

**IN THE UNITED STATES DISTRICT COURT
FOR THE NORTHERN DISTRICT OF FLORIDA
PENSACOLA DIVISION**

UNITED STATES OF AMERICA

v.

Case Number 3:19cr71/MCR

JAMES P. MEHARG
_____ /

FACTUAL BASIS FOR GUILTY PLEA

The defendant admits that if this case were to proceed to trial, the government could prove the following facts. The indictment is fully incorporated herein as true and accurate:

On or about July 28, 2018, an outbound shipment of a Solar brand gas turbine assembly (“turbine”) with a declared value of approximately \$200,000.00 was detained by the U.S. Department of Commerce/Bureau of Industry & Security (“BIS”) in Mobile, Alabama. The exporter of the turbine was Turbine Resources International, LLC (“TRI”), located in Pensacola, Florida. The turbine was consigned to Company A in Sharjah, United Arab Emirates (“UAE”). The turbine was detained because Company A, to which the turbine was going, is involved in the diversion of turbines to Iran.

Investigation confirmed that Company A is specifically involved in the supply of gas turbines to the Iran Oilfield Supply Kish Company (“IOSK”) in Shiraz,

Iran. IOSK is a company specializing in oil, gas, and petrochemical industries in Iran. The investigation identified Co-conspirator B as a manager of IOSK. The identification of Co-conspirator B's managerial involvement demonstrated how a front company was being utilized to conceal the diversion of turbines from the United States to Iran by first shipping the turbines to the UAE using falsified export documents.

TRI President James MEHARG (the defendant) was contacted regarding the detention of the turbine that occurred July 28, 2018. According to MEHARG, an individual he knew to be involved in the "turbine business," who has been identified as Co-conspirator A, traveled to the United States (Pensacola) to inspect and purchase the turbine. A review of the export documents demonstrated that the gentlemen, including the defendant, were involved in the sale and attempted export of the turbine (and associated parts) from TRI to Iran via the UAE, and that they utilized multiple email accounts for this transaction.

A review of relevant emails, as well as completed documents and currency transfers, is summarized below:

1. On or about October 25, 2017, MEHARG sent an email to Co-conspirator A regarding turbine related projects.

2. On or about October 26, 2017, MEHARG sent an email to Co-conspirator A that included information regarding a Solar Mars 90 S turbine that MEHARG could sell.

3. On or about November 13, 2017, Co-conspirator A sent an email to Co-conspirator B regarding the availability of MEHARG's turbine.

4. On or about January 10, 2018, Co-conspirator A sent an email to MEHARG asking if MEHARG possessed the turbine because Co-conspirator A had a potential client.

5. On or about January 10, 2018, Co-conspirator B sent an email to Co-conspirator A requesting an offer for the turbine.

6. On or about January 11, 2018, Co-conspirator A sent an email to MEHARG asking if the turbine should be offered to the end-user.

7. On or about January 11, 2018, MEHARG sent an email to Co-conspirator A that included the attachment of approximately 49 images of turbine parts and components.

8. On or about March 25, 2018, Co-conspirator B sent an email to Co-conspirator A requesting a quote and technical information for a turbine.

9. On or about March 25, 2018, MEHARG sent an email to Co-conspirator A that included pricing information for the Solar Mars 90 S turbine.

10. On or about March 25, 2018, Co-conspirator A sent an email to MEHARG informing MEHARG that they would not need “Solonox,” which is combustion technology, because the turbine was destined for Iran, and that Co-conspirator A had included MEHARG in emails with Co-conspirator B.

11. On or about March 29, 2018, Co-conspirator A sent an email to MEHARG that included the statement “Jim, To summarize. M90S you will send internal pictures and information from Solar...They may send me to watch removal/crating...”

12. On or about March 29, 2018, MEHARG sent an email to Co-conspirator A that contained an attachment entitled “solar mars 90 T12000S test life cyclereport [sic]...”

13. On or about March 29, 2018, MEHARG sent an email to Co-conspirator A that included an image of a data plate for a Mars 90 turbine.

14. On or about April 25, 2018, MEHARG emailed Co-conspirator A an attached invoice regarding the sale and shipping details for the Solar Mars 90 turbine core engine with a price of \$500,000.00.

