

THE INDICTMENT

COUNT 1 (CONSPIRACY)

1. The following constitutes a portion of the evidence which the United States would adduce in proof of the conspiracy count charged in the Indictment. The United States would also prove each of the overt acts set forth in Count 1 of the Indictment. The United States would also rely upon the following evidence and the proof of each of the relevant overt acts to show the violations charged in each of the other counts to which STEINDLER is pleading guilty.

Introduction and Summary of Conspiracy

2. STEINDLER was employed by General Electric Company ("General Electric") at the General Electric Aircraft Engines facility in Evendale, Ohio, in the Southern District of Ohio. General Electric developed, manufactured and sold aircraft engines and related products and services. STEINDLER was an international sales manager, and his responsibilities included negotiating and supervising F110 engine sales to the Government of Israel ("Israel").

3. Rami Dotan ("Dotan") was an Israeli Air Force ("IAF") officer who at various relevant times held the ranks of Lieutenant Colonel, Colonel and Brigadier General. Among other duties, he oversaw for the IAF the technical selection and maintenance of the IAF's aircraft engines.

4. Harold Katz ("Katz") was an attorney in private practice in Israel.

5. From approximately 1984 through 1990, STEINDLER, Dotan and Katz conspired to divert and launder approximately \$11 million from two defense contracts between General Electric and Israel. These contracts were financed by the U.S. Government through the Foreign Military Financing ("FMF") Program administered by the Defense Security Assistance Agency ("DSAA"), an agency of the U.S. Department of Defense.

6. The first contract, dated August 10, 1984, was Contract No. 500/40492-125, an "Integrated Logistical Support" contract (the "ILS Contract"), under which General Electric was to supply tools, equipment, testing facilities and training to maintain General Electric engines used in IAF F-16 jet fighters. The total value of the ILS Contract (including options) exceeded \$100 million. General Electric subcontracted work to be performed in Israel to Ingbir Engineering and Maintenance Company ("Ingbir Engineering"), of Tel Aviv, Israel, which was owned by Yoram Ingbir ("Ingbir").

7. As described in paragraphs 10 through 19, a total of approximately \$3.7 million was diverted from the ILS Contract, and the diversion was effected through the following means:

a. Dotan, with STEINDLER's assistance, induced General Electric to select a particular Israeli firm -- Ingbir Engineering -- to perform all subcontract work in Israel, knowing that its owner, Ingbir, would cooperate with the scheme.

b. As described in paragraphs 11 and 12, STEINDLER arranged for General Electric to make payments intended for Ingbir Engineering to GSK Management Consultants, Inc. ("GSK"), a New

Jersey corporation, which acted as Ingbir Engineering's agent in the United States and which was owned by a friend and business associate of STEINDLER's, Gary S. Klein ("Klein").

c. Klein forwarded to Ingbir Engineering only a portion of the General Electric payments and, with Ingbir's acquiescence, held the remaining funds in the United States pending further instructions.

d. STEINDLER and Dotan caused Klein to receive instructions to transmit the remaining funds to European bank accounts set up for the benefit of STEINDLER and Dotan. In most instances, the instructions were transmitted through letters to Klein, created by STEINDLER and Dotan, which were purportedly from Marc Boas ("Boas"), an Israeli national purportedly acting for Ingbir. These letters were designed to conceal from Klein STEINDLER's and Dotan's involvement in the transmission of funds to Europe.

8. The second contract, dated May 31, 1988, was Contract No. 1296 (the "F110 Contract"), under which General Electric was to provide seventy-five F110-GE-100 engines for IAF F-16 jet fighters, or, at Israel's option, a new engine model then under development, the F110-GE-100A. The total value of the F110 Contract (including the option to acquire the F110-GE-100A engine) exceeded \$200 million. On or about July 11, 1988, Israel exercised its option to acquire the F110-GE-100A engine.

