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Former Iranian Ambassador Arrested in Britain for Assisting Iran-Directed Smuggling Scheme

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In October 2006, British authorities arrested former Iranian ambassador to Jordan, Nosratollah Tajik at the request of the U.S. government for allegedly assisting in brokering the purchase of U.S.-made military night vision systems for Iran.¹ His arrest demonstrates a link between Iranian military entities and former high level Iranian government officials in efforts to smuggle military equipment.

Tajik was arrested because of his attempted dealings with undercover U.S. export enforcement agents between the period from October 2005 to August 2006, during which he and Esmail Gharekhani, an alleged co-conspirator based in Iran, allegedly tried to buy night vision systems from U.S. agents posing as arms brokers, and arrange their shipment to European countries, Turkey, or Dubai where they would be transhipped to Iran.² Tajik, who is out on bail in Britain, awaits consideration of an appeal to the British Home Secretary over whether earlier authorizations for his extradition to face trial in the United States could be overturned based on inability to travel due to ill health.³ If extradited to the United States and convicted of the crimes, Tajik could face more than ten years in prison and large fines. Authorities have not arrested Gharekhani.

Unusual Procurement Agent

Nosratollah Tajik, 55, served as Iran's ambassador to Jordan from 1999-2003, according to an investigation by U.S. export enforcement agents and Britain's Her Majesty's Revenue and Customs agency (HMRC).⁴ Following his government service, Tajik moved with his family to Britain on an honorary fellowship to teach Farsi at the Institute for Middle East and Islamic Studies of the University of Durham and pursue an engineering PhD at the University of Westminster.⁵ According to an affidavit of the ICE agent assigned to his case, Tajik also directed a private limited company called UK Islamic Direct Business Limited with locations in Tehran and Harrow, Middlesex, England.⁶ Previously, a *Newsweek*

¹ U.S. Immigration and Customs Enforcement, "Counter-Proliferation Investigations: Overview- Military Night Vision Systems to Iran," October 28, 2008.

² *Affidavit of Mark Knoblock, Special Agent, Immigration and Customs Enforcement, U.S. Department of Homeland Security, in Support of Criminal Complaint before the United States Magistrate Court of the Northern District of Illinois, Eastern Division, for the case United States of America v. Esmail Gharekhani and Nosratollah Tajik*, August 30, 2006.

³ "Former Diplomat Sought by U.S. May be Released," *The Durham Times*, December 18, 2009.

⁴ *Affidavit of Mark Knoblock*, p. 17.

⁵ High Court of Justice of the Royal Courts of Justice, *Approved Judgment before Lord Justice Richards and Mrs. Justice Swift Dbe, between Nosratollah Tajik and the Government of the United States of America and Secretary of State for the Home Department*, April 10, 2008, p. 11.

⁶ *Affidavit of Mark Knoblock*, p. 16.

report stated, Israeli intelligence investigated the activities of Tajik during his ambassadorship as they related to recruiting Palestinian trainees for terrorist operations against Israel.⁷

Tajik was indicted by the United States Northern District of Illinois Court in August 2006 on two counts of conspiring to export the military night vision equipment without a license from the State Department's Directorate of Defense Trade Controls. The items were considered defense articles controlled for export by the International Traffic in Arms Regulations and U.S. Munitions List.⁸

Gharekhani directed the procurement scheme from Iran and used Tajik, a close friend, and his Britain-based company, for brokering and transshipment purposes. ICE Agents determined that Gharekhani worked as a procurement agent supplying the needs of the Iranian military via his position at Industrial Automation Group (IAG), located in Tehran.⁹ According to websites such as TradeKey.com that list and identify companies, IAG was "founded by a group of experts, well educated engineers of best Iranian universities...in the field of industrial vibration measurement, modal test, fatigue, control, industrial automation, and measurement tools."¹⁰ Gharekhani's Iranian customers are not detailed in legal documents relating to the case, but they were likely entities of the Iranian military establishment that use Industrial Automation Group as an equipment supplier. The address listed for IAG, at the intersection of Pasdaran Avenue and Dolat Street, is located within a well-known Defense Industries Organization (DIO) neighborhood in northeastern Tehran.

