

Department of Justice

United States Attorney William J. Hochul, Jr.
Western District of New York

FOR IMMEDIATE RELEASE
APRIL 2, 2012
www.usdoj.gov/usao/nyw

CONTACT: BARBARA BURNS
PHONE: (716) 843-5817
FAX: (716) 551-3051

ORCHARD PARK MAN PLEADS GUILTY IN CHINESE MAGNESIUM SCHEME

BUFFALO, N.Y.--U.S. Attorney William J. Hochul Jr., announced today that William Nehill, 62, of Orchard Park, N.Y. pleaded guilty before Chief U.S. District Judge William M. Skretny, to conspiracy to smuggle magnesium into the United States through the use of false and fraudulent invoices. The charge carries a maximum penalty of five years in prison, a fine of \$250,000, or both.

Assistant U.S. Attorney Michael DiGiacomo, who handled the case, stated the defendant was an importer of specialty metals. In early 2003, Nehill, through his company International Technology Group, Inc., entered into an agreement with Superior Metal Powders to import magnesium powder from the People's Republic of China.

At the time of the agreement between the defendant and Superior Metal Powders, the United States had a 305.56% antidumping duty in place with respect to the type of magnesium powder the defendant was importing. In order to avoid the antidumping duty, the magnesium was falsely labeled as magnesium reagent. By doing so, the duty imposed on the shipments was only 5%. The mislabeling resulted in a \$6,000,000 duty loss to the United States. Unbeknownst to Nehill, the imported magnesium was ultimately used by others to produce countermeasure flares for use by American military aircraft.

In April 2010, Nehill, Gregory Magness, Justin Magness, Charles Wright, Eldon Bott, Qian Chen, Superior Metal Powders, Inc., International Technology Group, Inc., and Innovative Materials & Solutions, Inc. were charged, among other counts, with participating in a conspiracy to import Chinese magnesium into the United States. The Chinese magnesium was used to produce countermeasure flares used by the American Air Force, even though applicable Government regulation required such countermeasures to

only use American or Canadian-mined magnesium. Nehill is the second to be convicted in this case.

The plea is the culmination of an investigation on the part of the Immigration and Customs Enforcement, Homeland Security Investigations, under the direction of James C. Spero, the Internal Revenue Service, Criminal Investigation Division, under the direction of Charles R. Pine, and the Department of Defense Criminal Investigative Service, under the direction of Edward T. Bradley, Special Agent in Charge, Northeast Field Office.

Sentencing is scheduled for July 13, 2012, at 9:00 a.m. before Judge Skretny.

###