

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

UNITED STATES OF AMERICA

v.

JAMES P. MEHARG
_____ /

**SEALED
INDICTMENT**

3:19 CR 71 MCR

THE GRAND JURY CHARGES:

INTRODUCTION

At all times material to this Indictment:

1. Turbine Resources International, LLC ("TRI") was a privately owned company headquartered in Pensacola, Florida.

2. Defendant **JAMES P. MEHARG** was a citizen of the United States. He was also the Chief Executive Officer and President of TRI.

3. Co-conspirator A was a citizen of the United Kingdom.

4. Co-conspirator B was a citizen of Iran. He was also the Chief Executive Officer of Company A.

5. The International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. §§ 1701-1706, authorized the President of the United States ("the

President”) to impose economic sanctions on a foreign country in response to an unusual or extraordinary threat to the national security, foreign policy or economy of the United States when the President declares a national emergency with respect to that threat. Pursuant to this authority, the President and the executive branch issued orders and regulations governing and prohibiting certain transactions with Iran by U.S. persons or U.S.-origin goods.

6. Beginning with Executive Order No. 12170, issued on November 14, 1979, the President has found that “the situation in Iran constitutes an unusual and extraordinary threat to the national security, foreign policy and economy of the United States...and declare[d] a national emergency to deal with that threat.” On March 15, 1995, the President issued Executive Order No. 12957, finding that “the actions and policies of the Government of Iran constitute an unusual and extraordinary threat to the national security, foreign policy, and economy of the United States” and declaring “a national emergency to deal with that threat.” Executive Order No. 12957, as expanded and continued by Executive Orders Nos. 12959 and 13059, was in effect at all times relevant to this Indictment.

7. The Executive Orders imposed economic sanctions, including a trade embargo, on Iran. The Executive Orders prohibited, among other things, the exportation, reexportation, sale, or supply, directly or indirectly, to Iran of any

goods, technology, or services from the United States or by a United States person. The Executive Orders also prohibited any transaction by any United States person or within the United States that evaded or avoided, or had the purpose of evading or avoiding, any prohibition set forth in the Executive Orders.

8. The Executive Orders authorized the United States Secretary of the Treasury, in consultation with the United States Secretary of State, “to take such actions, including the promulgation of rules and regulations, as may be necessary to carry out the purposes” of the Executive Orders. Pursuant to this authority, the Secretary of the Treasury, through the Office of Foreign Assets Control (“OFAC”), promulgated the Iranian Transactions Regulations (“ITR”), 31 C.F.R. Part 560, implementing the sanctions required by the Executive Orders. On October 22, 2012, OFAC renamed the ITR, the “Iranian Transactions and Sanctions Regulations” (“ITSR”) and reissued them in their entirety.

9. The ITSR generally prohibit any person from exporting or causing to be exported from the U.S. to Iran any goods or technology without having first obtained an export license from OFAC. The ITSR imposed, among others, the following prohibitions:

- a. Section 560.203 –Evasions; attempts; causing violations; conspiracies.*

- (a) Any transaction on or after the effective date that evades or avoids, has the purpose of evading or avoiding, causes a violation of, or attempts to violate any of the prohibitions set forth in this part is prohibited.
- (b) Any conspiracy formed to violate any of the prohibitions set forth in this part is prohibited.

b. *Section 560.204 – Prohibited exportation, reexportation, sale, or supply of goods, technology, or services to Iran.*

Except as otherwise authorized [by a license issued by OFAC], the exportation, reexportation, sale, or supply, directly or indirectly, from the United States, or by a United States person, wherever located, of any goods, technology, or services to Iran or the Government of Iran is prohibited, including the exportation, reexportation, sale, or supply of any goods, technology, or services to a person in a third country undertaken with knowledge or reason to know that:

- (a) Such goods, technology, or services are intended specifically for supply, transshipment, or re-exportation, directly or indirectly, to Iran or the Government of Iran...

c. *Section 560.205 – Prohibited reexportation of goods, technology, or services to Iran or the Government of Iran by persons other than United States persons; exceptions.*

Except as otherwise authorized pursuant to this part... the reexportation from a third country, directly or indirectly, by a person other than a United States person, of any goods, technology, or services that have been exported from the United States is prohibited, if:

- (1) Undertaken with knowledge or reason to know that the reexportation is intended specifically for Iran or the Government of Iran; and

- (2) The exportation of such goods, technology, or services from the United States to Iran was subject to export license application requirements under any United States regulations in effect on May 6, 1995, or thereafter is made subject to such requirements imposed independently of this part.

