

Department of Justice

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California Resident Sentenced to 9 Years in Prison and \$1 Million Fine for His Scheme to Illegally Export Components for Production of Night Vision and Thermal Devices and Money Laundering

Naum Morgovsky, 69, of Hillsborough, California, was sentenced to 108 months in prison and three years of supervised release for conspiring to illegally export components for the production of night-vision and thermal devices to Russia in violation of the Arms Export Control Act, and for laundering the proceeds of the scheme.

The announcement was made by Assistant Attorney General for National Security John Demers, U.S. Attorney Alex G. Tse for the Northern District of California, and Special Agent in Charge John F. Bennet of the FBI's San Francisco Field Office. The sentence was handed down by U.S. District Judge Vince Chhabria, who also assessed a fine of \$1 million and assessed forfeiture of \$222,929.61 and three Infratech night vision devices seized in connection with the investigation. On Oct. 31, Naum Morgovsky's spouse and codefendant, Irina Morgovsky, 67, was sentenced to 18 months in prison for her role in the export conspiracy.

According to their guilty pleas, which occurred during the second day of jury selection on June 12, Naum Morgovsky and Irina Morgovsky admitted that from at least April 2012 until Aug. 25, 2016, they conspired to export without the necessary license to a company called Infratech in Moscow, Russia, numerous night and thermal vision components, including image intensifier tubes and lenses. The couple used their U.S. business, Hitek International, to purchase these components and misrepresented to the sellers that the products would not be exported. The couple then shipped the products to Russia using a variety of front companies and shipment methods. Further, defendants knew the night and thermal vision components they exported were on the U.S. Munitions List and that they therefore were not permitted to export the items without a license from the Department of State, Directorate of Defense Trade Controls, which they never sought.

In addition to exporting the components, Judge Chhabria found that Naum Morgovsky, a naturalized U.S. citizen originally of Ukraine, had taken steps to conceal his crimes so that the couple could continue to operate the illegal export business undetected, and that Naum Morgovsky laundered the proceeds of the export crimes. As the government alleged, Naum Morgovsky used numerous front companies and the identity of at least one deceased person in furtherance of the scheme. In handing down the sentence, Judge Chhabria noted that this was a "very serious crime" and that "people who export night vision . . . need to know that there is a penalty."

On April 27, 2017, a federal grand jury issued a superseding indictment charging the Morgovskys for their respective roles in the illegal export scheme. As to Naum Morgovsky, the grand jury charged him for the illegal export scheme with conspiracy to violate the Armed Export Control Act, and with two counts of money laundering. He pleaded guilty to all these export-related charges without a written plea agreement.

For her part in the scheme, the grand jury charged Irina Morgovsky with conspiracy to violate the Armed Export Control Act and with misuse of a passport. She pleaded guilty to the charges and on Oct. 31, Judge Chhabria sentenced her to 18 months in prison for her role in the scheme.

The Court has ordered Naum and Irina Morgovsky to self-surrender on Jan. 4, 2019, to begin serving their respective sentences.

This prosecution is the result of an investigation by the counterintelligence squad of the FBI's San Francisco field office, with assistance from IRS-Criminal Investigation and the Department of Commerce, Bureau of Industry and Security.

The case was prosecuted by Assistant U.S. Attorneys Colin Sampson and Erin Cornell of the Northern District of California, and Trial Attorney Jason McCullough of the National Security Division's Counterintelligence and Export Control Section of the Department of Justice.

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