
UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA

v.

FATIH CIVI,
a/k/a "Frank Civi,"
and
SERAP BASCI,
a/k/a "Sarah Basci"

: Honorable Joseph A. Dickson
:
:
: Mag. No. 15-6716
:
: **CRIMINAL COMPLAINT**
:
:
:

I, Matthew Grossman, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

I further state that I am a Special Agent with the United States Department of Homeland Security, Homeland Security Investigations, and that this Complaint is based on the following facts:

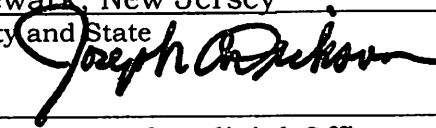
SEE ATTACHMENT B

continued on the attached pages and made a part hereof.

Matthew Grossman, Special Agent
U.S. Department of Homeland Security
Homeland Security Investigations

Sworn to before me and subscribed in my presence,

December 1, 2015
Date
Honorable Joseph A. Dickson
United States Magistrate Judge
Name and Title of Judicial Officer

at Newark, New Jersey
City and State

Signature of Judicial Officer

ATTACHMENT A

COUNT ONE

(Wire Fraud Conspiracy)

From at least as early as October 2010 through in or about June 2015, in Passaic County, in the District of New Jersey, and elsewhere, the defendants

**FATIH CIVI,
a/k/a "Frank Civi,"
and
SERAP BASCI,
a/k/a "Sarah Basci"**

did knowingly and intentionally conspire and agree with one another and with others to devise a scheme and artifice to defraud the U.S. Department of Defense, and to obtain money and property from the U.S. Department of Defense by means of materially false and fraudulent pretenses, representations, and promises, and for the purpose of executing and attempting to execute such scheme and artifice to defraud, did transmit and cause to be transmitted by means of wire communications in interstate and foreign commerce to New Jersey, certain writings, signs, signals, and sounds, namely the e-mail communications and wire transfers described in Attachment B, contrary to Title 18, United States Code, Section 1343.

In violation of Title 18, United States Code, Section 1349.

COUNT TWO

(Conspiracy to Violate the Arms Export Control Act)

From at least as early as October 2010 through in or about June 2015, in the District of New Jersey, and elsewhere, the defendants

**FATIH CIVI,
a/k/a "Frank Civi,"
and
SERAP BASCI,
a/k/a "Sarah Basci"**

did knowingly and intentionally conspire and agree with one another and with others to willfully export and cause to be exported from the United States to Turkey defense articles on the United States Munitions List, Title 22, Code of Federal Regulations, 121.1, without having first obtained from the United States Department of State, Directorate of Defense Trade Controls, a license or other written approval for such exports, contrary to Title 22, United States Code, Sections 2778(b)(2) & 2778(c) and Title 22, Code of Federal Regulations, Sections 120, et seq.

In furtherance of the conspiracy, and to effect the illegal objects thereof, one or more of the conspirators knowingly performed one or more overt acts, as described in Attachment B, in the District of New Jersey.

In violation of Title 18, United States Code, Section 371.

ATTACHMENT B

I, Matthew Grossman, am a Special Agent with the United States Department of Homeland Security, Homeland Security Investigations ("HSI"). I have knowledge of the facts set forth below as a result of my participation in this investigation as well as from my review of reports from, and discussions with, other law enforcement personnel. Where statements of others are related herein, they are related in substance and in part. Because this complaint is being submitted for a limited purpose, I have not set forth each and every fact that I know concerning this investigation. Where I assert that an event took place on a particular date, I am asserting that it took place on or about the date alleged.

Background

The Defendants and Co-Conspirator

1. FATIH CIVI, a/k/a "Frank Civi" (hereafter, "CIVI") is a naturalized U.S. citizen who was born in Turkey. According to documents obtained during this investigation, CIVI is identified as a production manager for Bright Machinery Manufacturing Group, Inc. ("BMM"), a defense contracting company located in Paterson, New Jersey.
2. SERAP BASCI, a/k/a "Sarah Basci" (hereafter, "BASCI"), is a naturalized U.S. citizen who was born in Turkey. According to documents obtained during this investigation, BASCI is identified as BMM's sales and purchasing manager, and is responsible for handling the company's government sales, commercial sales, and purchasing activities.
3. CC-1 is a citizen and resident of Turkey. CC-1 is the principal owner, chief executive officer, and general manager of two companies located in the United States, including BMM and FMG Machinery Group ("FMG"), a purported manufacturing company with addresses in Paterson, New Jersey and Long Island City, New York.¹ CC-1 also maintains an ownership interest in HFMG Insaat ("HFMG"), a manufacturing company located in Turkey.

¹ FMG's New York address is a vacant storefront with no ongoing business operations. FMG's address in Paterson, NJ is the same physical location as BMM.

