



U.S. Department of Justice

Kenneth L. Wainstein
*United States Attorney
for the District of Columbia*

Judiciary Center
555 4th Street, N.W.
Washington, D.C. 20530

PRESS RELEASE

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For Information, Contact Public Affairs
Channing Phillips (202) 514-6933

Interaero, Inc. is sentenced for illegally exporting military aircraft parts to China

Washington, D.C. - United States Attorney Kenneth L. Wainstein, Michael J. Garcia, the Department of Homeland Security Assistant Secretary for U.S. Immigration and Customs Enforcement (ICE), the Naval Criminal Investigative Service, and the Defense Criminal Investigative Service announced that today a California aircraft parts supplier, Interaero, Inc., was sentenced by the Honorable Judge John Garrett Penn of the U.S. District Court for the District of Columbia to a fine of \$500,000 to be paid over a period of corporate probation of five years. Interaero pleaded guilty on August 17, 2004, to a one-count Information, charging a violation of the Arms Export Control Act. In pleading guilty, Interaero admitted to exporting, between June 2000 and March 2001, six shipments of military aircraft parts, valued at over \$40,000 to the People's Republic of China, including parts for F-4 Phantom Fighters, F-5 Phantom/Tiger Fighters, and Hawk Missiles, without the required Department of State export licenses. In sentencing Interaero, Judge Penn said, "I am disappointed in this company. Money speaks louder than patriotism in some cases and I am disappointed that would be the case for this company."

United States Attorney Wainstein warned that "this sentence sends a message to companies dealing in military and defense equipment that export restrictions are not avoidable obstacles but necessary safeguards for the protection of our national interests. These matters are taken seriously since failure to comply could have severe consequences."

Michael J. Garcia, the Department of Homeland Security Assistant Secretary for U.S. Immigration and Customs Enforcement (ICE), stated, "Companies seeking to profit at the expense of our national security are priority targets for ICE and the Department of Homeland Security. The sensitive items that were illegally exported by this company are controlled for good reason -- in the wrong hands, they pose a threat to U.S. forces abroad and to Americans at home."

Today's sentence is the ninth, in California and the District of Columbia, resulting from an undercover investigation targeted at aircraft parts suppliers who sell defense articles and military parts over the internet to foreign buyers without obtaining export licenses or complying with the arms embargoes.

The military aircraft parts supplied by Interaero were advertised on the Inventory Locator Service, a subscription computer database on which aircraft parts suppliers advertise the parts they can supply. Interaero offered to sell commercial and military aircraft parts which require an export license. The particular military aircraft for which these parts were ordered are older American planes used by countries, such as Iran, which cannot obtain new planes or equipment for the older planes due to embargoes on their countries. These aircraft are well recognized by those in the aircraft industry and lawful suppliers question carefully any buyer who seeks parts for them.

In this case, Interaero knew it was dealing with a buyer from the People's Republic of China ("PRC") and was also aware that the buyer intended to sell the parts to Iran. Nevertheless, Interaero shipped the parts to the PRC without making any effort to obtain an export license.

Under the Arms Export Control Act and International Traffic in Arms Regulations, transfer of military aircraft parts is prohibited without an export license for reasons of our national security. There are currently embargoes in place against the transfer of such parts to the People's Republic of China and Iran. Because

of the embargoes, it is illegal to sell or transfer or propose to sell or transfer any defense articles to the PRC or Iran or to any person acting on behalf of a Chinese or Iranian entity without a license. The Department of State policy is to deny all export licenses to the PRC or Iran.

In announcing today's sentence, U.S. Attorney Wainstein and Assistant Secretary Garcia commended the outstanding work of the special agents involved from the Department of Homeland Security, the Naval Criminal Investigative Service, and the Defense Criminal Investigative Service in the five-year investigation. They also praised Assistant United States Attorney Wendy Wysong and Supervisory Paralegal Specialist Ivy Hart.