

THE CHINESE PHANTOM

The World's Most Dangerous Arms Dealer or: The Powerlessness of the West

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00 . PROLOGUE

It is shortly after midnight when the plane carrying the shadow warrior touches down on the runway. As usual, for security reasons, the general has taken a regular flight and, as always, neither he nor his companions checked in under their real names. This time, however, spies saw him boarding a plane, operated by the Syrian airline Cham Wings, in Damascus. The Israeli and US intelligence agencies have his mobile coordinates and are therefore able to geolocate him. By the time Flight 6Q501 comes to a halt on the tarmac at Baghdad International Airport about an hour later, CIA headquarters in Langley, Virginia, have long since been on the case.

It is a mild winter's night and a light breeze is blowing as Qasem Soleimani steps out of the Airbus A320 and strides along the gangway. He is a grey-haired soldier with a closely cropped beard and dark eyes, short of stature and invested with immense power. This public enemy of the United States and Israel does not have long to live.

Soleimani was born in 1957 in Rabor, an impoverished mountain village in eastern Iran. After the toppling of the shah in 1979, he joined the Revolutionary Guard, an army that operates in parallel to the regular Iranian armed forces. He helped put down a Kurdish rebellion in the northwest of the country and was sent to the frontline when Saddam Hussein invaded Iran. Soleimani rose to prominence during the Iran-Iraq war, which left behind a traumatized country when it finally ended in 1988.

His part in commando operations behind enemy lines made him a war hero, and he was entrusted with a division before he had even turned thirty.

In 1998 he was put in command of a crack unit called the Quds Force – secret service, special forces and a professional gunrunning operation rolled into one. Its mission is to expand Iran’s sphere of influence and sound out the enemy, combined with sabotage and murder.

Under Soleimani’s leadership the Quds Force tried to hire a killer from a Mexican drug cartel to blow up Saudi Arabia’s U.S. ambassador. In Germany, they spied on the former president of the German-Israeli Society, Reinhold Robbe, in preparation for an assassination attempt.

Soleimani is Iran’s fixer in just about every conflict in the Middle East; that is the view of Western intelligence agencies in any case. His forces supported Shiite Hezbollah fighters in Lebanon, controlled the largest Shiite militias in Iraq, provided weapons to the Houthi rebels in Yemen, and Soleimani’s men also ensured that Bashar al-Assad was able to cling on to power in Syria. They provide soldiers and advisors as well as supplying weapons such as missiles that enable their allies to strike from a distance.

“Soleimani is the single most powerful operative in the Middle East,” former CIA agent John Maguire told *The New Yorker*. The United States accuse him of masterminding numerous attacks on U.S. troops and terrorist plots, not only in the Middle East but also in Bangkok, New Delhi, Lagos and Nairobi. Qasem Soleimani is alleged to have tens of thousands of deaths on his conscience.

This January night, his brother-in-arms Abu Mahdi al-Muhandis is waiting for him at the bottom of the gangway. He is Soleimani's governor in Iraq and commander of the Kataib Hezbollah Shiite militia, a sort of Iranian proxy army. Al-Muhandis may not occupy an official post, but not much happens in Iraq without his say-so.

A Toyota limousine and a Hyundai minivan are standing by the runway, ready to whisk Soleimani and his companions away into the city center. However, high up in the night sky, two MQ-9 Reaper drones are circling. They have covered a great distance since setting out a few hours earlier - according to later media reports - from the U.S. airbase at Al Udeid in Qatar, over 900 miles away. But they are controlled by pilots stationed in front of screens at Creech Air Force Base, Nevada, on the other side of the world.

At the same moment, the late-afternoon sun is sinking towards the horizon in the Florida holiday resort of Palm Beach. Two days earlier, then U.S. President Donald Trump threw a huge New Year's Eve party at his Mar-a-Lago luxury hotel, and he completed a round of golf only a few hours ago. Now though, Trump can see the footage from the drone's camera on his screen and he listens to the countdown.

For the past few months the world has been anxiously monitoring developments in Iran and the Persian Gulf. That summer there were mysterious attacks on oil tankers in the Strait of Hormuz, a bottleneck through which one-fifth of the world's oil supply has to pass. In September

a huge Saudi oilfield and one of the world's most important refineries were hit by drones and missiles.

Heading into winter, tensions between the United States and Iran worsened significantly, triggering a dangerous chain reaction shortly after Christmas. Following a rocket attack on a U.S. base in northern Iraq which left one soldier dead, the Americans alleged that Soleimani's friend al-Muhandis was responsible and bombed his troops' positions. The Iraqis claimed that at least twenty-five people were killed.

Not long afterwards, in late December 2019, crowds of furious protestors stormed the well-protected U.S. embassy complex in Baghdad, shouting "Death to America!", hurling stones and Molotov cocktails, smashing windows and starting fires. Combat helicopters swarmed overhead, as Marines took up positions on the embassy roof and fired tear gas canisters into the crowd. It seemed as if a raging mob was getting the better of a global superpower. A humiliation. It was clear to the Americans that this was no spontaneous demonstration: they believed the attack was orchestrated by Iran and bore all the hallmarks of being Qasem Soleimani's handiwork.

The siege only ended two days later on January 1, 2020, leaving Donald Trump apoplectic. He swiftly took a decision from which his predecessors Barack Obama and George W. Bush had recoiled. Even his closest advisors were taken by surprise when President Trump ordered Reaper drones into the air.

The clock ticks on to 00:47 in Baghdad as the U.S. president listens to the final seconds of the countdown in Mar-a-Lago. Soleimani's convoy has just rounded the end of the runways and turns onto a palm-fringed straight running parallel to them and out of the airport. Only a half-mile remains before a sharp righthand bend from where the road leads into the center of Baghdad. Soleimani has a morning meeting scheduled there with the Iraqi prime minister. He'll never make it because someone at Creech Air Force Base in Nevada has just pressed a button. A blinding flash lights up the night sky over Baghdad airport.

Several Hellfire rockets rip the vehicles apart, killing all the occupants. The general's convoy is reduced to a blazing heap of junk. Eye witnesses report later that the air stank of charred flesh.

Within hours, a photo by someone who obviously attended the strike site soon afterwards is beamed around the world. It shows a dirt-stained hand lying in the grass, its middle finger banded by a ring inset with a large, blood-red stone. It is Soleimani's ring. It facilitates the identification of the man touted as Iranian president Hassan Rohani's successor – a man whose life ended suddenly at the gates of Baghdad International Airport on January 3, 2020.

Donald Trump is enjoying dinner at Mar-a-Lago when the Pentagon confirms that U.S troops have killed the general. He orders meatloaf and ice cream.

The Iranian government orders three days of official mourning. The nation's spiritual leader, Ayatollah Ali Khomeini, and President Rohani

promise to take revenge on the Americans. The months of mass protests against the regime of the mullahs, and the security forces' brutal crackdown on their own people all seem forgotten as fury unites the country. Chants of "Down with America" and "Death to Israel" ring out in the streets and squares of Tehran. The crowds brandish portraits of the dead hero and wave a sea of red flags, the color of martyrdom. Millions escort the general in never-ending processions to his tomb, as the world waits with bated breath to see what will happen next.

The *Washington Post* and Israel's *Haaretz* newspaper warn that the consequences of the nighttime drone attack are "unforeseeable." The hashtag #WWIII is trending on Twitter. The London *Times* describes a "dramatic escalation", the *New York Times* thinks that the U.S. and Iran are "on the brink of war", and Switzerland's *Neue Zürcher Zeitung* fears that the whole region might go up in flames.

Shortly afterward, Iran does indeed announce that it will no longer abide by restrictions on its uranium enrichment. Its nuclear program, which has been put on hold after years of arduous negotiations, starts up again. Iran could soon renew its bid to build a bomb.

For now, though, there is a far more imminent danger - missiles from Iran. For many years their lack of accuracy made them virtually useless in military terms: they were likely to miss their target by hundreds of yards or even several miles. But Iran's missile program has come on in leaps and bounds. The U.S. military intelligence agency DIA assumes that Iran now has the largest and most diverse arsenal in the Middle East. There are

thought to be over 1,000 ballistic missiles in bunkers and silos scattered all over the country, the largest of them over 50 feet long and with a range of up to 1,200 miles. They are capable of hitting targets in Saudi Arabia and Egypt as well as Israel and even southeastern European countries like Greece. The worst thing, though, is that they are now accurate to within a matter of yards.

A few days after the assassination of Qasem Soleimani, U.S. intelligence notes that Iran has put its missile launchers on standby. On Twitter Trump threatens the regime in Tehran with brutal reprisals should Iran attack. The United States has already locked its sights on fifty-two “strategically and culturally” important targets. The figure is historically significant: one for each of the American hostages taken by Iranian students in Tehran during the Islamic Revolution. And the U.S president adds: “Iran itself WILL BE HIT VERY FAST AND VERY HARD.”

The world waits. It waits for five days and five nights. Then, in the dark early morning hours of January 8, one fireball after another sears through the sky above the Western Iranian province of Kermanshah. Iran has just launched the very first of its dreaded ballistic missiles against its arch-enemy, the United States, as part of the Revolutionary Guard’s “Operation Martyr Soleimani”.

The U.S. military placed its bases in the region on red alert the previous day. Soldiers at Ayn Al-Asad Airbase, several hundred miles west of Kermanshah in Iraq, quit their barracks at 23:00 and retreated into old bunkers dating back to Saddam Hussein’s day. It is one of the largest U.S.

bases in Iraq, home to 1,500 American military personnel and several hundred troops from countries such as Denmark, Norway and Poland, who have been posted here to help the United States combat Islamic State.

Tonight, only the sentries remain outside as drone pilots scramble to get their expensive devices airborne and away to safety.

The first rocket strikes at 01:34. It is followed by three more. In total, at least ten missiles rain down on the base.

This attack is a live demonstration to the watching world of just how precise and sophisticated Iran's missile arsenal has become. The progress can be partially attributed to a phantom individual known to insiders as one of the most dangerous men on the planet.

When U.S. soldiers and their allies have to run for the bunkers at a base in the Middle East, when people in Ukraine are killed by a hail of missiles, when sirens wail in Tel Aviv, when Yemeni children starve and rising oil prices shake the global economy after an attack on Saudi refineries, he might well have had a hand in it. When diplomats argue over disarmament in Washington and Beijing, in Geneva and New York, his name is always in the mix. The man is a key figure in the battle between the United States and China for power and influence.

Western intelligence agencies have been trying to stop him for decades, and at least one U.S. president has personally intervened with Beijing.

Yet he seems untouchable. The search for this man is still ongoing, but virtually no one has ever heard his name.

He is the Chinese phantom.

01 . WANTED BY THE FBI

Karl Lee stares straight at the camera. His head, with its broad lower jaw, is tilted back slightly, and his eyes show no emotion. Or is there just the flicker of a smile? The poor picture quality makes it hard to tell.