Summary of the Investigation

4. An investigation conducted by HSI and the U.S. Department of Defense, Office of Inspector General, Defense Criminal Investigative Service (“DCIS”), has revealed that over approximately the last five years, BMM has fraudulently obtained hundreds of contracts with the U.S. Department of Defense (“DoD”) by falsely claiming that the military parts BMM contracted to produce would be manufactured in the United States, rather than overseas. In order to perpetrate this illegal scheme, CC-1, CIVI and BASCI (collectively, the “Defendants”)² conspired to defraud the DoD and to violate the Arms Export Control Act. From October 2010 through June 2015, the total value of the contracts awarded to BMM by virtue of the Defendants’ fraudulent scheme was approximately \$7,300,000 (U.S.).

5. As part of the scheme to fraudulently obtain DoD contracts, CC-1 routinely submitted electronic bids on DoD databases that contained false representations about the Defendants’ purported domestic manufacturing operations. Specifically, CC-1 falsely submitted quotes to the DoD claiming that BMM would provide “Domestic End Product,”³ (i.e., generally, products made in the United States) when in fact the company relied almost exclusively on CC-1’s Turkish-based production facilities. CC-1 falsely claimed in each bid that the relevant military parts would be manufactured by BMM in the United States. In acquiring contracts pursuant to his false bids, CC-1 routinely and unlawfully exported drawings and technical data,⁴ some of which was subject to U.S. export control laws, in order to secretly manufacture military parts at HFMG in Turkey. The Defendants then fraudulently supplied those foreign-made parts to unwitting DoD customers in the United States.

6. Additionally, the Defendants took substantial measures to conceal their illicit manufacturing activities and ongoing fraud. For example, CC-1 and BASCI routinely submitted forged certifications and fabricated information by e-mail to DoD representatives in New Jersey and elsewhere which falsely represented that BMM and its U.S.-based subcontractors performed necessary quality control procedures in their purported domestic manufacture of military parts. CIVI routinely met with DoD representatives at BMM’s New Jersey

² On December 1, 2015, CC-1 was charged in a seven-count criminal complaint (Mag. No. 15-6715) with violations of Title 18, United States Code, Sections 1349, 371, and 2; and Title 22, United States Code, Section 2778(b)(2) & 2778(c), and Title 22, Code of Federal Regulations, Section 120, et seq.

³ “Domestic End Product,” in connection with DoD contracts, is defined as an end product manufactured in the United States, if the cost of its components mined, produced, and manufactured in the U.S. exceeds 50% of the cost of all its components.

⁴ “Technical data,” as defined by the ITAR, includes “[i]nformation, other than software...which is required for the design, development, production, manufacture, assembly, operation, repair, testing, maintenance or modification of defense articles...” 22 C.F.R. § 120.10(a). Your Affiant is aware that, generally, the unlicensed and uncontrolled dissemination of technical data, both domestically and internationally, poses significant risk of potential harm to the national security interests of the United States.

facility to review and confirm the same false information that had been electronically submitted by CC-1 and BASCI. Based on the Defendants' false representations, DoD personnel were deceived into authorizing payment to BMM for military parts that were not, in fact, manufactured in the United States, in direct violation of DoD protocol and, in some instances, U.S. export control laws. Additionally, the Defendants' shipping and banking transactions were conducted in a manner to eliminate any direct links between the Defendants' foreign manufacturing process at HFMG and their U.S. based-operations at BMM, as further explained herein.

Relevant Defense Contracting Procedures

7. The DoD contracts with private companies for a variety of equipment and supplies. The Defense Logistics Agency ("DLA"), a component of the DoD, provides worldwide combat logistics support to DoD military customers (including the Army, Navy, Air Force, Marine Corps, and Coast Guard) by supplying the U.S. military with equipment, materials, and services. Requests received from DoD military customers are filled through purchase orders awarded to DoD contractors by the DLA, as explained below.

8. After receiving a request from a DoD military customer, the DLA electronically issues a request for quote ("RFQ"), also referred to as a solicitation. The RFQ specifies various criteria to potential defense contractors, including but not limited to the exact part being sought for purchase, the quantity of parts needed, and the required delivery date for the parts. The RFQ includes other relevant information such as whether the drawings and/or parts are subject to U.S. export-control regulations.

9. The DLA maintains an electronic database known as the "Internet Bid Board System" ("DIBBS"), which is used to issue RFQ's. Contractors seeking to do business with the DoD electronically are required to submit a request for a "Commercial and Government Entity" ("CAGE") code, which is a five-position unique identifier assigned to entities doing business with the federal government. Using the CAGE code, prospective contractors can access DIBBS and submit a quote responsive to a given RFQ. The DLA evaluates these quotes and awards a purchase order – or contract - to the contractor. Like the RFQ, the purchase order specifies the exact part, quantity, delivery date, and other relevant information including, when applicable, export-control warnings.

