



Getting to the Core: United States Charges Iranian with Missile Export Violations

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In another success among many effective sting operations in recent years, the United States on October 25, 2013 [announced](#) four-count charges against an alleged illicit procurement agent working from Iran to procure surface-to-air anti-aircraft missiles (SAMs) from undercover U.S. agents and sources. The sting operation [lured](#) Reza Olangian, a dual U.S. and Iranian citizen, to the Tallinn, Estonia airport where he was arrested on October 10, 2012. He was extradited to the United States on March 26, 2013 to face the charges brought by the District Attorney of Southern New York. The United States has previously used Tallinn, Estonia as a friendly territory to which it lures unsuspecting smuggling agents under the pretense of a sales meeting; it has them arrested and then extradites them to the United States to stand trial for export control violations. The United States [announced](#) in May 2013 the arrest and extradition from Estonia of a Taiwanese man - part of a father and son duo - who were charged with exporting advanced weapons system components that may have gone to North Korea.

The Olangian case marks a successful incidence of arresting an alleged “core” Iranian procurement agent – a smuggler who works with relative immunity from inside Iran placing orders directly for the Iranian military or for companies procuring for it. Such agents are typically immune from arrest and prosecution because Iran would never extradite its procurement agents; they must be lured outside of Iran or otherwise arrested by a friendly country while traveling, pursuant to a U.S. arrest warrant.

Olangian, if convicted of the allegations, could serve life in prison.

Scheme and Sting Operation

According to the U.S. [indictment](#) from May 2012 until October 2012, Olangian and other alleged co-conspirators procured and attempted to procure SAMs, guidance devices, and related components on behalf of Iran’s military. The United States embargos the sale of such goods to Iran.

On May 2, 2012, Olangian allegedly traveled to Kiev, Ukraine where he met in a covertly recorded meeting with a confidential source acting under the direction of the U.S. Drug Enforcement Agency (DEA) and others to discuss specifications of several missile systems and aircraft parts. The two-day meetings involved the DEA source posing as a broker from Russia who had access to major aircraft and weapons systems. During the meeting, according to the [Amended Complaint](#) against Olangian, Olangian indicated that he had a residence in the United States and an office in Tehran. He claimed

that the goods sought were for the government of Iran. He also expressed interest in IGLA-S and S-300 long-range surface-to-air missile systems. Notably, sales of the Russian-made S-300 air defense system to Iran have been delayed due to concern that the sale violates United Nations sanctions against Iran and, in practical terms, the system could be used to render Iran's nuclear sites more hardened against aerial attack. The IGLA-S missile system, according to the complaint, is "a handheld, portable infrared homing missile system; it can be carried and fired by a single person. The IGLA-S is designed for use against visible targets, such as aircraft and helicopters."

Following the May 2012 meeting, the DEA source and Olangian allegedly continued to discuss by e-mail and telephone the specifics of various potential orders. They discussed delivery of the goods to Iran via Herat, Afghanistan, which is near Iran's border. Olangian preferred to have aircraft, parts, and missile systems delivered directly to Iran.

On August 17, 2012, Olangian working from Iran, allegedly participated in a video conference with the DEA source to examine missile systems. The source again "purport[ed] to be a weapons and aircraft broker" and the two discussed the sale of IGLA-S missile systems. The DEA source told Olangian that 10 IGLA-S and 60 cylinders had been shipped to him. Olangian allegedly stated that he would eventually want to buy a minimum of 200 IGLA-S systems.

On August 21, Olangian allegedly e-mailed the DEA source to urge haste in concluding the transaction and signing a contract. He proposed a first phase of meeting in person to exchange the cylinders and money either in Azerbaijan or Armenia, or alternatively, in Afghanistan, and a second phase of transferring the IGLA-S missile systems for testing their quality in Iran before the payment would be sent. The missile systems were to be sold for an agreed upon price of \$57,500 each.

On October 10, 2012, Olangian was arrested at the Tallinn, Estonia airport. He was traveling in connection with the planned, alleged illicit procurement, but no specific information is provided about the meeting.

Defendant Shared Details about his Alleged Procurement Schemes

After his arrest, Olangian waived his constitutional rights, agreeing to share detailed information with U.S. DEA officers who met with him in Estonia. Olangian allegedly admitted that five years prior, he attempted to purchase directly on behalf of the Iranian Ministry of Defense 100 IGLA-S missiles. The deal was ultimately not successful.

He claimed that the alleged attempted procurement of cylinders was on behalf of an Iranian company that planned to sell the cylinders to the Iranian Ministry of Defense for use in MIG aircraft. Olangian stated that, separately, in October 2012, he was introduced through a contact to two Iranian Ministry of Defense officials to discuss his alleged, planned procurement of IGLA-S missile systems. He produced a letter of intent for their purchase, noted that he had observed the missile systems during the August video conference, and told the officials that he would be traveling to Estonia, in part, in connection with the procurement. He stated that the Iranian officials discussed "making arrangements for an expert to inspect the IGLA-S missiles after Olangian had returned from Estonia" and reported back to them.

Lessons and Observations

This case shows that the United States is now regularly luring suspected illicit procurement agents to third party territories that are amenable to arresting and extraditing the alleged violators of U.S. export control laws. This practice surmounts the frequent inability of responsible supplier nations to stop “core” procurement agents working from within the illicitly procuring states and targeting their goods. It is unclear whether this tactic will create a deterrent effect on would-be smugglers or only make them less willing to travel abroad outside Iran or other sanctioned countries. If anything, one hopes it will continue to be successful against the smuggling agents used by determined proliferant states. Unfortunately, Iran may view these agents as expendable because they are replaceable by a steady stream of business people seeking to make profits on obtaining sanctioned wares for Iran’s nuclear, missile, and military programs. However, over time and as word spreads within Iran about their arrests and convictions, these sanctioned programs may find it harder to recruit core procurement agents.

This case has parallels with the case of notorious illicit WMD procurement agent, Li Fang-Wei, who works from China to procure and transship to Iran missile related goods and materials that have provided substantial assistance to the Iranian missile program. China has for several years resisted U.S. demarches and demands that China take action against Li or otherwise prevent him from assisting Iran, despite significant evidence of his activities and a U.S. grand jury indictment against Li for [making illegal financial transactions](#) through New York financial institutions. It may be that short of Chinese action, stinging Li or catching him in transit offers one of the only avenues for arresting and prosecuting him.