

SEALED CRIMINAL COMPLAINT

UNITED STATES DISTRICT COURT		CENTRAL DISTRICT OF CALIFORNIA	
UNITED STATES OF AMERICA v. SERGIO SANTIAGO DE LEON SYJUCO, CESAR PAOLO INCIONG UBALDO, and ARJYL REVEREZA,		DOCKET NO.	
		MAGISTRATE'S CASE NO. 11 2919M	
Complaint for violation of Title 22, United States Code, Section 2778 - Arms Export Control Act.			
NAME OF MAGISTRATE JUDGE Hon.		UNITED STATES MAGISTRATE JUDGE	LOCATION Los Angeles, CA
DATE OF OFFENSE June 7, 2011	PLACE OF OFFENSE Los Angeles, California	ADDRESS OF ACCUSED (IF KNOWN) Republic of the Philippines	FILED U.S. DISTRICT COURT DEC - 8 2011
COMPLAINANT'S STATEMENT OF FACTS CONSTITUTING THE OFFENSE VIOLATION :			
<p>On June 7, 2011, SERGIO SANTIAGO DE LEON SYJUCO, CESAR PAOLO INCIONG UBALDO, and ARJYL REVEREZA knowingly and willfully imported from the Republic of the Philippines to the United States defense articles on the United States Munitions List and the United States Munitions Import List, that is, twelve fully automatic Bushmaster M4 .223 caliber rifles, one Safety Harbor Firearms .50 caliber assault rifle, one H&R Arms Co. M14 7.62mm assault rifle, one single-shot grenade launcher, one M224 60mm lightweight mortar launcher, one automatic AK-47 rifle, and four Level III and Level IV body armor, without having first obtained the required license and written approval from the United States Department of State Directorate of Defense Trade Controls and the Bureau of Alcohol, Tobacco, Firearms and Explosives, in violation of Title 22 of the United States Code, Section 2778.</p>			
BASIS OF COMPLAINANT'S CHARGE AGAINST THE ACCUSED: (See attached affidavit which is incorporated as part of this Complaint)			
MATERIAL WITNESSES IN RELATION TO THIS CHARGE:			
Being duly sworn, I declare that the foregoing is true and correct to the best of my knowledge.		SIGNATURE OF COMPLAINANT Dennis Lao <i>[Signature]</i>	
		OFFICIAL TITLE SPECIAL AGENT – Federal Bureau of Investigation	
Sworn to before me and subscribed in my presence,			
SIGNATURE OF MAGISTRATE JUDGE(1) Frederick F. Mumm			DATE DEC - 8 2011

1) See Federal Rules of Criminal Procedure rules 3 and 54.

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AFFIDAVIT

I, Dennis Lao, being duly sworn, depose and say:

Background and Experience

1. I am a Special Agent ("SA") with the United States Federal Bureau of Investigation ("FBI"), and have been so employed since July 1996. My experience includes investigating federal statutes involving bank robbery, fugitives, kidnapping, and investigation of Asian Organized Crime Groups involved in counterfeit United States (U.S.) currency trafficking, firearms trafficking, narcotics trafficking, human trafficking and money laundering. During the investigation of these cases, I have prepared and participated in numerous arrest warrants, searches, and criminal prosecutions. I have participated in investigations in multiple countries to include, the United States, Cambodia, Mexico, Philippines, and Thailand.

Purpose of the Affidavit

2. This affidavit is being made in support of a criminal complaint and arrest warrants for SERGIO SANTIAGO DE LEON SYJUCO ("SYJUCO"), CESAR PAOLO INCIONG UBALDO ("UBALDO"), and ARJYL REVEREZA ("REVEREZA"), for violation of Title 22, United States Code, Section 2778 ("Arms Export control Act"), importation of defense articles without a license.

3. The facts set forth in this affidavit are based upon

my personal observations in surveilling activity in this case, discussions with the undercover agent, other agents, and a confidential source involved in this investigation, and my participation and work as an undercover agent in this case. I have also had an opportunity to inspect all physical evidence, including firearms and other weapons and email correspondence, and view all video recordings and surveillance photographs obtained in this case.

4. This affidavit is intended to show that there is probable cause for the requested complaint and arrest warrants. It does not purport to set forth all of my knowledge or investigation into this matter. Facts not set forth herein are not relied on in order to support the conclusion that there is probable cause to support the criminal complaint and arrest warrants.