Gharekhani allegedly sent purchase orders from his Iranian customers, directly to ICE agents posing as company officials or brokers for the night vision equipment. In 2004, ICE launched a wide ranging operation that set up phony companies that could receive illicit procurement requests from arms traffickers with the objective of prosecuting them for attempts to commit crimes.¹¹ ICE agents told Gharekhani that they could broker high value military equipment sales based on insider connections at prominent U.S. manufacturers

Use of Britain as a Transshipment Point

Tajik allegedly assisted Gharekhani by communicating with U.S. agents to arrange transshipment and payment for items, suggesting both Dubai and the United Kingdom as transshipment points. He stated his preference and past success in using Britain as a shipping destination for U.S. goods before they went to Iran.¹² Tajik and Gharekhani allegedly operated under a strategy of mislabeling and undervaluing the contents of packages in order to export them out of the United States to third party countries, and from third party countries to Iran.

The following details the alleged procurement attempts and scheme used by the Gharekhani-Tajik procurement ring to try to acquire controlled equipment from the United States. Because the attempted procurements, particularly a plan discussed over many months to order night vision systems, were part of the U.S. sting operation, none of the equipment was sent to Iran. The accused have not yet been convicted of any crimes.

⁷ Michael Isikoff and Mark Hosenball, "Red Flag," *Newsweek*, November 16, 2009.

⁸ *Affidavit of Mark Knoblock*, pp. 3-4.

⁹ *Affidavit of Mark Knoblock*, p. 6.

¹⁰ http://jp.tradekey.com/profile_view/uid/203950.htm

¹¹ Carrie Johnson and Spencer S. Hsu, "Cat-and-Mouse Game Traps Arms Broker," *The Washington Post*, December 3, 2009.

¹² *Affidavit of Mark Knoblock*, p. 15.

Procurement Attempts

It appears that Gharekhani first contacted a U.S. company by e-mail requesting to purchase night vision binoculars, goggles, tools, laser range finders and laser aiming guns for around \$3 million. He said that he wanted to be their “exclusive agent in Iran.”¹³ The company apparently referred the e-mail to authorities, who identified Gharekhani’s internet protocol (IP) address as belonging to the Industrial Automation Group in Tehran. Authorities referred Gharekhani to an ICE e-mail address, which they called the e-mail address of “a local representative that may be able to assist.”¹⁴ In October 2005, ICE agents based in Chicago posed as company officials or brokers and responded by telephone to see if they could launch a sting operation against Gharekhani and any associates for illicit procurement attempts.

The ICE agent who telephoned Gharekhani asked whether his customer was located in Iran, and he said that this was the case. The agent said that the night vision equipment sought was embargoed for export to Iran, and Gharekhani replied that the equipment could be sent to his “office” in Istanbul, Turkey and then onward to Iran. The agent expressed caution over exporting items without a license because of the illegality of the exports even if sent first to Turkey, but Gharekhani assured the agent that they would have “wide cooperation.”

In January 2006, a second agent send Gharekhani a price quote of \$55,170 for night vision equipment and discussed involving another supplier “friend” (undercover ICE agent) in the transaction. In February, Gharekhani recommended shipping the items to Iran via his partners’ offices in Sweden, Germany, or Turkey. He said the agents could ship the holographic weapon sights to Turkey but mischaracterize the contents of the package as a gift with no value, and he provided an address in Istanbul for shipping purposes. In March, Gharekhani changed these plans, notifying the agents that the Turkish government could be difficult over imports and exports, and they should now plan to send the equipment to a Dubai address belonging to another “partner.”¹⁵

