

What can happen to me if I violate the UK's export control regulations?

Under the terms of the Export Control Act 2002, the maximum penalty for deliberate and premeditated attempts (successful or otherwise – you are not treated more leniently just because you were an incompetent attempted proliferator who got caught) to break the UK's export control regulations is up to 10 years in prison and an unlimited fine.

Recent Cases

Former UK Soldier Jailed for Selling Arms to Iran (5th October 2010)

A former British Royal Marine has been jailed for two and a half years trying to sell hi-tech rifle sights to Iran in an illegal arms deal, UK officials said on Tuesday. Andrew Faulkner, 42, who served as a corporal in the marines for 14 years, claimed he was selling the military grade equipment to a buyer in Dubai for hunting. However, he later admitted the Schmidt and Bender rifle sights, used by military snipers across the world, were destined for Tehran, HM Revenue and Customs said. The same model of scope was found by British troops in an arms cache in an insurgent bunker in Basra in southern Iraq.

UK ECO Announces Two Successful Prosecutions for Export Control Violations (1st October 2010)

The U.K. Government's Export Control Organisation (UK ECO) has announced the following two successful prosecutions for violations of U.K. export control laws:

Mr. Jason Teal and Mr. Glynn Jones were investigated following an internal company enquiry which identified failures in their parent company's compliance and which led in turn to a voluntary disclosure. This led as a result to their subsequent arrest and charging for offences under the Section 68 (2) of the Customs and Excise Management Act 1979 and additionally for Teal under the Section 9 (2) of the Trade in Goods (Control) Order 2003. Mr. Teal, a Managing Director and Mr. Jones, an Operations Manager, worked for a UK based manufacturer and supplier of military protection clothing. Mr. Teal and Mr. Jones were alleged to have deliberately evaded UK export controls for the export and supply of military goods between April 2003 and December 2005. The value of unlicensed shipments was assessed to be approximately \$6,000,000. In June 2010, at separate court hearings, Mr. Teal pleaded guilty to eight charges and Mr. Jones to five charges. Both men were subsequently sentenced on 20 July 2010. Mr Jones was sentenced to 50 weeks imprisonment (suspended for 2 years) and ordered to undertake 200 unpaid hours work in the community and pay £9000 towards prosecution costs. At the same time, Mr. Teal was sentenced to 2 years in prison, ordered to pay £30,000 towards prosecution costs and subject to a confiscation order of £9000.

Mr. Ghulum Sayeed of London was arrested in 2009 in connection with information arising from the recent case of Gideon Sarig, an international firearms dealer, who was successfully prosecuted and jailed for 9 years for arms deals to Sri Lanka. Both cases were investigated by officers from HMRC's counter proliferation team. Documents seized during the successful Sarig prosecution, identified that Mr. Sayeed was involved in the unlicensed an illegal supply of 14 Uzi sub machine guns to the Nigerian Drugs Enforcement Agency (DEA) via a company called Huntingdon International Ltd. Mr. Sayeed subsequently admitted making supplies of controlled goods to Nigeria, mainly from China, between mid-2004 to June 2009. These supplies were made by four different companies – Impat Trading, Overseas Merchant, Alpha Resources and Huntingdon International Ltd. Mr. Sayeed pleaded guilty to 7 offences contrary to Article 9(1) of the Trade in Goods (Control) Order 2003 at the City of London Magistrates Court in April, following which the case was referred to the Old Bailey for sentencing. He was given a 18 month conditional discharge and ordered to pay £1000 costs.

Arms dealer jailed for selling body armour to Iraq (20/07/2010)

Two arms dealers who sold military body armour to entities in the middle east and Iraq were sentenced today at Southwark Crown Court, after an investigation by HM Revenue & Customs (HMRC).

