

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon.
v. : Crim. No. 11-
STAFF GASKET MANUFACTURING : 18 U.S.C. §§ 1343 & 2
CORPORATION : 22 U.S.C. § 2778
: 18 U.S.C. § 981(a)(1)(c)
: 28 U.S.C. § 2461(c)

INFORMATION

The defendant having waived in open court prosecution by Indictment, and the defendant having waived any defense based upon the Statute of Limitations, the United States Attorney for the District of New Jersey charges:

COUNT ONE

(Wire Fraud - 18 U.S.C. § 1343)

THE DEFENDANT AND OTHERS

1. At all times relevant to this Information:
 - a. Defendant Staff Gasket Manufacturing Corporation (hereinafter "Staff Gasket"), an S-Corporation located in Englewood, New Jersey, was registered as a United States Department of Defense ("DoD") contractor and supplied parts to the DoD.
 - b. Eric Helf, who is not named as a defendant herein, resided in New York, New York, and was the President of Staff Gasket.

DEPARTMENT OF DEFENSE CONTRACTS

A. Procurement Process - Bids

2. The DoD contracts with private companies for a variety of equipment, supplies, and services. The Defense Logistics Agency (hereinafter, "DLA"), a component of the DOD, is located in Fort Belvoir, Virginia. The DLA provides wide-ranging worldwide logistics support to the DoD by supplying the U.S. military with equipment, supplies and services. U.S. military units request equipment and parts from the DLA to assist in the repair and maintenance of U.S. military aircraft, vehicles, vessels and weapons systems, among other things. Requests received from U.S. military units are filled through purchase orders awarded to DoD contractors through one of three DoD purchasing centers: the Defense Supply Center Richmond, located in Richmond, Virginia (hereinafter, "DSCR"); the Defense Supply Center Columbus, located in Columbus, Ohio (hereinafter, "DSCC"); and the Defense Supply Center Philadelphia, located in Philadelphia, Pennsylvania (hereinafter, "DSCP"). Some of the items procured by the DLA are critical application items (hereinafter, "CAI"), which are defined as items essential to weapons systems performance or operation or the preservation of life or safety of operational personnel.

3. The Federal Acquisition Regulations (hereinafter, "FAR") and the Defense Federal Acquisition Regulation Supplement (hereinafter, "DFARS") govern DoD acquisitions. The purpose of the FAR is to provide uniform policies and procedures for

government acquisitions. Purchase orders (also referred to as contracts) issued by the DoD are also governed by the DFARS, which are DoD supplemental regulations to the FAR. When the DoD issues solicitations and purchase orders, they specify the relevant FAR and DFARS provisions that apply to the purchase. In order to be awarded a contract, potential contractors must comply with these FAR and DFAR provisions, demonstrate they will be able to comply with them at time of award, and/or claim an exemption from them.

4. Purchase orders relevant to this Information were awarded to Staff Gasket by the DLA through the DSCC, DSCR, and DSCP (hereafter collectively referred to as the "supply centers"). Typically, after one of the three supply centers receives a request from a military unit, the supply center will electronically issue a request for quote (hereinafter, "RFQ"), also referred to as a solicitation, specifying to potential contractors the exact part and quantity needed by the DoD. The RFQ also contains the relevant FAR and DFAR regulations (e.g., Buy America Act regulations), describes the criticality of the part (i.e., "Critical Application Item"), and includes other relevant information such as the fact that the drawings themselves are subject to U.S. export control regulations. Contractors then submit their quotes to the DoD electronically, although faxed and mailed quotes were also accepted, during the relevant time period. The supply center evaluates these quotes and awards a purchase order to one of the contractors. Like the RFQ, the purchase order specifies the exact part, quantity,

relevant FAR and DFAR regulations, describes the criticality of the part, and includes other relevant information about the purchase order. The purchase order also includes the award amount and specifies either "origin" or "destination" inspection and acceptance of the items by the DoD.

B. Procurement Process - Payment

5. The Defense Contract Management Agency (hereinafter, "DCMA") is responsible for performing quality assurance inspections and accepting products on behalf of the DoD at the place of manufacture, a process known as "origin" (or "source") inspection and acceptance. As part of DCMA procedures, it is common to have DoD employees, known as Quality Assurance Representatives (hereinafter "QAR"), perform on-site inspections at a contractor's location.

6. For purchase orders requiring "origin" inspection and acceptance by DCMA, the contractor has to create and submit a DD Form 250, or an electronic equivalent of the form, to DCMA for processing. When the contractor submits the DD Form 250 in paper format, the QAR "accepts" the items by signing a designated block on the form. When the contractor submits the DD Form 250 electronically, the QAR uses the QAR's assigned "user ID" to log into an electronic system (known as "Wide Area Work Flow", or "WAWF"), where the QAR either "approves" or "rejects" the parts electronically. If the purchase order specifies "origin" acceptance by DCMA, the Defense Finance and Accounting Service (hereinafter "DFAS"), the DoD's primary payment office, will not

pay the contractor until the parts are accepted or approved by the QAR.