10. Contractors can obtain technical data and drawings relating to government solicitations through DLA Collaboration Folders (commonly referred to as "cFolders"), which is a secure, electronic database of technical data and drawings. All cFolders users are required to have a DIBBS account. Contractors can access cFolders from DIBBS after determining that a particular solicitation is of interest to them. Technical data and drawings are only available on cFolders during the time of an active solicitation. Once a

contract is awarded, the data is only available to the contract awardee, and no other user can download data after that time.

11. In order to gain access to technical data and drawings that are subject to export control regulations, contractors must first be certified through the U.S./Canada Joint Certification Program ("JCP"). As part of the application process, contractors are required to complete and submit a document known as a Military Critical Technical Data Agreement. Significantly, as a condition of receiving militarily critical technical data, the entity or individual applying for the certification must certify that the individual who will act as the custodian of the data on behalf of the contractor is either a U.S. citizen or a person lawfully admitted into the U.S. for permanent residence status. Further, contractors must acknowledge that they understand U.S. export control laws. Contractors also must agree not to disseminate the drawings and technical data in a manner that would violate those export control laws.

12. Manufacturing companies in foreign countries such as Turkey cannot obtain JCP certification because they are not U.S. or Canadian based contractors.

13. Under standard DoD protocol, contracts awarded to manufacturers are subject to a process referred to as an "Origin Inspection." Generally, an Origin Inspection requires that a Defense Contract Management Agency Quality Assurance Representative ("QAR") must visit the contractor to inspect a sampling of parts before a contractor is allowed to ship the parts it manufactured to a given DoD customer. During a QAR's inspection, contractors are typically required to provide all supporting certifications from subcontractors as proof to the DoD that special materials inspection requirements were met, and that any and all testing requirements listed within the contract were properly completed during the manufacturing process. After a QAR's inspection is completed, the contractor is required to enter the shipping quantity of the manufactured item into the DoD's Wide Area Workflow ("WAWF") database. The QAR is then responsible for accessing the WAWF database to confirm that the inspection was completed. Upon that confirmation, payment by the DoD to the contractor is authorized. In certain instances, payment is made by the DoD to the contractor before it actually receives shipment of the respective parts.

The Arms Export Control Act

14. The U.S. Arms Export Control Act, Title 22, United States Code, Section 2778 ("AECA" or the "Act"), authorizes the President to control the export of defense articles and services from the United States. The Act requires every person engaged in the business of exporting defense articles from the United States to obtain a license or other approval from the United States Department of State. 22 U.S.C. § 2778(b)(1)(A)(I). The regulations promulgated pursuant to the Act, known as the International Traffic in Arms Regulations ("ITAR"), define

exporting to include, among other things: “[s]ending or taking a defense article out of the United States in any manner” 22 C.F.R. § 120.17.

15. The ITAR defines a defense article to be any item designated on the United States Munitions List (“USML”) contained in the regulations. The USML sets forth twenty-one categories of defense articles that are subject to export licensing controls by the United States Department of State’s Directorate of Defense Trade Controls (“DDTC”). 22 C.F.R. § 121.1. Such items are designated within the USML if they are “specifically designed, developed, configured, adopted, or modified for a military application,” do “not have predominant civil applications,” and do “not have performance equivalent....to those of an article or service used for civil applications.’ 22 C.F.R. § 120.3(a).

16. Unless specifically exempted, persons engaged in the export of defense articles covered by the USML must be registered with the DDTC, and must apply for and receive a valid license or other approval to export the defense article from the United States. Moreover, the DDTC maintains records of companies and individuals who have registered with the DDTC and applied for and received export licenses.

The Defendants’ Criminal Activities

17. CC-1 registered HFMG as a foreign contractor⁵ in the U.S. government’s System for Award Management (“SAM”) database⁶ in August 2006. From in or about 2008 through in or about 2011, DoD records indicate that HFMG was awarded approximately 38 contracts to produce foreign-made goods, with a total value of approximately \$749,910.

18. While HFMG was able to acquire bids as a foreign contractor during that timeframe, it could not legally obtain more lucrative contracts for the domestic manufacture of export-controlled defense articles. Accordingly, in order to maximize profits, and in an effort to obtain access to bids typically unavailable to foreign contractors, CC-1 and CIVI established front-companies in the U.S. to fraudulently obtain domestic DoD contracts.