In May 2006, Gharekhani again changed plans, informing the ICE agents that they should deal with his partner, Mr. Tajik, based in the United Kingdom. Gharekhani stated, “I think it is better for you to do business with a British company” for added security, and he said that Mr. Tajik, one of his best friends, knew the details about the order and Gharekhani’s business and would call to finalize shipping arrangements. Tajik soon phoned the agents and despite being informed that it was illegal to ship U.S.-origin items to Iran from Britain, he assured the agents that his “colleague” in Dubai could successfully receive the items either directly from the United States or from the United States via Britain.¹⁶

When asked whether he had previously transshipped U.S. items before, Tajik responded “Yes, yes, yes. Night vision plus the other equipment...I did it last month and it was no problem.” He said that he had acquired these items from a U.S. company which did not suspect the shipment would be diverted from Britain, and that he shipped the items to Iran on Iran Airlines. Regarding the U.S. company, Tajik said, “...They just know the goods, the instrument is going to the U.K...and then in the U.K. we change the

¹³ Ibid, p. 5; The Affidavit states that this e-mail was sent to a U.S. e-mail address and was brought to the attention of law enforcement officials. From this information, one can infer that it may have been a U.S. company or supplier that was the original recipient of the e-mail.

¹⁴ *Affidavit of Mark Knoblock*, p. 6.

¹⁵ Ibid, pp. 9-12.

¹⁶ Ibid, pp. 13-15.

label...and we change the name and send it to Iran.” Tajik asked the agent about his or her relationship with one of the companies that were poised to make a deal for the night vision systems, and the agent responded that he or she had a relationship with an insider who had agreed to make illicit sales for payment.¹⁷

Tajik and Gharekhani arranged to open a letter of credit to pay for the items once they were shipped to Britain or Dubai, but the ICE agents demurred that using letters of credit for payment after shipments were sent were risky. Tajik replied that they were not authorized to send money before shipments were received, and that another option would be to bring the equipment to London and meet in person to exchange the equipment for payment. In July 2006, an ICE agent sent an invoice for a sale totaling \$51,155 for a holographic weapons sight, night vision sight, night vision weapon sight, binocular night vision goggle, 2 night vision goggles, 3 modular day/night weapon sights, monocular night vision device, and an auto gating night vision image intensifier tube. All of the items except the holographic weapon sight are controlled for export on the U.S. Munitions List. Gharekhani indicated the payment was ready; he e-mailed the agents a copy of a bank wire transfer from Saman Bank Corporation to Tajik’s bank account at HSBC Bank in Britain.¹⁸

The agents agreed preliminarily to deliver the items directly to Tajik during a meeting at his Durham, England office on August 17, 2006, but then said that they would rather discuss the deal and show Tajik some of the equipment without finalizing the sale until later. During the videotaped meeting with two agents, Tajik was shown some of the military equipment and appeared to know how to operate it. Tajik requested that agents provide two invoices with the items once they were delivered, one with the accurate description and price of the items for the Iranian customer, and another misrepresenting and undervaluing the items, the invoice that would be attached to packages going through British customs to Iran so they would clear without problems. Tajik also inquired about purchasing a Millennium 35 mm naval gun system with anti-guided missile capabilities made by a Swiss company, Oerlikon Contraves, and sold in the United States by Lockheed Martin. The agents informed Tajik that they were acting illegally by bringing the night vision systems to Britain to discuss a sale to Iran.¹⁹

Apparently becoming suspicious, Tajik began attempting to obscure the conversation from electronic surveillance by asking that a radio be turned on (one was not available), and then tapping his fingers on the table while speaking in low tones. Despite this, the participants agreed upon the final terms of the deal for night vision equipment and discussed the possibility of future cooperation. Following the meeting, in August, Gharekhani informed the agents by e-mail that the money was ready and also inquired about purchasing items made by Raytheon. Tajik e-mailed the agents on August 30 asking when they would come to Durham to deliver the equipment.²⁰

In October 2006, British authorities arrested Nosratollah Tajik at his residence in County Durham, England following the approval of an arrest warrant stemming from a U.S. arrest and extradition request filed in the Northern District of Illinois on August 30, 2006.²¹ He remains out of prison on bail pending his planned extradition to the United States.