9. As described in paragraphs 20 through 33, a total of approximately \$7.875 million was diverted from the F110 Contract, and the diversion was effected through the following means:

a. STEINDLER advised other General Electric employees that he had negotiated an agreement in the course of negotiating the F110 Contract under which General Electric would provide funding for the IAF's flight tests of the new engine model to be sold under that contract, while, unknown to STEINDLER's fellow General Electric employees, the IAF planned to flight test the engine without financial assistance from General Electric.

b. STEINDLER directed another General Electric employee to factor the cost of the purported flight test funding into the price of the engines sold under the F110 contract so that this cost would be recovered through the engine sales.

c. STEINDLER arranged for General Electric to pay the flight test funds to GSK.

d. STEINDLER and Dotan again created letters to Klein instructing Klein to transmit substantially all of these funds to European bank accounts used to launder funds for the personal benefit of STEINDLER and Dotan.

Diversions from the ILS Contract

10. During the Summer of 1984, Dotan, with STEINDLER's assistance, directed General Electric employees to engage Ingbir Engineering for all subcontract work in Israel under the ILS Contract.

11. During the Summer of 1984, STEINDLER arranged for GSK to serve as a subcontractor of General Electric for the purpose of acting as Ingbir Engineering's agent in the transactions between Ingbir and General Electric. Specifically, STEINDLER contacted Klein and offered him the opportunity to serve as Ingbir Engineering's purported agent in connection with subcontract work under the ILS Contract. STEINDLER told Klein that he would have to form a corporation for that purpose. Klein then formed GSK and became the president, a director and sole owner of GSK, which he operated from his home in Matawan, New Jersey.

12. STEINDLER also provided Klein with a sample invoice to use as a model for his invoices to General Electric and told Klein that there would be a "trial run" of a payment by General Electric to Ingbir via GSK. Soon thereafter, in September 1984, General Electric issued its first purchase order to GSK, and GSK issued its first invoice to General Electric.

13. In or about August 1984, STEINDLER mailed to Klein a draft of a contract between Ingbir Engineering and GSK and instructed Klein to type this document in final form, execute it and send it to Ingbir for his signature. That contract provided for, among other things, a purported fee for GSK of 17 percent of "new or follow-on" business acquired through GSK and a separate fee for GSK of 3 percent of the value of payments received up to a maximum of \$25,000 annually. In reality, however, GSK -- and its sole owner Klein -- were compensated only in accordance with the 3 percent fee provision, and, as described below, funds in amounts

approximating the "new or follow-on" business fee that GSK would have received were diverted instead for STEINDLER's and Dotan's personal use. On or about December 14, 1985, Klein received an amendment to the contract which reduced the fee for "new or follow-on" business from 17 percent to 13 percent.

14. Between September 1984 and May 1990, GSK transmitted to General Electric approximately 40 invoices for actual and purported subcontract work by Ingbir Engineering related to the ILS Contract.

15. Between October 1984 and May 1990, General Electric paid a total of approximately \$27.5 million to GSK, pursuant to GSK's invoices, for purported subcontract work under the ILS Contract by Ingbir Engineering.

16. Pursuant to instructions he received from Ingbir, Klein transmitted approximately \$23.8 million of the \$27.5 million to Ingbir's personal and business bank accounts.

17. Klein held the remaining approximately \$3.7 million in bank and investment company accounts in GSK's name pending receipt of instructions on the disposition of these funds. The amount set aside in this fashion approximated the amount of the purported fee for GSK described in paragraph 13 above.

18. Between June 1986 and August 1990, STEINDLER and Dotan arranged for Klein to receive instructions to transmit these funds to European bank accounts. In the first transaction, in June 1986, Dotan arranged for Boas to contact Klein and meet with him to collect the funds at Kennedy International Airport, in New York, and then deposit the funds in a bank account in the Netherlands.

In the remaining transactions, STEINDLER and Dotan created letters to Klein which were purportedly from Boas, who supposedly was acting on Ingbir's behalf. Boas did not sign these documents and did not participate in creating them. As noted above, these letters were designed to conceal from Klein STEINDLER's and Dotan's involvement in the transmission of funds to Europe.

19. Pursuant to these instructions, between June 1986 and September 1990, Klein transferred approximately \$3.3 million from the United States to a bank accounts in the Netherlands, Belgium and Germany. Boas opened the Netherlands account at Dotan's direction. Katz opened the bank accounts in Belgium and Germany.

