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UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF CALIFORNIA  
November 1987 Grand Jury

UNITED STATES OF AMERICA, )  
 )  
 Plaintiff, )  
 )  
 v. )  
 )  
 FLOYD D. STILWELL, )  
 MARSH AVIATION CO., INC., )  
 )  
 Defendants. )

Criminal Case No. 880283J4  
I N D I C T M E N T  
Title 18, U.S.C., Sec. 371 - Conspiracy to  
Export Defense Articles; Title 22, U.S.C.,  
Sec. 2778 - Exportation of Defense  
Articles; Title 18, U.S.C., Sec. 1001 - False  
Statements; Title 18, U.S.C., Sec. 2 - Aiding  
and Abetting

The grand jury charges:

Court 1

INTRODUCTORY ALLEGATIONS

1. In furtherance of world peace and the security and foreign policy of the United States, the President is authorized to control the export of defense articles and to provide guidance to persons involved in the export of such articles.

2. The President is authorized to designate those items which shall be considered defense articles and to promulgate regulations for the export of such articles. The items so designated constitute the United States Munitions List. These designated items include military aircraft armaments and components for high-tech navigational

1 systems, among which are power supplies, signal data converters, optical guidance  
2 controls and other equipment.

3 3. Decisions on issuing export licenses for items on the United States Munitions  
4 List are made in coordination with the Director of the United States Arms Control and  
5 Disarmament Agency and take into account the Director's opinion as to whether the  
6 export of an article will contribute to an arms race, increase the possibility of outbreak  
7 or escalation of conflict or prejudice the development of bilateral or multilateral arms  
8 control arrangements.

9 4. The AN/APN-182(V) Doppler Velocity Sensor is a sophisticated, lightweight,  
10 fixed antenna radar navigational system currently being produced by Teledyne Ryan  
11 Electronics, a California corporation, primarily for the United States armed services. It  
12 is available with a selection of antennae which allows it to be installed on either a  
13 helicopter or a fixed-wing aircraft. The Doppler navigational system allows the aircraft  
14 to accurately measure its ground speed, drift angle, velocity and distance traveled.

15 5. The Doppler navigational system supplies aircraft with an accurate, inde-  
16 pendent method for quickly responding to military orders. It is designed for, among  
17 other things, supplying data for flight control and weapons delivery systems. In addition,  
18 it can supply guidance information and integrate with other aeronautical systems.

19 6. The components comprising the Doppler navigational system are designated  
20 as defense articles on the United States Munitions List and therefore require an export  
21 license prior to shipment abroad. At no time did defendants FLOYD D. STILWELL or  
22 MARSH AVIATION CO., INC., apply for or possess a license to export components of the  
23 Doppler navigational system to the Islamic Republic of Iran.

24 7. At all times relevant herein, defendant MARSH AVIATION CO., INC., was an  
25 Arizona corporation which, among other things, serviced and repaired jet engines and  
26 conducted aircraft research and development. In addition, MARSH AVIATION CO.,  
27 INC., distributed and negotiated the sale of various aircraft parts and navigation systems  
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1 manufactured by other companies. The corporate headquarters of MARSH AVIATION  
2 CO., INC., are maintained at 5060 East Falcon Drive, Mesa, Arizona.

3 8. At all times relevant herein, defendant FLOYD D. STILWELL was president  
4 and chief executive officer of MARSH AVIATION CO., INC. In these capacities, he  
5 managed, supervised, and directed the operation of the company and its employees.

6 9. At all times relevant herein, Beechcraft Vertrieb Und Service GmbH (herein-  
7 after "Beechcraft West Germany") was a West German corporation holding a franchise to  
8 sell, service, and distribute aircraft and aircraft parts manufactured by Beechcraft,  
9 U.S.A. In addition to operating a franchise for Beechcraft, U.S.A., Beechcraft West  
10 Germany's international trade division distributed aircraft parts and navigation systems  
11 manufactured by other companies. The corporate headquarters of Beechcraft West  
12 Germany were maintained at Flughafenstrasse 5, D-8900, Augsburg, West Germany.

#### 13 THE CONSPIRACY

14 10. Beginning in or about 1983, and continuing up to and including December 18,  
15 1987, within the Southern District of California, and elsewhere, defendants FLOYD D.  
16 STILWELL and MARSH AVIATION CO., INC., did knowingly and willfully combine,  
17 conspire and agree with others to export and attempt to export from the United States  
18 of America to West Germany for transshipment to the Islamic Republic of Iran, without  
19 being licensed for such export by the Office of Munitions Control, Department of State,  
20 components of the AN/APN-182(V) Doppler navigational system which had been desig-  
21 nated as defense articles by the President of the United States; in violation of Title 22,  
22 United States Code, Section 2778.

