



**Remarks Prepared for delivery by
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Good afternoon. I'm John Morton, Director of U.S. Immigration and Customs Enforcement, or ICE. I'm honored to be here to talk to you today about the role of ICE Homeland Security Investigations – HSI – in the U.S. Government's counterterrorism and counter-proliferation efforts.

This topic is especially poignant, as next week marks the ninth anniversary of the 9/11 attacks on the United States. Back then, I was serving as an Assistant U.S. Attorney in the Eastern District of Virginia, first in the Major Crimes Unit and later in the Terrorism and National Security Unit. In fact, one of the cases I prosecuted was the case against a man who helped two of the 9/11 hijackers fraudulently obtain Virginia identification cards. As I look back, it is hard to believe nearly a decade has passed since that terrible day – a day we lost so many lives in the World Trade Center, the Pentagon and on United Flight 93.

That day also changed the landscape of the U.S. Government. One of the most far-reaching steps taken to protect America was the creation of the Department of Homeland Security. DHS, which began operations in early 2003, took 22 different federal agencies and brought all or parts of them under one organization. This was the largest reorganization of the federal government since 1947, when the Department of Defense was created.

One of the new agencies created in DHS was the agency I have the honor to lead. ICE brought together resources and personnel from the U.S. Customs Service and the Immigration and Naturalization Service, along with the Federal Protective Service, so it could carry out its mission of enforcing more than 400 individual immigration and customs statutes.

What is ICE HSI?

Today, ICE is the principal criminal investigative arm of the Department of Homeland Security and one of the three Department components charged with the civil enforcement of the nation's immigration laws. But ICE is not just an immigration-focused agency.

HSI agents are stationed in every state of the union and 44 countries overseas. We investigate a wide array of federal crimes: child pornography and sex tourism; gang violence; document fraud; border smuggling of all kinds – including drugs, money, people, and guns; counterfeit goods; intellectual property theft; and international art theft. HSI is the only federal law enforcement entity with full statutory authority to investigate and enforce criminal violations of all U.S. export laws related to military items, controlled "dual-use" commodities, and sanctioned or embargoed countries.



Export Enforcement Authorities

Our mission to combat terrorism is multifaceted:

- to prevent terrorists from reaching or remaining in the U.S.,
- to disrupt their plots and bring to justice those who attempt to do harm,
- to protect the American public from the introduction of WMD and other instruments of terror into the U.S., and
- to prevent illegal exporters, targeted foreign countries, terrorist groups, and international crime organizations from trafficking in WMD and their components; obtaining and illegally exporting licensable commodities, technologies, conventional munitions, and firearms; or engaging in financial transactions that support these activities or violate U.S. sanctions or embargoes.

These tasks are, I believe, among the most critical aspects of HSI's role as part of the Department of Homeland Security. Through its Visa Security Program, ICE seeks to ensure that those who receive permission to come to the United States are not bent on doing harm. In enforcing the nation's immigration laws, ICE targets individuals who violate those laws and pose national security threats through its terrorist removal and visa overstay programs.

The other critical component of ICE's national security and anti-terrorism efforts is the leadership role the agency has traditionally played in the realm of export controls. Bottom line: enforcing export control laws keeps military products and sensitive technology out of the hands of terrorist groups and hostile nations.

Combined with the investigative efforts of our predecessor, the U.S. Customs Service, we have led law enforcement efforts in export enforcement for approximately 35 years. In fact, our export authorities are the broadest within the U.S. government.

It is not difficult to understand why export enforcement is so important. Our technology is a critical asset to U.S. national security and could be an instrument of intimidation or destruction in the wrong hands. America produces some of the most advanced technology in the world, and as such, has become a primary target of other countries, criminal groups, and terrorist organizations seeking to advance their own technological capabilities. Anyone – private sector or military – who is involved in any aspect of high technology research, development, production or sales is a potential acquisition target. Even a seemingly insignificant product could easily be the necessary component of a major technological development or dangerous weapon for those who seek to do us harm.

The People's Republic of China operates a robust North American procurement program obtaining military technology and equipment that not only supports the People's Liberation Army but is provided to prohibited countries around the world.