Diversions from the F110 Contract

20. Between approximately December 1987 and approximately January 1988, STEINDLER advised other General Electric employees that he had negotiated with Dotan an agreement in connection with the ongoing negotiation of the F110 Contract, whereby General Electric would provide funding to the IAF for flight tests of the F110-GE-100A engine to be sold under that contract. No document describing the terms or other details of this funding agreement was ever prepared. In addition, the funding agreement was never disclosed to DSAA. In reality, the funding agreement was a sham, and, unknown to these other General Electric employees, the IAF did not expect to receive funds from General Electric to finance the flight tests.

21. STEINDLER also caused the following so that General Electric would recover the \$7.875 million when the engines were

sold to Israel, with the result that the cost of the purported flight test payments would eventually be passed through to the FMF Program which reimbursed Israel for its payments for the engines:

a. In or about January 1988, during the negotiation of the F110 Contract, STEINDLER directed that the cost of the flight test funding be set at \$105,000 per engine and that this figure be incorporated in internal General Electric projections for sales of this engine. The projections were prepared by a General Electric employee, working under STEINDLER's direction, to ensure that selling the engine at a particular price yielded sufficient revenues to cover all costs associated with the sales, including the cost of the flight test payments, while also yielding an acceptable profit for General Electric.

b. When the engines were delivered, General Electric submitted to Israel's Ministry of Defense Mission in New York, New York ("MODNY") invoices which charged prices which included the above-described flight test cost, and MODNY was reimbursed by the U.S. Government, under the FMF Program, for MODNY's payments of these invoices.

22. On or about September 2, 1988, STEINDLER signed, on behalf of General Electric, a contractor certification for the F110 Contract, knowing that this document would be submitted to MODNY and then forwarded to DSAA. This document was submitted for MODNY's use in securing DSAA's approval of FMF funding for the contract. The certification falsely represented the following: (a) that the entire agreement consisted of the documents listed in

the certification and that there were no "other amendments, modifications, side letters, or supplementary agreements"; (b) that no "rebates, gifts or gratuities intended to secure [the contract] or obtain favorable treatment under [the contract] have been given contrary to United States law to officers, officials, or employees of the Government of Israel" and that no such payments would be made; and (c) that the certification was "complete and correct." The certification also omitted disclosure of the true disposition of the funds to be paid for the purported flight tests, that is, that the funds were diverted for STEINDLER's and Dotan's personal use.

23. In or about November 1988, STEINDLER, after discussing the matter with Dotan, telephoned Klein to arrange for GSK to serve as a General Electric subcontractor in providing funding for the flight test program.

24. In or about October or November 1988, STEINDLER instructed a General Electric employee to arrange for General Electric to enter into a subcontract with GSK, under which GSK was to serve as a vehicle for funding the flight tests.

25. In or about November 1988, STEINDLER gave to this General Electric employee handwritten notes, and STEINDLER told this employee that these were notes of a conversation between STEINDLER and Dotan which, after STEINDLER's corrections of Dotan's English, purportedly represented the statement of work describing the flight test-related services to be provided under the subcontract to GSK. These notes were the basis for the statement of work included in

the first flight test purchase order, described in paragraph 28 below. The statement of work was a fiction designed to create the appearance that the funds paid to GSK would be applied to a flight test program.

26. On or about December 7, 1988, STEINDLER caused this General Electric employee to transmit to Klein a draft of a contract between General Electric and GSK. This document was prepared by STEINDLER and the General Electric employee. It contained the above-described statement of work and stated that a total of \$7.875 million was to be disbursed to GSK by General Electric. This figure equaled the above-described \$105,000-per-engine cost, referred to in paragraph 21 above, multiplied by the 75 engines that would be sold under the final version of the F110 Contract. According to the draft contract, this amount was to be paid according to the following payment schedule: \$2.5 million on January 15, 1989; \$1.5 million on March 15, 1989; \$500,000 on July 15, 1989; \$2 million on October 15, 1989; and \$1.375 million on January 15, 1990. Although the payment schedule provided that funds would be paid between early 1989 and early 1990, the flight tests in Israel were not expected to commence until 1990.

27. On or about January 5, 1989, Klein transmitted to General Electric, by facsimile, a quotation for a contract to perform services in connection with the flight tests, specifying the price and payment schedule set forth in the draft contract described above.

