



THE UNITED STATES ATTORNEY'S OFFICE
DISTRICT *of* CONNECTICUT

[HOME](#) [ABOUT](#) [MEET THE U.S. ATTORNEY](#) [NEWS](#) [PROGRAMS](#) [JOBS](#) [CONTACT US](#)

[U.S. Attorneys](#) » [District of Connecticut](#) » [News And Press Releases](#)

Department of Justice

U.S. Attorney's Office

District of Connecticut

FOR IMMEDIATE RELEASE

Tuesday, July 28, 2015

New York Man Admits Supplying Falsely Remarketed Computer Chips Used in U.S. Military Helicopters

Deirdre M. Daly, United States Attorney for the District of Connecticut, announced that JEFFREY KRANTZ, 50, of New York, N.Y., waived his right to indictment and pleaded guilty today in Hartford federal court to supplying customers with falsely remarketed microprocessor chips, many of which were used in U.S. Military and commercial helicopters.

"The distribution of unapproved microprocessor chips and other electronic components for use by the U.S. Military poses a serious threat to the safety of the men and women of our armed services," said U.S. Attorney Daly. "Individuals who choose profit over public health and safety will be prosecuted. We thank the Defense Criminal Investigative Service and the U.S. Department of Transportation, Office of Inspector General, for their excellent work on this complex investigation."

"The charge today is demonstrative of the continued dedication of the Defense Criminal Investigative Service (DCIS) and our fellow law enforcement partners to protect the integrity of the Department of Defense's supply chain," said Craig W. Rupert, Special Agent in Charge, DCIS, Northeast Field Office. "Distributors who opt for financial gain by introducing inferior products into mission critical equipment create an environment ripe for product failures. Such disregard puts the warfighter at an unnecessary risk, ultimately impacting the mission readiness of our military that the nation depends on. DCIS will continue to engage with prosecutors to address all who attempt to disrupt the reliability of our military's critical infrastructure."

"The actions taken today demonstrate the commitment of the Department of Transportation Inspector General's Office to preventing and detecting fraud in the aerospace manufacturing industry," said Todd Damiani, regional Special Agent-in-Charge of the U.S. Department of Transportation Office of Inspector General. "Working with our law enforcement and prosecutorial colleagues, we will continue our efforts to uncover suspect unapproved parts, prevent their use, and punish those who seek to compromise the integrity of DOT's safety programs."



THE UNITED STATES ATTORNEY'S OFFICE
DISTRICT *of* CONNECTICUT

[HOME](#) [ABOUT](#) [MEET THE U.S. ATTORNEY](#) [NEWS](#) [PROGRAMS](#) [JOBS](#) [CONTACT US](#)

[U.S. Attorneys](#) » [District of Connecticut](#) » [News And Press Releases](#)

Department of Justice

U.S. Attorney's Office

District of Connecticut

FOR IMMEDIATE RELEASE

Tuesday, July 28, 2015

New York Man Admits Supplying Falsely Remarketed Computer Chips Used in U.S. Military Helicopters

Deirdre M. Daly, United States Attorney for the District of Connecticut, announced that JEFFREY KRANTZ, 50, of New York, N.Y., waived his right to indictment and pleaded guilty today in Hartford federal court to supplying customers with falsely remarketed microprocessor chips, many of which were used in U.S. Military and commercial helicopters.

"The distribution of unapproved microprocessor chips and other electronic components for use by the U.S. Military poses a serious threat to the safety of the men and women of our armed services," said U.S. Attorney Daly. "Individuals who choose profit over public health and safety will be prosecuted. We thank the Defense Criminal Investigative Service and the U.S. Department of Transportation, Office of Inspector General, for their excellent work on this complex investigation."

"The charge today is demonstrative of the continued dedication of the Defense Criminal Investigative Service (DCIS) and our fellow law enforcement partners to protect the integrity of the Department of Defense's supply chain," said Craig W. Rupert, Special Agent in Charge, DCIS, Northeast Field Office. "Distributors who opt for financial gain by introducing inferior products into mission critical equipment create an environment ripe for product failures. Such disregard puts the warfighter at an unnecessary risk, ultimately impacting the mission readiness of our military that the nation depends on. DCIS will continue to engage with prosecutors to address all who attempt to disrupt the reliability of our military's critical infrastructure."

"The actions taken today demonstrate the commitment of the Department of Transportation Inspector General's Office to preventing and detecting fraud in the aerospace manufacturing industry," said Todd Damiani, regional Special Agent-in-Charge of the U.S. Department of Transportation Office of Inspector General. "Working with our law enforcement and prosecutorial colleagues, we will continue our efforts to uncover suspect unapproved parts, prevent their use, and punish those who seek to compromise the integrity of DOT's safety programs."

According to court documents and statements made in court, KRANTZ is the CEO and an owner of Harry Krantz, LLC, a New York-based company that bought and sold, among other things, obsolete electronic parts for use by the U.S. Military and commercial buyers. In 2005, KRANTZ entered into a business relationship with Jeffrey Warga, the president and owner of Rhode Island-based Bay Components, LLC, to sell military microprocessor chips to Bay Components, which would in turn sell them to a Connecticut company. KRANTZ knew that the Connecticut company wanted new and original chips, not falsely remarked chips.