Locks of thick, black hair dangles over his forehead, brushing his dark eyebrows. His lips are full, the right eyelid droops slightly, and under his right nostril he has a small mole, which the FBI investigators have branded a “special feature.” They have also noted that he is said to be 5’7” tall and weighs about 150 pounds. Brown eyes. Male. Asian. A Chinese national.

The most striking thing about the picture are the bold red capital letters above the photo announcing that he is “WANTED BY THE FBI”; the FBI is both an investigative body and an intelligence agency. The investigators have put out a call for Karl Lee’s arrest on their legendary “Most Wanted” list, where his name features alongside those of serial killers, sexual abusers and human traffickers, major swindlers, foreign spies, and terrorists. Compared to him, though, the others are small fry because the bounty on his head exceeds that on offer for anyone else on the register. Anyone providing significant information leading to his arrest can pocket a \$5 million reward.

Someone on whose head the FBI has set such an enormous bounty is what the Americans commonly refer to as an “enemy of the state”. Five million dollars makes you a major-league criminal. It is the same sum as

offered by the U.S. authorities for Joaquin “El Chapo” Guzman, boss of the Mexican Sinaloa cartel. A reward of \$5 million was announced for tipoffs leading to the capture of al-Qaeda leader Osama bin Laden after he masterminded the 1998 terror attacks on U.S. embassies in Dar es Salaam and Nairobi.

Karl Lee is neither a drug baron nor the commander of a terrorist group. He’s a low-profile businessman from one of China’s more remote provinces.

It is due to him that one fine February day in 2018 we find ourselves in Cambridge, Massachusetts, on the campus of the oldest university in the United States. The most famous too, boasting no fewer than 161 Nobel Prize winners and alumni including John F. Kennedy, George W. Bush, Barack Obama and five other U.S. presidents.

“Veritas” – truth – is the motto of this institution founded in 1636. It is emblazoned on the cast-iron gateway we passed through to enter Harvard Yard, a lawn that could accommodate four soccer pitches, surrounded by a dozen brick buildings. Angela Merkel will give the graduation speech here in 2019, Mark Zuckerberg launched Facebook a stone’s throw away, and Bill Gates lived in Currier House until he dropped out of Harvard to set up a company called Microsoft. Whistleblower Daniel Ellsberg made history in 1969 when in a copy shop on nearby Harvard Square he duplicated the Pentagon Papers, which proved the public was being lied to about the Vietnam War.

Down on the banks of the Charles River stands the Harvard Kennedy School, one of the most elite faculties at this elite university. The School is the playground of diplomats and aspiring diplomats, intelligence agents and military professionals. Here, at any given moment, you can rub shoulders with budding, current and past members of the Israeli intelligence agency Mossad, Britain's MI6 and the homegrown NSA and CIA. Privileged Chinese cadres and Middle Eastern autocrats also send their offspring, often under false identities. Even Chinese president Xi Jinping's daughter studied here.

We are here to meet a man who specializes in hunting - hunting the men who supply missiles and warheads to the autocrats and dictators of this world. His past employers include the U.S. Department of Justice, the Pentagon, and the FBI.

He has also worked for Booz Allen Hamilton, a firm that takes care of many things the FBI would rather keep its fingerprints off. The company made headlines a few years ago because it employed a certain Edward Snowden before he fled the country, passed on what he knew to journalists, and became a world-famous whistleblower.

Aaron Arnold got in touch with us via an intermediary to say he wanted to talk. What about was unclear. Despite early warnings that Harvard University is home to all manner of intelligence operatives and diplomats attempting to win journalists over to their causes, we agreed to a meeting. If we've learned one thing in recent years, it's that if a world-class expert

like Arnold comes calling, we should at least lend an open ear. You never know, it might lead to a story.

We meet him at a two-level bar called Charlie's Kitchen. It's a place professors come to celebrate their latest publications and where students kick back at the end of the day over plates of calamari and pints of IPA.

As we enter the beer garden this Tuesday afternoon, the air smells of sizzling hamburgers, hard rock is pumping from the speakers, and beer bottles are lined up on the bar counter. And here's Arnold. Mirrored sunglasses, ginger beard, balding, tightly tailored suit. The hunter.

Greeting us with firm handshakes, he guides us over to his table. He orders a round of beer and a basket of fried calamari, which seems to be standard at this joint. And then he starts telling us about a mysterious individual who is apparently leading the U.S. authorities a merry dance. A man who has been hiding out of reach for two decades, setting up new companies faster than his pursuers can trace them. His name is Karl Lee and, according to Aaron Arnold, he's an arms dealer operating in an almost impenetrable shadow world, shipping his deadly wares halfway around the globe.

"Investigators from around the world have been hunting him for years, but he remains a phantom," the former FBI analyst says. Nothing can stop his lethal business.

Karl Lee first came to Arnold's attention many years ago when he had just started working at the FBI Counterproliferation Center (CPC). The special unit was established in 2011, its emblem a fierce eagle with a map of

the world in the background and a shield on its body featuring the logos of several dangerous substances including the bright black-and-yellow atomic symbol and the warning sign for chemical weapons. The unit's mission statement is to prevent the smuggling of "sensitive technologies or activities related to WMD (chemical, biological, radiological, nuclear, or explosive), missile delivery systems, space or conventional weapons systems".

As he orders fresh pints of IPA, Arnold tells us that Lee has been a top target for years. This Chinese man's case puts almost every other FBI case in the shade.

Arnold has warmed to his task now, and the calamari lie untouched.

"Karl Lee doesn't just pose a threat to the United States," Aaron Arnold tells us. "He's a danger to the U.S.'s partners around the globe."

Karl Lee's business model thrives on a lust for power. For lethal force. For decades the governments of emerging economies have been trying to get their hands on weapons capable of killing hundreds of thousands of people in one strike. This would make other countries think twice before messing with them. Not just major powers like the United States and Russia, but regional rivals too.

There's little point in having biological weapons, poison gas or nuclear warheads, however, unless you can fire them a long way. Which is where missiles come in. And people like Karl Lee.

Arnold explains that it isn't easy for countries like Iran and North Korea to come by the materials needed for building missiles and warheads, largely due to sanctions imposed to deter their armament programs. So what they

need is a businessman with the requisite experience and the right contacts. Specialists who have earned the trust of scientists and military personnel and who know which officials to bribe and which secure transport routes to use so they won't get caught. Reliable experts who are able to supply components and materials of impeccable quality, preferably in large quantities and over a long period of time.

Lee is one such specialist. In fact, he's *the* specialist.

The Chinese businessman has been operating at an unprecedented scale, Arnold says. Even with the world's intelligence services and prosecutors on his case, he continues trading.

"It's like a game of cat and mouse," the hunter sighs with a mixture of evident fascination and frustration, because so far the hunted has always come out on top.

"There's an aura of mystery around Karl Lee," Arnold adds. Virtually nobody in the general public would recognize Lee's name, let alone his face. There are very few articles about him. And yet Lee is so high up on the CIA's wanted list that special forces of the kind who killed bin Laden etch his face into their memories the moment their training starts. It was under George W. Bush that the U.S. agencies first came across Lee, Arnold says; under Obama they started pursuing him, and still the hunt goes on. In vain. They knew that Lee supplied Iran, where he usually holed up in China, and which flights he caught to Iran as well as whom he met there, but he seemed untouchable. According to Arnold, his name kept coming up at summits between the U.S. and Chinese governments, and yet nothing happened. For

years and years Chinese diplomats listened to complaints from their American counterparts and asked to be kept informed via reports and diplomatic cables. And still Lee kept doing what he was doing.

One of the big questions Arnold and his fellow investigators were never able to answer was whether Lee worked alone or as a front for a criminal organization, one of China's intelligence agencies, the Chinese authorities or even several governments simultaneously. And what would it mean if he did?

Arnold tells us that Lee's nickname is "The Tailor" because he comes up with a bespoke solution for every problem. In practice, these "problems" tend to be obstacles erected by international agencies to prevent this kind of smuggling. Border controls, satellite surveillance, customs checks. Lee clearly has no peers when it comes to overcoming these hurdles.

It seems as if this mysterious gunrunner has a guardian angel.

02. IN THE LAND OF THE BLACK DRAGON

Gannan is a territory in the extreme north of China, not far from the Russian border where Siberia begins, and only a few miles from the province of Inner Mongolia. It is a wasteland, and yet many Chinese people have heard of this remote region due to the time when mice apparently fell from the sky.

It was late evening on April 4, 1952. For almost two years the Korean War had been raging, with hundreds of thousands of Chinese volunteers fighting on the North Korean side, when, shortly before midnight, the residents of Gannan heard the thrum of helicopter rotor blades approaching from the southeast. A little earlier, a Chinese air observation post had observed an American F-82 nightfighter – an aircraft specially designed for nighttime stealth missions– crossing China’s border with North Korea, en route for Gannan. The next morning, residents supposedly found hundreds of voles in their hayricks, in the wells from which they drank, on rooftops and even in their sleeping children’s beds. The animals were either dying or dead. They were plainly not indigenous rodents but a kind of vole not found in Gannan, with stumpy tails, gray-black backs and light-gray bellies.

When Chinese scientists later conducted an autopsy on several vole specimens, they allegedly found plague pathogens in their corpses. All the evidence backed up a suspicion that lingers in China to this day: Did the Americans drop infected voles from the sky as a biological weapon?

In the wake of this incident, China, North Korea and the Soviet Union claimed the United States was using biological weapons. An international commission, chaired by a Brit, travelled to Gannan, interviewed eye witnesses, examined the Chinese claims and confirmed the allegations.

Only half a century later were researchers finally able to study former Soviet archives that suggested that Beijing, Pyongyang and Moscow had fabricated the charges to blacken the Americans' international reputation. The international commission of inquiry and its British chair were apparently hoodwinked by false witnesses among other things.

Gannan county - a sometime byword in China for the unscrupulousness of the United States - is part of Heilongjiang province. Situated in the extreme northeast of the country, Heilongjiang is an endless plain larger than Germany where temperatures plunge to -22° Fahrenheit in winter. The people most likely to have heard of this remote corner of the globe are zoologists, as it is the site of one of the last protected areas for Siberian tigers. These endangered creatures roam the forests and marshland along the Heilong river, whose name translates as Black Dragon River.

In the 1930s Japan occupied parts of China including Heilongjiang. It was then one of the first provinces to be liberated by the Chinese People's Liberation Army in the mid-1940s. The Communist Party soon sent the best craftsmen and engineers there to set up and run gigantic industrial zones. Heilongjiang developed into a center of heavy industry, with mines, factories and other manufacturing sites. Millions of forced laborers and educated young people from the cities were deported to the region. Barracked in

work camps, they were ordered to drain the marshes, transform it into arable land and build roads. Huge farms known as people's communes came into being, cultivating fields of soy, corn, wheat and sunflowers that continue to feed millions to this day.

Here in Heilongjiang province, a place where myth and fact occasionally blur, a boy was born in 1972 who now occupies the waking thoughts of diplomats, investigators and intelligence operatives around the world. His parents' surname was Li and they called him Fangwei, meaning "integrity and greatness". However, it is under his adopted Western name that he has become famous. That name is Karl Lee.