#### 23 THE METHODS OF THE CONSPIRACY

24 11. It was a part of the conspiracy that defendant FLOYD D. STILWELL, on  
25 behalf of defendant MARSH AVIATION CO., INC., sought to obtain components of the  
26 AN/APN-182(V) Doppler Navigational System from Teledyne Ryan Electronics.  
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1           12. It was a further part of the conspiracy that defendant FLOYD D. STILWELL,  
2 on behalf of MARSH AVIATION CO., INC., would and did submit false and fraudulent  
3 information to Teledyne Ryan Electronics.

4           13. It was a further part of the conspiracy that defendant FLOYD D. STILWELL,  
5 on behalf of MARSH AVIATION CO., INC., would and did submit false and fraudulent  
6 information to the United States Customs Service.

7           14. It was a further part of the conspiracy that defendant FLOYD D. STILWELL,  
8 on behalf of MARSH AVIATION CO., INC., would and did submit false and fraudulent  
9 information to the Department of State, Office of Munitions Control.

10           15. It was a further part of the conspiracy that defendant FLOYD D. STILWELL,  
11 on behalf of defendant MARSH AVIATION CO., INC., would and did attempt to cause  
12 Teledyne Ryan Electronics to obtain United States Department of State export licenses  
13 for components of the AN/APN-182(V) Doppler navigational system by submitting false  
14 information.

15           16. It was a further part of the conspiracy that defendant FLOYD D. STILWELL,  
16 on behalf of defendant MARSH AVIATION CO., INC., would and did attempt to cause  
17 Teledyne Ryan Electronics to, among other things, conceal from the Department of  
18 State, Office of Munitions Control, that the end user for the Doppler navigational  
19 components would be the Islamic Republic of Iran.

20           17. As a further part of the conspiracy, defendant FLOYD D. STILWELL would  
21 and did tell an individual representing himself to be employed by Beechcraft, West  
22 Germany, that he did not want to know the true destination of the navigational  
23 components.

24           18. As a further part of the conspiracy, defendant FLOYD D. STILWELL, on  
25 behalf of defendant MARSH AVIATION CO., INC., would and did attempt to mislead  
26 Teledyne Ryan Electronics by stating that the Doppler navigational components were to  
27 be installed on a BK-117 helicopter owned by Messerschmitt Boelkow Blohm in West  
28 Germany.



1 craft, West Germany, quoting price and delivery information for signal data  
2 converters, part number 588S0001-G1.

- 3 6. On February 24, 1987, in Mesa, Arizona, defendant FLOYD D. STILWELL  
4 stated that he did not care where the power supplies were going after he  
5 exported them to Germany.
- 6 7. On March 19, 1987, in Mesa, Arizona, defendant FLOYD D. STILWELL stated  
7 to Special Agent Daniel Supnick, who was acting in an undercover capacity as  
8 an employee of Teledyne Ryan Electronics, that the end user for the  
9 navigational equipment was the German border control.
- 10 8. On March 26, 1987, in San Diego, California, Teledyne Ryan Electronics  
11 received two export licenses sent by defendant FLOYD D. STILWELL on  
12 behalf of defendant MARSH AVIATION CO., INC.
- 13 9. On May 5, 1987, in Mesa, Arizona, defendant FLOYD D. STILWELL, on behalf  
14 of defendant MARSH AVIATION CO., INC., sent a \$33,300 check and a  
15 purchase order for the three power supplies to Teledyne Ryan Electronics.
- 16 10. On May 27, 1987, in Mesa, Arizona, defendant FLOYD D. STILWELL stated  
17 to Special Agent Brian Simon that he had no reason to believe the power  
18 supplies were going to any place other than Germany.
- 19 11. On June 10, 1987, in Mesa, Arizona, defendant FLOYD D. STILWELL stated  
20 over the phone to Special Agent Supnick, who was acting in an undercover  
21 capacity, that he had no reason to believe the power supplies were being  
22 diverted to Iran.
- 23 12. On July 8, 1987, in Mesa, Arizona, defendant FLOYD D. STILWELL, on behalf  
24 of defendant MARSH AVIATION CO., INC., sent a telex stating that they  
25 still intended to deliver three power supplies and four signal data converters  
26 to Beechcraft, West Germany.

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13. On August 6, 1987, in Mesa, Arizona, defendant FLOYD D. STILWELL, on behalf of defendant MARSH AVIATION CO., INC., asked for a quote from Loral TerraCom, San Diego, California, regarding their frequency hopping modules.

14. On September 14, 1987, in Mesa, Arizona, defendant FLOYD D. STILWELL, on behalf of defendant MARSH AVIATION CO., INC., submitted an export license directly to the Department of State, Office of Munitions Control for three power supplies.

All in violation of Title 18, United States Code, Section 371.