28. On or about January 23, 1989, acting at STEINDLER's direction, General Electric employees transmitted to Klein the first of five purchase orders to GSK for services in connection with the flight tests. The first purchase order was for \$2.5 million, covering the first payment under the previously established payment schedule. This purchase order contained a slightly modified version of the statement of work set forth in the draft contract described above.

29. In or about May 1989, STEINDLER drafted a schedule of "milestones" for the flight test payments to GSK, describing stages of purported work on the flight tests. Upon the completion of each milestone, GSK would purportedly be entitled to a progress payment. The payment schedule set by the milestones was identical to the payment schedule set forth in GSK's quotation. The milestones were created in response to questions raised by other General Electric employees about the absence of proper documentation for the transactions and were designed to make it appear that all of the payments to GSK were legitimate payments for a flight test program when in fact substantially all of these funds were being diverted for STEINDLER's and Dotan's personal use. In or about May 1989, the schedule of milestones was reviewed in Israel by Dotan, who assigned dollar values to each stage of GSK's purported flight test work. These milestones were referenced in each of the subsequently issued GSK invoices.

30. Between February 1989 and January 1990, GSK transmitted to General Electric five invoices and one amended invoice for purported GSK services in connection with the flight tests.

31. Between February 1989 and January 1990, General Electric paid total of approximately \$7.875 million to GSK, pursuant to GSK's invoices.

32. Between February 1989 and January 1990, STEINDLER and Dotan caused Klein to receive instructions to transmit the funds paid to GSK to European bank accounts, again through letters purportedly from Boas which were actually created by STEINDLER and Dotan. In particular, STEINDLER created the letter which directed the transfer of \$2 million involved in Count 47 of the Indictment (charging a violation of 18 U.S.C. § 1956(a)(1)(B)(i)). STEINDLER contends that he does not presently recall this document but does not dispute the statements in this paragraph. The Federal Bureau of Investigation has identified STEINDLER's palm print on this document.

33. Between March 1989 and March 1990, pursuant to the instruction letters, Klein transferred a total of \$7.425 million to the bank accounts in Belgium and Germany previously opened by Katz for the personal benefit of STEINDLER and Dotan.

Money Laundering through European Bank Accounts

34. Katz, personally and with the assistance of his daughter and a friend acting at his direction, retransferred most of the funds diverted from the ILS and F110 Contracts from the Belgian and

German bank accounts discussed above to Swiss bank accounts opened by Katz for the personal benefit of STEINDLER and Dotan.

35. The funds diverted from the ILS and F110 Contracts were laundered through the following methods:

a. The bank accounts in the Netherlands, Belgium, Germany and Switzerland used to hold and transmit the funds on STEINDLER's and Dotan's behalf were not in the names of the true owners of the funds in those accounts. In many cases, the accounts had fictitious names (including Bandera Holding Inc. and Kingstree Finance Corp. ("Kingstree"), purported Panamanian corporations) or were in the names of real individuals acting at Dotan's or Katz's behest.

b. The diverted funds were never transmitted directly from American bank accounts to Swiss bank accounts. In most cases, Katz arranged for the funds to be converted into cash in German currency (Deutsche marks) at banks in Konstanz, Germany, located near the German-Swiss border, and then transported to banks in nearby Zurich, Switzerland. In the remaining instances, Katz arranged for the funds to be transmitted by check or wire transfer to bank accounts in the name of a friend of Katz's and then retransmitted to the Swiss accounts.

36. Between December 1987 and September 1990, through the above-described methods, Katz arranged transfers of the following aggregate amounts to Swiss bank accounts from the accounts in the Belgium and Germany, for the benefit of STEINDLER and Dotan:

a. Approximately \$6.88 million was transferred from the Belgian account to a bank account in Konstanz, Germany, in the first instance through a check transported by Katz's daughter and in the remaining instances by wire transfers effected by Katz. These funds had previously been transferred from GSK directly to the Belgian account, or in a few transactions (totalling approximately \$350,000), the funds were transferred from GSK to the Netherlands bank account and then retransferred to the Belgian account.

b. Approximately \$635,000 was transferred from the Belgian account to Swiss bank accounts by transferring the funds through Katz's friend's bank account.

c. Approximately 14,083,417 Deutsche marks (the equivalent of approximately \$7.6 million) was transferred from bank accounts in Konstanz, Germany, to Swiss bank accounts, in most instances by Katz or his daughter transporting cash across the German-Swiss border. These funds had previously been transferred from GSK directly to an account in Konstanz, Germany or transferred to the German account from the Belgian account.