10. The Executive Orders and the ITSR were in effect at all times relevant to this Indictment.

11. The United States Department of Commerce, through the U.S. Census Bureau and the Department of Homeland Security, U.S. Customs & Border Protection, participated in and maintained the Automated Export System (“AES”), an electronic portal of information for exports of goods from the United States. The U.S. Census Bureau required the filing of electronic export information (“EEI”) through the AES or through AESDirect pursuant to Title 13, Code of Federal Regulations, Part 30. The purpose of these requirements was to strengthen the United States Government’s ability to prevent the export of certain items to unauthorized destinations and end users because the AES aided in targeting, identifying, and when necessary, confiscating suspicious or illegal shipments prior to exportation. 15 C.F.R. §30.1(b). Exporters filed EEI by entering the data manually into AES via a computer. 15 C.F.R. §30.6(a). EEI included the date of export, the U.S. Principal Party of Interest, the description of the commodity to be exported, the intermediate consignee’s name and address (if

applicable), the ultimate consignee's name and address, and the country of ultimate destination. 15 C.F.R. §30.6. Each filing was identified by a unique Internal Transaction Number (ITN). Exporters, shippers, and freight forwarders were required to file an accurate and truthful EEI for all goods or technology exported from the United States with a value greater than \$2,500, or for which an export license was required. (15 C.F.R. Section 758.1; 15 C.F.R. Section 30.2).

COUNT ONE

Between on or about October 1, 2017, and on or about June 12, 2019, in the Northern District of Florida and elsewhere, the defendant,

JAMES P. MEHARG,

did knowingly combine, conspire, confederate and agree with Co-conspirator A and Co-conspirator B, and others, to commit offenses against the United States, and to defraud the United States, more particularly:

- A. to willfully export, attempt to export, and cause the export of a Solar Mars 90 S turbine and parts, from the United States to Iran in violation of the embargo imposed upon that country by the United States, without having first obtained the required licenses or authorizations from the OFAC, United States Department of the Treasury, in violation of Title 50, United States Code, Section 1705; and Title 31, Code of Federal

Regulations, §§ 560.203 through 560.205 and §§ 594.204 and 594.205;

- B. to knowingly submit, attempt to submit, and cause to be submitted false and misleading export information through the AES, in violation of Title 13, United States Code, Section 305;
- C. to fraudulently and knowingly export and send, and cause to be exported and sent, from the United States, merchandise, articles, and objects contrary to a law and regulation of the United States, that is, Title 18, United States Code, Section 554; and
- D. to defraud the Department of the Treasury by interfering with and obstructing a lawful government function, that is, the enforcement of laws and regulations prohibiting the export or supply of goods and services from the United States to Iran and to restricted parties without authorization or a license, by deceit, craft, trickery, and dishonest means, in violation of Title 18, United States Code, Section 371.

Manner and Means of the Conspiracy

1. Defendant **JAMES P. MEHARG**, Co-conspirator A and Co-

conspirator B used electronic mail accounts (“email”) and other forms of communication to convey information amongst themselves.

2. Defendant **JAMES P. MEHARG** received wire transfers in United States dollars as payment for U.S.-origin goods as Chief Executive Officer and President of TRI.

3. Defendant **JAMES P. MEHARG**, Co-conspirator A and Co-conspirator B concealed from companies, shippers, freight forwarders, and others located in the United States, the ultimate end-user of the U.S.-origin goods was located in Iran.

4. Defendant **JAMES P. MEHARG** caused to be made materially false, misleading, and incomplete information to be entered in the AES.

5. Defendant **JAMES P. MEHARG**, Co-conspirator A and Co-conspirator B caused and attempted to cause a Solar Mars 90 S turbine and parts to be exported from the United States, with a final destination of an entity in Iran, without obtaining a license or other authorization from OFAC.

Overt Acts in Furtherance of the Conspiracy

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** still 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 turbines.

9. On or about March 25, 2018, Co-conspirator A sent an email to **MEHARG**. The email included a forward of Co-conspirator B's message detailed in the previous paragraph and included the statement "Lets do this!"

10. On or about March 25, 2018, Co-conspirator A sent an email to Co-conspirator B with a blind carbon copy ("BCC") to **MEHARG's** email account. The message included the statement "Good news at last... Note: I am available to travel for inspections/loadouts etc. if and when required."

11. On or about March 25, 2018, Co-conspirator A sent an email to Co-conspirator B with a BCC to **MEHARG's** email account regarding the different sales options from **MEHARG**.

12. 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.

13. On or about March 25, 2018, Co-conspirator A sent an email to Co-conspirator B with a BCC to **MEHARG's** email account. In this message, Co-conspirator A forwarded **MEHARG's** prior email, noted in the previous paragraph, and included an attached document from TRI pertaining to an inspection of the turbine.

14. 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 by BCC.

15. 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...”

16. 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]...”

17. 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.

18. 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.

19. 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. The message also included information regarding Co-conspirator A’s plan to travel to the United States.

20. On or about April 30, 2018, Co-conspirator A sent an email to **MEHARG's** email account. The message included information regarding the first payment installment for the turbine.

21. On or about April 30, 2018, **MEHARG** sent an email to Co-conspirator A that included the statement "Thank you sir."

22. 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.

23. 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.

24. On or about May 22, 2018, **MEHARG** sent an email that included a Shipper's Letter of Instruction ("SLI"). The SLI referenced a shipment of turbine parts to Company A that listed Company A as a reseller and included a block entitled "Export License #, License Exception..." which contained the following: "NLR/EAR99." 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..." The SLI was signed by **MEHARG** and dated May 18, 2018.

