



Department of Justice

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California Firm Sentenced While Search for Its Fugitive Vice President Continues in Arms Export Case

LOS ANGELES – Air Shunt Instruments Inc., a California aircraft components company, has been sentenced to pay a criminal fine of \$250,000 for false statements related to an export of military technology, while agents intensify their search for the company's Vice President for International Sales, who is a fugitive and has been indicted for numerous illegal exports of military items to the United Arab Emirates and Thailand.

The developments were announced today by Thomas P. O'Brien, U.S. Attorney for the Central District of California; Rick Gwinn, Special Agent in Charge for the Defense Criminal Investigative Service (DCIS) Western Field Office; and Robert Schoch, Special Agent in Charge for the U.S. Immigration and Customs Enforcement (ICE) Office of Investigations in Los Angeles.

On July 15, a federal judge in the Central District of California accepted a felony guilty plea and sentenced Air Shunt, based in Chatsworth, Calif., to a criminal fine of \$250,000 and a special assessment of \$400 for making false statements on Shipper's Export Declaration in claiming that a military item being shipped overseas did not require an export license, when in fact the item required such a license.

According to a Statement of Facts filed with the court, Air Shunt willfully and knowingly made a false statement in connection with a gyroscope used on military helicopters that was sent to a freight forwarder in San Diego for shipment to Thailand in 2003. The gyroscope in question is on the United States Munitions List (USML), and as such, cannot be exported without first obtaining an export license from the Department of State.

The Statement of Facts filed with the court states that John Nakkashian, a Vice President at Air Shunt, was responsible for international sales and for obtaining all required licenses for such sales at the company. The court documents further allege that Nakkashian knew it was illegal for defense articles covered by the USML to be exported without first obtaining an export license from the Department of State. During the investigation of Air Shunt, Nakkashian fled the United States and is believed to be overseas today.

In May 2008, a federal grand jury in the Central District of California returned an indictment that charges Nakkashian with four counts of violating the Arms Export Control Act. The indictment alleges that in May and September of 2003, Nakkashian illegally exported military components for the J85 engine, which is used on the F-5 fighter jet, from the United States to Dubai, United Arab Emirates, without first obtaining the required export licenses from the State Department.

The indictment further alleges that Nakkashian illegally exported a military gyroscope to Bangkok, Thailand, in November 2003 and that he illegally exported another military component to Dubai, United Arab Emirates, in January 2004, without first obtaining the required export licenses from the State Department for each shipment.

According to court documents, Air Shunt took appropriate disciplinary action against Nakkashian for perpetrating the acts alleged. Furthermore, since August 2004, Air Shunt has adopted effective standards of conduct and internal control systems, including new and revised review and control procedures and ethics training programs designed to prevent or detect violations.

Nakkashian -- who is being actively sought by the Justice Department, DCIS and ICE -- faces a potential sentence of 10 years imprisonment for each count of violating the Arms Export Control Act. Anyone with information on the whereabouts of Nakkashian is encouraged to contact the San Diego Resident Agency of DCIS at (858) 569-1497 or the ICE hotline at 1-866-DHS-2ICE.

This investigation was conducted by special agents from DCIS and ICE. The prosecution is being handled by Assistant U.S. Attorney Richard Y. Lee of the U.S. Attorney's Office for the Central District of California.

As in all criminal cases, the defendant is presumed innocent unless and until convicted in a court of law.

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