37. STEINDLER concealed the existence of these European bank accounts by falsely representing in his personal federal income tax returns for the years 1986 through 1989 that he did not have an interest in or signature or other authority over a financial account in a foreign country. STEINDLER had an interest in the European bank accounts involved in the money laundering

transactions, and he had signature authority over at least three of these accounts.

38. STEINDLER's interest in and control over these accounts is also evidenced by a handwritten will, dated March 5, 1989, prepared by Dotan, which stated that STEINDLER owned one-half of the funds in the above-described bank accounts in Belgium and Germany and in the bank accounts in Kingstree's name. STEINDLER contends that he was unaware of the will or the terms thereof.

39. STEINDLER's interest in and control over these accounts is further evidenced by the transactions he effected in these accounts, including the following:

a. In June 1989, he caused the transfer of approximately \$425,150 from the Kingstree account at Handelsbank in Zurich, Switzerland, to a bank account called "Rome" at Banque Indosuez in Zurich, Switzerland, over which STEINDLER and members of his family had signature authority.

b. He caused the withdrawal of over \$57,000 from the "Rome" account, including the withdrawals (referenced in Counts 79 and 80 of the Indictment) of the equivalent in Italian lira of approximately \$47,730.50, all or most of which was used for remodeling and furnishings for a cooperative apartment in Rome, Italy, titled in the name of STEINDLER's wife.

c. STEINDLER's signature appears on a letter, dated May 8, 1990, directing the transfer of the balances in the Kingstree account at Handelsbank to another Swiss bank (referenced in Count 74 of the Indictment).

Further Efforts to Conceal the Scheme

40. In or about September 1984, STEINDLER directed a General Electric employee to redraft a previously prepared letter concerning the memorandum of understanding between Ingbir Engineering and General Electric which referred to Dotan's presence at a meeting at which the memorandum of understanding was revised. STEINDLER required the letter to be redrafted so as to omit any reference to the fact that Dotan had participated in drafting the memorandum of understanding, thereby obscuring Dotan's role in initiating the relationship between General Electric and Ingbir. At approximately the same time, STEINDLER directed this General Electric employee to retrieve copies of the original letter. STEINDLER contends that he does not presently recall this incident but does not dispute that it occurred.

41. In or about February and March 1989, STEINDLER was questioned by a General Electric in-house attorney concerning the flight test transactions, and, in response, STEINDLER represented to this attorney that the payments were for actual, legitimate work for a flight test program.

42. In or about March, 1989, STEINDLER and Dotan advised various General Electric employees in Evendale, Ohio and Tel Aviv, Israel, that a security leak had occurred concerning the F110 Contract, that Dotan was threatening to cancel this contract, and that ongoing efforts to obtain information about the flight test payments and other transactions endangered the security of the

program. They made these representations in an effort to forestall inquiries concerning these transactions.

43. In or about August 1990, STEINDLER telephoned a representative of General Electric in Tel Aviv, Israel, and told him that he should have in his file a letter purportedly describing Ingbir's selection for subcontract work on the ILS Contract. On or about August 5, 1990, STEINDLER transmitted by facsimile to the Tel Aviv representative a copy of a letter which purported to be dated November 10, 1989, and which falsely stated that, "Ingbir Engineering was one of several companies considered by GE for ... construction tasks. After evaluating these alternatives, the selection was made by us, not the MOD, Israel Air Force or anyone else." The transmission of this document is the basis for Count 23 of the Indictment (charging a violation of 18 U.S.C. § 1343). STEINDLER contends that the foregoing was done at Dotan's request.

44. STEINDLER also concealed the existence of the diversion scheme by submitting to General Electric responses to questionnaires seeking information on his outside business interests in which he falsely denied involvement in transactions of the type alleged herein and omitted material information concerning those transactions and by submitting to General Electric certifications representing that he would comply with company policies prohibiting transactions of the type alleged herein.