Applicable Law - Arms Export Control Act - 18 U.S.C. § 2778

5. In connection with this investigation and others, I have learned that the commercial import of arms, ammunition, implements of war, and defense articles and services into the United States is governed by the Arms Export Control Act ("AECA"), Title 22, United States Code, Section 2778, and the International Traffic in Arms Regulations ("ITAR"), Title 22, Code of Federal Regulations, Sections 120-130.

6. The AECA authorizes the President, among other things, to control the import of "defense articles" deemed critical to the national security and foreign policy interests of the United States. The AECA also authorizes the President to designate items as "defense articles," require licenses for the import of such articles, and promulgate regulations for the import of such articles. By Executive Order, the President has delegated this authority to the United States Department of State, Directorate of Defense Trade Controls ("DDTC"). Accordingly, the DDTC promulgates regulations under the AECA, which are known as the International Traffic in Arms Regulations ("ITAR").

7. The ITAR implements the provisions of the AECA, and establishes the framework for regulating the import of defense articles. The ITAR defines a "temporary import" as bringing into the United States from a foreign country any defense article that is in transit to another foreign destination. Permanent imports are regulated by the Attorney General under the direction of the Department of Justice's Bureau of Alcohol, Tobacco, Firearms, and Explosives in Title 27, Code of Federal Regulations, Sections 447, 478, 479, and 555.

8. The ITAR defines a "defense article" to be any item on the United States Munitions List ("USML"). The ITAR contains the USML, Title 22, Code of Federal Regulations, Section 121.1,

as adopted and included as the United States Munitions Import List in Title 27, Code of Federal Regulations, Section 447.21.

9. The USML sets forth 21 categories of defense articles and services that are subject to import licensing controls. Included in this list are such things as rockets, bombs, explosives, guns, ammunition, firearms, close assault weapons, combat shotguns, and components of such firearms and weapons. The United States Munitions Import List includes body armor, such as Level III and Level IV ballistic vests.

10. Persons desiring to import arms, ammunition, implements of war, and defense articles and services specified on the United States Munitions List into the United States must register with the Directorate of Defense Trade Controls of the Department of State or the Bureau of Alcohol, Tobacco, Firearms, and Explosives and obtain individual import licenses for each shipment prior to the import, as set forth in Title 22, Code of Federal Regulations, Sections 122 and 123, and Title 27, Code of Federal Regulations, Sections 447, 478, 479, and 555. It is illegal to import or attempt to import defense articles on the United States Munitions List without a license.

Probable Cause

11. I am currently assisting in an FBI investigation of Transnational Asian Organized Crime ("AOC") groups involved in

the illicit trafficking of firearms. The investigation in this case involved the introduction of an undercover U.S. law enforcement agent ("UC") to various individuals in the Philippines, including individuals reportedly engaged in the illicit trafficking of military-grade firearms. The premise for these introductions was that the UC was interested in purchasing high-powered weapons and explosive devices to be used by the Mexican drug cartel in the United States and Mexico.

12. On October 1, 2010, in the Philippines, an individual sold the UC twelve fully automatic Bushmaster M4 .223 caliber rifles bearing serial numbers: L437780; L437720; L437783; L437645; 1233210; 4674300; 0010734; 1011231; 2211056; 4111522; 3100995; and 1170555.

13. On November 16, 2010, in the Philippines, UBALDO offered to put the UC in contact with other suppliers of high-powered firearms. A few days later, on November 20, 2010, UBALDO showed the UC a Bushmaster M4 fully automatic rifle that he had available for sale.

14. On January 10, 2011, by e-mail, UBALDO provided the UC with a detailed inventory of weapons that UBALDO had available for sale that week, including fully automatic and high caliber firearms.

15. On February 22, 2011, in the Philippines, UBALDO met with the UC, discussed weapons he had available for sale, and offered to introduce the UC to REVEREZA, who he indicated was a corrupt Philippines customs official who could facilitate shipping weapons from the Philippines to the United States.

16. On February 23, 2011, SYJUCO and UBALDO sold a Safety Harbor Firearms, Inc. .50 caliber assault rifle bearing serial number 0606A to the UC in exchange for \$30,000 in United States currency.