Iran, as we all know, is aggressively seeking nuclear capabilities that would forever change the balance of power in the Middle East. We now see an alarming response by Iran's neighbors, who now feel compelled to develop nuclear capabilities themselves.

Nuclear weapons are not the only threat; small arms and light weapons and other conventional weapons move illegally from western-industrialized countries to areas of civil unrest resulting in hundreds of thousands of innocent civilian deaths in countries least able to protect their borders and citizens.

Over the years, illicitly acquired U.S. munitions and technology have assisted our adversaries in jeopardizing our soldiers, our citizens, and our interests. They have also harmed our allies. Today, nearly nine years after the 9/11



attacks, nuclear, chemical, and biological weapons and their components are more widely available to terrorists and rogue nations than ever before. Despite treaties and sanctions, countries like Iran continue to work around the system in an effort to obtain restricted technology. That's why export enforcement is more important than ever.

How HSI Fulfills This Mission

This is an area of enormous sensitivity and importance to protecting our national security, and HSI has a number of mechanisms in place to carry out our mission to combat terrorism. One way is through our Counter-Proliferation Investigations Unit. This team is responsible for overseeing a broad range of investigative activities. The Counter-Proliferation Investigations Unit's priority programs address trafficking in WMD components and materials, sensitive dual-use commodities, and technologies sought by rogue nations and terrorist groups. Our programs address illegal exports of military equipment and spare parts to embargoed countries, significant financial and business transactions with proscribed countries and groups, and export enforcement training for private industry as well as state, local, and foreign agencies.

Another way HSI carries out this mission is through initiatives such as Project Shield America, which began in 2001 under the U.S. Customs Service. Through this program, HSI special agents reach out to U.S. manufacturers and exporters of arms and sensitive technology to educate them about export laws and to solicit their assistance in preventing illegal foreign acquisition of their products.

Let's be clear, though: Project Shield America is not intended to restrict or discourage legitimate U.S. exports. According to statistics released in July by the International Trade Administration, the U.S. exported \$739.5 billion in goods and services during the first five months of 2010. Obviously exports are a vital part of our economy and we certainly do not want to stifle that in any way. But we are charged with protecting the technical accomplishments resulting from American ingenuity and labor, and preventing our adversaries from achieving technological parity or gaining a military advantage through illegal acquisition of U.S. technology. That is a task we take very seriously. We must weigh the benefits of trade against the need for enforcement, and we have worked hard to strike the proper balance.

Project Shield America works in concert with the three-pronged approach of HSI's Export Enforcement Program: inspection and interdiction; investigations; and international cooperation.

The first aspect, inspection and interdiction, utilizes specially trained U.S. Customs and Border Protection Field Officers stationed at high-threat ports to selectively inspect suspicious export shipments. The investigation phase involves HSI special agents deployed throughout the country who pursue the arrest and eventual prosecution of offenders of the *Export Administration Regulations*, the *Arms Export Control Act* and the *International Traffic in Arms Regulations*, the *Trading with the Enemy Act*, the *International Emergency Economic Powers Act* and other relevant statutes. Our focus is on working proactively to detect and disrupt illegal exports before they can cause damage to the national security interests of the United States. Finally, our attaché offices around the globe enlist the cooperation of their host nations in an effort to initiate new investigative leads and to develop information in support of ongoing investigations.

And then there's the National Export Enforcement Coordination Network (NEECN), established in 2007 by the Counter-Proliferation Investigations Unit to coordinate efforts by numerous agencies within the law enforcement and intelligence communities to prevent foreign adversaries and illicit procurement networks from illegally obtaining U.S. munitions and critical "dual use" technology. The NEECN fulfills this mission by:



- deconflicting law enforcement efforts;
- supporting criminal investigations in the field;
- coordinating with export licensing agencies and commodity and technology experts;
- coordinating with the intelligence community to identify proliferation trends and identify ways to neutralize those threats; and
- disseminating investigative leads to field offices for action.

These combined efforts are supported by the Exodus Command Center located in Washington, D.C. This facility is the principal administrative and operational center that coordinates with external export regulatory agencies to seek clarification or rulings in support of export enforcement investigations.

