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Department of Justice

U.S. Attorney's Office

District of New Jersey

FOR IMMEDIATE RELEASE

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Owner of Defense Firm Charged with Conspiracy to Defraud Department of Defense of \$7 Million, Violate Arms Export Control Act

NEWARK, N.J. – A Turkish man who owns a New Jersey defense contracting business has been charged in a scheme to fraudulently acquire lucrative manufacturing contracts with the U.S. Department of Defense (DoD), and for conspiring to export military technical drawings to Turkey without a license from the State Department, U.S. Attorney Craig Carpenito announced today.

Ferdi Murat Gul, a/k/a "Fred Gul," 42, of Turkey, was indicted by a federal grand jury on Sept. 5, 2018, on one count of conspiracy to commit wire fraud, six counts of wire fraud, one count of conspiracy to violate the Arms Export Control Act, and one substantive count of violating the Act. He is believed to be currently at large in Turkey.

According to the indictment:

Gul is the principal owner, chief executive officer, and general manager of two companies located in the United States: Bright Machinery Manufacturing Group Inc. (BMM), a defense contracting company located in Paterson, New Jersey; and FMG Machinery Group (FMG), a purported manufacturing company in Paterson and Long Island City, New York. Gul also maintains an ownership interest in HFMG Insaat (HFMG), a manufacturing company in Turkey.

Over approximately five years, BMM fraudulently obtained hundreds of contracts with the DoD by falsely claiming that the military parts it contracted to produce would be manufactured in the United States. From October 2010 through June 2015, the value of the contracts fraudulently awarded to BMM was approximately \$7 million.

Gul routinely submitted electronic bids for DoD contracts that contained false representations about BMM's purported domestic manufacturing operations. He falsely submitted quotes claiming that BMM would provide military goods manufactured in the United States, when in fact the company relied almost exclusively on Gul's Turkish-based production facilities. In acquiring contracts, Gul routinely and unlawfully exported drawings and technical data, some of which was subject to U.S. export control laws, in order to secretly manufacture military parts in Turkey. Gul and his conspirators then fraudulently supplied those foreign-made parts to unwitting DoD customers in the United States.

Gul and his conspirators concealed their illicit manufacturing activities and ongoing fraud by routinely submitting forged certifications and fabricated information by e-mail to DoD representatives in New Jersey. They falsely represented that BMM and its U.S.-based subcontractors performed necessary quality control procedures in their purported domestic manufacture of military parts. BMM fraudulently acquired 346 contracts from the DoD to domestically manufacture military parts, including parts for torpedoes for the U.S. Navy, bomb ejector racks and armament utilized in U.S. Air Force aircraft, and firearms and mine clearance systems used by U.S. military personnel abroad. Testing by the DoD revealed that some parts had numerous design flaws and non-conformities and were unusable.

The wire fraud counts each carry a maximum penalty of 20 years in prison and a fine of \$250,000. The Arms Export Control Act violations each carry a maximum penalty of 20 years in prison and a \$1 million fine.

The Arms Export Control Act prohibits the export of defense articles and defense services without first obtaining a license from the U.S. Department of States.

U.S. Attorney Carpenito credited special agents of the U.S. Department of Defense, Defense Criminal Investigative Service Northeast Field Office, under the leadership of Special Agent in Charge Leigh-Alistair Barzey and special agents of U.S. Immigration and Customs Enforcement (ICE) Homeland Security Investigations (HSI), Counter Proliferation Investigations, under the supervision of Special Agent in Charge Brian Michael, with the investigation leading to the indictment.

The government is represented by Assistant U.S. Attorney Dean C. Sovolos of the U.S. Attorney's Office National Security Unit, along with assistance from the U.S. Department of Justice, National Security Division, in Washington, D.C.

The charges and allegations in the indictment are merely accusations, and the defendant is considered innocent unless and until proven guilty.

Attachment(s):

[Download Gul.Indictment.pdf](#)

Topic(s):

National Security

Component(s):

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