⁵ As a foreign contractor, HFMG was classified as a “non-manufacturer,” which means that the company was permitted to supply “Qualifying Country End Products” (i.e., foreign made products) from Turkey to U.S. vendors. Conversely, HFMG was not authorized to supply U.S. vendors with Domestic End Products. Additionally, in the absence of a license issued by a U.S. export control authorities, HFMG was not permitted to access databases containing solicitations for bids on government contracts involving the manufacture of export-controlled defense articles. Similarly, HFMG was not permitted to bid on government contracts which had been reserved – or “set aside” – for small businesses pursuant to guidelines established by the U.S. Small Business Association (“SBA”).

⁶ The SAM database is the vehicle through which government contractors, including DoD contractors, provide the government with corporate contact information, including financial information and corporate leadership.

19. In or about November 2008, as part of this scheme, FMG was incorporated in New York. CC-1 was listed as the registered agent and the sole managing member for FMG. CC-1 subsequently opened at least three business bank accounts in the name of FMG at a U.S. bank (the "FMG Accounts"). CC-1 and CIVI are the only signatories for the FMG Accounts.

20. In or about August 2010, BMM was incorporated in New Jersey. CC-1 was listed as the registered agent and the sole managing member for BMM. CC-1 subsequently opened at least six business bank accounts in the name of BMM at two U.S. banks (the "BMM Accounts"). CC-1 and CIVI are the only signatories for the BMM Accounts.⁷

21. Also in or about August 2010, BMM was registered as a domestic contractor in the SAM database. BMM's Paterson, New Jersey address was listed as its physical location and mailing address. According to the SAM database, CC-1 was listed as BMM's owner, and also as BMM's primary point of contact ("POC"). Under the SAM database entries for both "Electronic Business POC" and "Government Business POC," CC-1 was listed as the primary POC with a specific contact e-mail address (the "CC-1 E-mail Account"). Additionally, BMM was assigned a CAGE code so that the company could do business with the DoD electronically.

22. As a Turkish citizen and resident, however, CC-1 was not permitted to obtain access to export-controlled information on the cFolders database, which access was necessary for CC-1's illicit manufacture of military parts overseas. In October 2010, in order to evade this restriction, CC-1 and CIVI submitted a Military Critical Technical Data Agreement to the DoD. The document falsely represented that CIVI, as a U.S. citizen, would be the primary "data custodian" for export-controlled information, and that such material would not be disseminated in a manner that would violate U.S. export control laws. Based on these false representations, BMM was granted JCP certification; additionally, CC-1 and CIVI were afforded access to the cFolders database. Through this access, CC-1 and CIVI created "user accounts" and were each assigned an individual user code.

23. From October 2010 through June 2015, CC-1 used his fraudulently obtained personal code to access U.S. government databases, to bid on military contracts, and to download thousands of drawings, some of which were subject to U.S. export control regulations, without obtaining export licenses from the U.S. Department of State (the "DOS"). In fact, records reviewed by law enforcement agents confirm that CC-1's personal code was the only BMM-affiliated code used to access these drawings during this timeframe.

⁷ DoD electronic payments are processed through the Defense Finance and Accounting Service ("DFAS"). DFAS is the DoD agency responsible for paying contractors for goods and services provided. During the course of the scheme, payments to BMM from the DoD were electronically wired to the BMM bank account.

Significantly, travel records confirm CC-1 was not in the United States when the majority of the drawings were downloaded. Drawings and technical data subject to export control laws cannot be provided to manufacturers in Turkey without an export license from the DOS.

24. The DOS has further determined that several of the drawings CC-1 downloaded while he was abroad were items on the USML, thereby requiring an export license. A review of relevant law enforcement databases has confirmed that no export licenses were applied for by the Defendants, nor granted to the Defendants, for any of those export-controlled drawings.

25. During the course of this scheme, BMM fraudulently acquired approximately 346 contracts from the DoD for the purported domestic manufacture of military parts. Financial records reviewed during this investigation have confirmed that from in or about 2011 through 2015, CC-1 and CIVI transferred approximately \$7 million in unlawfully obtained DoD funds from the BMM Accounts, through the FMG Accounts, to accounts held by CC-1 and HFMG in Turkey.

26. Specific examples of the Defendants' criminal conduct are detailed in Sections A through C, below.

A. DLA Contract # SPE4A6-13-M-D406

i. On January 17, 2013, CC-1 used the BMM CAGE code to access the DIBBS system. CC-1 submitted a bid containing false statements in order to obtain a contract to supply a quantity of parts to DLA known as "Housing, Electrical Rotating Equipment," which aid the control of fuel flow to torpedoes (the "Torpedo Parts").⁸ The bid submitted by GUL falsely stated that BMM, as a U.S. based manufacturer, would provide Domestic End Product. Only U.S. based contractors with JCP certification were eligible to obtain this contract.

ii. On April 4, 2013, based on CC-1's false bid to the DoD, BMM was awarded a purchase order to provide a quantity of Torpedo Parts to the DoD.⁹ The contract itself listed BMM at its New Jersey address as the "Contractor," and stated that the item BMM was contracted to produce was subject to export-control regulations.

iii. On July 5, 2013, a DLA representative sent an e-mail to BMM at the CC-1 E-mail Account to inquire whether expedited delivery would be possible for the Electrical Rotating Parts. On or about July 5, 2013, CC-1

⁸ The types of torpedoes which utilize the Torpedo Parts include the Mark 54 Lightweight Torpedo and the Mark 48 Advanced Capability (ADCAP) Torpedo. These torpedoes are employed in many classes of U.S. Navy submarines for both anti-submarine and anti-surface warfare.