7. As an alternative to DCMA "origin" inspection and acceptance, a purchase order may stipulate "destination" inspection and acceptance. In a "destination" inspection and acceptance purchase order, the contractor ships the parts to the destination set forth in the purchase order. The organization that receives the parts is responsible for inspection and acceptance. If the purchase order specifies "destination" acceptance, DFAS will not pay the contractor until the parts are accepted at their destination, either via the receiving organization's signature on the DD Form 250, or via electronic acceptance of the parts.

8. When completing the DD Form 250, the contractor generally provides the following information: contract number, invoice number, invoice date, shipment date, National Stock Number (hereinafter "NSN"), quantity, unit price, total dollar amount, and other information about the parts ready for inspection and/or delivery to the customer. The DoD uses NSN's to uniquely and permanently identify parts. The NSN consists of a four-digit Federal Supply Class (hereinafter "FSC") number plus a nine-digit National Item Identification Number (hereinafter "NIIN"). For a part to be in conformance with an NSN, the part must meet all specifications, drawings, and special requirements associated with the NSN. Parts that do not meet these criteria are considered non-conforming.

9. From in or about August 2004 through on or about March 17, 2006, in the District of New Jersey, and elsewhere, defendant

STAFF GASKET MANUFACTURING CORPORATION

did knowingly and intentionally devise a scheme and artifice to defraud and to obtain money and property from the DoD by means of materially false and fraudulent pretenses, representations and promises, as set forth below.

10. The object of this scheme and artifice to defraud was for defendant Staff Gasket to fraudulently obtain money from the DoD by supplying non-conforming parts that were not manufactured in accordance with their related contract terms and military specifications.

11. It was a part of this scheme and artifice to defraud that:

a. Eric Helf, and others employed at Staff Gasket acting at Helf's direction, would, on behalf of defendant Staff Gasket, bid on and be awarded numerous DoD contracts to manufacture and supply replacement parts purchased for use in military operations.

b. Even though the DoD contracts required defendant Staff Gasket to provide parts manufactured to exact specifications, defendant Staff Gasket would purchase similar and less expensive parts from other manufacturers, including foreign manufacturers located in China, or unauthorized distributors that did not meet the DoD requirements.

c. Staff Gasket, and others operating at Staff

Gasket's direction, would and did make false and fraudulent statements in bids, in that they would falsely and fraudulently represent that Staff Gasket was the manufacturer of these parts and that the parts would be manufactured in accordance with terms specified by the DLA in the RFQs.

d. Staff Gasket, and others operating at Staff Gasket's direction, would direct the production of and package the foreign-manufactured parts to disguise the true manufacturer and to make it appear as though the parts were manufactured by Staff Gasket.

e. Staff Gasket would supply non-conforming and inferior parts to DLA part depots, instead of the parts required under the terms of the purchase orders and other documents that constituted the offer and agreement made with the DLA.

f. Staff Gasket would submit invoices for payments after shipping nonconforming parts, which falsely represented that the parts had been supplied pursuant to the purchase order and contract.

g. Staff Gasket would provide routing information to the DLA so that payments could would be made by DFAS, by wire transfer, to bank accounts controlled by a co-conspirator.

h. When questioned about the manufacturing process that was or would be employed in producing certain parts, Staff Gasket, and others acting at Staff Gasket's direction, would submit to the DLA communications and documents that falsely

represented the details of the in-house manufacturing process that was being used.

i. Defendant Staff Gasket operated the scheme in a manner similar to that described above from in or about August 2004 through on or about March 17, 2006, ultimately causing the DoD to sustain losses of approximately \$751,091.

12. On or about October 5, 2005, in the District of New Jersey and elsewhere, for the purpose of executing and attempting to execute this scheme and artifice to defraud, defendant

STAFF GASKET MANUFACTURING CORPORATION

did knowingly and intentionally transmit and cause to be transmitted in interstate commerce by means of wire communications, certain writings, signs, signals, pictures, and sounds, namely, invoices sent via electronic mail from New Jersey to DFAS in Ohio that requested payments on contracts for parts provided by defendant Staff Gasket that were not manufactured in accordance with contract and military specifications.

In violation of Title 18, United States Code, Section 1343 and Section 2.

COUNT TWO

(Arms Export Control Act - 22 U.S.C. § 2778)

1. Paragraphs 1 through 8 and 10 through 11 of Count One of this Information are realleged and incorporated as thought set forth in full herein.

2. Pursuant to the Arms Export Control Act, 22 U.S.C. § 2778, et. seq., in furtherance of the security and foreign policy of the United States of America, the President was authorized to control the import and export of defense articles. The President was also authorized to designate those items which shall be considered defense articles and placed on the United States Munitions List (hereinafter, "USML").

