

## PROPOSED CHARGING LETTER

Mr. Marc Turi  
President, Turi Defense Group, Inc.  
7251 W. Lake Mead Blvd.  
Suite 300  
Las Vegas, NV 89128

Re: Alleged Violations of the Arms Export Control Act and the  
International Traffic in Arms Regulations by Marc Turi and  
Turi Defense Group, Inc.

Dear Mr. Turi,

The Department of State (“Department”) charges Marc Turi and Turi Defense Group, Inc. (individually and collectively “Respondents”) with violations of the Arms Export Control Act (AECA) (22 U.S.C. 2751 *et seq.*) and the International Traffic in Arms Regulations (ITAR) (22 CFR Parts 120-130) (2011)) in connection with the unauthorized conduct of brokering activities and the unauthorized proposal for sale or transfer of defense articles to a prohibited country (Libya) referred to in ITAR § 126.1 (*see* 76 Fed. Reg. 30001 (May 24, 2011)). Two violations are alleged at this time.

The essential facts constituting the alleged violations are described herein. The Department reserves the right to amend this proposed charging letter, including through a revision to incorporate additional charges stemming from the same misconduct of Respondents in these matters.

## BACKGROUND

Marc Turi is the President of Turi Defense Group, Inc., a corporation that was registered with the Department as a broker of defense articles from April 8, 2008 to May 1, 2014. During that period, Respondents engaged on multiple occasions in brokering activities subject to the ITAR for which Respondents received authorization from the Department. These activities involved actions that facilitated the transfer of defense articles between foreign nations. On certain occasions, these authorized brokering activities included the transfer of foreign-origin defense articles in fulfillment of U.S. Government contracts and in furtherance of U.S. Government interests.

In early 2011, Respondents requested of the Department on two occasions, authorization to engage in brokering activities for the transfer of defense articles to Libya. Both requests were denied. Respondents subsequently engaged in brokering activities, including the facilitation of the transportation, freight forwarding, or taking of other action for the export or import, or otherwise assisting in the attempted transfer of such specific defense articles that were the subject of the denied requests. In conducting those brokering activities, Respondents also made a specific proposal for the sale or transfer of foreign-origin defense articles to a country referred to in ITAR § 126.1 without authorization from the Department of State.

When determining the charges to allege in this matter, the Department noted that Respondents did not disclose this information to the Department, instead the Department became aware of these unauthorized activities through information provided by the Department of Justice. The Department believes certain mitigating factors are present such that the Department is not alleging additional charges in this matter. Respondents have cooperated fully with the Department in its review of the matter and agreed to toll the statute of limitations during the course of that review. Further, Respondents have conveyed to the Department their belief that they had the authority to engage in brokering activities. Finally, the proposal and brokering activities for the transfer of defense articles to Libya did not result in an actual transfer.

### Statement of Facts Establishing Brokering Activity:

On March 12 and 13, 2011 respectively, Respondents submitted two “Letters of Prior Approval” to the Department of State, Directorate of

Defense Trade Controls (DDTC) that sought permission to conduct certain brokering activities on behalf of the Transitional National Council (TNC), a coalition of rebel groups in Libya, involving \$195 million worth of Eastern European light and heavy armament and ammunition. DDTC labeled these applications BA-L085-11 and BA-L079-11 respectively.

On March 22, 2011, DDTC denied both applications.

On March 29, 2011, Respondents submitted a "Letter of Prior Approval" that sought permission to conduct brokering activities on behalf of the Government of Qatar involving \$267 million worth of Eastern European light and heavy armament and ammunition. DDTC labeled this application BA-L110-11, and on May 5, 2011, DDTC approved the application.

Beginning on March 30, 2011 and immediately thereafter, Respondents communicated with an Eastern European manufacturer of defense articles, logistics providers, and others in furtherance of diverting to Libya the approved transaction.

Beginning on June 21, 2011, and immediately thereafter, Respondents communicated with persons in Qatar, the United Arab Emirates, and Libya regarding the Libyan weapons deal. Respondents sent a document to an Egyptian national and an individual in Cyprus entitled "Confirmation Letter." The letter was drafted for the signature of Mahmoud Jibril, Prime Minister, "Libyan National Transitional Council", Benghazi, Libya, and included a list of arms nearly identical to the list attached to DDTC brokering approval BA-L110-11. The confirmation letter specified the intended end use of the equipment in Libya, stating it would "be utilized to defend the rights of the people of Libya." The proposal and brokering activities for the transfer of defense articles to Libya did not result in an actual transfer.

### JURISDICTION

Turi Defense Group, Inc. is a corporation organized under the laws of the State of Nevada.

Marc Turi is a U.S. person within the meaning of the AECA and § 120.15 of the ITAR, and is subject to the jurisdiction of the United States.

During the period including the violations set forth herein, Turi Defense Group, Inc. was registered as a broker with DDTC in accordance with Section 38 of the AECA and § 129.3 of the ITAR and Respondents engaged in brokering activities.

The defense articles and defense services associated with the violations set forth herein were designated at the time of the alleged violation as controlled under various categories of the U.S. Munitions List (USML), § 122.1 of the ITAR.

