

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA San Diego, California

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For Immediate Release

NEWS RELEASE SUMMARY - December 7, 2006

United States Attorney Carol C. Lam announced that Ahed Alghazouli was sentenced today in federal court in San Diego by the Honorable John A. Houston to serve 30 months in custody, based on Alghazouli's plea of guilty to the charge of Conspiracy to Launder Money, in connection with the proceeds of the sale of illegally imported R-12 Freon refrigerant. Judge Houston also imposed a \$6,000 fine, and ordered the forfeiture of Alghazouli's interest in two bank accounts, and a house in Chandler, Arizona.

According to court documents, between June 1997 and October 2004, Alghazouli and his brothers operated a business in San Diego known as United Auto Supply, through which they sold automotive supplies, including R-12 Freon, purchased from individuals known to them to have smuggled the Freon into the United States from Mexico. The defendant admitted that he purchased the Freon with cash and that the Spanish language printing on the cylinders was painted over and/or erased to disguise the origin of the Freon, prior to selling it to their customers. The defendant further admitted that he conducted financial transactions using \$135,000 in proceeds from the sale of the smuggled R-12 Freon to make purchases in amounts in excess of \$10,000 of other supplies for their business.

R-12 Freon is a refrigerant used primarily in automobile air-conditioning units, and is considered to be an ozone depleting substance. The United States ratified the Montreal Protocol on Ozone Depleting Substances and enacted Section 7671 of Title 42 (part of the Clean Air Act) in 1990 to empower the EPA to promulgate regulations to effectuate the treaty. The purpose of the Montreal Protocol was to phase out the use of ozone depleting substances. Pursuant to the treaty, the manufacture and importation of R-12 Freon was phased out in the United States, until by January 1, 1996, it was unlawful to manufacture and import R-12 Freon into the United States. The sale of R-12 Freon, however, was not prohibited in order to allow persons to sell the remaining R-12 Freon they had on-hand. Mexico, as a developing country under the Montreal Protocol, was given an additional 15 years in which to phase out the manufacture of R-12 Freon, which created an active black market in smuggled Freon. EPA regulations make it unlawful to sell R-12 refrigerant to anyone who is not a certified buyer (which involves taking a class and demonstrating that the user possesses the required equipment to recapture the Freon that will be removed from the vehicle's air conditioning unit).

“CFCs deplete the stratospheric ozone layer, which protects people from the serious effects of ultraviolet radiation such as skin cancer and cataracts,” said Granta Y. Nakayama, EPA’s Assistant Administrator for Enforcement and Compliance Assurance. “If you harm the ozone layer, you harm everyone. Today's significant sentence sends a clear message that those who place the public at risk in order to make illegal profits will be vigorously prosecuted.”

The defendant’s brother and co-defendant, Amar Alghazouli, was convicted in a federal jury trial on similar charges and sentenced to serve 41 months in custody.

DEFENDANT

Criminal Case No. 05-CR-1148-JAH

Ahed Alghazouli

SUMMARY OF CHARGES

Count 8 Title 18, U.S.C., Sec. 1956(h) - Conspiracy to Launder Money

Title 18, U.S.C., Sec. 982 - Forfeiture

AGENCIES

U.S. Environmental Protection Agency, Criminal Investigations Division

Federal Bureau of Investigation

Immigration and Customs Enforcement

Department of Transportation, Office of Inspector General