Between 2005 and 2008, KRANTZ purchased and sold, and caused to be purchased and sold, over a thousand chips to Bay Components, which, in turn sold them to the Connecticut company. The chips were marked with certain information, including a certain manufacturer's name and trademark, a date code, and a military part number. In approximately December 2005, the first shipments of about 330 chips that KRANTZ had sold to Bay Components were rejected by the Connecticut company for being the wrong part because the chip contained the wrong die inside. In 2006, KRANTZ replaced those chips with at least some of the replacement chips bearing the date code 9832. Between 2006 and 2008, KRANTZ sold and caused to be sold at least 900 chips with date code 9832 to Bay Components, the majority of which were sold to the Connecticut company. KRANTZ knew that the chips had originated from a parts supplier in China, and there was a high probability that the chips were falsely remarked not the original chips of the certain manufacturer as represented by the markings on the chip. He also avoided engaging in common practices in the industry, including those which Harry Krantz LLC routinely engaged in for other military parts, to avoid confirming that the chips were likely remarked.

The investigation revealed that many of the chips were used in the assembly of U.S. Military and commercial helicopters. The chips have been examined and determined not to be the root cause of any mechanical problems experienced by the helicopters to date.

KRANTZ pleaded guilty to one count of wire fraud, a charge that carries a maximum term of imprisonment of 20 years and a fine of up to approximately \$800,000. He is scheduled to be sentenced on November 2, 2015.

KRANTZ has agreed to pay restitution in the amount of \$402,650. He also has agreed not to be directly or indirectly involved in the buying or selling of electronic parts, for a period of up to two years, and to give up all control either directly or indirectly over Harry Krantz LLC, and all beneficial and/or financial interest, including ownership interest, in Harry Krantz, LLC and will not reacquire such an interest.

On December 12, 2014, Warga pleaded guilty to one count of conspiracy to commit wire fraud. He awaits sentencing.

This matter is being investigated by the Defense Criminal Investigative Service and the U.S. Department of Transportation, Office of Inspector General. The case is being prosecuted by Assistant U.S. Attorney Felice Duffy and Special Assistant U.S. Attorney Carol Sipperly.

According to court documents and statements made in court, KRANTZ is the CEO and an owner of Harry Krantz, LLC, a New York-based company that bought and sold, among other things, obsolete electronic parts for use by the U.S. Military and commercial buyers. In 2005, KRANTZ entered into a business relationship with Jeffrey Warga, the president and owner of Rhode Island-based Bay Components, LLC, to sell military microprocessor chips to Bay Components, which would in turn sell them to a Connecticut company. KRANTZ knew that the Connecticut company wanted new and original chips, not falsely remarked chips.

Between 2005 and 2008, KRANTZ purchased and sold, and caused to be purchased and sold, over a thousand chips to Bay Components, which, in turn sold them to the Connecticut company. The chips were marked with certain information, including a certain manufacturer's name and trademark, a date code, and a military part number. In approximately December 2005, the first shipments of about 330 chips that KRANTZ had sold to Bay Components were rejected by the Connecticut company for being the wrong part because the chip contained the wrong die inside. In 2006, KRANTZ replaced those chips with at least some of the replacement chips bearing the date code 9832. Between 2006 and 2008, KRANTZ sold and caused to be sold at least 900 chips with date code 9832 to Bay Components, the majority of which were sold to the Connecticut company. KRANTZ knew that the chips had originated from a parts supplier in China, and there was a high probability that the chips were falsely remarked not the original chips of the certain manufacturer as represented by the markings on the chip. He also avoided engaging in common practices in the industry, including those which Harry Krantz LLC routinely engaged in for other military parts, to avoid confirming that the chips were likely remarked.

The investigation revealed that many of the chips were used in the assembly of U.S. Military and commercial helicopters. The chips have been examined and determined not to be the root cause of any mechanical problems experienced by the helicopters to date.

KRANTZ pleaded guilty to one count of wire fraud, a charge that carries a maximum term of imprisonment of 20 years and a fine of up to approximately \$800,000. He is scheduled to be sentenced on November 2, 2015.

KRANTZ has agreed to pay restitution in the amount of \$402,650. He also has agreed not to be directly or indirectly involved in the buying or selling of electronic parts, for a period of up to two years, and to give up all control either directly or indirectly over Harry Krantz LLC, and all beneficial and/or financial interest, including ownership interest, in Harry Krantz, LLC and will not reacquire such an interest.

On December 12, 2014, Warga pleaded guilty to one count of conspiracy to commit wire fraud. He awaits sentencing.

This matter is being investigated by the Defense Criminal Investigative Service and the U.S. Department of Transportation, Office of Inspector General. The case is being prosecuted by Assistant U.S. Attorney Felice Duffy and Special Assistant U.S. Attorney Carol Sipperly.