03. THE ESPIONAGE CAPITAL OF THE WORLD

It's a gray winter's afternoon in 2019. The snow-covered foothills of the Alps roll past the window of our train as it heads eastwards out of Munich. Our luggage is stuffed with virtually every scrap of information we could find online about Karl Lee, as well as a stack of studies about various types of rockets and navigation systems.

Our meeting with the former FBI analyst Aaron Arnold took place a while back. We still cannot put the story he told us out of our minds. The story about Karl Lee's dealings in death. Lee sells electronic components for weapons of mass destruction. Since he started supplying electronic measuring and navigation instruments to the regime in Tehran, the Iranian missiles have become more effective, more precise and more lethal with every passing year. They pose a threat to Israel and are used with increasing frequency in Yemen, Saudi Arabia, Iraq and also against the United Arab Emirates. Karl Lee is implicated in many deaths and, more importantly, he could soon be partly responsible for hundreds, thousands, even hundreds of thousands more. That is what might happen if Iran were to make decisive progress, with the aid of Lee's components, in building atomic warheads and more powerful missiles. One day Iran could engage in a nuclear duel with its bitter foes to the point of mutual annihilation – or even the outbreak of World War III.

It was clear since the early 2000s that the Iranians were working on a nuclear weapons program. An informant of the German intelligence services BND reported around 2004 that the Iranian government had two secret projects. "Project 110" aimed to build an atomic bomb, and "Project 111" a nuclear warhead that could be mounted on an Iranian rocket. The weekly newspaper *Die Zeit* later depicted the source as an Iranian missile technician with the codename "Dolphin". Every time he left Iran to attend a conference or something, he passed on new details of Iran's nuclear program to BND. Soon the German agency confided what it knew to Mossad and the CIA. But then the informant was uncovered, arrested and executed.

The idea that Iran could possess a nuclear warhead that could be mounted on a missile and fired at Israel or even Europe has obsessed the world's diplomats and intelligence services ever since. This has driven not only the CIA, the NSA and the FBI but also MI6, Mossad and BND to hunt Karl Lee.

If what Aaron Arnold says is true, then he has drawn our attention to a central actor in one of the most perilous conflicts of our age – and to a fascinating story. On the other hand, what if his contacting us was part of a PR operation to garner media coverage for a story about an evil Chinese man supplying devastating weapons to the evil Iranians? What if the ex-FBI analyst is a straw man – for example, for his former employer or for the CIA for whom he worked for a long time? After all, by now Donald Trump has been in office in Washington, D.C. for two years, and he never misses a

chance to accuse Iran and China. This Karl Lee story would suit his U.S. administration's agenda right down to the ground.

Before making the leap into investigation mode, we decide to seek a second opinion from someone who is as intimately familiar with the world of atomic bombs and missiles as Aaron Arnold but, unlike him, isn't from the United States.

So we head to Vienna. Since the time of the Habsburg Monarchy, Austria's capital city has been considered a center of global espionage. If diplomats, agents and spies had their way, much of what goes on here would remain secret forever.

Every so often, though, there is a spark in the dark, and the global community catches a glimpse of a different world. July 2010 was one of those moments. An American charter plane landed at Vienna's Schwechat airport with ten exposed Russian spies on board. It drew up alongside a Russian military aircraft carrying four agents who had spied for the West. It was probably the biggest exchange of prisoners between the United States and Russia since the end of the Cold War. One of the people handed over by the Russians that day was none other than Sergei Skripal, who was later poisoned in Salisbury in southern England. Another was a Russian spy whose true identity had been discovered a few weeks earlier at Harvard University.

Another example was on July 2, 2013, when the official airplane of the Bolivian president had to make an emergency landing in Vienna. The aircraft was on its way from Moscow to La Paz when several European

states suddenly denied it access to their airspace. The CIA allegedly suspected that the NSA whistleblower Edward Snowden was on board. He wasn't.

After two hours our train rolls over a bridge. Up on a hill to our right stands a towering fortress, below us we see a gray-green river. This is Salzburg and we have entered Austria.

The country officially declared its everlasting neutrality in 1955. This means that Austria is not a member of NATO and accepts no foreign military bases on its soil. As the capital of a neutral country on the very edge of the Eastern Bloc, Vienna became a center of global espionage during the Cold War.

The Austrian domestic security agency admits that Austria is still an "international intelligence hub" and "a favored area of operations" for foreign secret services. It is also due to lax laws, which the former head of the Austrian intelligence services, Gert R. Polli, describes as an "open invitation to spies." In practice, espionage is legal in Austria. Agents have nothing to fear here as long as they stick to spying on one another on Austrian territory and refrain from doing so on their hosts.

In addition, Vienna has a number of interesting targets for intelligence services. Not only is the city one of the United Nations Organization's official administrative bases alongside New York, Geneva and Nairobi, but the Organization of Oil Producing and Exporting Countries (OPEC) has its headquarters here. That alone ensures that there is a constant buzz in the

air, a steady hum of diplomatic comings and goings, and an unrivalled expat scene.

Vienna is also the secret capital of the world when it comes to weapons, especially nuclear weapons. The United Nations Office for Disarmament Affairs is here. Some of the most important international arms control and non-proliferation agreements are monitored from Vienna. What's more, in an area by the Danube known as UNO City lie the headquarters of the International Atomic Energy Agency (IAEA). Its mission is to promote peaceful uses of atomic energy, and prevent radioactive material from falling into the wrong hands and being misused for military purposes.

IAEA inspectors swarm out into the world from their Viennese hive to check nuclear facilities. The samples they collect in the course of their inspections are tested in a laboratory twenty miles south of Vienna. IAEA experts are preoccupied by one overriding issue: Is a state's data about its nuclear program accurate, or is there a risk of a civil use warping into a military one? There are two countries where this question is particularly acute: North Korea and Iran.

It is pitch black outside by the time our train rolls into Vienna's central station. Fittingly, the city lives to its espionage-tinged image this evening. Like a film noir. A bit like in the classic movie "The Third Man" starring Orson Welles, which was filmed in post-war Vienna when the black market was flourishing and the streets teemed with spooks. The lanes are drafty, murky and almost deserted. The few pedestrians have turned up their

collars and pulled down their hats to protect themselves from the sleet. The light from streetlamps reflects on the wet cobblestones.

We have come to Vienna to meet a man who has assessed secret service reports for a Western state. He currently holds a sensitive post in an international organization and is one of the foremost experts in his field, especially in relation to the illegal proliferation of missile technology. He will only talk to us on condition of anonymity.

It was he who suggested we meet in a pub in the old town serving beers with evocative names such as Wiener Bubi and Delirium Argentum.

We push open the door of the pub, which is a long, narrow room with the bar at the far end. A youthful-looking man is keeping a watchful eye on the entrance from his position on one of the benches upholstered in red leather running along the left-hand wall. He scrutinizes us; we scrutinize him. Going by the faded photo of him we found online, this could be our contact.

His eyes light up.

“Are you-?”

“Yes.”

It’s him.

He has chosen a seat as far as possible from the bar and the other tables. Excellent conditions for a private conversation about nuclear missiles – and a chance to test whether Aaron Arnold isn’t hopelessly exaggerating things. Our goal is to find out if there’s any substance to the Karl Lee story.

Our contact refers to the Chinese businessman as the Fantomas of the merchants of death after the mysterious French fictional supervillain who battles the most powerful adversaries and always escapes. A secretive, unscrupulous, evil genius. Our informant tells us over a bacon-and-egg burger that since weapons of mass destruction began to spread around the globe, very few people have remained in the business for decades like Karl Lee.

After World War II and the dropping of the first atomic bombs in human history on Japan, American troops confiscated the last intact V2 rockets and shipped them off to the United States along with thousands of pages of construction blueprints and hundreds of German technicians. These would form the nucleus of the U.S. rocket program.

The Soviet Union detonated its first atom bomb in 1949. Around the same time, the Soviet leader Joseph Stalin instructed his best scientists to build rockets. Rockets that could fly not just a few hundred miles, but thousands of miles, capable of striking the American heartland. Back then, the world and thus missiles were divided into two clear camps – the Americans on one side, the Soviets on the other. These two nations had the biggest armies, the most experts, and the largest military budgets. Yet soon afterwards, the British and the French began testing nuclear weapons too. The Soviets cooperated with the Chinese, who tested their first atomic bomb in 1964 and conducted a successful missile launch shortly afterwards.

Initially, knowledge about atomic and missile technology was confined to this small group of countries, but gradually it began to leak out into the

world. All of a sudden, missiles that looked strikingly similar to Chinese and Soviet models started turning up in the Middle East and North Korea. More and more countries expressed a desire to have their own nuclear weapons, if only as a deterrent. In a secret report from 1963, the U.S. intelligence agencies assumed that countries like Canada, Israel, West Germany, Italy and Sweden might soon develop their own nuclear arsenal. U.S. President John F. Kennedy suspected that by the 1970s there would be up to twenty-five states with nuclear capability.

Luckily, his pessimism proved unfounded. In a collective and rational act, the international community approved the Treaty on the Non-Proliferation of Nuclear Weapons in 1970. The treaty has been signed by 191 states so far. The five states that possessed nuclear weapons at the time committed themselves to disarmament and not to pass on their technologies. The remaining countries promised not to build any such weapons and submitted themselves to IAEA inspections. Third-party experts must be permitted to visit nuclear power stations and laboratories at any time to check that no basic components for atomic bombs were being produced there.

This treaty curbed further proliferation of nuclear weapons, but it did not completely prevent it. One reason for this is that India, Pakistan, and Israel never put their names to the agreement and built their own nuclear warheads decades ago. Then there are North Korea and Iran - renegade states within the international community. The regime in Pyongyang has managed to develop nuclear missiles and in 2006 detonated its first nuclear

charge. Meanwhile, leaders in Tehran are perilously close to building an atomic warhead, and Iran is now developing the largest missile arsenal in the Middle East. The regime of the mullahs sees missiles as a form of life assurance because unlike its neighbors, Iran has no air force to speak of. The few combat-ready aircraft it has are old and incapable of competing with American and Israeli jets.

Our source says that strict sanctions forced states like North Korea and Iran to turn to businessmen like Karl Lee to procure them the knowhow and technology they required to build rockets. Businessmen who thumb their noses at international rules. Men who fear neither the FBI nor the CIA. Experts like our source have a jargony term for the deals these men do: proliferation. It covers both the transfer of weapons of mass destruction and the missiles that deliver them to their targets.

The man we meet in Vienna tells us that it used to be people like the Pakistani engineer Abdul Qadir Khan who caused strategists in Western capitals the most headaches. Khan did part of his studies in Germany and had a spell working at Europe's largest nuclear processing plant, Urenco, in the Netherlands during the 1970s. There, he allegedly stole plans for centrifuges used in uranium enrichment. In 1975 he returned to Pakistan, where he became a national hero as "father of the atomic bomb." Like other fathers, though, Khan might have other children. He is suspected of selling secret blueprints to North Korea, Libya and Iran. He was also spotted with eyebrow-raising regularity in Saudi Arabia.