Jason Teal and Glynn Jones sent hundreds of bullet-proof body armour and helmets to Iraq and Kuwait among other destinations. Jason was sentenced to 2 years imprisonment and ordered to pay £30,000 towards the cost of the prosecution. A confiscation order in the amount £9,000 was also made. Jones was sentenced to 50 weeks imprisonment suspended for 2 years on condition that he completes 200 hours unpaid work in the community. Jones was also ordered to pay £9,000 towards prosecution costs.

Teal and Jones were employees of a body armour supplier who knew it was against the law to export military-grade items to various destinations without authorisation from the Department for Business, Innovation and Skills (BIS).

HMRC investigators obtained evidence from Teal and Jones' computers which showed they knew they were breaking the law in order to secure orders to supply body armour for commercial gain..The value of these unlicensed supplies was in excess of \$6,000,000.

Peter Millroy, Assistant Director of Criminal Investigation for HMRC, said:

"Teal and Jones knew the law and were determined to circumvent it simply to make money. Export controls exist for a reason and HMRC will investigate and bring to justice anyone attempting to break the law ."

Elspeth Pringle, prosecutor for the CPS Central Fraud Group, said:

"Export licences are a vital tool for ensuring that military equipment is not misused in conflict zones. Jason Teal and Glynn Jones knew this from their experience in the business, but they tried to deceive the authorities just so they could fulfil orders in time. They flouted the law for the sake of profit - this was both selfish and reckless. It is impossible to know where the armour they passed on to others to sell has ended up.

"The sentences today reflect the seriousness of knowingly and willingly ignoring the licensing regime. Mr Teal and Mr Jones knew the law and their responsibilities. This is the price for ignoring both."

Businessman pleads guilty to sale of ex-military vehicles to Sudan (04/11/2009)

Andrew Jackson, the owner of Jackson & Co Ltd, a company in Doncaster, and Steven Smithey were convicted of illegally exporting fifteen Hagglund BV206 personnel carriers. These vehicles are manufactured in Sweden for military and civilian use and each one can, with its trailer, carry up to seventeen people. They are purposefully designed with a low weight displacement, making them ideal for driving where there are no hard roads or over uneven surfaces such as snow or sand, which makes them perfect for military use. On November 4, 2009, Mr. Andrew Jackson, owner of Doncaster-based L Jackson & Co, was given a 2 year, 8 month jail term at Southwark Crown Court after admitting breaking an arms embargo by selling military vehicles to Sudan without a licence. An employee of L Jackson, Mr. Stephen Smithey, received a suspended jail sentence of 35 weeks, plus 150 hours of community service. The vehicles in question (Hagglund BV206 personnel carriers) are specifically designed to move large numbers of military troops across difficult terrain, such as desert. Jackson had applied for an export licence to send 15 of these vehicles to Sudan in September 2005, but this was refused. He then shipped the vehicles to Norway, evading controls by deliberately and wrongly using an open general export licence which is usually reserved for UK military surplus vehicles. In reality, he was making secret arrangements to have the BV206 vehicles forwarded on to Sudan. When interviewed, Jackson said the use of the open general export licence had been an administrative mistake. This, however, was at odds with forensic evidence recovered from his computer and material obtained

by investigators from Norway. An employee, Steve Smithey, was arrested in 2009 after documents showed his involvement in the subterfuge. When interviewed, Smithey eventually admitted that both he and Jackson knew that the vehicles were going to Sudan, after the licence had been refused. A year later Jackson shipped a further 15 vehicles to Norway. This time he applied for an export licence, with no mention of Sudan, which was approved. These 15 vehicles were also sent directly to Sudan from Norway, to the same end-user. The case was prosecuted on behalf of HMRC by The Revenue & Customs Prosecution Office (RCPO), which was created by Royal Assent on 07 April 2005. The RCPO is an independent prosecuting authority. It reports directly to the Attorney General and is responsible for prosecuting some of the largest drug and fraud cases in the United Kingdom.

