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Department of Justice

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Hillsborough Resident Sentenced To Nine Years In Prison For Role In Scheme To Illegally Export Components For Production Of Night Vision And Thermal Devices And Money Laundering

As Part of Sentence, Federal District Judge also Imposes Fine of \$1 Million and Orders Forfeiture of over \$200,000

SAN FRANCISCO – Naum Morgovsky was sentenced to 108 months in prison for his role in a conspiracy to illegally export components for the production of night-vision and thermal devices to Russia in violation of the Arms Export Control Act and related crimes. The announcement was made by United States Attorney Alex G. Tse, Assistant Attorney General for National Security John Demers, and Special Agent in Charge John F. Bennett of the Federal Bureau of Investigation (FBI) San Francisco Field Office. The sentence was handed down this morning by the Honorable Vince Chhabria, United States District Judge.

“Export controls keep us safe and prevent dangerous technologies from falling into the wrong hands,” said U.S. Attorney Tse. “The defendant pleaded guilty to knowingly violating the Arms Export Control Act when he tried to make money by shipping night vision and thermal components to Russia. Today’s nine-year sentence should send a clear message to deter others who are tempted by profits to violate the export laws of this country.”

“The FBI will continue to tirelessly investigate those who violate export controls that protect our country’s sensitive technologies from American adversaries,” said Special Agent in Charge Bennett. “I would like to thank the dedicated work and collaborative efforts of our Federal partners in this case.”

Morgovsky, 69, of Hillsborough, Calif., pleaded guilty to the charges on June 12, 2018, which was to be the second day of jury selection for the proceedings at which Morgovsky would be tried on the charges. In pleading guilty, Morgovsky, 69, admitted that from at least April 2012 until August 25, 2016, he conspired with his wife, Irina Morgovsky, 67, to export without the necessary license, numerous night and thermal vision components, including image intensifier tubes and lenses. The couple conspired to export the components to a company called Infratech in Moscow, Russia, and used their U.S. business, Hitek International, to purchase the components. They misrepresented to the sellers that the products would not be exported and then shipped the products to Russia using a variety of front companies and shipment methods. Further, Mr. Morgovsky admitted he conspired with another employee of Infratech to export the components. He also admitted he 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 he never sought.

Judge Chhabria found that, in addition to exporting the components, Mr. Morgovsky had taken steps to conceal his crimes so that the couple could continue to operate the illegal export business undetected, and that Mr. Morgovsky laundered the proceeds of the export crimes. In addition, Mr. 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 stated that Mr. Morgovsky committed 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, in violation of 22 U.S.C. § 2778, and with two counts of money laundering, in violation of 18 U.S.C. § 1956(a)(1)(B)(i) and (2)(A). He pleaded guilty to all these export-related charges without a written plea agreement.

In addition to the prison term, Judge Chhabria assessed a fine against Mr. Morgovsky of \$1 million and ordered forfeiture of \$222,929.61 and three Infratech night vision devices seized in connection with the investigation.

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, in violation of 18 U.S.C. 1544. She pleaded guilty to the conspiracy charge and on October 31, 2018, Judge Chhabria sentenced her to 18 months in prison for her role in the scheme. The passport charge was dismissed pursuant to the plea agreement.

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

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 prosecuted this case. The 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.

Topic(s):

Financial Fraud
National Security

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