15. On or about April 26, 2018, Co-conspirator A sent an email to MEHARG regarding initial payment and packaging of the turbine into a container.

16. On or about April 30, 2018, Co-conspirator A sent an email to MEHARG regarding the first payment installment for the turbine.

17. On or about May 7, 2018, a payment of \$124,950.00 was received by TRI from a company located in Dubai as the first installment on the turbine.

18. Between on or about May 7, 2018 and May 8, 2018, Co-conspirator A traveled to the United States from the United Arab Emirates to assist MEHARG with loading the turbine into a container for export by sea to Company A.

19. On or about May 22, 2018, MEHARG sent an email that included a Shipper's Letter of Instruction ("SLI"). The SLI included a block that stated "I certify that the statements made and all information contained herein are true and correct. I understand that civil and criminal penalties...may be imposed for making false and fraudulent statements herein..." The SLI was signed by MEHARG and dated May 18, 2018.

20. On or about May 22, 2018, an EEI was filed on behalf of TRI for the export of a gas turbine rotor and nozzle assemblies that was exported from TRI to Company A on or about May 28, 2018.

21. On or about May 24, 2018, TRI received a payment of \$124,950.00 from the United Arab Emirates as the second payment installment for the turbine.

23. On or about July 9, 2018, MEHARG executed an SLI in relation to the shipment of the turbine and parts stating the value as \$200,000.00. The SLI also included a block that stated "I certify that the statements made and all information

contained herein are true and correct. I understand that civil and criminal penalties...may be imposed for making false and fraudulent statements herein..."

24. On or about July 21, 2018, an EEI was filed on behalf of TRI for the export of the turbine with a declared value of \$200,000, though it had an invoiced value of \$500,000, that was scheduled to be exported from TRI to Company A.

MEHARG now admits that he was involved with Co-conspirator A, and they worked to export the aforesaid turbine, which ultimately had an end destination of Iran. MEHARG, as President of TRI, had full knowledge of export control laws in the United States. MEHARG also admits to submitting false documents as noted above and noted in the fully incorporated indictment, as well as illicitly receiving approximately \$250,000.00 in payments from a foreign country during the course of the charged conduct.

Summary of the Elements of the Offenses

Count One

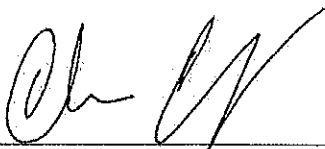
1. Two or more people in some way agreed to try to accomplish a shared and unlawful plan to illicitly export items to an embargoed country without authorization as well as to submit false and misleading export information and thus obstruct lawful government functions contrary to law;
2. The defendant knew the unlawful purpose of the plan and willfully joined in it; and
3. The object of the unlawful plan was to illicitly export items to an embargoed country as well as to submit false and misleading export information and thus obstruct lawful government functions contrary to law.

Count Four

1. The defendant made a false writing or document,
2. The writing or document contained a statement that was false or fictitious or fraudulent,
3. That the statement was material,
4. The defendant acted knowingly and willfully; and
5. The matter was within the statutory confines of export control.

Count Five

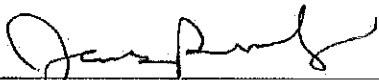
1. The defendant transported, transmitted, transferred, or attempted to do so,
2. Monetary instruments or funds,
3. From a place in the United States to or through a place outside the United States, or to a place in the United States from or through a place outside the United States (herein the United Arab Emirates); and
4. With the intent to promote the carrying on of specified unlawful activity as charged in Count Four.



CHRISTOPHER CRAWFORD
Attorney for Defendant
Florida Bar No. 0087755
1 S. A Street, Suite 103
Pensacola, Florida 32502
(850) 432-7726

9-19-19

Date



JAMES P. MEHARG
Defendant

LAWRENCE KEEFE
United States Attorney



DAVID L. GOLDBERG
Assistant U.S. Attorney
Northern District of Florida
Member of the Maryland Bar
21 East Garden Street, Suite 400
Pensacola, Florida 32502
(850) 444-4000

9/19/19

Date