Our Viennese source explains that the illegal market in nuclear know-how has moved on dramatically since Khan's day. It is now possible to dabble in this deadly business from your couch.

"All you need is a laptop and an internet connection," he says.

This rudimentary equipment allows someone to purchase products the regime in Tehran needs for its weapons program completely legally, then sell them – illegally – to Iranian arms manufacturers.

These goods often appear above suspicion at first sight. Graphite can be used by pencil manufacturers . . . or companies that build missiles. They use the extremely heat-resistant material, for example, to build jet vanes, which are positioned at the end of the thruster – the point where flames spurt out when a rocket is launched. These vanes channel the searingly hot jet of the missile in the desired direction.

Another example are carbon fibers, which manufacturers use to produce ultra-light mountain bike frames . . . and from which arms manufacturers make the outer skin of particularly light and therefore far-reaching rockets.

Or gyroscopes: sensors found in any smartphone. They tell the phone if it is straight or tilted; they also inform a rocket which point it has reached on its flight path.

Iran's access to these products is severely curtailed. At the moment, its companies can only buy such products if they apply in advance to the UN Security Council.

The black market for components of weapons of mass destruction moved online long ago. The deals were often sealed by young men looking to make

a fast buck, but they quickly attracted the attention of Western intelligence agencies. Our source tells us about an Austrian who supplied Iran with rocket parts from an address in Graz. The man pleaded guilty to an Austrian court in 2014 after the CIA tracked him down on the other side of the world and eventually arrested him in the Philippines.

There are scores of little fish in this business, our source says, but they all have one thing in common: as soon as Western secret services pick up their scent, it's game over.

There's only one exception to this rule - Karl Lee.

"He is by some distance the most fascinating figure in the business," our man tells us. It's impossible to overstate his importance. "Take an Iranian rocket apart and it's highly likely you'll find at least one part supplied by Karl Lee."

It's not just his success and his influence that make the Chinese businessman so intriguing, though.

"There are so many puzzling aspects to the Karl Lee story." The most striking one being: How come nobody has managed to stop him in almost two decades?

Our third beers are almost empty. Outside, everything is white. While we were talking about missiles, villains and complex regulations, a fine blanket of snow has settled on the city. It is late, almost too late. The last train to Munich leaves at 23:25 and it draws into Vienna station as we walk onto the platform.

It's an old Hungarian night train, arriving from Budapest. We enter our compartment to find ridiculously narrow beds, subdued beige and brown deco, and the typical, stuffy smell of couchette class. We settle into our compartment and leave Vienna having gleaned the important insight that it isn't only Aaron Arnold and the U.S. authorities who think Karl Lee's an extremely dangerous man. Just because this story fits the Trump administration's narrative doesn't automatically mean there's nothing to it. But how is it possible that a man who deals in missile parts and perhaps even nuclear components, fueling the threat of atomic war, remains completely unknown to the general public?

And how come the all-powerful United States has satellites capable of photographing every inch of the Earth's surface, and surveillance systems that can read every unencrypted email, but the only picture it can produce of the world's most wanted man is a pixelated black-and-white photo?

The train trundles slowly through the mountains. There's a knock on the door at the border. The conductor shines his torch straight in our eyes through the gap.

"OK," he says, and the door shuts again.

Our thoughts return to Karl Lee. An hour's sleep and there's another knock. The conductor hands us cups of steaming coffee, small cartons of orange juice with straws, and plastic-wrapped croissants. Not long afterwards, the train pulls into Munich.

A few days after we get back, Iran's Fars news agency broadcasts a 58-second video. It was shot in an underground factory somewhere in Iran, though it doesn't say where. We see rockets – blue rockets, rockets with red jet vanes, missile warheads. In the middle of the frame, the commander of the Iranian air force, Amir Ali Hajizadeh, paces alongside one of the projectiles. This, we learn, is a new surface-to-surface missile named after the 5,000-year-old Iranian city of Dezful. The report claims that the missile has a range of just over 600 miles – enough to strike Iran's arch-enemy, Israel. General Hajizadeh is quoted as saying that Iran's nuclear arsenal is “non-negotiable.”

04. A CHILD OF THE REVOLUTION

Initially, there were harmless provocations, for example when Chinese people living along the border river, the Heilongjiang, mooned at the Soviet soldiers posted on the far bank. The first gun shots soon followed, though. In the late sixties, just under two decades after the alleged contaminated vole attack on Gannan county, China's northeastern Heilongjiang province once more found itself facing the threat of weapons of mass destruction, and this time it wasn't made-up propaganda. Not long before Li Fangwei was born, an almost forgotten conflict was heating up along the border between China and the Soviet Union.

The exchange of gunfire in March 1969 went down in history as the "Ussuri incident." Soviet border guards and soldiers from China's People's Liberation Army engaged in a bloody skirmish. Within two weeks, the Soviets and the Chinese were trading artillery barrages and engaging in tank and helicopter battles. Moscow and Beijing both claimed they were only defending their territory and responding to enemy fire.

The propaganda storm escalated into a hurricane over the following weeks. The Soviet Union's state news agency reported horrible atrocities from Ussuri. The Chinese had allegedly mutilated Soviet soldiers with bayonets and knives, dislocated their arms, sliced off their ears and gouged out their eyes; Chinese soldiers had been hurled into the air "like human torches" by Soviet bombardments. The Xinhua news agency in Beijing

pumped out threats including: “If you dare to advance any further, we will exterminate you completely and totally with the utmost determination.” By Chinese estimates, almost 500 million furious Chinese people took to the streets in a series of nationwide mass demonstrations, clamoring, “Down with the new tsar!”

Ask anyone in Europe or America today when they think the world came closest to nuclear meltdown before the war in Ukraine or the standoff over Taiwan, and they will probably say during the Cuban missile crisis. Yet while the Eastern Bloc and the West faced off, weapons bristling, “one burning, overarching question dominates the entire Asian heartland”, wrote U.S. journalist Harrison E. Salisbury: “Will there be war? – A war more devastating than a hurricane, a war that will transform the whole of Asia into a sea of flames; a war whose contaminated winds would poison the Gobi desert and the Manchurian plains as well as the Siberian taiga.”

He was referring to a nuclear war between the Soviet Union and China, in which Li Fangwei’s home province of Heilongjiang would have been both the cause of the flare-up and the frontline. Back then, the majority of the 4,400-mile border between two hostile countries, which had taken different ideological sides years ago in relation to the right path for Communism, ran through the north and east of the province.

It is hard to imagine now the precise conditions in which the people of northeastern China lived at the time, what they thought or how they felt. Diplomats were not allowed out of Beijing; there were hardly any tourists and they couldn’t venture far anyway. Even foreign intelligence services

had little idea of what was going on inside the gigantic empire. The few available sources make one thing clear, however: all of China, and particularly the regions along the Soviet border, were gripped by the dread of impending war. Hundreds of thousands of soldiers were deployed on either side of the border. In their major cities, the Chinese dug trenches and shelters and out in the countryside they tunneled bunkers into the mountains in anticipation of a Soviet invasion. The leaders in Beijing whipped up popular support for “a great nuclear war” involving atomic strikes on cities in northeastern China and Siberia. Anxiety about Soviet attacks intermittently reached such fever pitch that Chinese leader Mao Zedong fled the capital and hid out 600 miles further south in Wuhan. This massive city in central China was to become tragically notorious a good fifty years later because a virus known as Covid-19 spread through a fish market there and went on to plague the whole planet.

In the late 1960s men, women and even children along the northern frontier responded to Mao’s call – “Everyone a soldier” – and prepared to wage guerrilla warfare against the attackers in the event of a Soviet atomic strike.

Photographer Li Zhensheng’s chronicled these military preparations. He was working at the time for the *Heilongjiang Ribao*, the province’s Party paper. His black-and-white photos show young girls standing to attention with wooden rifles and loading a grenade into a mortar. Bare-chested factory workers charge through water pointing Type 56 assault rifles, modelled on the Kalashnikov.

This is the region and the febrile atmosphere into which Li Fangwei was born three years after the “Ussuri incident” on September 18, 1972. It is hard to give a more precise location, although Lee’s trail does lead to a vast agricultural enterprise called Chahayang Farm in Gannan county.

In the years preceding Li Fangwei’s birth, Chahayang Farm was part of a huge social experiment after Mao’s proclamation of the Cultural Revolution in 1966. Under the pretext of purging the country of capitalist and bourgeois elements, Mao turned China into a land in which people would swiftly denounce and even murder others. Children accused their parents of being “counter-revolutionaries”, husbands denounced their wives and got them deported to labor camps, and students drowned their professors. Thousands underwent what Mao cynically called “thought reform” in re-education camps. Owning a watch could cost a supposed capitalist his life. Historians have estimated that by 1976 several million people had fallen victim to the fury of Mao supporters who became known as “Red Guards”.

Young people from all over China were sent away from their home cities on special trains. Hundreds of thousands of them made their way to the “great wilderness in the north”, as the region along China’s border with the Soviet Union was known at the time. The youngest among them were just fifteen, the oldest twenty. They joined the Heilongjiang Production and Development Corps, a paramilitary unit under the orders of a major general in the People’s Liberation Army. It still runs the giant Chahayang Farm. If it came to war, these youngsters were to defend the northeastern border.

Instead of finishing school or going to university, Corps members tilled the fields in the most atrocious conditions, often using only their bare hands or draught animals.

Li Fangwei's mother is from Gannan county; his father's origins are unknown. He may have been one of the young adults sent out into the wilderness during the Cultural Revolution. Did he perhaps belong to the Corps and got to know his wife that way? It is possible to piece together from clues that the 55th Regiment of the Corps' Fifth Division was stationed at Chahayang Farm, but we cannot access a list of the names of its members. Discussing the Red Guards era is still taboo to this day.

Heilongjiang province played a pioneering role in Mao's "Great Proletarian Cultural Revolution". The official conduit of the Party, the *People's Daily*, praised the province as the "first ray of the new dawn in the northeast of China" because the revolutionary frenzy took hold there earlier than in other parts of the country. Li Zhensheng, the photographer for the *Heilongjiang Ribao*, wearing an armband that read "Red News Soldier", captured all the events of this period. Some of the things he photographed could have spelled death for him, so he sawed a hole in the floorboards of his home to store his own secret archive of tens of thousands of photos. Two decades later, he began to smuggle these images out of the country. Over the course of several years, he sent a total of 30,000 of them in small packages to a New York photo agency, which published a collection in 2003. These pictures are one of the most arresting chronicles of the Cultural

Revolution. They also offer a glimpse of the circumstances into which Li Fangwei was born.

The photographs show a world of terror and fear. Gagged mouths, battered faces, executions. Courts known as people's tribunals tried landowners and alleged counter-revolutionaries. The accused had to stand for hours, their heads hanging. Signs listing their supposed crimes are hung around their necks, hats of disgrace placed on their heads – tall paper hats, which mark their wearers out as outlaws for all to see. Some of these people stare straight ahead, their gaze empty, while the eyes of others are wide with fear and their faces twisted in pain.