⁹ The DLA contract number assigned to this purchase order was SPE4A6-13-M-D406.

replied via e-mail and stated, "We are planning to complete manufacturing operations and to have the contract inspected by the end of August 2013."

iv. On August 24, 2013, CC-1 used the CC-1 E-mail Account to contact the QAR assigned by DoD to inspect the Torpedo Parts. In this communication, CC-1 provided the QAR with a number of forged certifications. According to CC-1, the certifications were purportedly prepared by three different U.S.-based subcontractors hired by the Defendants to assist BMM. These certifications were intended to deceive the QAR that all necessary tests and processes were utilized by BMM in its domestic manufacture of the Torpedo Parts.

v. On August 28, 2013, the QAR met with CIVI at BMM's facility in New Jersey to personally inspect several of the Torpedo Parts. During this meeting, CIVI further confirmed that all of the necessary testing and processes had been completed in accordance with the forged certifications previously provided by CC-1. In reliance upon the false information the QAR received from CC-1 and CIVI, the QAR approved DoD payment for the Torpedo Parts contract.

vi. On September 3, 2013, government records confirm that Torpedo Parts were delivered by the Defendants to DLA. On September 9, 2013, DoD sent a wire transfer to the BMM Accounts containing partial payment for its services. On September 12, 2013, banking records confirm wire transfers of similar amounts made from the BMM Accounts to the FMG Accounts, and ultimately from the FMG Accounts to the HFMG business bank account in Turkey. Your Affiant has concluded that these banking transactions were intended to conceal the Defendants' ongoing criminal operations by eliminating direct financial links between HFMG in Turkey and BMM in New Jersey.

vii. Subsequent testing by DLA personnel of several Torpedo Parts provided by the Defendants revealed numerous design flaws. In order to confirm the source of the non-conformities, DLA representatives contacted the subcontractors who purportedly prepared the certifications provided by CC-1 to the QAR. Significantly, as confirmed by Your Affiant, each of the subcontractors stated that the certifications were, in fact, forgeries, and that they had not worked with BMM in the production of the Torpedo Parts, as falsely represented by CC-1 and CIVI.¹⁰

¹⁰ Your Affiant's review of DoD records during this investigation indicates that DoD has routinely encountered significant problems with the quality of the parts provided by BMM. The records Your Affiant has reviewed include the following: (i) Government Industry Data Exchange Program ("GIDEP") records, through which one DoD component may notify other DoD components that certain parts are defective and should be removed from the supply chain; and (2) Product Quality Deficiency Reports ("PQDRs"), which document deficiencies detected in new government property. Specifically, from in or about March 2013 through in or

B. DLA Contract # SPM7L4-12-M-1687

i. On May 10, 2012, CC-1 used BMM's CAGE code to access the DIBBS system. GUL submitted a bid containing false statements in order to obtain a contract to supply DLA with a quantity of parts known as "Housing, Ejector Rack," which are components of bomb ejector racks for the A-10 Thunderbolt II and F-16 Fighting Falcon aircraft (the "Bomb Ejector Parts").¹¹ The false bid submitted by CC-1 claimed that BMM was a U.S. based manufacturer and that domestic end product would be provided. Only U.S.-based contractors with JCP certification were eligible to obtain this contract.

ii. In connection with his false bid, CC-1 used his fraudulently obtained personal code to download technical drawings¹² from the cFolders database which were necessary for the manufacture and production of the Bomb Ejector Parts. The DLA contract contained warnings stating that the Bomb Ejector Parts were defense articles subject to the ITAR and AECA regulations and licensing restrictions. A review of law enforcement and open source databases has confirmed that GUL was not in the United States when those drawings were downloaded.

iii. Based on CC-1's false bid to the DoD, on or about June 13, 2012, BMM was awarded a purchase order to provide a quantity of Bomb Ejector Parts for DLA.¹³ The contract itself listed BMM at its New Jersey address as the "Contractor," and stated that the item BMM was contracted to produce was subject to export-control regulations.

about April 2014, at least fourteen (14) BMM contracts were found to have been non-conforming in some way. In Your Affiant's experience, a large volume of defective parts produced by a given manufacturer is indicative of the company's general absence of quality and workmanship throughout the supply chain, which is common when parts are unlawfully manufactured outside the U.S. without the implementation of proper testing requirements. The value of the contracts for the afore-mentioned failed parts attributable to BMM exceeds \$350,000; of course, this figure excludes repair and replacement costs, and does not account for any potential harm or difficulties encountered by U.S. military personnel who may ultimately use a non-conforming part.

