

SEAL

UNITED STATES DISTRICT COURT
DISTRICT OF MASSACHUSETTS

UNITED STATES OF AMERICA

v.

SIHAI CHENG (1),
a/k/a CHUN HAI CHENG,
a/k/a ALEX CHENG;
SEYED ABOLFAZL SHAHAB JAMILI (2);
NICARO ENG. CO., LTD. (3); and
EYVAZ TECHNIC MANUFACTURING
COMPANY (4);

Defendants.

) Crim. No. 13cr10332
)
) Violations:
) 50 U.S.C. §1705 - Conspiracy
) to Commit Export Violations;
) 18 U.S.C. §371 - Conspiracy;
) 50 U.S.C. §1705 - Illegal
) Exports of U.S. Goods to Iran;
) 18 U.S.C. §554 - Smuggling; and
) 18 U.S.C. §981, 28 U.S.C.
) §2461, and 50 U.S.C. §192 -
) Criminal Forfeiture.
)

INDICTMENT

The Grand Jury charges:

INTRODUCTORY ALLEGATIONS

A. Defendants and Their Co-Conspirators

1. SIHAI CHENG, a/k/a CHUN HAI CHENG, a/k/a ALEX CHENG ("CHENG") is a citizen of the People's Republic of China ("PRC") who is currently living in Shanghai, China. CHENG operated a trading company in the PRC, which was known as Sohi Technology Co., Ltd. ("Sohi"), until in or about December 2012 when CHENG ceased using this company name. Sohi used addresses in Shanghai, PRC, as well as Hong Kong to transact business. In or about December 2012, CHENG began operating his business under a new company name, Vaxon Technology, using the same addresses as Sohi in Shanghai and Hong

Kong.

2. SEYED ABOLFAZL SHAHAB JAMILI ("JAMILI") is a citizen of the Islamic Republic of Iran who lives in Tehran, Iran. JAMILI operates NICARO ENG. CO., LTD. ("NICARO"), a company located in Tehran, Iran, which he uses to ship parts into Iran. According to its website, NICARO is an Iranian company engaged in the business of importing and exporting. NICARO's website also identifies JAMILI as its "contact" representative.

3. EYVAZ TECHNIC MANUFACTURING COMPANY ("EYVAZ") is a company located in Tehran, Iran, that has supplied parts for Iran's development of nuclear weapons. As a result, in 2011, the Council of the European Union designated EYVAZ as an entity "involved in [Iran's] nuclear or ballistic missiles activities" and imposed restrictive measures against it. In so doing, it found that EYVAZ had produced vacuum equipment, which it supplied to two of Iran's uranium nuclear enrichment facilities, Natanz and Fordow, and that it also had supplied pressure transducers (described below in paragraph 6) to Kalaye Electric Company ("Kalaye"), a nuclear centrifuge testing and research facility located in Tehran. In 2006, the United Nations designated Kalaye in Resolution 1737 (described below in paragraph 9) and imposed sanctions against it for supporting Iran's nuclear proliferation activities. Similarly,

in February 2007, pursuant to Executive Order 13382, the U.S. Department of Treasury designated Kalaye as a proliferator of Weapons of Mass Destruction for its research and development efforts in support of Iran's nuclear centrifuge program.

4. Co-conspirator #1 is a citizen of the PRC who owns and operates Company A and Company B in Shanghai, China.

5. MKS Instruments Shanghai, Ltd. ("MKS-Shanghai") is a wholly-owned subsidiary and sales office of MKS Instruments, Inc., which is headquartered in Andover, Massachusetts ("MKS"). MKS-Shanghai is one of many offices that MKS uses to sell products in foreign markets. Co-conspirators #2, 3, 4, and 5 are citizens of the PRC who worked at MKS-Shanghai. At periods relevant to the indictment, Co-conspirator #2 worked as a sales engineer at MKS-Shanghai while Co-conspirators #3 and #4 worked in logistics and shipping, and Co-conspirator #5 worked in accounting at MKS-Shanghai.

B. U.S. Origin Goods Sought by Iran

6. MKS manufactures and sells several different models of pressure-measuring sensors, which are commonly known as pressure transducers ("pressure transducers"). While these products are used in a wide variety of commercial applications, they can also be used in gas centrifuges to convert natural uranium into a form that

can be used in nuclear weapons. Natural uranium contains two different isotopes (atoms of the same element having slightly different weights): Uranium-235 and Uranium-238. Uranium-235 is the isotope essential for nuclear weapons and only comprises a small portion of natural uranium. To convert natural uranium into a form that can be used for nuclear weapons, it must be enriched to increase the concentration of Uranium-235. A gas centrifuge is a device used to separate the uranium isotopes and relies on centrifugal force to separate the lighter Uranium-235 isotope from the heavier Uranium-238 isotope. This process is known as uranium enrichment. Linking individual centrifuges in succession, known as cascading, yields a higher concentration of Uranium-235. Pressure transducers are used to measure and regulate the gas pressure of uranium hexafluoride in centrifuges and therefore play a critical role in the development of weapons grade uranium.

