



Department of Justice

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**CANADIAN NIGHT VISION GOGGLES MANUFACTURER
AND TWO EXECUTIVES CHARGED IN SCHEME TO
DEFRAUD U.S. MILITARY PROCUREMENT UNIT FOR IRAQ**

WASHINGTON — An indictment by a federal grand jury in San Francisco was unsealed today against a Canadian night vision goggles manufacturing firm and two of its executives for their role in a scheme to defraud the U.S. military in the supply of equipment for the Iraqi army, the Department of Justice announced.

The indictment, returned on Dec. 4, 2007, was unsealed today in U.S. District Court in San Francisco. The indictment charges Michael Beker (also known as Mendel Beker), president and chief executive of Newcon Optik Ltd., Arie Prilik, the former senior vice president of Newcon Optik, and the company itself with two counts each of wire fraud and one count each of conspiracy to commit wire fraud. Beker and Newcon Optik were also each charged with one count of money laundering. Beker was arrested on April 11, 2008 and Prilik was arrested on April 18, 2008. Both arrests were made by the York Regional Police in Toronto, Canada.

Beker, Prilik and Newcon Optik Ltd. are charged with attempting to defraud the U.S. Army's Tank-Automotive and Armaments Command (TACOM), a military unit tasked with equipping and training the Iraqi Army. The alleged scheme could have resulted in an overcharge to the U.S. military of approximately \$11 million.

According to the indictment, Beker, Prilik and Newcon Optik agreed to pay a competitor to withdraw from supplying TACOM with night vision goggles. They then envisioned stepping in and supplying TACOM with night vision goggles at a substantially inflated price, the Department said. Beker, Prilik and Newcon Optik made an initial \$50,000 payment to a competitor as part of the scheme.

"The Antitrust Division remains committed to detecting and prosecuting those who corrupt the defense procurement process at the expense of the U.S. military and the American taxpayer," said Thomas O. Barnett, Assistant Attorney General in charge of the Department's Antitrust Division.

Beker and Prilik each face up to 20 years in prison for the wire fraud counts, and up to five years in prison and a \$250,000 fine each if convicted on the conspiracy count. Beker faces imprisonment for up to 20 years and a fine of up to \$500,000 if convicted of the money laundering charge. The United States also plans, upon the conviction of Beker, Prilik and Newcon Optik, to seek criminal forfeiture of the \$50,000 payment made in the case.

Today's charges demonstrate the Department of Justice's commitment to protect U.S. taxpayers from procurement fraud through its creation of the National Procurement Fraud Task Force. The National Procurement Fraud Initiative, announced in October 2006, is designed to promote the early detection, identification, prevention and prosecution of procurement fraud associated with the increase in contracting activity for national security and other government programs.

The indictment is the result of a joint investigation by the San Francisco Office of Antitrust Division of the U.S. Department of Justice, the Federal Bureau of Investigation, the Army Criminal Investigation Division, and the Defense Criminal Investigative Service. Anyone with information concerning illegal conduct in the procurement of night vision goggles is urged to call the San Francisco Field Office of the Antitrust Division at 415-436-6660.

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