¹¹ The A-10 Thunderbolt II is generally described as a fixed-wing aircraft designed and used by the U.S. Air Force for close air support, forward air control, and ground attack purposes. The F-16 Fighting Falcon is generally described as a single engine, multi-role fighter aircraft, also used by the U.S. Air Force.

¹² The relevant technical drawing is specifically identified as Drawing Number 67J45266.

¹³ The DLA contract number assigned to this purchase order was SPM7L4-12-M-1687. The contract contained, in part, the following export control warnings: "This item is a 'defense article' as defined in and subject to the International Traffic in Arms Regulations (22 C.F.R. 120-30) and the Arms Export Control Act (22 U.S.C.A. 2778-2799...this item has technical data that is subject to export-control regulations..."

iv. On January 29, 2013, and May 15, 2014, CC-1 used the CC-1 E-mail Address to contact the QAR assigned by DoD to inspect the Bomb Ejector Parts. In these communications, Cc-1 provided the QAR with forged certifications purportedly prepared by several U.S.-based subcontractors hired by the Defendants to assist BMM. These certifications were intended to deceive the QAR that all necessary tests and processes were utilized by BMM in its domestic manufacture of the Bomb Ejector Parts.

v. Subsequent to his receipt of the certifications from CC-1, the QAR met with CIVI at BMM's facility in New Jersey to personally inspect several samples of the Bomb Ejector Parts. During these meetings, CIVI further confirmed that all of the necessary testing and processes had been completed during the manufacturing process of the Bomb Ejector Parts, in accordance with the forged certifications previously provided by CC-1. In reliance upon the false information the QAR received from CC-1 and CIVI, the QAR ultimately approved DoD payment to BMM for the Bomb Ejector Parts contract.

vi. On May 27, 2014, in anticipation of the completion of the contract by BMM, the DoD sent a wire transfer to the BMM Accounts as payment for its alleged services. On May 29, 2014, banking records confirm wire transfers of similar amounts made from the BMM Accounts to the FMG Accounts, and ultimately from the FMG Accounts to the HFMG business bank account in Turkey. Your Affiant has concluded that these banking transactions were intended to conceal the Defendants' ongoing criminal operations by eliminating direct financial links between HFMG in Turkey and BMM in New Jersey.

vii. On or about June 24, 2014, agents with the United States Department of Homeland Security, Customs and Border Protection ("CBP"), lawfully searched the contents of an inbound shipment sent from HFMG in Turkey. The shipment contained dozens of Bomb Ejector Parts manufactured and shipped by HFMG pursuant to the DLA contract, several of which were engraved with BMM's assigned CAGE code. Additionally, an invoice included within the shipping records falsely indicated that the Bomb Ejector Parts were sold by HFMG to FMG, rather than to the DoD. In fact, there was no reference in any of the invoice or shipping documents to the DoD or to the DLA contract. Your Affiant's review of these documents, as well as other records, invoices, and shipments seized in connection with this investigation indicates that the Defendants' shipping practice in this instance was intended to obscure any direct links between the Defendants' foreign manufacturing operations at HFMG and their U.S. based operations at BMM.

viii. By letter dated October 22, 2015, the DOS confirmed that the technical drawings necessary to manufacture the Bomb Ejector Parts, which were initially downloaded by CC-1 on May 10, 2012, are designated as defense articles on the USML. CC-1 did not obtain an export license from the

DOS for the export of those drawings, and was not permitted to manufacture the Bomb Ejector Parts outside the U.S.

ix. Additionally, Your Affiant has confirmed that the U.S. based subcontractor certifications provided by the Defendants to the QAR were, in fact, forgeries, and that the subcontractors did not work with BMM in the production of the Bomb Ejector Parts, as falsely alleged by CC-1 and CIVI.