COUNT 23 (WIRE FRAUD)

45. STEINDLER has agreed to plead guilty to Count 23 of the Indictment, charging a violation of 18 U.S.C. §§ 1343 and 2. The

elements of a wire fraud charge are: a scheme to defraud and the use of wire communications in furtherance of the scheme. The evidence and proof described above would establish that STEINDLER and Dotan devised a scheme to defraud DSAA involving the diversion of approximately \$11 million from the ILS and F110 Contracts. As described in paragraph 43 above, the wire communication referenced in Count 23 was in furtherance of this scheme. That communication was STEINDLER's transmission by facsimile from General Electric in Ohio to Tel Aviv, Israel, on or about August 5, 1990, of a copy of a letter concerning Ingbir's selection as a subcontractor which purported to be dated November 10, 1989. This document was intended to conceal Dotan's role in Ingbir's selection as a General Electric subcontractor.

COUNT 47 (MONEY LAUNDERING)

46. STEINDLER has agreed to plead guilty to Count 47 of the Indictment, charging a violation of 18 U.S.C. §§ 1956(a)(1)(B)(i) and 2 based on a wire transfer of approximately \$2,000,000 from an account in GSK's name at a bank in Woodbridge, New Jersey, to a bank account in Belgium, on or about November 27, 1989. The elements of this offense are that the defendant conducted or caused the conducting of a financial transaction affecting interstate and foreign commerce, which involved the proceeds of specified unlawful activities (including violations 18 U.S.C. §§ 1341 (mail fraud) and 1343 (wire fraud)), knowing that the transaction was designed in whole or in part to conceal and disguise the nature, location, source, ownership, and control of the proceeds of said specified

unlawful activities, and knowing that the property involved in the financial transaction represented the proceeds of some form of unlawful activity.

47. The evidence and proof described above would establish each of these elements. In particular, the evidence would show that STEINDLER participated in the transaction in that he created the letter to Klein instructing him to effect the transfer, as described in paragraph 32 above. The evidence would also establish that the funds involved in the transfer were the proceeds of violations of mail and wire fraud, and that STEINDLER knew that the funds were the proceeds of some form of unlawful activity. In addition, as described in paragraph 35, the transfer was part of a scheme to conceal the disposition of the diverted funds which involved transmitting the funds to foreign accounts held by nominees and transmitting funds through a series of intermediary transactions and accounts to obscure the ultimate disposition of the funds.

THE PROPOSED FORFEITURE JUDGMENT

48. STEINDLER has consented, under the Plea Agreement, to a forfeiture judgment in the amount of \$1,741,453. The amount of this judgment is supported by Count 47, the money laundering count to which STEINDLER has agreed to plead guilty, which involved a \$2 million wire transfer. The amount of the judgment also reflects the amount of diverted funds transmitted to Europe that the United States has not yet recovered (i.e., the difference between the total amount transmitted to Europe and the total amount recovered

from the European bank accounts). A total of \$10,740,428 was transmitted to the European bank accounts (see overt acts 46-48, 72-92, 123-127 in Count 1 of the Indictment). The United States has, to date, recovered the following funds traceable to the diverted funds transmitted to Europe:

a. \$6,324,089.17: This figure represents the difference between the total of \$6,658,301.42 that was obtained by the Government of Israel and returned to DSAA in 1991 and 1993 and the total of \$334,212.25 of these funds that the United States has determined was not related to the above-described diversion scheme.

b. \$2,674,885.44: These funds, in accounts at Union Bank of Switzerland and Banque Indosuez, in Zurich, Switzerland, in the names of "Kingstree Finance Corp.", "Rome" and "Hal",¹ were frozen by the Swiss authorities at the request of the United States pursuant to the Treaty between the United States and the Swiss Confederation on Mutual Assistance in Criminal Matters and repatriated to the United States in March and April 1994.

EXPLANATION OF AGREED MEANS TO SATISFY
THE PROPOSED FORFEITURE JUDGMENT

49. In the plea agreement, STEINDLER agrees to surrender and assign to the United States two individual retirement accounts ("IRAs") and any and all of his right, title and interest in the substitute assets identified in the Indictment, and the United

¹ Transactions in diverted funds involving the Kingstree and Rome accounts are described above. The use of Kingstree's name to hold diverted funds is also described in overt acts 138, 141, 146, 154-160 and 162-165 in Count 1 of the Indictment. Diverted funds were also deposited into the "Hal" account, as described in overt acts 131 and 155 in Count 1 of the Indictment.

