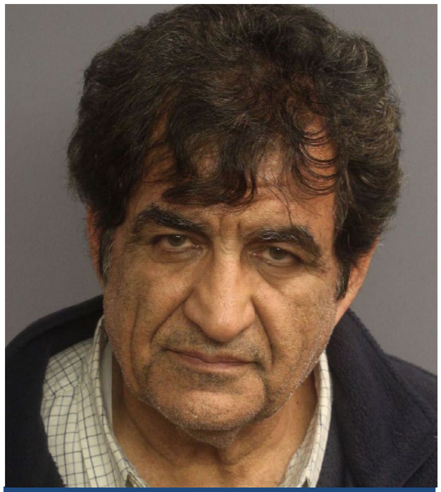

Mozaffar Khazaee

- Age 61 at time of sentencing
- Dual citizen of Iran and the United States
- Ph.D. in mechanical engineering
- Employed by three separate defense contractors

CDSE

Center for Development of Security Excellence

CASE STUDY

Illegal Export

WHAT HAPPENED

From 2001 to 2013, Mozaffar Khazaee was employed as a Mechanical Engineer by three separate defense contractors. Beginning in late 2009, Khazaee corresponded by email with an individual in Iran to whom he sent documents containing trade secrets, and proprietary and export-controlled material relating to the Joint Strike Fighter (JSF) Program. In one email, Khazaee stated the material he had attached was “very controlled . . . and I am taking [a] big risk.” Khazaee instructed the individual in Iran, “after downloading,” that he should “delete everything immediately.”

Analysis of Khazaee’s computer media also revealed cover letters and application documents, which Khazaee sent to multiple state-controlled technical universities in Iran. In those materials, Khazaee stated that as “lead engineer” in various projects with U.S. defense contractors, he had learned “key technique[s] that could be transferred to our own industry and universities.” Khazaee stated that he wanted to “move to Iran,” that he was “looking for an opportunity to work in Iran,” and that he was interested in “transferring my skill and knowledge to my nation.”

In November 2013, Khazaee attempted to send a large shipping container to Iran. The shipment included, in numerous boxes and on computer media, thousands of highly sensitive technical manuals, specification sheets, test results, technical drawings and data, and other proprietary material relating to U.S. military jet engines, including those relating to the U.S. Air Force’s F-35 JSF program and the F-22 Raptor. The materials in the interdicted shipment had been stolen from U.S. defense contractors where Khazaee had worked, and many documents were prominently labeled with strict export control warnings. Khazaee did not apply for — nor did he obtain any license to export any of the documents — and the export or attempted export of such material to Iran is illegal.

On Jan. 9, 2014, Khazaee was arrested at the Newark Liberty International Airport before boarding a flight to Iran. A search of Khazaee’s checked and carry-on luggage revealed additional hard copy documents and computer media containing sensitive, proprietary, trade secret and export-controlled documents relating to U.S. military jet engines. Khazaee was also found in the possession of $59,945.00 in as-yet undeclared cash, which he had split up into increments of approximately $5,000 and secreted in multiple bank envelopes in various places in his carry-on luggage.

Khazaee was sentenced to 97 months in prison and ordered to pay a $50,000 fine for violating the Arms Export Control Act.

INDICATORS

- **Foreign Considerations**
  - Khazaee held dual citizenship in Iran and the United States. He had expressed desire to move to Iran. He was looking for work in Iran and offered proprietary and controlled information to Iran to obtain a position with an Iranian university.
  - Khazaee corresponded by email with an individual in Iran, sending documents related to the Joint Strike Fighter.
  - Khazaee traveled to Iran five times during a period of seven years.
- **Financial Considerations** Khazaee had been laid off and filed for bankruptcy.

IMPACT

- "Mr. Khazaee abused a position of trust and responsibility by stealing trade secrets and sensitive information belonging to defense contractors developing some of our most advanced aircraft," said Assistant Director Randall C. Coleman of the FBI's Counterintelligence Division. "His actions could have put our national security at risk. Stopping his plan and holding him accountable for his betrayal was a whole-of-government effort. We will use all available legal means to pursue individuals willing to help our adversaries by stealing our technical know-how."

- According to analyses by the U.S. Air Force and victim defense contractors, the technical data that Khazaee stole would have helped Iran "leap forward" ten years or more in academic and military turbine engine research and development, reducing their investment in such technology by one to two billion dollars and potentially enhancing the development and effectiveness of their weapon systems.

ADDITIONAL INFO

- The hard copy and electronic material that Khazaee stole and sought to transfer to Iran totaled some 50,000 pages and was reviewed by experts from both the U.S. Air Force and the victim defense contractors. In addition to the materials relating to the JSF Program and the F-22 Raptor, Khazaee also had documents from numerous other U.S. military engine programs — including the V-22 Osprey, the C-130J Hercules, and the Global Hawk engine programs. In total, Khazaee sought to export approximately 1,500 documents containing trade secrets and approximately 600 documents containing highly sensitive defense technology.

- "Federal law enforcement agents began investigating Khazaee in November 2013," according to the affidavit filed in his case. That's when U.S. Customs and Border Protection Service (CBP) officers assisted by Homeland Security Investigations (HSI) "special agents inspected a shipment" that Khazaee was trying to send from his home in Connecticut, by way of California, to "the city of Hamadan in the Islamic Republic of Iran." Inside those boxes, along with Khazaee's books and household goods, they found "documents consisting of sensitive technical manuals, specification sheets, and other proprietary material relating to the United States Air Force's F-35 Joint Strike Fighter ('JSF') program and military jet engines."

Questions to consider:

- What steps could be taken in your workplace to encourage reporting of Potential Espionage Indicators (PEI)?

- If you do see something reportable, do you know who to report your observation?

Resources for further exploration:

- Insider Threat Reporting Procedures Job Aid (https://www.cdse.edu/Portals/124/Documents/jobaids/insider/insider-threat-reporting-procedures.pdf)

- Section 811 Referral Job Aid (https://www.cdse.edu/Portals/124/Documents/jobaids/insider/section-811-job-aid.pdf)

- Understanding Espionage and National Security Crimes Job Aid (https://www.cdse.edu/Portals/124/Documents/jobaids/ci/ci-jobaidseries-understandingespionage.pdf)

Supporting Through Reporting!

Contact the appropriate POC to report any observed potential risk indicators:

Name: ____________________________ Agency/Department: ____________________________
Title: Supervisor/Security Officer/ITP Senior Official/ITP Manager