Convictions for illegal exports to Iran (04/06/2009)

Three UK-based businessmen, Mr Mohsen Akhavan Nik (49), his son Mr Mohammad Akhavan Nik (26), and Mr Nithish Jaitha (43), have been convicted after a five week trial at Southwark Crown Court, and each jailed for between five years and two and a half years for their roles in a "complex and lucrative conspiracy" to breach UK and US embargoes on the supply of military equipment to Iran, after acquiring materiel via the eBay bidding website. All three denied charges of conspiracy to export controlled goods. Mr Mohsen Nik has also, additionally, been disqualified as a company director for seven years. A confiscation hearing has yet to be fixed.

Customs officers had previously warned Mr Mohsen Nik against such prohibited trade in 2000 when an illegal shipment of lasers to Iran was seized. He claimed the goods were used to project advertising slogans onto the outside of buildings. The devices were, in fact, not for advertising, but for battle simulation by tanks! Despite this warning they continued trading. Mr Mohsen Nik would receive a list from Iran requesting him to obtain parts and supply quotes for the delivery of those parts to Iran. Those requests included a vast array of parts required for military jets, ranging from military radios and transceivers, through helicopter engine transmissions to electric drive motors to power 20mm "Gatling type" guns.

The three sourced parts in the US through eBay, and shipped to an address in Florida; from there the goods were normally despatched under misleading descriptions to Iran via the UK, Romania or Hong Kong so as to avoid US export controls and obscure the final destination. They were caught after HM Revenue and Customs officers swooped in May 2006 on a consignment of eight liquid oxygen cylinders at Heathrow Airport which were bound for Tehran. The equipment, which is vital in enabling fighter pilots to breathe at high altitude, is specifically tailored for military jets and has limited civilian application. The defendants claimed the items were for use in the health sector, specifically for breathing apparatus in an ambulance. The accused fabricated documents and trade catalogues to reinforce their claim but court evidence from technical experts showed this to be untrue. HMRC investigators were assisted by the Customs & Excise Department of Hong Kong, the Customs authorities of Romania and the US Immigration and Customs Enforcement.

UK firm fined for WMD breach (15/08/2008)

Colin Stott and Simon Knowles, directors of Organic Intermediates Limited, based near Liverpool (which went into liquidation in August 2004), have become the first people to be prosecuted under the Chemical Weapons Act, and been fined for breaching rules designed to halt the spread of weapons of mass destruction (WMD). Liverpool Magistrates Court heard that they failed on several occasions to notify the authorities in 2002, 2003 and 2004 that their company produced more than one tonne of a chemical (N-dimethylaminoethyl-2-chloride hydrochloride (DMC)) controlled under the Chemical Weapons Convention. There is no suggestion the directors or the company were producing the chemical for use in connection with WMDs. However, the Act states that the Government must be notified if large amounts of certain chemicals have been produced. Knowles was convicted on August 15 after a trial and on Wednesday was fined a total of £4,000. He was also ordered to pay £6,000 towards the prosecution's costs. Stott had earlier pleaded guilty and was fined £2,750 and ordered to pay £2,000 towards costs. Business Minister Malcolm Wicks said after the hearing: "The UK has a very good record and around 400 firms routinely comply with the requirements, but this sentence should convey to other companies, and to liquidators of companies that are wound up, the importance of meeting the requirements of the

Act and the Convention. Legal requirements relating to controlled chemicals must be fully met - and where organisations fail to do so, prosecution is likely.”

UK Businessman Jailed for Iran Missile Guidance Exports (14/03/2008)

UK businessman Mehrdad Salashoor was jailed Friday in the United Kingdom for 18 months for illegally exporting 'gyrocompass' navigation devices to Iran. In a hearing at Croydon Crown Court last December, Salashoor (56) admitted shipping hi-tech navigation equipment, adaptable for missile guidance systems, to the Iranian Ministry of Defence. The gyrocompasses, designed as standalone shipping navigation systems, contain accelerometers and gyros, which are classified as 'Dual-Use items' as they can be used for both civil and military applications. Salashoor was also ordered to handover £432,970 after being made subject to a confiscation order under the Proceeds of Crime Act 2002. Salashoor must pay the sum within six months or face a three year prison sentence in default. In addition to pleading guilty to four offences of 'Being knowingly concerned in the exportation of goods Contrary to s68 (2) of the Customs and Excise Management Act 1979,' Salashoor also pleaded guilty to one count of perverting the course of public justice, and three further counts relating to other illegal exports were ordered to lie on file.