¹⁷ Ibid, p. 15.

¹⁸ Ibid, pp. 15-23.

¹⁹ Ibid, pp. 23-25.

²⁰ Ibid, pp. 25-26.

²¹ “Overview- Military Night Vision Systems to Iran;” *Affidavit of Daniel Rubenstein, Assistant U.S. Attorney for the Northern District of Illinois, Department of Justice, in Support of Request for Extradition of Nosratollah Tajik,*

British Extradition Proceedings

In April 2007, a British district court ruled that Tajik could be extradited to the United States, and referred Tajik's appeal over the matter to the British Secretary of State.²² In June 2007, the British Secretary of State authorized Tajik's extradition. He also appealed this extradition authorization and a hearing was held on April 10, 2008 by the High Court of Justice to revisit the decision of the district court.²³

During this hearing, Tajik's legal representation raised issues over: whether Tajik could legally face extradition since the offenses committed did not take place inside the United States; whether he was physically and mentally fit to stand trial abroad; whether the United States had abused the British process of extradition by entrapping him in a sting operation and accusing him of a crime; whether he was likely to be targeted as a terrorism suspect or enemy combatant on account of the poor relations between the United States and Iran, potentially facing discrimination during a trial; whether he could be charged with additional offenses not included in the original charges once extradited; and whether his or his family's private lives could be threatened should he be extradited. The high court did not agree that these issues raised relevant legal concerns and stood by the district court's earlier ruling and the decision of the Secretary of State that Tajik should be extradited.²⁴

The British Home Secretary is reportedly considering another appeal by Tajik that he is physically unfit for travel to the United States due to heart complications and surgeries exacerbated by the emotional trauma of legal proceedings.²⁵ Iranian foreign minister Manouchehr Mottaki requested the release of Tajik in meetings with British counterparts, but his request was denied. Minister Mottaki claimed the decision was "unethical."²⁶

Lessons and Observations

The Tajik case shows that procurement efforts are undertaken by former high-level Iranian officials in support of Iran's military activities. It also demonstrates that Iranian procurement agents operate in a dispersed, networked fashion with trusted overseas agents stepping in to help as needed.

The case also demonstrates the methods used by illicit procurement entities in order to avoid detection. The key strategies included using transshipment countries, altering labels on the goods and likely the export documents as well, and undervaluing the goods being shipped. When a sensitive item is leaving a country with more robust controls, such as the United States, the description of the items on the package and on customs declarations need to be accurate, so as not to arouse suspicions by the supplying company or customs authorities. Once the items arrive in the next country, however, the procurement agent changes the description of the products and, accordingly, its value, in order to ease its export to a country like Iran, as customs agents will scrutinize product descriptions and values for potentially banned items. Short of opening a package, customs agents have the product descriptions

before United States Magistrate Judge of the United States District Court, Northern District of Illinois, Eastern Division, August 30, 2006.

²² "Court Supports U.S. Extradition Bid," BBC News. April 19, 2007.

²³ *Approved Judgment before Lord Justice Richards.*

²⁴ *Ibid.*

²⁵ "Former Diplomat Sought by U.S. May be Released;" *Approved Judgment before Lord Justice Richards.*

²⁶ "Iran Asks U.K. to Release Ex-Diplomat," Iran Press TV. July 23, 2008.

and other declarations to rely on. The above methods are used consistently by illicit procurement entities, including those in the A.Q. Khan network who sent to Libya equipment related to a planned covert gas centrifuge program.

Any country, even Britain with its sophisticated export control system, can become a transshipment address for Iran's military procurement efforts. This case also shows how smugglers probe for transshipment locations, seeking the ones they believe will most likely to lead to a successful procurement.

This case shows how good cooperation between authorities, in this case between the United States and Britain, can lead to successful arrests and extradition authorizations for those engaging in illicit military trade. However, extradition can be a time-consuming and difficult process. A successful extradition is by no means guaranteed.