17. On February 25, 2011, SYJUCO sold an H&R Arms Co. fully automatic M14 7.62mm assault rifle bearing serial number 881672 to the UC in exchange for \$9,800 in United States currency. On that same date, SYJUCO told the UC that SYJUCO could acquire other weapons and explosives to sell to the UC, including rocket propelled grenades, M249 machine guns, M82 assault rifles, grenades, and claymore mines. Specifically, the M249 is a machine gun that is manufactured in the United States and is widely used by the U.S. Armed Forces.

18. On May 9, 2011, SYJUCO, UBALDO, and REVEREZA arranged to meet with the UC in the Philippines to discuss the pending weapons deal and export of firearms, destructive devices, and ballistic vests to the United States.

19. On May 12, 2011, SYJUCO transferred the following firearms and destructive devices into the UC's vehicle: one single-shot grenade launcher; one M224 60mm lightweight mortar launcher, with serial number obliterated; one rocket propelled grenade (RPG-7) launcher bearing serial number 8907 1984; one automatic AK-47 rifle, with serial number obliterated; nine M203 40mm grenade rounds; two 60mm lightweight mortar launcher rounds; and two MK2 fragmentation grenades. Later that same day, SYJUCO and another individual arranged to meet with the UC at a hotel room in the Philippines and helped to pack the various firearms and destructive devices purchased by the UC in the Philippines into boxes for shipment to the United States, including the single-shot grenade launcher, the M224 60mm lightweight mortar launcher, the rocket propelled grenade (RPG-7) launcher, the automatic AK-47 rifle, the M203 40mm grenade rounds, the 60mm lightweight mortar launcher rounds, the MK2 fragmentation grenades, the twelve .223 caliber Bushmaster M4 rifles, the Safety Harbor Firearms, Inc. .50 caliber assault rifle, and the H&R Arms Co. M14 7.62mm assault rifle.

20. On May 12, 2011, in the Philippines, SYJUCO accepted \$10,000 in United States currency from the UC as a second partial payment for the firearms and destructive devices. SYJUCO assisted in loading the firearms and destructive devices into a

shipping container for export to the United States. Later that day, SYJUCO accepted \$8,920 in United States currency from the UC reflecting final payment for the firearms and destructive devices.

21. On May 12, 2011, REVEREZA instructed the UC to send REVEREZA an email which provided the bill of lading needed to ship the container of defense articles to the United States. REVEREZA knew that the bill of lading falsely stated that the container contained only furniture.

22. On May 13, 2011, SYJUCO met the UC at the airport in Manila, Philippines with four Level IV ballistic vests in SYJUCO's vehicle, which SYJUCO knew were to be shipped to the United States with the other weapons. On that same date, UBALDO accepted \$4,400 in United States currency from the UC as payment for the four Level IV ballistic vests that were to be shipped to the United States.

23. On May 13, 2011, REVEREZA arranged for the completion and approval of a Philippine Bureau of Customs export declaration document, falsely declaring the shipment of defense articles destined for the United States as "Used Personal Effects."

24. On May 16, 2011, in the Philippines, REVEREZA accepted \$2,400 in United States currency from the UC, which REVEREZA had

demanded as a bribe payment for his efforts to ensure that the container of defense articles was falsely declared as only personal effects and furniture, and successfully imported from the Philippines to the United States without detection of the defense articles by other Philippine Customs officials.

25. On May 17, 2011, REVEREZA accepted \$3,000 in United States currency from the UC, which REVEREZA had demanded as a bribe payment to facilitate the illegal import of the defense articles from the Philippines to the United States.

26. On May 18, 2011, SYJUCO, UBALDO, and REVEREZA caused the shipping container of defense articles, including the various firearms and body armor, to depart from the Philippines port on a ship bound for the United States and which arrived at the port in Long Beach, California on June 7, 2011.

27. At no time on or before June 7, 2011, did SYJUCO, UBALDO, or REVEREZA apply for or receive a license from the Department of State or the Bureau of Alcohol, Tobacco, Firearms and Explosives to import defense articles, including but not limited to, .223 caliber rifles, .50 caliber assault rifle, 7.62mm assault rifle, single-shot grenade launcher, 60mm mortar launcher, rocket propelled grenade, automatic AK-47 rifle, Level III and Level IV body armor, 40mm grenade launcher rounds, 60mm mortar launcher rounds, and fragmentation grenades into the