British arms dealer jailed for four years in first prosecution under new legislation (26/11/07)

Arms dealer John Knight was jailed for four years on Friday 23 November 2007 after pleading guilty to the illegal sale of 130 MPT 9 machine guns in the Middle East. In a hearing at Blackfriars Crown Court in September 2007, Mr Knight admitted illegally moving the weapons contrary to Article 9(2) of The Trade in Goods (Control) Order 2003. Mr Knight was also made subject to a confiscation order of £53,389.51 to be paid within six months or face an 18 month prison sentence in default.

This is the first prosecution under UK laws designed to prevent the uncontrolled movement of arms by British nationals between countries outside the UK. The legislation which came into force in May 2004 covers the movement of military and security goods on the Military List and carries a maximum sentence of 10 years in prison.

Mr Knight had agreed to supply 130 machine guns with accessories to the Kuwaiti Ministry of the Interior via a procurement company based in Kuwait and that he had received \$120,000 on account. In the summer of 2006 he applied to the Export Control Organisation for a licence to move 130 Heckler & Koch MP5 A3 machine guns from Iran to Kuwait. These are the same firearms used by the SAS and British police forces and are capable of firing 9 millimetre rounds at a rate of 800 per minute. However his application for an export licence for this shipment was refused by in November 2006. A subsequent appeal by Mr Knight against this decision was unsuccessful yet he continued to make arrangements for the supply to be made.

Instead Mr Knight sourced 130 MP T9 machine guns (the Iranian copy of the MP5 A3) from TUSA, a Tehran based weapons supplier. He arranged for them to be shipped from Iran to Kuwait. He laid a paper trail to make it look as if he had pulled out of the deal. The shipment arrived in Kuwait on 5 January 2007 and was intercepted by the Kuwait Customs Service. A subsequent search of Mr Knights' home by officers of HM Revenue & Customs revealed evidence, including documents recovered from his shredder, that pointed to his direct involvement in this unlicensed supply.

Kevin Davis, Assistant Director of HMRC Criminal Investigation said: “This is an excellent result and reflects the professionalism and dedication of our investigators who have worked with overseas partners to track down and bring to justice individuals that seek to profit from the illegal trade in firearms. Illicit deals of this nature exposes' British nationals and armed forces to increased risk of harm. These types of weapon are frequently diverted to some of the world's most volatile regions, fuel global insecurity and afford terrorists the opportunity to acquire guns.” The case was prosecuted on behalf of HMRC by The Revenue & Customs Prosecution Office (RCPO) which was created by Royal Assent on 07 April 2005 and is an independent prosecuting authority reporting directly to the Attorney General.

Exporters of Body Armour and Helmets caught by HM Revenue and Customs and fined (19/09/2006)

Two UK companies, 'Peace Keeper International Ltd' and 'Winchester Procurement Ltd' have been fined for exporting ballistic protection clothing, military specified flak jackets and helmets without the correct export licenses, following investigations by HM Revenue & Customs (HMRC). Peace Keeper International Ltd and Winchester Procurement Ltd pleaded guilty to breaches of UK export control legislation in separate trials at City Magistrates' Court in London.

Peace Keeper International Ltd exported three consignments of body armour and helmets valued at £23,000, to Kuwait and Iraq during 2004. They pleaded guilty to three offences under section 68(1) of the Customs & Excise Management Act 1979 and were fined a total of £10,000 plus £1600 costs on Wednesday, 6 September 2006.