At the same time ordinary Chinese were also starving to death, industry was on its knees, and there was no money for education or healthcare. Women in some parts of the country didn't even have enough clothes to cover their genitals and wandered the streets totally naked. Yet Maoist China spent the third-largest amount worldwide on armaments in 1973, and yet it was a giant in appearance only. For although Mao had transformed China into an atomic power, it had no rockets to carry its warheads. The People's Liberation Army had planes that couldn't fly and fleets of ships that barely floated.

Some voices within the Communist Party demanded that the country open up its economy to the outside world, but Mao met this criticism with a blistering riposte. "The weeds of socialism are better than the crops of capitalism," he liked to say.

Mao's health took a serious turn for the worse after his eightieth birthday in December 1973. By now he was virtually blind, he drooled, and his skin looked waxy. He often snored at official receptions for guests of honor. He was eventually diagnosed with a rare and incurable nerve disorder, which slowly paralyzed him. It affected his arms and legs first, then his neck and even his tongue. He could no longer smoke, could barely walk and was no longer able to indulge in his lifelong passion – swimming. Eventually, he could only eat with someone else's help. At ten past midnight on September 9, 1976, in Beijing, the "revered and beloved Great Leader" breathed his last.

Mao's death brought an end to the terror of the Cultural Revolution. A few days before Li Fangwei's fourth birthday, the country embarked on a period of huge transformation. China slowly began to open up, the economy underwent a fundamental reorientation, offering great opportunities to most Chinese. Li Fangwei would make the most of these opportunities.

05. ROCKET SCIENCE BY THE THAMES

In a small London park some ten minutes' walk from the south bank of the River Thames stands an impressive green-domed edifice, whose entrance leads into a world of pain. This building once housed a psychiatric clinic with a national reputation for its inhumane conditions. Nowadays visitors stare down the barrels of two huge cannons from one of the warships to which Great Britain owed its early twentieth-century naval supremacy.

The building on Lambeth Road in the London borough of Southwark now houses one of the world's foremost military museums. The Imperial War Museum displays exhibits from just about every twentieth-century war involving Great Britain. We enter the museum's showpiece, the enormous atrium containing its most spectacular exhibits: tanks, howitzers, a Spitfire fighter plane, and a Harrier Jump Jet. The largest object in the hall by some distance, however, is a German WWII V2 rocket.

The monster is olive green, over 40 feet tall, and its tip reaches up to the fourth floor of the museum. The tail alone is twice as tall as a person. The V2 is the forerunner of all the rockets that currently pose a threat to humanity. The mother of all missiles, so to speak. It stands there in the hall of the Imperial War Museum as a trophy and a warning.

Starting in 1939, engineers developed a projectile that Nazi propagandists called the "Vergeltungswaffe 2" or "Retaliation Weapon 2". Abbreviated to V2, it showed off German engineering prowess to

devastating effect. On September 8, 1944, the first 40-foot rocket hit London, and the German military fired approximately 3,000 such missiles at targets in Great Britain, Belgium, and France. The rockets could carry a payload of 1,600 pounds of explosives for hundreds of miles and wipe out entire blocks of houses. Each one. These attacks killed an estimated 8,000-12,000 people, mainly in Antwerp and London.

The museum witnessed the destructive power of these rockets first-hand during World War II. At 20:29 on January 4, 1945, a V2 landed just 160 yards from here, killing 43 people. The rocket destroyed a residential block and damaged several nearby buildings, including the museum itself. "There was no warning - no air raid sirens or sounds of approaching aircraft - just the explosion." is how an article on the Imperial War Museum's website describes the strike.

The Nazis lost the war - despite having V2 rockets. Nevertheless, Hitler's regime showed the world for the first time what terror could be unleashed by projectiles known in technical jargon as "ballistic missiles." Such rockets follow a parabolic flightpath. First, they fly vertically up to the edge of the atmosphere. When they reach the apex - which, for the V2 was at an altitude of about fifty-six miles - the tip tilts back toward the Earth, and the rocket then hurtles toward its target.

A V2 covered the distance from the European mainland to London in a matter of minutes. The rockets struck the British capital at four times the speed of sound. Though fairly inaccurate, the fact that each one could kill thousands in a conurbation of London's size made V2s instruments of

terror. These bolts from the blue had a demoralizing effect on the public, and for many Britons, the word “V2” is enough to bring the full horror of World War II flooding back.

In total, over 500 of these rockets fell on London. There are specialized websites that indicate each site where a V2 exploded with a red symbol on a Google Map, along with the circumstances and the damage inflicted, where these facts are known. Zoom out on this interactive map and you see that Greater London is riddled with impact sites.

A month before the explosion near the Imperial War Museum, a V2 crashed into the Thames only a mile away, narrowly missing King’s College with campuses on either side of the river. The neo-classical palace is fortunate to still be standing. The basement houses one of the world’s leading research units into the illegal trade in components for the construction of nuclear bombs and missiles. It is called Project Alpha.

The research center was set up by the UK government in 2011 to get a handle on the problem of proliferation in what it clumsily refers to as “an academically rigorous but policy-oriented approach.” To put it in simpler terms, a team of former service personnel, ex-officials and half a dozen young open-source analysts was assigned the task of investigating how states such as Iran, North Korea and Syria are trying to get their hands on weapons of mass destruction and how best to stop them. The researchers do what other intelligence agencies do but with scientific methods rather than with spies or surveillance technology. As far as anyone knows, their reports are read by the British foreign security service MI6 and also by

analysts working for the German intelligence agency, the IAEA and the UN Security Council.

The door of the Project Alpha's innocuous-looking office is marked "Fallout Shelter." Arrayed along the walls are several computers with large screens, in the middle of the room is a meeting table, and someone has scribbled the names of a few Iranian companies on the whiteboard. We are greeted by Ian Stewart, a sturdily built man in his late thirties with a three-day beard. He is a nuclear engineer, did his PhD in War Studies, and worked for the UK Ministry of Defence before becoming director of Project Alpha.

"Well, let's talk about the Chinese phantom," Stewart says, shaking our hands firmly and bidding us to take a seat at the long meeting table. Already seated are a French finance expert, a German political scientist, a British China specialist and a Turkish-born weapons expert who used to work for the NATO Intelligence Fusion Centre, where the military alliance analyzes secret intelligence from its member states. The people assembled here are a unique resource for us to draw on. Secret agents are hardly lining up to tell us what they know about Karl Lee; that's why they're called *secret* services. The Project Alpha experts, on the other hand, publish their findings.

Experts estimate that there is a category of several dozen men worldwide (women are seriously underrepresented in this particular industry) who will procure virtually anything for cash – or at least try their best to do so. For instance, lightweight aluminum, from which long-range rockets can be

built; graphite for jet vanes; or the electronic components required to build an atomic bomb or a missile guidance system.

Since our meeting in Vienna we know that such “merchants of death” aren’t always in the mold of the Russian arms dealer Victor Bout, whose life story inspired an action thriller starring Nicolas Cage. After the collapse of the Soviet Union, Bout bought up huge quantities of weapons from Warsaw Pact stocks. He trafficked machine guns, mortars and mines into the Democratic Republic of Congo, Liberia, Sierra Leone, Angola, Rwanda and Sudan – in short, anywhere on the African continent where there was a war. His weapons probably killed thousands of Africans.

The merchants of death Project Alpha is tracking are the inconspicuous ones – little known but all the more dangerous for it.

Ian Stewart holds up a photo of a young, shy-looking man – “a fascinating guy”. It’s the Austrian guy our source in Vienna told us about. Daniel F. was only 20 when he set up a small import and export company. One of the firm’s early brochures stated in the vaguest of terms that the company could supply industrial clients with all kinds of spare parts and components. The company slogan was a clipped “A solution for everything” followed by three exclamation points. The Austrian entrepreneur offered his services from an unremarkable-looking building in Graz that also houses a nightclub with Saturday night drag shows.

The researchers explain how they exposed Daniel F.’s network of companies and reconstructed his rise to become an internationally wanted criminal. It didn’t take long for F. to be flagged up by intelligence agencies,

according to Ian Stewart's team's analysis of secret U.S. State Department diplomatic cables released by Wikileaks in 2010. The Americans had reason to believe that the young Austrian and his father were supplying Iran with parts for their missile program. Austrian officials at Vienna's Schwechat airport impounded a measuring device bound for a front company for Iran's missile program. Not long afterwards, a delivery of graphite cylinders was foiled. The Austrian authorities eventually issued arrest warrants for Daniel F. and his father in 2006.

The old man was held in custody, but his son fled to Dubai. He could feel the CIA breathing down his neck, but still he continued to push through his deals. The noose began to tighten when the U.S. Department of the Treasury imposed sanctions on him in 2012. Daniel F. absconded to the Philippines, but in late 2012 the authorities there extradited him to Austria.

In 2014 he confessed to breaking export laws at Graz state court, but got off with only a fine. As far as we know, he is no longer in the arms business. Although he refused to answer questions about his past, he did send a friendly reply to our email: "Lots of luck with your book."

We haven't come to London to talk about Daniel F., though. We're here to find out about more about Karl Lee.

Ian Stewart and his colleague Daniel Salisbury can barely contain themselves when we mention Lee's name. They call him a "key player in the Iranian missile program" and tell us about shell companies Li Fangwei uses to hide his financial flows.

“He may not be a widely known figure and there’s no Hollywood movie about him,” Stewart says, “but that doesn’t make him any less dangerous.”

Karl Lee doesn’t sell machine guns, rocket-propelled grenades or hand grenades, they tell us. His products don’t even look like weapons and, in Stewart’s description, may seem “less sexy”. Karl Lee therefore has an easier job than many arms dealers because he generally doesn’t even need trucks or cargo planes to transport his goods. For example, a gyroscope that can ensure that a missile is accurate to within a foot or thirty feet rather than 300 is sometimes only the size of a cellphone. Nobody will notice one concealed in a briefcase. Some missile engines have even been declared as flower vases. The U.S. authorities know that Iranian diplomats smuggled gyroscopes and acceleration sensors from Karl Lee’s catalogue from China to Tehran in their hand luggage back in 2008.

At the end of the chain, Lee’s clients use his components to build missiles capable of sowing death and destruction as well as triggering a third world war if they fall into the wrong hands.

Stewart and his colleague Daniel Salisbury wrote a 26-page report about Karl Lee back in 2014. The threat this Chinese man poses is so great that solving his case ought to be “one of the topmost priorities” globally. The researchers based their study on open online sources, although this doesn’t mean they’re easy to find and analyze. They scoured registers of Chinese companies, compared information from China with U.S. sanctions lists and came to the conclusion that Lee made use of a network of at least twelve companies with their former or current headquarters in the port city of

Dalian, near the North Korean border. As soon as the U.S. authorities sanctioned one company, Lee founded a new one or simply renamed the old one.

Stewart and his co-author note that Li Fangwei apparently ordered gyroscopes and accelerometers from a firm in the western Chinese metropolis of Chongqing. One of his companies also bought a particularly resilient and precise kind of gyroscope called a fiber-optic gyroscope from a company in Shanghai. Karl Lee apparently also scoped out Europe for special machines.