A Record of Success

Since it was formed under the U. S. Customs Service, our Export Enforcement Program has been responsible for major seizures of controlled technology, including laser guidance devices, military equipment, sophisticated computer systems, and other items critical to allied defense and U.S. industry. These seizures have also included high-technology items designed primarily for civilian use, but that are still subject to export controls to certain destinations because of their potential military application. Recognizing this success, other countries have initiated their own export control programs, often through training provided by ICE personnel.

In November 2009, the President initiated an Export Control Reform process that established an interagency Task Force under the National Security Council and the National Economic Council. As part of this reform process, National Security Council principals charged ICE HSI with creating and leading a National Export Enforcement fusion center in order to synchronize U.S. Government efforts. This responsibility was given to ICE because of its long history and statutory authority in leading this important national security mission.

Over the last year HSI has been the lead investigative agency for approximately 75% of the significant export prosecutions identified by the U.S. Department of Justice. In fiscal year 2009, HSI initiated 1,313 criminal investigations of possible illegal exports; made 708 criminal arrests, 218 of which were for sensitive commodities and technologies; secured 194 indictments; and obtained 190 convictions. A majority of these national security cases have been focused on stemming the flow of sensitive U.S. technology to Iran.

For success like this to continue, we depend on the cooperation of the export community. HSI recommends that our industry partners implement an export management system, consisting of several elements that will facilitate export control – including a strict policy of reporting suspicious orders or inquiries to ICE.

Noteworthy Cases

For obvious reasons, much of what we do in this area we can't discuss publicly, but I would like to tell you a bit about some of our latest notable cases.

Amir Ardebili - Iran

Beginning in 2002, Iranian citizen Amir Ardebili functioned as an intermediary for the Iran Electronics Institute, which directly supplied Iran's military, and served as a mechanism for Iran to illegally acquire sensitive U.S. technology and munitions. He was involved in the acquisition of a wide range of components including military aircraft parts, night vision devices, and communications equipment. Specifically, he sought items that he believed



would be used in an Iranian air defense phased array radar system and in advanced military avionics. Ardebili acquired thousands of components for the Government of Iran, approximately \$1 million worth of components each year. He told our undercover agents these technologies were to be utilized to enhance Iranian military capabilities in the event of conflict with the U.S.

During a meeting with an undercover agent, Ardebili accepted delivery of 1,000 microchip phase shifters and two quartz rate sensor gyro-chips. During other meetings, he outlined the Iranian military defense procurement system and described the money laundering techniques used to shield the identity of Iranian funds in international transactions.

He established front companies in the United Arab Emirates and used European bank accounts to further his technology acquisition efforts. On October 2, 2007, he was arrested in the Republic of Georgia after negotiating with undercover agents to acquire and export phase shifter microchips and a digital air data recorder to Iran. It should also be noted that the phase shifter microchips are used in phased array radar, and the digital air data recorder is a computer that is fitted specifically for F-4 military aircraft.

On May 19, 2008, Ardebili pleaded guilty to 14 counts related to violations of U.S. export control laws. On December 14, 2009, he was sentenced to 60 months in prison.

Yadegari – Iran

On July 29, 2010, Mahmoud Yadegari was sentenced in the Ontario Court of Justice in Canada to 20 months in jail after being convicted of violating the *United Nations Act* and Canadian criminal laws. This was in addition to 15 ½ months he served in pre-sentencing custody. The arrest, execution of multiple search warrants, and conviction were the direct result of a joint investigation initiated by our Special Agent in Charge Office in Boston along with the U.S. Department of Commerce, ICE Assistant Attaché Toronto, the Royal Canadian Mounted Police Customs and Excise Section, and the Canada Border Services Agency. The investigation centered on the illegal transshipment of U.S.-origin, dual-use nuclear technology to Iran.

In February 2009, along with Department of Commerce agents, we conducted an industry outreach visit at Pfeiffer Vacuum Inc. in Nashua, New Hampshire. While there, details of a suspicious order emerged regarding the sale of 20 pressure transducers to a new customer, Mahmoud Yadegari of N&N Express Inc. in Ontario. Through coordination with ICE Assistant Attaché Toronto, the Royal Canadian Mounted Police and Canadian Border Services Agency initiated a joint investigation into Yadegari and his company.