3. "Defense articles," as that term is used in 22 U.S.C. § 2778(b)(2), and in 22 C.F.R. § 127.1(a)(1) and (a)(3), means items and technical data designated for placement on the USML, and can include weapons, weapons systems, night-vision technology, munitions, aircraft and other implements of war.

4. Persons or entities engaged in the export of defense articles covered by the USML must be registered with the State Department, Office of Defense Trade Controls, and must apply for and receive a valid license or other approval to export the defense articles from the United States.

5. Staff Gasket was authorized to access export controlled drawings and schematics, because it was registered as an authorized party and was assigned a Joint Certification

Program number.

6. Staff Gasket never received authorization to export USML parts or technical data from the United States.

7. At all times relevant to this Information, the Pad Assembly Swaybrace of Bomb Ejector Rack, NSN # 1095-00-912-0256, was classified as a USML item, and controlled for export from the United States under specific United States Department of State ("State Department") regulations. As such, it was against federal law to export the Pad Assembly Swaybrace of Bomb Ejector Rack, NSN # 1095-00-912-0256 or any schematics or drawings of such part without a license issued by the State Department.

8. On or about August 16, 2005, Staff Gasket sent an electronic copy of the export controlled drawings for the Pad Assembly Swaybrace of Bomb Ejector Rack, NSN# 1095-00-912-0256, to a manufacturer in China.

9. Staff Gasket Manufacturing Corporation did not have a license for such export.

10. On or about August 16, 2005, in the District of New Jersey and elsewhere, defendant

STAFF GASKET MANUFACTURING CORPORATION

knowingly and willfully exported, caused to be exported, and attempted to export from the United States to the People's Republic of China defense articles on the USML, without having first obtained from the State Department a license or written approval for such export.

In violation of Title 22, United States Code, Sections

2778(b) (2) and 2778(c), Title 22, Code of Federal Regulations,
Sections 121.1, 123.1 and 127.1(a) (1) and (d), and Title 18,
United States Code, Section 2.

FORFEITURE ALLEGATIONS

1. The allegations contained in Count One of this Information are incorporated by reference as though set forth in full herein for the purpose of noticing forfeitures pursuant to Title 28, United States Code, Section 2461(c).

2. The United States hereby gives notice to the defendant that, upon conviction of the offense charged in the Information, the government will seek forfeiture, in accordance with Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 981(a)(1)(c), of any and all property, real or personal, that constitutes or is derived from proceeds traceable to the violations of Title 18, United States Code, Sections 1343, as alleged in the Information, including but not limited to the following:

a. A sum of money equal to at least \$50,000 in United States currency.

3. If by any act or omission of the defendant, any of the property subject to forfeiture described in paragraph 2 herein:

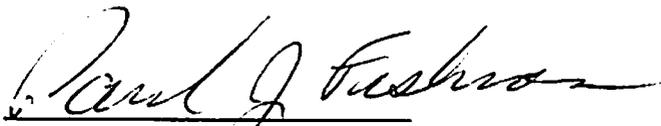
a. cannot be located upon the exercise of due diligence;

b. has been transferred or sold to, or deposited with, a third party,

c. has been placed beyond the jurisdiction of the court;

d. has been substantially diminished in value; or

e. has been commingled with other property which cannot be subdivided without difficulty, it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property described above in paragraph 2 pursuant to Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 981(a)(1)(c).

A handwritten signature in cursive script, reading "Paul J. Fishman", written in black ink.

PAUL J. FISHMAN
United States Attorney

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Criminal No.
	:	
v.	:	18 U.S.C. § 371
	:	18 U.S.C. § 981(a)(1)(C)
ERIC HELF	:	28 U.S.C. § 2461(c)
	:	
	:	

I N F O R M A T I O N

The defendant having waived in open court prosecution by indictment and any defense based upon the Statute of Limitations, the United States Attorney for the District of New Jersey charges:

1. At all times relevant to this Information:

a. Defendant Eric Helf represented himself to be the President or Vice President and owner of Staff Gasket Manufacturing Corporation (hereinafter "Staff Gasket").

b. Staff Gasket, located in Englewood, New Jersey, was a Department of Defense (hereinafter "DoD") contractor supplying parts used in, among other things, military aircraft, vehicles and weapons systems.

THE CONSPIRACY

2. From on or about July 6, 2005 through on or about November 9, 2005, in Bergen County, in the District of New Jersey and elsewhere, defendant

ERIC HELF

did knowingly and intentionally conspire and agree with others to commit an offense against the United States, namely, wire fraud, contrary to Title 18, United States Code, Section 1343, and to defraud the United States and an agency thereof.