7. Because MKS model numbers 622B, 623B, 626A, 626B, 627B, 722A, and 722B pressure transducers have both commercial and nuclear applications, they are all subject to export controls under the Export Administration Regulations ("EAR"), 15 C.F.R. §§730-774 promulgated by the Department of Commerce. The EAR regulate the export of "dual-use" items, that is, items that have a military or strategic use as well as a commercial application. See 15 C.F.R.

§ 730.3. The EAR impose certain licensing requirements on the export of goods and technology that could enhance foreign military capacities, jeopardize U.S. national security, or undermine U.S. foreign policy.

8. At all times material to the Indictment, the Department of Commerce controlled the export of MKS pressure transducers model numbers 622B, 623B, 626A, 626B, 627B, 722A, and 722B under Export Control Classification Number 2B230 and required an export license to ship these parts to certain countries, including the PRC. Further, as described below, these parts could not be exported to Iran as a result of the comprehensive U.S. embargo on Iran.

9. Similarly, the United Nations ("UN") has imposed economic sanctions against Iran for its nuclear program. In December 2006, the UN Security Council unanimously passed Resolution 1737, which was sponsored by the United Kingdom, France, and Germany. Resolution 1737 requires "all States ... [to] take the necessary measures to prevent the supply, sale, or transfer directly or indirectly from their territories ... of all items, materials, equipment, goods and technology which could contribute to Iran's enrichment-related, reprocessing or heavy water-related activities, or to the development of nuclear weapon delivery systems." Thus, member states are required to prohibit the supply of MKS pressure

transducers to Iran under UN Resolution 1737.

10. As early as 2007, Iran was operating thousands of gas centrifuges at the Natanz uranium enrichment facility. Iran has sought and illicitly obtained MKS pressure transducers to use in its centrifuge plants. Publicly available photographs of Natanz (with then President Mahmoud Ahmadinejad) show numerous MKS pressure transducers attached to Iran's gas centrifuge cascades. As indicated above, MKS pressure transducers can be used to measure the gas pressure inside centrifuge cascades.

C. The Iranian Transactions and Sanctions Regulations

11. The International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. §§1701-1706, authorizes the President of the United States to impose economic sanctions on a foreign country in response to an unusual or extraordinary threat to the national security, foreign policy, and economy of the United States when the President declares a national emergency with respect to that threat. Pursuant to IEEPA, beginning in May 1995, the President has signed a series of Executive Orders imposing economic sanctions, including trade restrictions, against Iran as a result of its sponsorship of international terrorism and active pursuit of weapons of mass destruction. The Executive Orders have prohibited, among other things, the exportation, re-exportation, sale, or supply, directly

or indirectly, to Iran of any goods, technology, or services from the United States.

12. To implement the restrictions on trade with Iran contained in the Executive Orders, the United States Department of Treasury, through the Office of Foreign Assets Control ("OFAC"), issued the Iranian Transaction Regulations ("ITR") (31 C.F.R. Part 560) (renamed the Iranian Transactions and Sanctions Regulations in 2012). The ITR prohibit, among other things, the export, re-export, sale, or supply, directly or indirectly, from the United States or by a United States person wherever located, of any goods, technology, or services to Iran or the Government of Iran, without prior authorization or license from the United States Department of Treasury, through OFAC. These regulations further prohibit any transactions that evade or have the purpose of evading or avoiding any of the prohibitions contained in the ITR, including the unauthorized exportation of goods from the United States to a third country if the goods are intended or destined for Iran.

13. Pressure transducers were goods subject to the ITR, and accordingly such items could not be exported from the United States or transshipped to Iran through other countries, such as the PRC, without first obtaining authorization from OFAC.

14. At no time did defendants CHENG, JAMILI, NICARO, EYVAZ,

or their co-conspirators, or any agent of the defendants or co-conspirators apply for, receive, or possess a license or authorization from OFAC to export any goods or technology to Iran.

15. The Executive Orders described above, the ITR, and IEEPA were in effect at all times relevant to this Indictment.

D. Business Relationship between CHENG and JAMILI

16. In or about November 2005, CHENG began doing business with JAMILI and NICARO, both located in Tehran, Iran. Since 2005, CHENG has sold JAMILI thousands of Chinese manufactured parts with nuclear applications, including titanium sheets and tubes, seamless stainless steel tubes, carbon steel tubes coated with copper and yellow zinc, compressed natural gas tubes, vacuum pressure valves, stainless steel bellows, stainless steel flanges, electronic switches, rubber diaphragms, and hose components knowing that these parts were destined for Iran. In their electronic mail ("e-mail") correspondence, JAMILI repeatedly informed CHENG that the customer for these parts was EYVAZ, which in turn was supplying the parts to the Iranian government. Pursuant to JAMILI's instructions, CHENG often shipped these parts directly to EYVAZ, located in Tehran, using DHL, Iran Air, Qatar Airlines, Mahan Air, TNT Express, and UPS.