#### RELEVANT ITAR REQUIREMENTS

Part 121 of the ITAR identifies the items that are defense articles, technical data, and defense services pursuant to section 38 of the AECA.

Part 129 of the ITAR identifies the registration and licensing requirements for individuals engaged in brokering activities.

Section 126.1(e) of the ITAR provided at the time of the alleged violation, “No sale or transfer and no proposal to sell or transfer any defense articles, defense services or technical data subject to this subchapter may be made to any country referred to in this section (including the embassies or consulates of such a country), or to any person acting on its behalf, whether in the United States or abroad, without first obtaining a license or written approval of the Directorate of Defense Trade Controls.”

Section 126.1(k) of the ITAR provided at the time of the alleged violations, “[i]t is the policy of the United States to deny licenses or other approvals for exports or imports of defense articles and defense services destined for or originating in Libya, except where it determines, upon case-by-case review, that the transaction (or activity) is not prohibited under applicable U.N. Security Council resolutions and that the transaction (or activity) is in furtherance of the national security and foreign policy of the United States.”

Section 127.1(a) (6) of the ITAR provided at the time of the alleged violations that it is unlawful “[t]o engage in the business of brokering activities for which registration, a license or written approval is required by this subchapter without first registering or obtaining the required license or written approval from the Directorate of Defense Trade Controls.”

Section 127.1(d) of the ITAR provided at the time of the alleged violations, “[n]o person may knowingly or willfully cause, or aid, abet, counsel, demand, induce, procure or permit the commission of any act prohibited by, or the omission of any act prohibited by, or the omission of any act required by 22 U.S.C. 2778, 22 U.S.C. 2779, or any regulation, license, approval, or order issued thereunder.”

### CHARGES<sup>1</sup>

#### Charge 1 – Unauthorized Brokering

Respondents violated ITAR §127.1(a)(6) when Respondents engaged in the business of brokering from June 24 to June 29, 2011 by acting to facilitate the transfer of foreign-origin defense articles to Libya without obtaining the required license or written approval from the Directorate of Defense Trade Controls.

#### Charge 2 – Unauthorized Proposal to a Proscribed Destination

Respondents violated ITAR § 127.1(d) when Respondents, on June 29, 2011, composed and sent a “Confirmation and Guarantee” letter for transfer of defense articles to Libya, which constituted a proposal to sell or transfer foreign-origin defense articles to a destination proscribed in ITAR § 126.1, Libya, without first obtaining a license or written approval of the Directorate of Defense Trade Controls, in violation of ITAR § 126.1(e).

### ADMINISTRATIVE PROCEEDINGS

Pursuant to Part 128 of the ITAR, administrative proceedings are instituted by means of a charging letter against Respondents for the purpose

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<sup>1</sup> Listed citations reflect the ITAR as current at the time of the alleged violations.

of obtaining an Order imposing civil administrative sanctions. The Order issued may include an appropriate period of debarment, which shall generally be for a period of three years, but in any event will continue until an application for reinstatement is submitted and approved. Civil penalties, not to exceed \$1,094,010 per violation, may be imposed as well in accordance with section 38(e) of the AECA and § 127.10 of the ITAR.

Respondents have certain rights in such proceedings as described in Part 128 of the ITAR. Currently, this is a proposed charging letter. However, in the event that Respondents are served with a charging letter, you are advised of the following matters: Respondents are required to answer the charging letter within 30 days after service. If Respondents fail to answer the charging letter, it will be taken as an admission of the truth of the charges. Respondents are entitled to an oral hearing, if a written demand for one is filed with the answer, or within seven (7) days after service of the answer. Respondents may, if so desired, be represented by counsel of choice.

Additionally, in the event that you are served with a charging letter, Respondents' answer, written demand for oral hearing (if any) and supporting evidence required by § 128.5(b) of the ITAR, shall be in duplicate and mailed to the administrative law judge designated by the Department to hear the case. These documents should be mailed to the administrative law judge at the following address: U.S. Coast Guard ALJ Docketing Center, 40 S. Gay Street, Room 412, Baltimore, MD 21202. A copy shall be simultaneously mailed to the Deputy Assistant Secretary of State for Defense Trade Controls, Bureau of Political Military Affairs, U.S. Department of State, PM/DDTC, SA-1, 12<sup>th</sup> Floor, Washington, D.C. 20522-0112. If Respondents do not demand an oral hearing, they must transmit within seven (7) days after the service of answer, the original or photocopies of all correspondence, papers, records, affidavits, and other documentary or written evidence having any bearing upon or connection with the matters in issue.

Please be advised also that charging letters may be amended from time to time, upon reasonable notice. Furthermore, pursuant to § 128.11 of the ITAR, cases may be settled through consent agreements, including after service of a charging letter.

Be advised that the U.S. Government is free to pursue civil, administrative, and/or criminal enforcement for violations of the AECA and the ITAR. The Department of State's decision to pursue one type of enforcement action does not preclude it, or any other department or agency, from pursuing another type of enforcement action.

Sincerely,

Arthur Shulman  
Acting Director  
Office of Defense Trade Controls Compliance