Yet Li Fangwei was not content to remain a trader like Daniel F. He clearly decided many years ago to become a manufacturer too.

The London-based researchers came across job adverts placed by Karl Lee's firms on the Chinese-language internet for specialists capable of making fiber-optic gyroscopes. Stewart and Salisbury wrote in their study that Karl Lee represented "a grave threat to international peace and security."

That is by no means all, however. When the researchers tracked down the companies linked to Karl Lee, they noted that one of them – the Sinotech (Dalian) Carbon & Graphite Manufacturing Corporation – had a website. The homepage listed products such as ignition electrodes of which Li Fangwei had smuggled tons and tons into Iran, according to U.S. investigations.

From satellite images Stewart and Salisbury managed to identify factories covering an area the size of a dozen soccer pitches about eighty-five miles north of Dalian.

It was completely unprecedented for the Project Alpha experts to find an arms dealer producing this particular type of material on such a large scale. Until now they had hunted men who bought and sold special components. It was a new development for an arms dealer to become a manufacturer, especially as the graphite was clearly intended for export. The company's website said it had an "international sales office".

The people from Project Alpha go so far as to mention Karl Lee in the same breath as the notorious Pakistani engineer, Abdul Qadir Khan, a man our informer in Vienna told us about and who allegedly helped a number of countries to get the bomb.

"No manufacturer of proliferation-relevant technologies since A.Q. Khan has sold his goods so brazenly and so frequently for use in banned programs despite the constant attention of national and international agencies," is the final verdict of Project Alpha's experts. They nevertheless concluded their report with a list of open and honest questions: "Who is the real Karl Lee? What is his background? What has allowed him to continue his activities for so long, whilst leaving such an extensive open-source trail? Perhaps more importantly in the present, what is the full extent of his network? Are there more companies which Lee is involved with, and what other technologies are they involved in manufacturing?"

Even now, sitting around the meeting table within the venerable walls of King's College, the experts have precious few answers to these questions. All they know is that Karl Lee is still in China.

"The Chinese authorities could have stopped him long ago," Stewart says, "but they would have to want to do that."

There is no suggestion that they do. Sinotech is now so well known, he says, that Karl Lee has registered it under the unsuspecting name TST Carbon for international marketing purposes. Its Chinese name has remained unchanged. And then there's the business with his family. A remarkable number of close relatives figure in his financial network. His father, a man called Li Guijian; his mother, Song Bingxing; and also his brother, Li Fangdong, three years his junior.

If you want to hide your money, a common trick used by money launderers and autocrats is for the dictator's wife to hold a Swiss bank account in his stead, or for a prime minister's brother to open a shell company in the Caribbean in his place.

We're familiar with this kind of shenanigans from the Panama Papers. The former Pakistani prime minister Nawaz Sharif used such arrangements. In 2015 an anonymous whistleblower leaked us documents from the Panamanian financial services company Mossack Fonseca, which revealed how drug cartels, human traffickers, elite athletes and autocrats squirreled away their money. The papers contained details relating to dozens of heads of state and government – or their relatives.

Ian Stewart mentions the Panama Papers for the first time at the end of our meeting. He says the data contains some clues about Karl Lee and his straw men. This isn't news to us – the former FBI analyst Aaron Arnold also brought it up. We've started searching through hundreds of pages for signs of Lee – and some of those signs are very promising.

06. THE TRAIL LEADS TO EUROPE

It is long after midnight when we get up from our bar stools again. We squeeze through the two doors, leave the fuggy air behind, and step out into the silent winter's night.

It has been a long evening in our favorite bar, one of those places that looks like a film set and temporarily erases from our minds that we are in Munich. Muddy Waters, Robert Johnson and other guitar legends gaze down from the walls, and their bottleneck sound jangles from the loudspeakers. Arrayed on the shelves behind the bar are countless bottles of bourbon and rye, and Chinese lanterns bathe the whole scene in a dim reddish light. The best thing about this place, though, is the feeling of the world being a large place that's full of adventure.

We've spent most of the evening talking about the issue on which we are fixated, and that issue is Rocketman, as we've taken to calling him.

A quick Google on the way home, almost automatically, one eye on our smartphones, the other on streetlamps and parking cars. We have developed a bad and occasionally dangerous habit as a new topic gradually filters through our minds - we search constantly for the same terms at improbable times in impossible places to see if anything has happened, if some channel is currently publishing something, if a new study has landed, or a previously unknown snippet of information has appeared on social media. So into the search box goes Karl Lee or Li Fangwei, the Rocketman's

two most common names. We know the results by heart and yet still we scroll through them for the thousandth time. It's our little routine.

But this time there's a new entry on the list, and what an entry it is! The site address reads like a headline for our investigation: whoislifangwei.com

One click, and the question leaps out at us from the screen. Underneath the title we see the words "The Chinese man behind Iran's missile program" and a photo of a woman standing, head bowed, amid the ruins of a devastated building. The Middle East springs to mind.

Emblazoned across the homepage is a screenshot of the FBI's Most Wanted poster, underneath which is an introductory text: "Sometime in the mid to late nineties a businessman from northern China began to export large quantities of highly specialized components and other materials to Iran. When experts found out that he was breaching United Nations' export sanctions to supply missile technologies to Iran, he began aggressively to circumvent the authorities." The introduction reads like a snapshot of the state of our investigation.

It's the kind of thing that makes journalists nervous. We find this investigation exciting . . . and very strange. Our assumption – and our hope – is that we're the only people following these leads. But if pages like this are appearing online, doesn't that signal that others are also on the case? Who might they be? And how far have they got? We read on, weaving our way around the locked bikes and flowerpots dotting the pavement.

"He has changed his name over a dozen times and set up countless front companies to launder money and conduct illegal business. Despite an FBI

wanted notice issued in 2014 with a \$5 million bounty, and numerous charges and sanctions against both his front companies and him personally, he still enjoys government protection and continues his profitable business dealings” we read on the website. It suggests that Iran is using Li Fangwei’s technology to develop its missile program, which is sowing chaos and death throughout the Middle East.

This sounds like the kind of analysis the former FBI employee and Harvard academic Aaron Arnold could have written. Or another analyst, for example the man we met in Vienna.

We read on.

“Who is Li Fangwei? Who is working with him, and who is protecting him?” concludes the introduction.

These are the very same questions we are asking ourselves, but right now we’re also wondering who is behind this website. The person who put it up is not shy about their objective. “Our mission,” they proclaim, “is to spread knowledge about Li Fangwei’s role in the insecure state of the Middle East.”

We stop in disbelief, click through the various subpages and finally come to one that reveals the authors to be a group of students. “The world is a big, wonderful place, and the whole of humanity has the right to live in peace,” they write. They are students from around the world who became friends in the first year of their studies and share the same worldview.

A lecturer gave them the impetus for their Karl Lee project, they write. He encouraged each of them to find an example of global injustice and a way of fighting it. They decided on Karl Lee during their course after

reading a study about him and his role in disseminating weapons of mass destruction. They presumably mean the paper by the Project Alpha experts we recently visited at King's College London.

We scroll through the pages, still standing there, in the dark, outside on the pavement. There's something a bit weird about what these alleged students have written: "The world is in a pretty bad state, and if normal people don't rise up to improve things, they will only get worse." They end with an appeal. "People are dying this very moment. Let's stop them!"

We would like to know more about the students and their lecturer. But we find no contact address, email or phone number, no clue as to what the students' names are, what they're studying and which university they attend. There isn't even a mention of which country they're from.

This raises our suspicions even further. Someone who wants to change the world is desperate to find like-minded people. But if they truly wanted to reach as many people as possible, surely they would invite other people to get in touch and join forces.

So who's behind this website?

There's a means of investigation we and other journalists often use for cases like this. A database called Whois where you can find the owners of websites. Our search generates a whole slew of data:

Domain Name: WHOISLIFANGWEI.COM

Registry Domain ID: 2313623286_DOMAIN_COM-VRSN

Registrar WHOIS Server: whois.sawbuck.com

Registrar URL: <http://www.automattic.com/>

Updated Date: 2018-09-24T12:12:32
Creation Date: 2018-09-24T11:26:04
Registrar Registration Expiration Date:
2019-09-24T11:26:04
Registrar: Automattic Inc.
Registrar IANA ID: 1531
Reseller: WordPress.com
Domain Status: clientTransferProhibited <https://icann.org/epp#clientTransferProhibited>
Domain Status: clientUpdateProhibited <https://icann.org/epp#clientUpdateProhibited>
Registry Registrant ID:
Registrant Name: Private Whois
Registrant Organization: Knock Knock WHOIS Not There, LLC
Registrant Street: 9450 SW Gemini Dr, No. 63259
Registrant City: Beaverton
Registrant State/Province: OR
Registrant Postal Code: 97008-7105 57 Registrant Country: US
Registrant Phone: +1.8772738550
Registrant Phone Ext:
Registrant Fax:
Registrant Fax Ext:
Registrant Email: whoislifangwei.com@privatewho.is Registry
Admin ID:
Admin Name: Private Whois
Admin Organization: Knock Knock WHOIS Not There, LLC
Admin Street: 9450 SW Gemini Dr, No. 63259
Admin City: Beaverton
Admin State/Province: OR
Admin Postal Code: 97008-7105

Admin Country: US
Admin Phone: +1.8772738550
Admin Phone Ext:
Admin Fax:
Admin Fax Ext:
Admin Email: whoislifangwei.com@privatewho.is

This tells us that the domain whoislifangwei was registered in September 2018, so just a matter of weeks before we came across it. It gives the name of the organization that registered it, which goes by the strange name of “Knock Knock WHOIS Not There, LLC.” The creators the Karl Lee website had recourse to a special service to remain anonymous, a professional provider with a U.S. telephone number and an address in Beaverton, Oregon. So no one but this company knows the site’s real owner, and they will never disclose their customer’s identity. Secrecy is, after all, is their business.

So whoever established this website has been very careful to ensure that nobody can trace it back to its creator.

The reason for this anonymity could simply be that your average student doesn’t really want to pick an argument with an internationally wanted criminal. But wouldn’t he or she at least reference the issue of anonymity, post a couple of lines or so to say that unfortunately, for security reasons, they cannot be contacted directly? We may be seeing ghosts, but we’re slowly coming to the conclusion that this is a professional job. By professionals posing as students.

Whatever's going on, the aim of this website cannot be much to Karl Lee's liking. Its creators are appealing to anyone who knows anything about the Chinese man and his links to Iran and missiles to leave a public comment on the site. The authors write that they want to make the world a little less "gruesome" by sharing information about Karl Lee. There are two areas on the website for this, one in Chinese and one in Arabic - for the people impacted by Karl Lee's activities, it says.

So do the students also speak Chinese and Arabic?

And, tangentially: Isn't Israel the country Iran most wants to annihilate with its missiles? The people there are also severely impacted by Karl Lee, but the site has no area in Hebrew.