17. Additionally, in their e-mail correspondence, JAMILI described the types of projects for which he was procuring parts for

the Iranian government. For instance, in an e-mail in March 2007, JAMILI confided to CHENG that the parts he was supplying are needed in Iran for "a very big project and secret one."

18. In response to CHENG's complaints about providing additional inspection certifications to JAMILI's Iranian customer, in an e-mail dated on or about January 11, 2008, JAMILI informed CHENG that his customer was "making a very dangerous system and gas leakage acts as a bomb!" During the enrichment of uranium using gas centrifuges (the process used by Iran in both their Natanz and Fordow nuclear enrichment facilities), extremely corrosive chemicals are produced that could cause fires and explosions.

E. The Illegal Scheme to Obtain MKS Pressure Transducers

19. In or about February 2009, JAMILI advised CHENG via e-mail that "Eyvaz sent me new inquiry of [sic] pressure transmitter." In this e-mail, JAMILI also informed CHENG that "we can not [sic] buy from England due to some limitation ... [but] they informed us this item could be supplied by Edward company agent in China" and asked Cheng to "follow up" on this request. Attached to this e-mail, JAMILI provided CHENG a copy of EYVAZ's inquiry, which indicated that EYVAZ was looking to procure 790 pressure transmitters (commonly referred to in the industry as pressure transducers) manufactured by either Edwards Limited, a vacuum engineering company

headquartered in the United Kingdom, or MKS.

20. EYVAZ's inquiry identified the specific model of MKS pressure transducers EYVAZ sought to obtain -- "Model #722A13TGA2FJ" ("722A Model"). MKS 722A Model pressure transducers are controlled under Export Control Classification Number 2B230 and, therefore, require a license from the Department of Commerce in order to be exported to China. The transducers would separately require a license from the Department of Treasury in order to be exported from the United States to Iran.

21. As a result of receiving JAMILI's request, CHENG contacted MKS-Shanghai requesting a price quote for 790 MKS 722A Model pressure transducers. CHENG spoke to Co-conspirator #5 and then was directed to contact Co-conspirator #1 to obtain the MKS parts.

22. With the knowledge and agreement of several employees at MKS-Shanghai including Co-conspirators #2, 3, 4, and 5, Co-conspirator #1 had set up front companies -- Companies A and B -- in China to pose as the end-user in transactions with the MKS-Shanghai Office for the purpose of fraudulently obtaining export licenses from the United States. Similarly, MKS-Shanghai employees devised a system by which export licenses were obtained in the names of legitimate Chinese companies, sometimes without those companies' knowledge, to mask other fraudulent transactions. Employees at

MKS-Shanghai identified Companies A and B and legitimate Chinese businesses as end-users on intra-office purchase orders submitted to the Andover Massachusetts Office of MKS ("MKS-Andover"), which then (unwittingly) used that false information to apply for export licenses with the U.S. Department of Commerce. Upon receiving the requested Department of Commerce export license, MKS-Andover notified MKS-Shanghai and supplied a copy of the license. In this fashion, MKS-Shanghai employees attempted to maintain a large number of fraudulently obtained licenses with which they could supply parts to unauthorized end-users and charge a higher price for the parts.

23. When MKS-Shanghai placed an intra-company purchase order with MKS-Andover for a certain quantity of pressure transducers, MKS-Andover confirmed that a license had been obtained in the name of the customer/end-user identified by MKS-Shanghai (or applied for a license if necessary), before MKS-Andover exported the quantity of ordered MKS pressure transducers to China for delivery by MKS-Shanghai to the end-user(s) or consignee(s) listed on that particular license. When the pressure transducers arrived at MKS-Shanghai, however, through the complicity of Co-conspirators 2 through 5, they were not delivered to the end-users to which the U.S. Department of Commerce had granted the export licenses. To the contrary, MKS-Shanghai delivered the pressure transducers to

Co-conspirator #1 who was responsible for delivering the MKS pressure transducers to the actual end-users or consignees (who were not themselves named on the export license or authorized to receive the parts).

