steel.

26. On or about June 18, 1987, defendant ARSHAD Z. PERVEZ contacted an undercover agent and provided the dimensions and chemical formula for the beryllium that he had requested.

27. On or about June 18, 1987, defendant ARSHAD Z. PERVEZ requested that the beryllium be commingled with the maraging steel for export to Pakistan without a license.

28. On or about July 10, 1987, defendant ARSHAD Z. PERVEZ travelled to Philadelphia, Pennsylvania and stated that he wanted one bar of beryllium as a sample and would have follow up orders.

29. On or about July 10, 1987, the defendants caused a 20 foot shipping container to be delivered to Carpenter for the purpose of moving the maraging 350 steel and the beryllium.

In violation of Title 18, United States Code, Section 371.

XEROX TELECOPIER 495:26- 7-87:12:47PM

2026334372: #15

COUNT TWO

THE GRAND JURY FURTHER CHARGES THAT:

From on or about December 1, 1986, through on or about July 10, 1987, in the Eastern District of Pennsylvania, defendant

ARSHAD Z. PERVEZ

directly and indirectly did corruptly give, offer and promise a thing of value, that is, money in the approximate amount of \$5000, to an undercover United States Customs agent who was posing as a United States Department of Commerce license officer, a public official, with intent to influence an official act and to induce the public official to do an act in violation of his lawful duty, that is, to issue an export license for restricted material.

In violation of Title 18, United States Code, Section 201(b).

XEROX TELECOPIER 495:28- 7-87:12:48PM

2026334372: #16

COUNT THREE

THE GRAND JURY FURTHER CHARGES THAT:

From on or about January 13, 1987, through on or about July 10, 1987, in the Eastern District of Pennsylvania, defendant

ARSHAD Z. PERVEZ

did knowingly and willfully travel in interstate commerce, that is, from Toronto, Canada to Philadelphia, Pennsylvania, with intent to promote, manage, establish and carry on an unlawful activity, namely, the bribery of a federal employee, within the meaning of Title 18, United States Code, Section 201(b), and thereafter did perform the act of bribery.

In violation of Title 18, United States Code, Section 1952(a)(3).

XEROX TELECOPIER 495:28- 7-87:12:48PM

2026334372:#17

COUNT FOUR

THE GRAND JURY FURTHER CHARGES THAT:

From in or about October, 1986, through on or about July 10, 1987, in the Eastern District of Pennsylvania, and elsewhere, defendant

ARSHAD Z. PERVEZ

did knowingly take action with the intent to evade the United States Department of Commerce licensing provisions under Title 15, Code of Federal Regulations, Section 372, in that PERVEZ did pay a bribe to a federal agent in order to obtain a Department of Commerce export license for restricted material.

In violation of Title 50, United States Code Appendix, Section 2410(b)(4).

XEROX TELECOPIER 495:26- 7-87:12:49PM

2026334372: #18

COUNT FIVE

THE GRAND JURY FURTHER CHARGES THAT:

On or about July 10, 1987, in the Eastern District of Pennsylvania, defendant

ARSHAD Z. PERVEZ

did knowingly attempt to export from the United States of America to Pakistan, articles designated on the Commodity Control List (CCL), Title 15, Code of Federal Regulations, Section 399.1, Supp. 1, Group 6, Export Control Commodity Number 3609A, that is, beryllium, without first having obtained the required export license from the United States Department of Commerce.

In violation of Title 50, United States Code Appendix, Section 2410(a).

XEROX TELECOPIER 495:28- 7-87:12:50PM

2026334372;#19

COUNT SIX

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 10 of Count One are realleged as if fully set forth in this Count.

2. On or about February 20, 1987, in the Eastern District of Pennsylvania, defendants

ARSHAD Z. PERVEZ and
INAM UL-HAQ,

in a matter within the jurisdiction of the United States Department of Commerce, knowingly and willfully did make and use and did cause to be made and used a false writing and document, knowing that writing and document to contain false, fictitious and fraudulent statements and entries as to material facts, in that the defendants did submit and cause to be submitted to the Department of Commerce a statement of Naeem Pasha, General Manager, Multi-national Inc., which represented that the Maraging Steel C-350 procured through AP Enterprises would be used solely for manufacturing of high speed compressors, turbines and special tools and valves in Pakistan, when the defendants then well knew that the Maraging Steel C-350 would have a different end use.

In violation of Title 18, United States Code, Section 1001 and 2.

XEROX TELECOPIER 495:28- 7-87:12:50PM

2026334372:#20

COUNT SEVEN

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 10 of Count One are realleged as if fully set forth in this Count.

2. On or about February 20, 1987, in the Eastern District of Pennsylvania, defendants

ARSHAD Z. PERVEZ and
INAM UL-HAQ,

in a matter within the jurisdiction of the United States Department of Commerce, knowingly and willfully did make and use and did cause to be made and used a false writing and document, knowing that writing and document to contain false, fictitious and fraudulent statements and entries as to material facts, in that the defendants did submit and cause to be submitted to the Department of Commerce a statement of Dr. M. Khalid Masood, Pakistan Council of Scientific & Industrial Research, which represented that Maraging Steel C-350 is used in Pakistan for the manufacture of high speed compressors, turbines, special tools and valves, when the defendants then well knew that Maraging Steel C-350 would have a different end use.

In violation of Title 18, United States Code, Section 1001 and 2.

XEROX TELECOPIER 495;28- 7-87:12:51PM

2026334372; #21

COUNT EIGHT

THE GRAND JURY FURTHER CHARGES THAT:

1. Paragraphs 1 through 10 of Count One are realleged as if fully set forth in this Count.

2. On or about February 20, 1987, in the Eastern District of Pennsylvania, defendant

ARSHAD Z. PERVEZ,

in a matter within the jurisdiction of the United States Department of Commerce, knowingly and willfully did make and use and did cause to be made and used a false writing and document, knowing that writing and document to contain false, fictitious and fraudulent statements and entries as to material facts, in that the defendant did submit and cause to be submitted to the Department of Commerce an Application for Export License, which represented that the specific end use of Maraging Steel C-350 would be for the manufacture of high speed turbine and compressor parts, when the defendant then well knew that Maraging Steel C-350 would have a different end use.

In violation of Title 18, United States Code, Section 1001 and 2.

A TRUE BILL:

FOREPERSON

EDWARD S.G. DENNIS, JR.