The more we study this website, the more oddities we see. "Hello world!" it says at the start of the first post on the Arabic blog. An anonymous user set it up on September 24, 2018 with a fairly unacademic quote: "As long as karma exists, the world changes. There will always be karma to be taken care of." The source is quoted as Nina Hagen, the Berlin punk icon who has mainly made the headlines with her spiritual quest for meaning and theories about UFOs in recent years.

So the first contributor to this blog quotes a German singer. What the hell is going on here?

It's well after midnight. By now our fingers are numb with cold and our cellphone batteries almost empty.

We are electrified. This website hasn't brought us one inch closer to Karl Lee, but the fact that someone is going to great lengths to denounce the

Chinese arms dealer might turn up useful information. In any case, finding out who's behind whoislifangwei.com would move on our investigation a step.

The next morning we suddenly catch sight of a detail we initially overlooked.

"Don't forget to join our community," it says, with links to a Twitter account called @whoislifangwei and to Facebook groups in Chinese and Arabic. The Arabic one has 110 members and along with the wanted photo of Karl Lee next to a humongous Iranian rocket, another interesting clue. The administrator of the group has provided a location, and it is a very close to us, in the South German university city of Heidelberg.

07. "GET RICH!"

He really wanted to be cremated, but his corpse lies in a specially built mausoleum on Tiananmen Square. Mao Zedong, the "Great Helmsman" rests in peace in a glass sarcophagus draped with a Chinese flag, his body pumped full of five and half gallons of formaldehyde.

The politburo and his wife wanted the semi-divine leader of his people and his party to lie in state like the founder of the Soviet Union, Lenin, in Moscow.

On September 18, 1976, the official day of mourning, a million people reportedly gathered in Tiananmen Square. For three minutes the People's Republic fell silent and hundreds of millions of Chinese stood with bowed heads while trains whistled, warships blew their foghorns and factories sounded their sirens at 3 pm to signal the end of an era.

In 1978 the Third Plenary Session of the Eleventh Central Committee of the Communist Party met in Beijing. This may sound like a bureaucratic formality for apparatchiks, but it was in fact one of the most important events in 20th-century history. The *Washington Post* considered this gathering of Chinese officials to be at least as significant as the fall of the Berlin Wall. There are precious few photos of the meeting, just a few unspectacular pictures elderly gentlemen packed into a plainly decorated hall in the Jingxi Hotel in Beijing. On December 18 the then seventy-four-year-old Deng Xiaoping opened the conference. The five-foot-tall peasant's

son and his supporters had come out on top in the bitter struggle to succeed Mao. A few days before the plenary session they announced that they would establish diplomatic relations with the United States in the near future. Now, for four days, the Party leadership debated the declining economic health of the People's Republic and the poor living conditions around the country.

Old Deng was a veteran of class war. Born in 1904 in the southern Chinese province of Sichuan, he had left home at sixteen. By working as an assistant in a Renault factory in France he experienced the harsh realities of capitalism and became a communist. After five years abroad, he felt the call to return to China, stopping off in Moscow on his way back to attend a course in military practice and Marxist theory, before arriving home in 1927.

He fought the nationalists alongside Mao, quickly rising to the rank of commander and appointed to the Party leadership after the war. However, he fell into disgrace during the Cultural Revolution that Mao unleashed on his land. He became a hate figure for the Red Guards, who banished and humiliated him. They tortured his son and later forces him to jump off a three-story building on the campus of Peking University. He survived but was a paraplegic. Deng himself was banished to the central Chinese province of Jiangxi, where he was made to repair tractors. "The factory was about twenty minutes by foot from their house," wrote the official Party organ, the *People's Daily*, on Deng's eightieth birthday, reminding its readers of darker times. "In his youth he was a metalworker in France, and he could still work as diligently and as hard even after all those years."

Deng wants to put his country back on its feet and lead it out of poverty. China is to leave behind the ideological chaos of the Mao years and the Cultural Revolution. He has realized that China needs international relations, trade and investment.

At that plenary session of the Central Committee at the Jingxi Hotel in December 1978, Deng laid the groundwork for this new path with a message to his compatriots the like of which Communist China had never heard before: "Get rich!"

Deng chose the path of pure pragmatism. He described his policy as trying to cross the river by moving cautiously from one stone to the next through the swirling current. Not a big bang, but pilot projects, starting in one city, then one region, and finally across the whole country.

Shenzen was a good example of this approach. No more than a cluster of villages amid paddy fields and lush meadows on the border with Hong Kong in 1978, with precisely two engineers living there, it was otherwise home to farmers and fishermen. It became China's first special economic zone, and the city now boasts over 15 million inhabitants. The model proved a success and was extended to fourteen other coastal cities in 1984.

One of those cities was Dalian. It lies in the northeast of China in Liaoning Province, not far from the border with North Korea. In the mid-nineteenth century, the British had a naval base here called Port Arthur. Later, the Japanese conquered the city, followed by a Russian occupation during World War II. Dalian was only returned to China in 1950. Decades later, after the city was included in a special economic zone, it developed into a

thriving trade and financial center – and also into an operating base for Li Fangwei and his sprawling web of companies.

It is impossible to establish precisely when and how the Li family moved to the metropolis from Gannan county over 600 miles further north. However, we have found the Facebook page of a Karl Lee from Dalian who says that he was born on September 18, 1972. In his profile he claims to like AC/DC and his timeline contains posts about things like “The top-ten film scenes of cities being destroyed”. According to his profile Li Fangwei completed further education at the simply named “No. 24” school in Dalian, an elite establishment. This is housed in a red-brick building within walking distance of Dalian’s industrial port. The current management is proud of the school’s venerable traditions and history and its close ties to the Communist Party. Since 1949 the children of influential cadres and revolutionary martyrs have been coming to Dalian No. 24 High School, as the school’s website calls it. Li Fangwei would fit right into this clientele if what U.S. investigators say about his grandfather is true, namely that he was a colonel in the People’s Liberation Army who fought in the Korean War.

Li Fangwei must have completed his schooling around the time when the Eastern Bloc was collapsing and the Chinese Communist Party was coming under extreme pressure. Students and workers protested for weeks in favor of greater democracy in the spring of 1989. The same year as the Wall came down in Germany, tanks rolled through the Chinese capital. On the night of June 3-4, 1989, the security apparatus carries out a brutal

crackdown on the protests on Tiananmen Square. It was a massacre. The city authorities announced 241 dead after the operation, whereas human rights organizations assume that there were several thousand victims.

In response the United States and many European countries imposed an arms embargo that is still in force today. In China, on the other hand, the regime tried to erase the bloodbath from the collective memory. The precise number of dead has been kept top secret, and public debate about the subject suppressed. It is even taboo for Chinese media outlets to refer to the date of June 4, 1989 and any mention on the internet is systematically censored.

Li Fangwei was almost certainly not one of the students demonstrating for greater freedom and against the arbitrary force of the regime in Tiananmen Square. He himself went on to become an official in the state apparatus – or so staff members at the foreign ministry in Beijing have told American diplomats since. According to these sources, Li Fangwei built up contacts during his time as a government official that were to come in useful later after he had left the civil service and set up his own private business.

A company called Limmt Economic and Trade Company Limited (abbreviated to Limmt) was registered in Dalian in June 1998. The firm did business from several rooms on the twenty-fifth floor of a plain-looking office block at 82 Xinkai Street in the center of Dalian. This address soon attracted the attention of investigators and intelligence agencies in the United States and other countries, and the researchers from King's College also noted it. Karl Lee's father Li Guijian was the cornerstone of the

company on paper as both a shareholder and chief executive, but the commercial director was Li Fangwei.

Six years later, U.S. agents intercepted a cargo of graphite in a South Korean port. It was destined for Iran. Shortly afterwards, on September 23, 2004, the U.S. Department of State imposed the first sanctions on Limmt on account of supplying forbidden materials to Iran – materials intended for nuclear missile construction.

08. ACCUSED IN ABSENTIA

The day young Robert Morris Morgenthau made a promise that would dog criminals even decades later was, by chance, Adolf Hitler's birthday. Morgenthau was only twenty-four years old at the time and serving as a lieutenant on the USS *Lansdale*. Its mission was to escort merchant ships through the Mediterranean, on constant lookout for German warships, U-boats, frigates and bombers.

On April 20, 1944 the 300-foot destroyer was accompanying several cargo ships from Algeria to Tunisia. The sun had just dipped below the horizon when the convoy rounded Cap Bengut and the crew could make out the lighthouse in the distance when, all of a sudden, a squadron of German fighter planes appeared. "The enemy is everywhere, all around us," an escort ship was just able to radio before an explosion ripped a hole in the side of the USS *Lansdale*. The ship started to list and the rudder jammed, sending the destroyer ploughing in a clockwise circle through the waters of the Mediterranean Sea. Close by, a fireball lit up the night sky as the freighter SS *Paul Hamilton* went up in flames. USS *Lansdale* lay there on a plate when the Germans attacked again. Two torpedoes missed, but the destroyer listed more and more. When it reached 45 degrees the captain gave the order to abandon ship and all those who had survived the first detonation leaped overboard.

Among them was Lieutenant Robert Morris Morgenthau. He came from a wealthy Jewish family that had emigrated from Germany in the 1860s. Morgenthau grew up in New York, where the Kennedys and the Roosevelts were family friends. A film from the 1940s shows Morgenthau serving Winston Churchill cocktails in the garden of the family residence. He had studied at Amherst College in Massachusetts before joining the navy. No one appeared to notice that the amateur sailor was virtually deaf in his right ear as a result of a childhood sickness.

He drifted in the open sea for hours that April night in 1944. He watched the *Lansdale* break up and sink.

"I made a bunch of promises to the Almighty at a time when I didn't have a lot of bargaining power," Morgenthau remembered many years later. But his main thought was that "I want to do something meaningful with my life".

Morgenthau survived and after his rescue he never forgot that promise. He studied law after the war and started working at a law firm before his childhood friend John F. Kennedy appointed him New York State Attorney General. This was a logical step due to the Morgenthau family's tradition of public service. Robert Morgenthau's grandfather had been U.S. ambassador to the Ottoman Empire during World War I and had repeatedly denounced the genocide of the Armenians. Robert's father had been Treasury Secretary under President Franklin D. Roosevelt, lending his name to the Morgenthau Plan that foresaw Germany being reduced to an agrarian state after the Nazis were finally defeated.

As New York State Attorney General, Robert Morgenthau established the first unit to focus on financial crime or, more accurately, on Wall Street. However, as a Democrat, aged fifty, he was forced out of office in 1969 after the Republican Richard Nixon was elected president. He campaigned in vain for the governorship of New York State and instead became District Attorney of Manhattan in 1975.

It was the worst possible time to take on this job. New York was a brutish behemoth: the economy was on its knees, and many buildings were completely abandoned. Garbage was piled up in the streets, every surface was covered in graffiti, and there were 648 homicides per year in Manhattan alone. However, not every investigator at the district attorney's office even had a phone, and the budget was often used up by the middle of the year.

