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Connecticut Business Owners Admit to Profiting from Unlawful Exports to Pakistan

John H. Durham, United States Attorney for the District of Connecticut, announced that MUHAMMAD ISMAIL, 67, of Meriden, and KAMRAN KHAN, 38, of Hamden, pleaded guilty today in Bridgeport federal court to money laundering in connection with funds they received for the unlawful export of goods to Pakistan. A third defendant, Imran Khan, 43, of North Haven, previously pleaded guilty to violating U.S. export laws.

According to court documents and statements made in court, from at least 2012 to December 2016, Ismail, and his two sons, Kamran and Imran Khan, were engaged in a scheme to purchase goods that were controlled under the Export Administration Regulations ("EAR") and to export those goods without a license to Pakistan, in violation of the EAR. Through companies conducting business as Brush Locker Tools, Kauser Enterprises-USA and Kauser Enterprises-Pakistan, the three defendants received orders from a Pakistani company that procured materials and equipment for the Pakistani military, requesting them to procure specific products that were subject to the EAR. When U.S. manufacturers asked about the end-user for a product, the defendants either informed the manufacturer that the product would remain in the U.S. or completed an end-user certification indicating that the product would not be exported.

After the products were purchased, they were shipped by the manufacturer to the defendants in Connecticut. The products were then shipped to Pakistan on behalf of either the Pakistan Atomic Energy Commission ("PAEC"), the Pakistan Space & Upper Atmosphere Research Commission ("SUPARCO"), or the National Institute of Lasers & Optronics ("NILOP"), all of which were listed on the U.S. Department of Commerce Entity List. The defendants never obtained a license to export any item to the designated entities even though they knew that a license was required prior to export. The defendants received the proceeds for the sale of export controlled items through wire transactions from Value Additions' Pakistan-based bank account to a U.S. bank account that the defendants controlled.

Ismail and Kamran Khan each pleaded guilty to one count of international money laundering, for causing funds to be transferred from Pakistan to the U.S. in connection with the export control violations. In pleading guilty, Ismail and Kamran Khan specifically admitted that, between January and July 2013, they procured, received and exported to SUPARCO, without a license to do so, certain bagging film that is used for advanced composite fabrication and other high temperature applications where dimensional stability, adherence to sealant tapes and uniform film gage are essential. The proceeds for the sale of the bagging film was wired from Pakistan to the defendants in the U.S.

When they are sentenced, Ismail and Kamran Khan face a maximum term of imprisonment of 20 years. Since the time of their arrests in December 2016, Ismail has been released on a \$50,000 bond, and Kamran Khan has been released on a \$100,000 bond.

Ismail and Kamran Khan are both citizens of Pakistan and lawful permanent residents of the U.S.

On June 1, 2017, Imran Khan pleaded guilty to one count of violating the International Emergency Economic Powers Act. In pleading guilty, KHAN specifically admitted that, between August 2012 and January 2013, he procured, received and exported to PAEC an Alpha Duo Spectrometer without a license to do so. He is released on a \$100,000 bond pending sentencing.

This matter is being investigated by the Defense Criminal Investigative Service, Federal Bureau of Investigation, Homeland Security Investigations, U.S. Postal Inspection Service and the U.S. Department of Commerce's Office of Export Enforcement. The case is being prosecuted by Assistant U.S. Attorneys Jacabed Rodriguez-Coss and Stephen B. Reynolds, in coordination with Trial Attorney Scott McCulloch of the Justice Department's Counterintelligence and Export Control Section (CES).

Topic(s):

Counterintelligence and Export Control

Component(s):

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