24. On or about February 24, 2009, as instructed by MKS-Shanghai, CHENG e-mailed Co-conspirator #1 requesting a price quote for 790 MKS 722A Model pressure transducers. Later that same day, Co-conspirator #1 provided CHENG a price quote of \$1,418,840 for the parts and indicated that the "delivery time is approximately 2 months," which reflected the time it would take to obtain the parts from the United States as MKS-Shanghai did not keep any inventory of MKS Model 722A pressure transducers in China.

25. On or about April 2, 2009, JAMILI provided CHENG additional instructions regarding the pressure transducers orders. JAMILI advised CHENG that although EYVAZ had placed orders for a total quantity of "650 to 800" pressure transducers, because of the "critical control condition" and restrictions "by USA government, we have to buy in orders of 50 to 150 pcs per shipment. . . . Otherwise, if factory knows the final destination, it may causes [sic] that they will stop future business." JAMILI further instructed CHENG to inform the "China agent," Co-conspirator #1, of this "situation."

26. Accordingly, between in or about April 2009 and in or about

January 2011, CHENG placed orders for more than 1,000 MKS pressure transducers with Co-conspirator #1, which had a value of over \$1.8 million. The majority of these orders ranged in size from 30 to 100 units. As described in paragraphs 26-28 below, these orders caused pressure transducers to be exported from the United States to China. When the parts arrived in China, CHENG then had them shipped to Iran using a freight forwarder, all in violation of U.S. export laws.

27. Upon receipt of CHENG's orders, Co-conspirator #1 placed orders with MKS-Shanghai for the pressure transducers CHENG had ordered from him (Co-conspirator #1) using Company B. To obtain these parts from the United States, Co-conspirators #3 and 4 selected the name of an unrelated Chinese company in the name of which MKS-Andover had unwittingly assisted MKS-Shanghai in fraudulently obtaining an export license for a large quantity of pressure transducers. Then, using this company's name and associated export license, Co-conspirators #3 and 4 placed intra-company orders with the MKS-Andover office for these parts. On the intra-company orders, Co-conspirators #3 and 4 falsely identified the name of a different, unrelated Chinese company as the end-user for each order, when in fact they knew the orders were going to Co-conspirator #1 who would deliver the parts to unauthorized end-users.

28. Upon receipt of the fraudulently prepared intra-company

orders, MKS-Andover employees confirmed that an export license had been obtained in the purported end-user's name. MKS-Andover then exported the pressure transducers to MKS-Shanghai.

29. Once these parts arrived in China, MKS-Shanghai delivered them to Co-conspirator #1. CHENG then caused the pressure transducers to be sent from China to EYVAZ in Iran.

COUNT 1: (50 U.S.C. §1705 - Conspiracy)

The Grand Jury charges that:

30. The allegations contained in paragraphs 1-29 are hereby re-alleged and incorporated by reference as if fully set forth herein.

31. From a date unknown to the Grand Jury, but no later than on or about February 14, 2009, and continuing thereafter until in or about 2012, in the District of Massachusetts and elsewhere,

**SIHAI CHENG,
a/k/a CHUN HAI CHENG,
a/k/a ALEX CHENG;
SEYED ABOLFAZL SHAHAB JAMILI;
NICARO ENG. CO., LTD.; and
EYVAZ TECHNIC MANUFACTURING COMPANY;**

defendants herein, did knowingly and willfully conspire, combine, confederate and agree with one another and with other persons known and unknown to the Grand Jury to export and cause the export of U.S. origin goods, that is, MKS pressure transducers (manometer types 722A and 722B), from the United States to the Islamic Republic of Iran, in violation of 50 U.S.C. §1705, Executive Order 13059, and 31 C.F.R. §560.204.

OVERT ACTS

32. In furtherance of the conspiracy, and to effect the objects thereof, the defendants and their co-conspirators, committed overt acts, including, but not limited to, the following:

(a) On or about February 14, 2009, JAMILI sent CHENG an e-mail informing CHENG that "EYVAZ sent [him] a new inquiry" and was interested in obtaining pressure transducers. JAMILI further informed CHENG in his e-mail:

we can not buy from England due to some limitation. They [EYVAZ] informed us that this item could be supplied by EDWARD company agent in China.

Would u please follow up and let me know any good result?

Attached to his email, JAMILI also provided CHENG a copy of EYVAZ's inquiry and request for quote ("RFQ"). EYVAZ's RFQ identified the specific models of MKS or Edwards pressure transducers they were seeking to obtain and indicated that they wanted 790 "MKS Model 722A13TGAFJ" pressure transducers.

(b) On or about February 20, 2009, CHENG called MKS-Shanghai and spoke to Co-conspirator #5. CHENG then sent Co-conspirator #5 an e-mail in which he stated in pertinent part:

It's nice to talk to you on the phone. We are the Hong Kong trading company, Sohi Technology Co. Limited Shanghai Office, our old customer asks us to contact you on buying pressure transmitters [another name for pressure transducers].