The Canadian Border Services Agency detained a shipment made by Yadegari that was destined for the United Arab Emirates. It contained two pressure transducers; subsequent investigation revealed that they were manufactured by Setra Systems in Boxborough, Massachusetts. They were controlled for export by the Department of Commerce for reasons of nuclear nonproliferation. These items were also controlled for export under Canadian law.

During March and April 2009, our agents in Boston assisted the Royal Canadian Mounted Police with the execution of search warrants in Canada that were associated with Yadegari's email accounts, financial records, telephone accounts, and residence. The RCMP seized eight additional Setra Systems pressure transducers from his home; additional evidence revealed that all the items were destined for Iran. He was arrested on April 16, 2009, and charged in Canada with violating the *United Nations Act*, the *Customs Act*, and the *Export and Import Permits Act*.



Kuok - China

In December 2006, an individual later identified as Chi Tong Kuok contacted a British representative of the U.S.-based company ViaSat. The case was referred to our SAC Office in San Diego and undercover communications with Kuok began shortly thereafter. Initially, Kuok presented an extensive list of high-tech communication devices he was seeking. The items on the list were collectively worth millions. The list consisted almost entirely of communications devices that utilized NSA-developed encryption, including the AN/CYZ-10 – a “fill” device used to store, transfer, or receive encrypted data. Over the course of the investigation, Kuok finally agreed to meet an undercover agent in Panama to purchase two AN/PRC-148 hand-held radios and a Defense Advanced GPS Receiver. Both items use NSA encryption and are heavily used by U.S. military.

Kuok was arrested in Atlanta, Georgia, on June 27, 2009 en route to Panama. When he was interviewed, Kuok admitted he was attempting to obtain all of the devices for the Chinese government. Kuok is scheduled to be sentenced on September 13th.

Monsieur “The Field Marshal” – Iran

In January 2009, a confidential informant contacted our Assistant Special Agent in Charge office in Mobile, Alabama, regarding a man identified as Jacques Monsieur, otherwise known as “The Field Marshal”. The informant indicated that Monsieur was known throughout the world as an illegal “gray market” arms dealer, as well as a procurer of military-related items for embargoed countries. The informant advised agents that Monsieur was seeking parts and engines for the F-5 fighter jet employed by Iran. The informant subsequently offered Monsieur information about contacts in the U.S. who could potentially acquire these items. In February 2009, Monsieur made initial contact with an undercover agent in an attempt to purchase F-5 fight jet engines and parts, which were ultimately intended for illegal export from the U.S. to Iran.

In May 2009, an undercover agent met with Monsieur in London, where Monsieur introduced business associate Dara Fatouhi. Together they discussed the illegal acquisition and export of F-5 fighter jet engines and parts. Monsieur and Fatouhi asked the undercover agent if they could obtain U.S. shipping or export authorization documents that falsely indicated the end-user of the items would be located in Colombia rather than Iran.

In June 2009, Monsieur sent the undercover agent a purchase order from a front-company located in Kyrgyzstan. He later wired approximately \$110,000 from Dubai to a bank account located in Alabama as payment for the parts and subsequent transshipment.

On August 28, 2009, our agents arrested Monsieur upon his arrival in New York City based on an arrest warrant issued in the U.S. District Court in the Southern District of Alabama. On November, 23, 2009, he entered a guilty plea for conspiracy to export merchandise from the U.S. A sentencing date has yet to be determined. His associate, Fatouhi, is still at-large and an INTERPOL Red Notice has been issued for his arrest.

Conclusion

These are just a few examples of the work we’ve been doing, together with our law enforcement partners and prosecutors. As you can see, in each of these instances the blatant disregard for the law had potentially grave national security implications. Time after time, our export enforcement investigations have helped prevent the illegal acquisition of these resources and helped maintain military, political, and economic stability throughout the world. We will not allow the United States’ national security to be held hostage by rogue nations or sold to the highest bidder. HSI is committed to working closely with our partners at every level of law enforcement to ensure this does



not happen. While we have had success for many years as the nation's leading law enforcement agency investigating violations of export control laws, the magnitude and scope of the threats facing our country have never been greater than today.

Thank you for the opportunity to speak to you today. Now I'd be happy to take your questions.

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