Winchester Procurement Ltd exported 10 consignments of military helmets and flak jackets valued at £48,260 to Kuwait, for use in Iraq throughout the latter half of 2004. They pleaded guilty to 10 offences under section 68(1) of the Customs & Excise Management Act 1979 and were fined a total of £8,000 plus £500 costs on Thursday, 7 September 2006.

Exportation of all military goods is strictly regulated and controlled goods cannot be exported from the UK without a licence issued by the Secretary of State for Trade and Industry.

DTI's Export Control Organisation also administers controls on exports to countries, which are subject to UN or EU trade sanctions or arms embargoes. There is a link on the right to the list and to other sources of information.

HM Revenue and Customs enforces the licensing regime and is responsible for prosecutions where breaches have occurred.

Heavy Fine, Suspended Prison Sentence and Director Disqualification (24/06/2005)

Mr Soroosh Homayouni, a Director of Multicore Ltd, who had pleaded guilty to 12 charges of trying to export military components to Iran, was fined nearly £70,000 by Southwark Crown Court and given an 18 month prison sentence, suspended for 2 years. He was also banned from being a company director for 10 years and the £70,000 – the amount of money he would have benefited had the exports gone ahead – will have to be paid by this Christmas Eve 2005, otherwise Mr Homayouni be given an additional prison sentence of 18 months. Under Sections 1 & 2 of the Company Directors' Disqualification Act 1986, any director who is indicted for actions arising in their conduct as a director may be disqualified. The charge in this case was in respect of his conduct as a director in violation Section 68(2) of the Customs & Excise Management Act 1979 - hence his disqualification.

£10,000 Fine for Military Body Armour Export Offences (29/03/2006)

The Essex company Vestguard UK Ltd has been fined £10,000 for exporting military body armour without the correct export licences, following an investigation by HM Revenue & Customs (HMRC). Vestguard UK Ltd pleaded guilty to 15 breaches of UK export control legislation at City Magistrates' Court in London.

The 15 consignments of body armour, valued at £128,130, were exported to a number of Middle Eastern countries. Exportation of all military goods is strictly regulated by the Department of Trade and Industry in order to protect security and uphold foreign policy and United Nations requirements.

Kevin Davis, Assistant Chief Investigation Officer for HMRC said:

"It is essential for our own protection and to ensure the UK meets its international obligations that the strict regulation of the export of military equipment is rigorously upheld. This case should serve as reminder to body armor manufacturers that any company which fails to comply with export regulations faces a heavy penalty.

"It is the responsibility of the exporter to ensure that they act within the law. HM Revenue & Customs will actively pursue any breaches of the regulations, whether deliberate or negligent."

Exporter of Protective Vests caught by Customs and Fined (16/05/2005)

A UK company, Praetorian Associates, was fined £2500 with £100 costs on 10 May 2005 by the City of London Magistrates' Court for trying to export five protective vests to Pakistan without having the right documents in place.

The shipment was stopped by Customs at Heathrow last October and the goods were found to be military listed protective vests that required an export licence. Although the company had

registered with the Export Control Organisation to use an Open General Export Licence (Military Goods OGEL: Export for Demonstration to Governments), one of the conditions that needed to be met was the issue of a Ministry of Defence document F680*. This document although applied for had not been issued prior to the shipment.

Praetorian Associates pleaded guilty to contravening the prohibition or restriction in the Export of Goods, Transfer of Technology and Provision of Technical Assistance (Control) Order 2003.

** If exporters plan to sell, demonstrate, promote or export certain equipment, goods or information which is classified, they will need Ministry of Defence (MoD) clearance to do so. To get this clearance they complete a form known as the F680, the main purpose of which is to help prevent unauthorised disclosure of classified goods or equipment. However, in the case of the Military Goods OGEL: Demonstrations to Governments, ALL exports require an F680, not just classified items.*