... our customer has clearly indicated MKS model no. and other technical data, so we are sure you know what we need.

Pls quote your best price, FOB [acronym meaning shipping point from which buyer will pay transportation] Shanghai. And inform us the delivery time. The QTTY is listed in the most right column of the attached table, total 790 pcs [pieces].

This is an urgent case. Waiting for your earliest reply.

(c) On or about February 24, 2009, CHENG spoke to Co-conspirator #1 regarding CHENG's interest in obtaining MKS pressure transducers for a customer. After this telephone conversation, CHENG sent Co-conspirator #1 an e-mail in which he stated, in pertinent part:

Glad to have talked to you over the phone. Our company is the Shanghai representative office for Hong Kong Sohi Technology Co. Ltd. Our old customer from Singapore wants to purchase PRESSURE TRANSMITTER, the attached is the information.

The last column to the right in the attachment is the quantity, total of 790 pcs.

Please provide price quote, and delivery plan.

(d) Later on February 24, 2009, Co-conspirator #1 provided CHENG a price quote via e-mail of "\$1,418,840.00 (USD)" for the 790 MKS Model 722A pressure transducers. Co-conspirator #1 further advised CHENG in his e-mail that the "delivery time is approximately 2 months [and] we can ship in batches."

(e) Between in or about April 2009 and in or about January 2011, CHENG placed with Co-conspirator #1 orders for more than 1,000 MKS pressure transducers, which had a value of over \$1.8 million. The majority of these orders ranged in size from 30 to 100 units.

(f) On or about March 30, 2009, JAMILI provided a bank receipt of a wire transfer to CHENG via e-mail and advised CHENG that he was being sent "\$15,000 for deposit of [sic] pressure transmitter[s]."

(g) On or about March 31, 2009, JAMILI caused a wire transfer to be made from an account in the United Kingdom to CHENG's Sohi bank account in the PRC in the amount of \$15,000.

(h) On or about April 2, 2009, JAMILI e-mailed CHENG regarding the shipment and quality control issues relating to EYVAZ's MKS pressure transducers order. In this e-mail, JAMILI advised CHENG that the "end user and Eyvaz are following up [on the] shipment date of transmitters very seriously and asking us for pushing China agent [Co-conspirator #1] for more serious following up." Additionally, in this e-mail, JAMILI warned CHENG not to place orders for the total quantity "of 650 to 800 pcs ... due to critical control condition and boycott by USA government." Accordingly, JAMILI instructed CHENG to

buy in orders of 50 to 150 pcs per shipment and do not make any doubt of their side (USA). Otherwise, if factory knows the final destination, it may causes [sic] that they will stop further business. Thus, we must take care

seriously. Please inform China agent [Co-conspirator #1] for same situation too.

JAMILI further advised CHENG that the "end user is pushing us and Eyvaz for some obligation and guarantee about any fail products and poor quality" because another Iranian company had recently imported pressure transducers that were represented to be "USA origin" and after they arrived in "Iran, [the] end user found [out] they [were] Taiwan products." As a result of these prior issues with poor quality, JAMILI informed CHENG that EYVAZ wanted a one-year guarantee for the MKS pressure transducers, which he described as follows: "[i]f within one year, there will some [sic] technical problem, then goods should be sent to you in China and then should be sent to USA through their China agent for repairing and then return to us through the same process." JAMILI characterized this as a "very serious request through [the] end user."

(i) On or about April 7, 2009, Co-conspirator #1 placed an order with MKS-Shanghai for 30 MKS Model 722A pressure transducers.

(j) On or about April 7, 2009, Co-conspirator #4 placed an intra-company order for 30 MKS Model 722A pressure transducers requesting the MKS-Andover office export these parts to MKS-Shanghai.

(k) On or about April 24, 2009, the conspirators caused

MKS-Andover to export 30 MKS Model 722A pressure transducers from the United States to the PRC.

(l) On or about May 4, 2009, Co-conspirator #3 informed Co-conspirator #1 via e-mail that 30 Model 722A MKS pressure transducers had arrived in Hong Kong.

(m) On or about May 4, 2009, CHENG caused MKS pressure transducers to be shipped from Hong Kong to EYVAZ's office in Iran via DHL.

(n) On or about May 12, 2009, CHENG entered into an "Export Product Sales Contract" with Co-conspirator #1's Company A whereby Company A agreed to supply CHENG 60 MKS pressure transducers (Models 722A13TGA2FJ (5 pcs), 722A11TGA2FJ (45 pcs), and 722A01TGA2FJ (10 pcs)) for a total price of \$94,080. This contract required that the pressure transducers be manufactured in their entirety "in the USA." The contract further included a "one year" product warranty and indicated that the parts "shall not ... [include] serial numbers."