C. DLA Contract # SPM7L4-13-M-1974

i. On or about April 5, 2013, CC-1 used BMM's CAGE code to access the DIBBS system. CC-1 submitted a bid containing false statements in order to obtain a contract to supply DLA with a quantity of parts known as "Leaf Sight and Grab" and "Seal Assembly," which are components of the M203 Grenade Launcher system (the "Grenade Parts").¹⁴ The false bid submitted by CC-1 claimed that BMM was a U.S. based manufacturer and that domestic end product would be provided. Only U.S.-based contractors with JCP certification were eligible to obtain this contract.

ii. Travel records reviewed during this investigation confirm that CC-1 arrived in the U.S. from Turkey on March 22, 2013. In connection with his false bid, on or about March 26, 2013, CC-1 used his fraudulently obtained personal code to download technical drawings from the cFolders database which were necessary for the manufacture and production of the Grenade Parts.¹⁵ The DLA contract contained warnings stating that the Grenade Parts were defense articles subject to ITAR and AECA regulations and licensing restrictions. CC-1 subsequently departed the U.S. for Turkey on March 30, 2013.

iii. Based on CC-1's false bid to the DoD, on or about April 24, 2013, BMM was awarded a purchase order to provide a quantity of Grenade Parts for DLA.¹⁶ The contract itself listed BMM at its New Jersey address as the "Contractor," and stated that the item BMM was contracted to produce was subject to export-control regulations.

iv. On or about December 27, 2013, CC-1 used the CC-1 E-mail Account to send the QAR false certifications from numerous subcontractors, which were intended to deceive the QAR about the materials, workmanship,

¹⁴ The M203 Grenade Launcher is an anti-personnel weapon system generally used by U.S. military forces for close fire support against various targets. This weapon system is equipped with a variety of components, including the launcher, adaptors for attachment to assault rifles, and leaf sites which can be used with the rifle's front site post.

¹⁵ The relevant technical drawing is specifically identified as Drawing Number 12598117.

¹⁶ The DLA contract number assigned to this purchase order was SPM7L4-13-M-1974. The contract contained, in part, the following export control warnings: "This item is a 'defense article' as defined in and subject to the International Traffic in Arms Regulations (22 C.F.R. 120-30) and the Arms Export Control Act (22 U.S.C.A. 2778-2799...this item has technical data some or all of which is subject to export-control regulations..."

and testing protocols utilized by BMM and its subcontractors while purportedly manufacturing the Grenade Parts in the United States.

v. On September 24, 2014, the QAR met with CIVI at BMM's facility in New Jersey to personally inspect a sample of the Grenade Parts. During this meeting, CIVI further confirmed that all of the necessary testing and processes for the manufacture of the Grenade Parts had been completed in accordance with the forged certifications previously provided by CC-1. Additionally, CIVI falsely represented that the entire quantity of parts for the contract were presently located at BMM's New Jersey facility, packaged, and ready for shipment to the DoD. In reliance upon the false information the QAR received from CC-1 and CIVI, the QAR approved DoD payment for the Grenade Parts contract.

vi. Shortly thereafter, in anticipation of the completion of the contract by BMM, the DoD sent a wire transfer in the amount of \$121,419.00 to the BMM Accounts as payment for its alleged services. Banking records confirm subsequent wire transfers of similar amounts made from the BMM Accounts to the FMG Accounts, and ultimately from the FMG Accounts to the HFMG business bank account in Turkey. Your Affiant has concluded that these banking transactions were intended to conceal the Defendants' ongoing criminal operations by eliminating direct financial links between HFMG in Turkey and BMM in New Jersey.

vii. On or about September 26, 2014, the Defendants shipped the actual Grenade Parts from HFMG in Turkey via air cargo to FMG in New Jersey. The shipment contained a detailed commercial invoice and packing list, which indicated that the cargo contained 900 "leaf site and grab" units, and 138 "seal assembly" units (*i.e.*, the Grenade Parts). BASCI was the listed recipient of the shipment at FMG's New Jersey address. However, the cargo was first routed through a United Parcel Service ("UPS") facility in Louisville, Kentucky, prior to its ultimate destination at FMG. CBP officials at the UPS facility subsequently conducted a routine border search of the shipment, whereupon the Grenade Parts were discovered.

viii. Subsequently, on or about October 1, 2014, UPS customs officials contacted BASCI via e-mail to obtain a detailed description of the commodities contained in the shipment, to include an explanation of the planned use of the items, a clarification of whether the items contained weapons components, and whether the items would be used for government or military operations. Significantly, UPS officials provided BASCI with a copy of the shipping invoice, and also requested information concerning a detailed clarification of the destination of the "grenade launcher sites," and whether the commodities were intended for government or military operations.

ix. Over the next several weeks, BASCI and CC-1 endeavored to deceive customs officials about the true nature and end use of the Grenade

Parts in order to protect the Defendants' continuing, foreign manufacture of weapons components in violation of U.S. export and defense contracting procedures.

x. For example, by e-mail correspondence dated October 1, 2014, BASCI falsely advised a UPS official that "there is no grenade type thing listed on the packing slips or any of the cargo documents that I have been supplied by the sender....how did you....derive that there is firearms in the cargo....?" In response, by e-mail dated October 2, 2014, UPS personnel advised BASCI that the commodities in the shipment were observed and researched via open source documents and were found to be weapons components. Further, BASCI was advised that in order to import weapons components into the U.S., certain licenses and/or approvals must first be obtained through the Bureau of Alcohol, Tobacco, Firearms and Explosives ("ATF"). Additionally, UPS personnel again requested confirmation from BASCI about the nature and use of the Grenade Parts contained in the shipment so that its customs officials could properly process the shipment for delivery.