States agrees to apply the balances obtained from the two IRAs to the forfeiture judgment. The balance in the IRAs is approximately \$339,000.

50. STEINDLER's and his wife's combined assets have a total value of approximately \$1 million. These assets were acquired during their marriage. As a condition of the plea agreement (paragraph 10), STEINDLER warrants that none of this property was derived from the scheme alleged in the Indictment.²

² To ensure that all the property owned by STEINDLER and has been disclosed to the United States, the plea agreement also contains the following terms:

- STEINDLER warrants that all assets or property interests, valued in excess of \$5,000, that are presently in his name or over which he presently has any right, title, interest or control, were disclosed to the United States before the execution of this plea agreement.
- In the event that it shall be established that STEINDLER has assets which he did not disclose to the United States prior to the execution of the plea agreement, STEINDLER would waive all right, title and interest in all undisclosed assets and agree to assist the United States in the preparation and execution of any necessary waivers, releases or other documents required for such recovery and transfer of assets to the United States to satisfy the forfeiture judgment.

51. In sum, STEINDLER will surrender the two major assets in his name³ and surrender any and all interests in all the major assets held in his wife's name.

THE INFORMATION

(USE OF THE MAIL IN AID OF RACKETEERING)

52. STEINDLER has also agreed to plead guilty to a one count Information, charging a violation of 18 U.S.C. §§ 1952 and 2. The elements of a charge under Section 1952 are: (a) travel in interstate or foreign commerce or use of any facility in interstate or foreign commerce, including the mail; (b) with the intent thereby to promote an unlawful activity; and (c) performance or attempted performance of an act in aid of that unlawful activity.

53. The United States would present evidence and proof, including that described above, to establish the following elements of this offense:

a. On or about October 10, 1989, STEINDLER knowingly and willfully used or caused the use of the interstate mail -- that is, the mailing of GSK's invoice in the amount of \$2,000,000 for services in connection with the purported flight test (one of the

³ The only significant asset in STEINDLER's name that he has acknowledged to the United States, other than the two IRAs, is an interest in a residential property in Harrisburg, Pennsylvania. STEINDLER is a joint tenant with a right of survivorship, he acquired this property interest in 1982 (before the commencement of the scheme alleged in the Indictment), and his interest in the property is worth less than \$10,000. The United States has determined that the expense and effort associated with partitioning and selling this property interest would not be cost effective in light of the property's relatively low value, and accordingly, the plea agreement does not require that this property be surrendered to the United States.

invoices described in paragraph 30 above) from GSK in New Jersey to General Electric in the Southern District of Ohio;

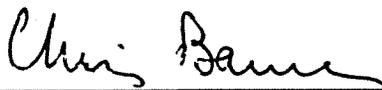
b. STEINDLER conferred a benefit on Dotan as consideration for knowingly violating or agreeing to violate a duty of fidelity to which he was subject as an employee or other fiduciary of the Israeli Air Force -- that is, the agreement to share and the sharing with Dotan of a portion of diverted and laundered U.S. military aid funds for his personal use contrary to Dotan's obligations as an Israeli Air Force officer -- in violation of N.J. Stat. Ann. 2C:21-10;

c. Thereafter, as part of the diversion and money laundering scheme, STEINDLER and Dotan arranged for the diverted funds to be transmitted to European bank accounts under their control, that is, on or about October 15, 1989, they arranged for Gary S. Klein to receive instructions -- in the form of a letter STEINDLER and Dotan created which was purportedly from an Israeli national named Marc Boas, who in fact did not sign this document and did not participate in creating it -- to transmit \$2,000,000 to a bank account in Belgium which was under the control of STEINDLER and Dotan.

Respectfully submitted,

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By:



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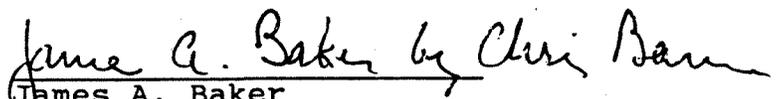
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