(o) On or about May 18, 2009, Co-conspirator #1 placed an order with Co-conspirator #2 for 61 MKS pressure transducers in the following quantities: 722A13TGA2FJ (5 pcs), 722A11TGA2FJ (45 pcs), and 722A01TGA2FJ (11 pcs) for a total purchase price of \$52,063.

(p) On or about May 20, 2009, Co-conspirator #4 placed two intra-company orders for a total of 61 MKS Model 722A pressure

transducers, requesting the MKS-Andover office export these parts to MKS-Shanghai. On or about May 25, 2009, Co-conspirator #4 sent these orders to MKS-Andover via e-mail.

(q) Between on or about June 10, 2009 and on or about June 11, 2009, the conspirators caused MKS-Andover to export 61 MKS Model 722A pressure transducers from the United States to the PRC.

(r) On or about June 15, 2009, JAMILI sent CHENG an e-mail in which he asked whether CHENG was "arranging shipment of transmitters by DHL."

(s) On or about June 16, 2009, CHENG advised JAMILI via e-mail that he had finished the inspection of the goods at Shanghai airport and he suggested shipping the pressure transducers in two cartons on the same day. In his e-mail to Jamili, Cheng also stated, "One carton [would be sent] to EYVAZ, [while] the other [would be sent] to Nicaro." CHENG further that it was important to get "this 2nd order [shipped] ASAP" so they could begin "the 3rd order ASAP" because MKS was going to increase their prices 8% in July.

(t) Later that same day, JAMILI responded to CHENG via e-mail, instructing him to "send both cartons [of the pressure transducers] to Eyvaz and our company on same date." Additionally, in this e-mail, JAMILI complained that they had made a contract for "1000" pressure transducers at the current MKS price.

(u) On or about June 17, 2009, CHENG sent an e-mail to JAMILI containing the shipment information for the pressure transducers. In this e-mail, CHENG advised JAMILI:

About the shipment, I have arranged everything, tomorrow or the day afternoon [sic] it will arrive at Hong Kong and will be shipped to Tehran at once. See below for details.

DHL tracking no. 2915984875
Sent to Nicaro
722A11TGA2FG 30 pcs

DHL tracking no. 2558873332
Sent to EYVAZ
722A13TGA2FJ 5 pcs
722A11TGA2FJ 15 pcs
722A01TGA2FJ 11 pcs

(v) On or about June 19, 2009, CHENG caused MKS pressure transducers to be shipped from Hong Kong to NICARO and EYVAZ in Iran via DHL.

(w) On or about June 17, 2009, JAMILI instructed CHENG via e-mail to reject the MKS price increase and try to find another China agent from which to procure the pressure transducers.

(x) On or about June 17, 2009, CHENG responded to JAMILI's e-mail, rejecting JAMILI's idea to find another Chinese agent. In so doing, CHENG explained that, in his opinion, their Chinese agent, Co-conspirator #1,

must have some under-table relation with some MKS China manager. If we contact more persons, maybe someone will get more sensitive and might stop this business. I must tell you that, for this business, it's impossible for the

agent to handle the situation without close or secret relation with some MKS employee, maybe some important employee, who can help but can only help confidentially in their way..... But if we act too much, things might be different.

(bolded in original). Additionally, in this e-mail, CHENG requested that JAMILI send him the deposit for the third order.

(y) On or about June 22, 2009, JAMILI informed CHENG via e-mail that they had "received both cartons through DHL" (these related to the second order) and would be remitting the "deposit" for the third order the following day.

(z) On or about June 4, 2009, Co-conspirator #1 placed an order with Co-conspirator #2 for 38 MKS pressure transducers in the following quantities: 722A13TGA2FJ (1 pc), 722A11TGA2FJ (27 pcs), and 722A01TGA2FJ (10 pcs) for a total purchase price of \$32,738. This was referred to by CHENG and JAMILI as the third order.

(aa) Between on or about June 4, 2009, Co-conspirator #3 placed an intra-company order for 38 MKS Model 722A pressure transducers requesting the MKS-Andover office export these parts to MKS-Shanghai. On or about June 4, 2009, Co-conspirator #3 sent this intra-company order to MKS-Andover via e-mail.

(bb) On or about June 26, 2009, CHENG sent an e-mail to Co-conspirator #1 in which he stated:

Customer is finalizing the 4th order. Quantity is follows:

722A13GA2FJ	3 PCS
722A11GA2FJ	39 PCS
722A01GA2FJ	14 PCS

Please inform delivery time. Thanks

(cc) On or about June 29, 2009, Co-conspirator #1 placed an order with Co-conspirator #2 for MKS pressure transducers in the following quantities: 722A13TGA2FJ (3 pcs), 722A11TGA2FJ (39), and 722A01TGA2FJ (14) for a total purchase price of \$48,174.