xi. Later that day, BASCI forwarded her e-mail correspondence with the UPS official to CC-1, and requested his assistance. Based on CC-1's response, BASCI sent a reply e-mail to the UPS official and falsely advised him that "the leaf site and grab (i.e., the Grenade Parts) is an apparatus used to adjust camera positioning to give the necessary angle to whomever is using the camera...*it's not a firearm or weapon component.*" (Emphasis added). In response, UPS personnel again requested confirmation via e-mail about the intended use of the leaf site. Specifically, BASCI was asked, "Will the leaf site be assembled to a weapons system?" BASCI falsely replied, "Not as far as we know."

xii. In a series of follow-up e-mail communications between BASCI and UPS officials between October 9, 2014, and November 6, 2014, BASCI attempted to convince UPS to ship the Grenade Parts back to HFMG's offices in Turkey. BASCI was ultimately informed that U.S. customs officials had taken possession of the shipment pending their receipt of the previously requested information from UPS and ATF.

xiii. By e-mail correspondence dated November 7, 2014, BASCI advised CC-1 of BASCI's plan to deceive ATF representatives and to recover the seized shipment. Specifically, BASCI outlined the content of a draft e-mail that BASCI intended to send to the ATF, wherein she stated that "[t]he items in question are somethings [sic] called camera mounts/leaf sight and grab, which get assembled with a camera on robotics" and "an ATF 6 forms or license will not be required for such non munition, non-military grade accessories." CC-1 subsequently approved the content of BASCI's suggested correspondence to the ATF, stating that "...it looks good....[a]s a continuation of this, what questions could be asked or what else could be requested from us, did you think about that?" In response, BASCI replied, in part, that "[y]es, I thought about it....we

are supposedly manufacturing it for the purpose of using it for robotics....I did some thinking....[t]he employee is going to ask [sic] from us a drawing that was either supplied to us by our 'customer' or that we designed for them and got their approval for, before sending it to production, or he is going to ask for the final photo of the product so that we can prove its commercial use and not military....[f]or this purpose, I'll need a drawing of this product that will look like it adapts to a robotics product, or I will need the photograph of a robotic product that will look like it is the right robotics for this product."

xiv. Subsequently, between November 8, 2014 and November 12, 2014, BASCI engaged in a series of e-mail communications with an ATF industry liaison representative in an effort to retrieve the seized shipment. During these communications, BASCI falsely advised the ATF representative that the Grenade Parts were actually "camera mounts" which were intended to be "assembled with a camera on robotics."

xv. In furtherance of this ploy, and to conceal the true nature and intended use of the Grenade Parts, BASCI directed an HFMG-affiliated employee in Turkey to produce the false diagram she had earlier discussed with CC-1. Specifically, on November 11, 2014, BASCI sent the following e-mail to the employee:

"Until now, we have been trying in vain to obtain permission or to convince the agents that the stuff that has been held at the customs is not weapon parts but parts for a robot camera. *Now, since we told the agent that these pieces have been manufactured for a private firm that has placed the order with us and that they are going to be used for robots, we have to obtain a design, a photo or a letter to support our claim. In other words, if we can provide a design showing that the above-mentioned pieces are for a specific robot that will be super. **The letter can even be from a fictitious company that is consenting to the design prepared by you....in the end, you have to take care of this design business yourself. It is the piece that is called leaf sight and grab. Good luck.***" (Emphasis added).

xvi. On November 12, 2014, following her receipt of the false diagram, BASCI sent an e-mail to the ATF representative. BASCI's e-mail contained a copy of the false diagram, which depicted a leaf site and grab (i.e., the Grenade Parts) mounted on top of a "tripod topographic survey machine" (the "Tripod"). The Tripod drawing was labeled with the "BMM Group" logo and contained a false BMM "part number" for the Tripod. Significantly, the drawing failed to depict the actual nature or true end-use of the Grenade Parts in every respect.

xvii. By letter dated October 28, 2015, the DOS confirmed that the Grenade Parts are designated as defense articles on the USML. The Defendants did not obtain a license from the DOS for the export or temporary

import of these items, and were not permitted to manufacture the Grenade Parts outside the U.S.

xviii. Additionally, Your Affiant has confirmed that the U.S. based subcontractor certifications provided by the Defendants to the QAR were, in fact, forgeries, and that the U.S. subcontractors did not work with BMM in the production of the Grenade Parts, as falsely alleged by CC-1 and CIVI.