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U.S. indicts Guerin on \$1 billion fraud charge

Could face 66 years in prison for illegal sale of armaments

by Tim Mekeel
and Ernest Schrelber
New Era Staff Writers

PHILADELPHIA — The Justice Department today charged former Lancaster businessman James H. Guerin and associates with a \$1 billion fraud and illegal sale of U.S. military technology to South Africa.

Guerin, once one of Lancaster's most prominent industrialists and philanthropists, faces up to 66 years in prison and \$3.75 million in fines, if convicted of the charges, federal prosecutors in Philadelphia said.

Six other men who worked at Guerin's International Signal & Control, near Mountville, also face charges in the alleged schemes.

In addition, the government is charging Armscor, South Africa's state affiliated weapons maker, two of its subsidiaries and seven South African nationals with involvement in the smuggling scheme. (See accompanying list of indictments.)

In two indictments, containing 75 charges against 17 people, the Justice Department portrayed Guerin as the architect of the intertwining fraud and illegal export schemes.

Today's long-awaited indictments culminate a three-year probe into ISC. Although Guerin and his associates have been named in many previous court proceedings, they were not formally charged until today.

According to the 51-page fraud indictment, ISC executives created \$1 billion worth of fake business to pump up the value of ISC.



New Era Photo by Keith Baum

William L. Fleisher, deputy special agent with the U.S. Customs Service, stands in the federal courthouse in Philadelphia today with some of the equipment impounded in the Guerin investigation.



JAMES H. GUERIN

Intelligence Journal

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WEATHER:
Partly cloudy, mid-60s
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“
It was done at the cost of this country and the lives of people everywhere.
”

David Warren
U.S. Customs Service

Guerin charged; Iraq got arms

ISC founder, others indicted in huge fraud, illegal weapons sales

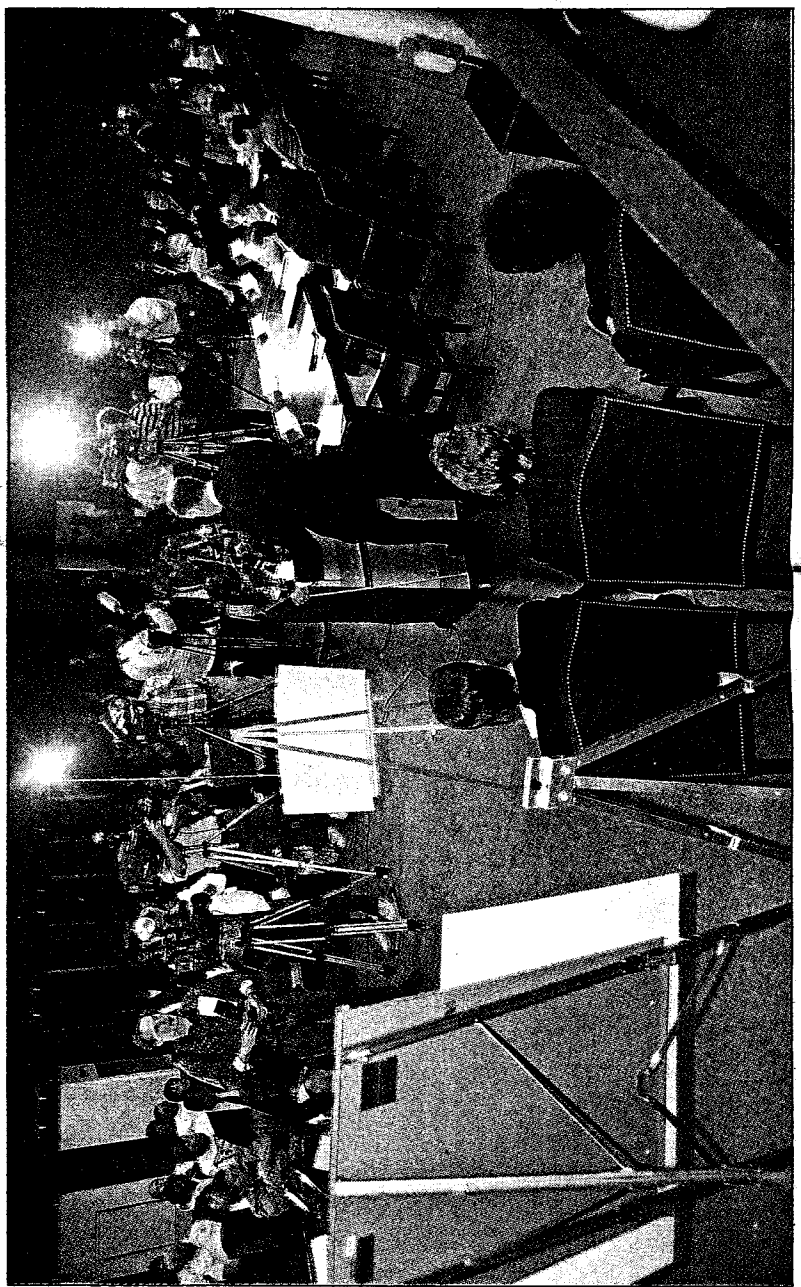
Guerin faces 66 years in prison

Thomas L. Flannery and Paul Bomberger
Intelligence Journal Staff

PHILADELPHIA — In two criminal indictments unsealed Thursday, former Lancaster businessman and philanthropist James H. Guerin and 16 other men and three South African companies were charged with 75 counts of contract fraud, money laundering, and smuggling and export law violations.



The individuals, who were charged by the U.S. government after an intensive three-year multi-governmental agency investigation, face a total of 2,122 years in prison and \$197.5 million in fines, if convicted. The three firms face fines of \$36.5 million.



The individuals are: ...

U.S. puts total at \$1 billion

Thomas L. Flannery
Intelligence Journal Staff

PHILADELPHIA — Federal prosecutors on Thursday unsealed a 75-count criminal indictment against former Lancaster businessman James H. Guerin and 19 others for illegal arms sales to South Africa and an international fraud exceeding \$1 billion.

In announcing the charges that were handed down by a grand jury on Wednesday, U.S. Attorney Michael M. Baylson said some of the products shipped from Guerin's former company, International Signal & Control Corp., to South Africa were used to complete 155mm artillery shells used by Iraq against U.S. forces during the Persian Gulf War.

In addition to violating U.S. export embargoes and United Nations sanctions against South Africa from 1978 through 1989, those indicted were charged with securities fraud, money laundering, and other offenses.