(dd) On or about June 29, 2009, Co-conspirator #3 placed two intra-company orders for a total of 56 MKS Model 722A pressure transducers requesting the MKS-Andover office export these parts to MKS-Shanghai.

(ee) On or about July 2, 2009, the conspirators caused MKS-Andover to export 38 MKS Model 722A pressure transducers from the United States to the PRC.

(ff) On or about July 13, 2009, JAMILI provided a bank receipt of a wire transfer to CHENG via e-mail and advised CHENG to "try to ship the goods as soon as possible."

(gg) On or about July 13, 2009, JAMILI caused a wire transfer to be made from an account in Dubai, United Arab Emirates, to CHENG's Sohi bank account in the PRC in the amount of \$47,340.

(hh) On or about July 17, 2009, MKS-Shanghai delivered 38 MKS Model 722A pressure transducers to Co-conspirator #1. On or about

July 22, 2009, CHENG then caused those pressure transducers to be shipped from Hong Kong to EYVAZ's office in Iran via DHL.

(ii) On or about July 28, 2009, JAMILI sent an e-mail to CHENG identifying issues with some of EYVAZ's orders. Among the issues raised were questions from JAMILI about the fourth pressure transducers order: "When 4th shipment of MKS will be ready and when we should remit the balance?"

(jj) Between on or about July 22, 2009 and July 27, 2009, the conspirators caused MKS-Andover to export 56 MKS Model 722A pressure transducers from the United States to the PRC.

(kk) On or about August 19, 2009, MKS-Shanghai delivered 56 MKS Model 722A pressure transducers to Co-conspirator #1. Between on or about August 24, 2009 and on or about August 26, 2009, CHENG then caused those pressure transducers to be shipped from Hong Kong to EYVAZ's office in Iran via DHL.

All in violation of 50 U.S.C. §1705 and 18 U.S.C. §2.

COUNT TWO: (18 U.S.C. § 371 - Conspiracy)

The Grand Jury further charges that:

33. Paragraphs 1-29 of the Introductory Allegations and paragraph 32(a)-(kk) of Count One are hereby re-alleged and incorporated by reference as if fully set forth herein.

34. From a date unknown to the Grand Jury, but at least from on or about February 14, 2009, and continuing thereafter until at least in or about 2012, in the District of Massachusetts and elsewhere,

**SIHAI CHENG,
a/k/a CHUN HAI CHENG,
a/k/a ALEX CHENG;
SEYED ABOLFAZL SHAHAB JAMILI;
NICARO ENG. CO., LTD.; and
EYVAZ TECHNIC MANUFACTURING COMPANY;**

defendants herein, did knowingly and intentionally combine, conspire and confederate with one another and with others both known and unknown to the Grand Jury to fraudulently and knowingly cause the export and sending, from the United States, of merchandise, articles and objects, contrary to the laws and regulations of the United States, in violation of 18 U.S.C. § 554(a), and one or more co-conspirators did one or more acts to effect the object of the conspiracy as described in paragraphs 32(a)-(kk).

All in violation of 18 U.S.C. §§371 and 2.

COUNTS THREE - SIX: (50 U.S.C. § 1705 - Exports to Iran)

The Grand Jury further charges that:

35. Paragraphs 1-29 of the Introductory Allegations are hereby re-alleged and incorporated by reference as if fully set forth herein.

36. On or about the dates listed as to each count, in the District of Massachusetts and elsewhere,

**SIHAI CHENG,
a/k/a CHUN HAI CHENG,
a/k/a ALEX CHENG;
SEYED ABOLFAZL SHAHAB JAMILI;
NICARO ENG. CO., LTD.; and
EYVAZ TECHNIC MANUFACTURING COMPANY;**

defendants herein, did knowingly and willfully export, and cause to be exported, MKS pressure transducers (manometer types 722A and 722B), as described more fully below in Counts Three through Six, from the United States to the Islamic Republic of Iran, without first having obtained the required licenses and authorizations from the United States Department of Treasury, Office of Foreign Assets

Control for each such export:

Count	Approximate Date of Export	Item Description
3	April 24, 2009 - May 4, 2009	30 MKS Pressure Transducers: Model Nos. 722A13TGA2FJ, 722A11TGA2FJ, and 722A01TGA2FJ
4	June 10, 2009 - June 19, 2009	61 MKS Pressure Transducers: Model Nos. 722A13TGA2FJ, 722A11TGA2FJ, and 722A01TGA2FJ
5	July 2, 2009 - July 22, 2009	38 MKS Pressure Transducers: Model Nos. 722A13TGA2FJ, 722A11TGA2FJ, and 722A01TGA2FJ
6	July 22, 2009 - August 26, 2009	56 MKS Pressure Transducers: Model Nos. 722A13TGA2FJ, 722A11TGA2FJ, and 722A01TGA2FJ

All in violation of 50 U.S.C. §1705, 31 C.F.R. §560.204,
Executive Order 13059, and 18 U.S.C. §2.