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Count 2

Beginning on or about December 10, 1986, and continuing up to and including December 18, 1987, in the Southern District of California, and elsewhere, defendants FLOYD D. STILWELL and MARSH AVIATION CO., INC., did knowingly and willfully attempt to export from the United States of America to West Germany for transshipment to the Islamic Republic of Iran, without being licensed for such export by the Office of Munitions Control, Department of State, aeronautical components which had been designated as defense articles by the President of the United States, to wit: three high voltage power supplies, part number 588P0001-G1; in violation of Title 22, United States Code, Section 2778, Title 18, United States Code, Section 2, and 22, Code of Federal Regulations, Part 127.

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Count 3

On or about December 10, 1986, and continuing up to and including December 18, 1987, in the Southern District of California, and elsewhere, defendants FLOYD D. STILWELL and MARSH AVIATION CO., INC., did knowingly and willfully attempt to export from the United States of America to West Germany for transshipment to the Islamic Republic of Iran, without being licensed for such export by the Office of Munitions Control, Department of State, an aeronautical component which had been designated as a defense article by the President of the United States, to wit: one signal data converter, part number 588S0001-G1; in violation of Title 22, United States Code, Section 2778, Title 18, United States Code, Section 2, and 22, Code of Federal Regulations, Part 127.

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Count 4

On or about March 25, 1987, in the Southern District of California and elsewhere, defendants FLOYD D. STILWELL and MARSH AVIATION CO., INC., in a matter within the jurisdiction of the United States Customs Service, a department and agency of the United States, did knowingly and willfully cause false, fraudulent and fictitious statements of material facts to be made on a Department of State export license for three high voltage power supplies by representing that:

- (1) the country of ultimate destination was West Germany;
- (2) there was no intermediate consignee;
- (3) the foreign end-user was Beechcraft Sales and Service Center; and
- (4) the power supplies were for installation in West German aircraft.

All in violation of Title 22, United States Code, Section 2778, Title 18, United States Code, Section 2, and 22, Code of Federal Regulations, Part 127.

Count 5

1  
2 On or about March 25, 1987, in the Southern District of California and elsewhere,  
3 defendants FLOYD D. STILWELL and MARSH AVIATION CO., INC., in a matter within  
4 the jurisdiction of the United States Customs Service, a department and agency of the  
5 United States, did knowingly and willfully cause false, fraudulent and fictitious state-  
6 ments of material facts to be made on a Department of State export license for one  
7 signal data converter, by representing that:

- 8 (1) the country of ultimate destination was West Germany;  
9 (2) there was no intermediate consignee;  
10 (3) the foreign end-user was Beechcraft Sales and Service Center; and  
11 (4) the power supplies were for installation in West German aircraft.

12 All in violation of Title 22, United States Code, Section 2778, Title 18, United States  
13 Code, Section 2, and 22, Code of Federal Regulations, Part 127.

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Count 6

On or about September 14, 1987, in the Southern District of California and elsewhere, defendants FLOYD D. STILWELL and MARSH AVIATION CO., INC., in a matter within the jurisdiction of the United States Customs Service, a department and agency of the United States, did knowingly and willfully make false, fraudulent and fictitious statements of material facts, in that they represented and stated on a Department of State export license that:

- (1) the country of ultimate destination was West Germany;
- (2) there was no intermediate consignee;
- (3) the foreign end-user was Beechcraft Sales and Service Center; and
- (4) the power supplies were for installation in West German aircraft.

All in violation of Title 22, United States Code, Section 2778, Title 18, United States Code, Section 2, and 22, Code of Federal Regulations, Part 127.

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Count 7

On or about May 27, 1987, in the Southern District of California and elsewhere, defendants FLOYD D. STILWELL and MARSH AVIATION CO., INC., knowingly and willfully did falsify, conceal, and cover up by trick, scheme, and device a material fact and did make a false, fictitious and fraudulent statement and representation as to a material fact within the jurisdiction of the the United States Customs Service, a department and agency of the United States, in that they did conceal that they were attempting to export three high voltage power supplies to Iran, and did represent to Special Agents Daniel Supnick and Brian Simon that the power supplies were for use in West Germany, whereas in truth and fact as the defendants then and there well knew, that statement and representation was false, fictitious and fraudulent when made, in violation of Title 18, United States Code, Sections 1001 and 2.

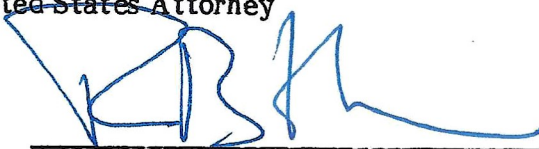
DATED: April 8, 1988.

A TRUE BILL:

\_\_\_\_\_  
Foreperson

PETER K. NUNEZ  
United States Attorney

By:

  
\_\_\_\_\_  
PHILLIP L.B. HALPERN  
Assistant U.S. Attorney