OBJECT OF THE CONSPIRACY

3. The object of the conspiracy was for defendant ERIC HELF, with the assistance of others, to execute a scheme and artifice to defraud and to obtain money from the DoD by means of false and fraudulent pretenses, representations, and promises, by inducing the DoD to make payments to Staff Gasket for nonconforming and inferior parts, specifically a lock pin for an HH-60 helicopter, for which the DoD issued a Request for Quote (hereinafter "RFQ") on or about July 6, 2005.

METHODS AND MEANS OF THE CONSPIRACY

4. It was a part of the conspiracy that defendant ERIC HELF and his co-conspirators would bid on solicitations or RFQ's issued by the Defense Logistics Agency ("DLA"), which was a component of the DoD.

5. It was further part of the conspiracy that defendant ERIC HELF and his co-conspirators would solicit quotes from foreign manufacturers and would use those quotes to formulate the bids that were then submitted to the DLA.

6. It was further part of the conspiracy that defendant ERIC HELF and his co-conspirators would make false and fraudulent statements in these bids, in that they would falsely and

fraudulently represent that they would supply parts manufactured in accordance with terms specified by the DLA in the RFQs.

7. It was further part of the conspiracy that defendant ERIC HELF and his co-conspirators would direct the production of the foreign-manufactured parts and/or the packaging of those parts to disguise the true location of manufacture and to make it appear as though the parts were manufactured by Staff Gasket.

8. It was further part of the conspiracy that defendant ERIC HELF and his co-conspirators would supply and cause to be supplied non-conforming and inferior parts to DLA part depots, instead of the parts required under the terms of the purchase orders and other documents that constituted the offer and agreement made with the DLA.

9. It was further part of the conspiracy that defendant ERIC HELF and his co-conspirators would submit and cause to be submitted invoices for payments after shipping nonconforming parts, which falsely represented that the parts had been supplied pursuant to the terms of the purchase order and contract.

10. It was further part of the conspiracy that defendant ERIC HELF and his co-conspirators provided routing information to the DLA so that payments would be made by the Defense Finance and Accounting Service (hereinafter "DFAS"), via wire transfer, to bank accounts controlled by a co-conspirator.

11. It was further part of the conspiracy that defendant ERIC HELF and his co-conspirators, when questioned about the

manufacturing process that was or would be employed in producing certain parts, would submit to the United States communications and documents that falsely represented the details of the manufacturing process.

12. It was further part of the conspiracy that, through these false and fraudulent means, defendant ERIC HELF and his co-conspirators caused a purchase order to be awarded to Staff Gasket by the DoD for a contract that had a total value of approximately \$49,926.

OVERT ACTS

13. On or about July 13, 2005, an employee at Staff Gasket submitted an electronic quote to the DoD via the Internet Quoting System ("IQS") in response to the DoD's RFQ for lock pins for HH-60 helicopters, fraudulently representing that Staff Gasket was the "manufacturer" of the parts and quoting a unit price of \$3.18 per part.

14. On or about July 27, 2005, defendant ERIC HELF sent an e-mail from New Jersey to the Defense Supply Center Philadelphia (hereinafter "DSCP"), which falsely stated that "Staff Gasket Mfg. intends on manufacturing these lock pins using a wire cutting and machining process. We plan on adding FSC 5315 (among a few others) to bring our CCR Profile up to date." As a result of this false and fraudulent e-mail, the DoD allowed Staff Gasket to continue production of the lock pins.

15. On or about approximately October 5, 2005, Staff Gasket

supplied 15,700 foreign manufactured lock pins to the DoD and submitted an invoice via electronic means, which resulted in payment being made to Staff Gasket in the amount of \$49,926. Many of these foreign-manufactured lock pins were ultimately the subject of reports regarding failures in the field.

All in violation of Title 18, United States Code, Section 371.

FORFEITURE ALLEGATIONS

1. The allegations contained in paragraphs 1 through 15 of this Information are incorporated by reference as though set forth in full herein for the purpose of noticing forfeitures pursuant to Title 28, United States Code, Section 2461(c).

2. The United States hereby gives notice to the defendant that, upon conviction of the offense charged in the Information, the government will seek forfeiture, in accordance with Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 981(a)(1)(C), of any and all property, real or personal, that constitutes or is derived from proceeds traceable to the violations of Title 18, United States Code, Sections 371 and 1343, as alleged in the Information, including but not limited to the following:

a. A sum of money equal to at least \$49,926 in United States currency.

3. If by any act or omission of the defendant, any of the property subject to forfeiture described in paragraph 2 herein:

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

States, pursuant to Title 21, United States Code, Section 853(p), to seek forfeiture of any other property of the defendant up to the value of the property described above in paragraph 2 pursuant to Title 28, United States Code, Section 2461(c), and Title 18, United States Code, Section 981(a) (1) (C).



PAUL J. FISHMAN
United States Attorney