COUNTS SEVEN - TEN: (18 U.S.C. § 554 - Smuggling Goods)

The Grand Jury further charges that:

37. Paragraphs 1-29 of the Introductory Allegations are hereby re-alleged and incorporated by reference as if fully set forth herein.

38. On or about the dates listed as to each count, in the District of Massachusetts and elsewhere,

SIHAI CHENG,
a/k/a CHUN HAI CHENG,
a/k/a ALEX CHENG;
SEYED ABOLFAZL SHAHAB JAMILI;
NICARO ENG. CO., LTD.; and
EYVAZ TECHNIC MANUFACTURING COMPANY;

defendants herein, did fraudulently and knowingly cause the export and sending, from the United States, of merchandise, articles and objects, contrary to the laws and regulations of the United States, specifically, 50 U.S.C. §1705, 31 C.F.R. §560.204, and

Executive Order 13059:

Count	Approximate Date of Export	Item Description
7	April 24, 2009 - May 4, 2009	30 MKS Pressure Transducers: Model Nos. 722A13TGA2FJ, 722A11TGA2FJ, and 722A01TGA2FJ
8	June 10, 2009 - June 19, 2009	61 MKS Pressure Transducers: Model Nos. 722A13TGA2FJ, 722A11TGA2FJ, and 722A01TGA2FJ
9	July 2, 2009 - July 22, 2009	38 MKS Pressure Transducers: Model Nos. 722A13TGA2FJ, 722A11TGA2FJ, and 722A01TGA2FJ
10	July 22, 2009 - August 26, 2009	56 MKS Pressure Transducers: Model Nos. 722A13TGA2FJ, 722A11TGA2FJ, and 722A01TGA2FJ

All in violation of 18 U.S.C. §§554 and 2.

CRIMINAL FORFEITURE ALLEGATIONS

18 U.S.C. §981; 28 U.S.C. §2461; 50 U.S.C. §192

The Grand Jury further charges that:

1. Upon conviction of one or more of the offenses charged in Counts One through Ten of the Indictment, the defendants,

**SIHAI CHENG,
a/k/a CHUN HAI CHENG,
a/k/a ALEX CHENG;
SEYED ABOLFAZL SHAHAB JAMILI;
NICARO ENG. CO., LTD.; and
EYVAZ TECHNIC MANUFACTURING COMPANY;**

shall forfeit to the United States (jointly and severally as to Counts One and Two), pursuant to 18 U.S.C. §981(a)(1)(C) and 28 U.S.C. §2461(c), any property, real or personal, that constitutes, or is derived from, proceeds traceable to the commission of the offenses.

2. Further, upon conviction of any violation of 50 U.S.C. §1705, or conspiracy to commit a violation of 50 U.S.C. §1705, the defendants,

**SIHAI CHENG,
a/k/a CHUN HAI CHENG,
a/k/a ALEX CHENG;
SEYED ABOLFAZL SHAHAB JAMILI;
NICARO ENG. CO., LTD.; and
EYVAZ TECHNIC MANUFACTURING COMPANY;**

shall forfeit to the United States (jointly and severally as to Count One), pursuant to 50 U.S.C. §192(a) and 28 U.S.C. §2461(c), any vessel, together with her tackle, apparel, furniture, and equipment,

used in such violation.

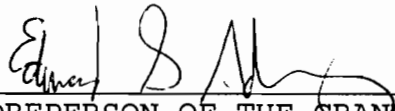
3. If any of the property described in paragraphs 1-2 hereof as being forfeitable pursuant to 18 U.S.C. §981(a)(1)(C), 28 U.S.C. §2461(c), and 50 U.S.C. §192(a) as a result of any act or omission of the defendants --

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred to, sold to, or deposited with a third party;
- c. has been placed beyond the jurisdiction of this Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty;

it is the intention of the United States, pursuant to 28 U.S.C. §2461(c), incorporating 21 U.S.C. §853(p), to seek forfeiture of all other property of the defendants up to the value of the property described in paragraphs 1-2 above.

All pursuant to Title 18, United States Code, Section 981, Title 28, United States Code, Section 2461, and Title 50, United States Code, Section 192.

A TRUE BILL



FOREPERSON OF THE GRAND JURY



B. STEPHANIE SIEGMANN
Assistant United States Attorney

DISTRICT OF MASSACHUSETTS, Boston, MA

November 21, 2013

Returned into the District Court by the Grand Jurors and filed.



Deputy Clerk
3:28 P.