25. On or about May 22, 2018, an EEI with ITN: X2018052202854 was filed on behalf of TRI for the export of a gas turbine rotor and nozzle assemblies valued at \$60,000 that was exported from TRI to Company A on or about May 28, 2018.

26. On or about May 24, 2018, TRI received a payment of \$124,950.00 as the second payment installment for the turbine.

27. 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...”

28. On or about July 21, 2018, an EEI with ITN: X20180721415303 was filed on behalf of TRI for the export of the turbine with a declared valued of \$200,000, though it had an invoiced value of \$500,000, that was scheduled to be exported from TRI to Company A.

29. On or about August 17, 2018, **MEHARG** sent an email and attempted to gain the release of the turbine container from detention for export.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO

The allegations in paragraphs 1 through 29 of the Overt Acts listed in Count One of this Indictment are incorporated and realleged by reference herein.

Between on or about October 1, 2017, and on or about June 12, 2019, in the Northern District of Florida and elsewhere, the defendant,

JAMES P. MEHARG,

did knowingly and willfully violate the embargo against Iran by exporting and attempting to export and causing to be exported a U.S.-origin Solar Mars 90 S turbine and parts, from the United States to Iran without having first obtained the required authorization and license from OFAC.

In violation of Title 50, United States Code, Section 1705; Title 31, Code of Federal Regulations, Sections 560.203 through 560.205 and 594.204 and 594.205; and Title 18, United States Code, Section 2.

COUNT THREE

The allegations in paragraphs 1 through 29 of the Overt Acts listed in Count One of this Indictment are incorporated and realleged by reference herein.

Between on or about October 1, 2017, and on or about June 12, 2019, in the Northern District of Florida and elsewhere, the defendant,

JAMES P. MEHARG,

did fraudulently and knowingly export and attempt to export from the United States,

a Solar Mars 90 S turbine and parts brokered for sale by Co-conspirator A and Co-conspirator B, contrary to law, to wit, having filed a false Electronic Export Information and having failed to obtain a license permitting the export.

In violation of Title 18, United States Code, Sections 554 and 2.

COUNT FOUR

The allegations in paragraphs 1 through 29 of the Overt Acts listed in Count One of this Indictment are incorporated and realleged by reference herein.

Between on or about October 1, 2017, and on or about June 12, 2019, in the Northern District of Florida and elsewhere, the defendant,

JAMES P. MEHARG,

did knowingly and willfully cause false and misleading export information to be submitted as an Electronic Export Information submission, and did so through the Automated Export System in order to further illegal activity, including the smuggling of a Solar Mars 90 S turbine and parts from the United States to Iran.

In violation of Title 13, United States Code, Section 305, and Title 18, United States Code, Section 2.

COUNT FIVE

The allegations in paragraphs 1 through 29 of the Overt Acts listed in Count One of this Indictment are incorporated and realleged by reference herein.

Between on or about October 1, 2017, and on or about June 12, 2019, in the Northern District of Florida and elsewhere, the defendant,

JAMES P. MEHARG,

did knowingly transport, transmit, and transfer, and attempt to transport, transmit, and transfer, a monetary instrument and funds, to a place in the United States from a place outside the United States, that is, the United Arab Emirates, with the intent to promote the carrying on of specified unlawful activity, to wit: an offense relating to violation of the International Emergency Economic Powers Act, smuggling goods from the United States, and false statements as charged in Counts Two, Three, and Four.

In violation of Title 18, United States Code, Sections 1956(a)(2)(A) and 2.

CRIMINAL FORFEITURE

The allegations contained in Counts One through Five of this Indictment are hereby realleged and incorporated by reference for the purpose of alleging forfeiture. From his engagement in the violations alleged in Counts One through Five of this Indictment, the defendant,

JAMES P. MEHARG,

shall forfeit to the United States, pursuant to Title 13, United States Code, Section 305(a)(3), Title 18, United States Code, Sections 981(a)(1)(C), 982(a)(1), 982(b)(1), and Title 28, United States Code, 2461(c), any and all of the defendant's

right, title, and interest in any property, real and personal, involved in such offenses, constituting, and derived from, and proceeds traceable to such offenses, and any personal property that was used or intended to be used to commit or to facilitate the commission of such offenses. The United States will also seek forfeiture of a money judgment for a sum of money equal to the value of any property, real or personal, which constitutes or is derived from proceeds traceable to these offenses.

If any of the property described above as being subject to forfeiture, as a result of acts or omissions of the defendant:

- i. cannot be located upon the exercise of due diligence;
- ii. has been transferred, sold to, or deposited with a third party;
- iii. has been placed beyond the jurisdiction of this Court;
- iv. has been substantially diminished in value; or
- v. has been commingled with other property that cannot be subdivided without difficulty,

it is the intent of the United States, pursuant to Title 21, United States Code,

Section 853(p), to seek forfeiture of any other property of said defendant up to the value of the forfeitable property.

A TRUE BILL:

Redacted per privacy policy

FOREPERSON

7 / 9 / 2019

DATE


LAWRENCE KEEFE
United States Attorney


DAVID L. GOLDBERG
Assistant United States Attorney