This didn't stop Morgenthau from setting things straight. The *New York Times* described him as "strangely awkward" and "a wooden orator and painfully shy", but his staff thought he was a good boss. Although he seldom argued in court himself, he oversaw more than three and a half million cases between 1975 and 2009 including the trial of John Lennon's killer and the lawsuit against the rapper Tupac Shakur, who was sentenced to several months in prison for sexual harassment.

More than anything else, though, Morgenthau was set on fighting white-collar crime. He brought to court the head of a firm called Tyco International, a man famous for buying \$6,000 shower curtains and throwing a \$2 million birthday party. Morgenthau accuses him of embezzling \$100 million.

Morgenthau had little time for hierarchies, abhorred bureaucracy and pursued his own agenda. His former co-workers reported that as district attorney he took great pleasure in trampling on the toes of federal agencies and confronting the Ministry of Justice in Washington, D.C. Rather than sending complicated letters rogatory to authorities abroad, he would pick up the phone himself. He made the most of his abundant contacts with investigators, prosecutors and intelligence agencies all over the world to extend his power. Morgenthau was only a New York district attorney, but he took an interest in any international crime with a link to Manhattan – which, by his logic, there often was. His thinking was that criminals used banks and many of those banks were based on Wall Street or at least had a branch there. This was where Morgenthau had leverage, and he used it to transform himself into a sort of global attorney.

He spent many years prosecuting the Bank of Credit and Commerce International, which was registered in Luxembourg, headquartered in Pakistan and operated as a gigantic money-laundering facility for drug cartels, terrorist groups and dictators. The bank pleaded guilty in 1991 and closed down shortly afterwards.

He forced the Swiss bank Credit Suisse to pay \$536 million for helping Iranian, Libyan and Sudanese clients to launder their money.

Morgenthau was supervising some 500 investigators and a good 100,000 cases at the time. Nevertheless, one of his former collaborators, Adam Kaufmann, who started out as a young prosecutor in Morgenthau's team, tells us that his boss's most cherished project was a small international unit.

Kaufmann is now one of the most renowned defense lawyers in New York and he receives us at his office on the sixty-fourth floor of that Manhattan landmark, the Chrysler Building. His admiration for his former boss still shines through when he speaks.

“He read all the international newspapers,” he tells us. “He responded to articles by considering whether there was any link or overlap with Manhattan that would permit him to launch an investigation.”

Morgenthau made sure he was kept up to date about every single case. They called the special department DANY Overseas – the District Attorney of New York Overseas. He hired accountants to sniff out financial tricks and deliberately recruited investigators with prior experience in the financial sector.

He took on not only banks but also their criminal clients abroad, even if these people had never set foot in New York in their lives. In the late nineties he prosecuted three Venezuelan men who were alleged to have cheated their compatriots out of many millions of dollars via a bank in Puerto Rico. Morgenthau’s critics in the United States accused him of overinterpreting the law because ultimately not a single American had been harmed by these crimes. The *New York Times* viewed this trial as setting a precedent because, as it titled, “The law’s arm gets longer.”

Judges went along with Morgenthau. He had once more refined his argumentation to suggest that the swindlers had their victims transfer them sums of money in dollars and because whenever and wherever dollars were moved, a U.S. financial institution was necessarily involved in the

background as a so-called correspondent bank. Since these were criminal dealings, though, the American banks accounts had registered transactions that didn't belong there. The defendants, Morgenthau argued, had therefore manipulated the balance sheets of U.S. banks with their scams. In 1997 judges in New York sentenced each of the three Venezuelans, who had in the meantime been careless enough to sojourn in the United States, to several years' imprisonment.

A few years later, the prosecutors began to turn their sights on Iran. Alongside his work as an attorney, Robert Morgenthau was also a founding board member of one of the world's major Holocaust museums - the Museum of Jewish Heritage in New York City. He spotted a new and rising danger to Jews the world over, and that threat was Iran. The fanatical Mahmoud Ahmadinejad had been in power there since 2005 and was repeatedly threatening to wipe the state of Israel from the map. The world had recently learned of the existence of the Iranian nuclear weapons program, which aimed to harness the power of the atom not only for civilian uses but also for military purposes by building a bomb. Morgenthau felt that politicians in Washington, D.C., were not taking this threat seriously enough. To his mind, neither the Republicans nor the Democrats were pursuing sanctions against Iran with anything like the dynamism that the situation demanded. He therefore decided, of his own initiative, to make life difficult for the regime from Manhattan.

That was the official version Morgenthau liked to recount. In fact, however, it was often not Morgenthau himself who launched investigations

connected with Iran. An intelligence agency was also playing its part, and not an American agency either.

Adam Kaufmann tells us that one day – it must have been around 2005 – Morgenthau summoned him and his co-workers to his office. “He told us to buy flight tickets and get on a plane to Israel.” By this time Morgenthau was well over eighty and very rarely ventured outside of New York, yet he sent his prosecutors to Tel Aviv to meet Israel’s foreign secret service, Mossad.

Kaufmann recalls sitting alongside his colleagues in a bare conference room across the table from then Mossad boss, Meir Dagan.

“Dagan said, ‘We don’t want secret intelligence to sit moldering on a shelf. We don’t want intelligence to stay mere intelligence.’” Instead, the U.S. investigators were to use this intelligence in court.

And so Morgenthau’s staff launched investigations into a New York foundation via which Iranian agents were paid, into an Iranian shipowner as well international banks, and also into a businessman living nearly 7,000 miles away in the Chinese city of Dalian – Karl Lee.

At this point the U.S. intelligence agencies had already been watching the Chinese man for several years. The American justice system hadn’t yet taken an interest, however. It was the engagement of the Israeli secret service, with whom Morgenthau clearly entertained excellent relations, that got investigations into Karl Lee moving.

Morgenthau’s team returned from Israel with an important starting point. They had the Chinese businessman’s email addresses.

“Bad boys hadn’t yet realized that their emails could be accessed,” Morgenthau later explained, “so we ploughed this fallow field.”

To the investigators’ incredulity, Li Fangwei was using American providers like Hotmail and Yahoo for his dicey dealings. This was a godsend for the prosecutors because it meant that they could apply to the relevant New York judge for a warrant to search the Chinese man’s electronic mailboxes.

Li Fangwei turned out to be an “assiduous writer of emails”, Adam Kaufmann tells us. In their spartan offices near Chinatown, their flaking walls lined with countless filing cabinets, Morgenthau’s team set to work analyzing Li Fangwei’s messages. There were many thousands of emails containing clues, receipts and concrete evidence.

The attorneys found invoices, money orders and messages showing that Li Fangwei was fully aware of what he was doing. For instance, they came across an email exchange between the staff of a subsidiary of the Iranian defense ministry called Shahid Sayyade Shirazi Industries that had been set up, according to the findings of the investigators, to purchase and develop weapons. The company was sanctioned by the U.S. government in 2007 because of its attempts to acquire weapons of mass destruction. Li Fangwei was supplying high-grade graphite to the company and he gave his business partners in Iran the following payment instructions: “Please remember that RWIOT STEEL SERVICE is NOT the real company name, it is a false name. If we give the name of your company, we are afraid that the consignment might be blocked by the USA. For your information: We

recently sent a shipment by the same route to one of your subsidiaries in Mashad, which dispatched and paid for the cargo without any trouble.”

In September 2007 Karl Lee wrote to a representative of Shahid Sayyade Shirazi Industries: “We would like to urgently draw your attention to the fact that you should NOT transfer the payments for the last two consignments to the name and account of the beneficiary we included on the commercial invoices. This is because it is possible that the beneficiary’s name and account number have recently been blacklisted by the United States and if so, the money might be blocked. We shall give you a new name and account number for the beneficiary early next week and you can then transfer the money.”

The investigators discovered that Karl Lee had supplied high-strength aluminum alloys, known as maraging steel, as well as graphite, copper-tungsten and tungsten powder to several subsidiaries of the Iranian defense ministry – Amin Industrial Group, Khorasan Metallurgy Industries, Shahid Sayyade Shirazi Industries, and Yazd Metallurgy Industries. There were tons of these materials that could be used for missile development.

The attorneys were now able to read details of how Li Fangwei had been duping the Americans for years. He would write candidly to his business partners about it while he successfully worked around U.S. sanctions to receive payments from all over the world.

One example of this was in 2006 when Li Fangwei’s company Limmt was already on the Americans’ sanctions list. He personally informed his clients that his company would henceforth be known as Sino Metallurgy &

Minmetals Industry Co. He had by this time removed Limmt from the companies register. This time the majority shareholder was not his father but his mother Song Bingxing. Karl Lee was determined to get his customers to go along with his schemes, pressing them to become his accomplices, even when they were innocent purchasers of harmless graphite products in countries above suspicion.

Li Fangwei's problem was twofold. Not only were U.S. sanctions complicating his dealings with Iran, they were also having a negative effect on most of his business with clients in other countries. Many of his customers paid in dollars, but American banks were no longer allowed to handle transfers for Li Fangwei's companies. U.S. correspondent banks did indeed stop many transfers after Limmt was sanctioned. However, the businessman from Dalian was imaginative. And bold.

He used a simple trick. Whenever one company name was toast, he simply conjured up a new one. This worked a treat because at the time the United States' much-feared sanctions regime was based in practice on the country's banks filtering transfer requests for suspicious words and account numbers. A different name, a new account, and the U.S. banks involved in the background were happy. They let the payments in dollars through to Li Fangwei, and the sanctions lost their bite.

Li Fangwei repeated this same tick again and again. If the other side refused to play along, he could turn nasty. There was, for example, trouble with a payment from South Africa for a consignment of graphite because his client had used the account number of a blacklisted firm. Li Fangwei

instructed his business associate in South Africa to remind the client to pay into a new account belonging to the new company Sino Metallurgy, “otherwise the money could be blocked like last time!!!”

The client didn’t stick to these instructions, though. It altered the company name on the transfer but not the account, using the number of the old, proscribed company, Limmt. Li Fangwei really went after his South African business associate, letting him know in no uncertain terms that he had told him “very clearly” that the problem was the account number. Now he was worried that “the transfer could be blocked by the bank in the USA!!!!!!” These emails with their multiple exclamation points had the desired effect: the South African client transferred \$65,560 to the correct account. Clearly nobody at Citibank in New York, which played a background role, suspected anything.

The emails gave the investigators a glimpse of just how energetically Li Fangwei pursued his criminal enterprises. They showed him applying pressure and then appeasing his clients. No, he writes, they didn’t need to worry about the new company name – it was the same firm, same factory, same people. There was no change in terms of quality or delivery schedules.

Morgenthau and his team organized a press conference at the Criminal Courts Building in southern Manhattan on April 7, 2009. They presented a 59-page document containing 118 charges to the assembled media. The cover page made it abundantly clear that this was no ordinary case. It consisted almost exclusively of a long list of front names and aliases, which the Chinese businessman had used for his company and himself. The

lawsuit was against Li Fangwei, aka Karl Lee, Patric, Sunny Bai, K. Lee, KL, David Li and F.W. Li.

The prosecutors maintained that Li Fangwei's suspicious methods, his codenames and shell companies were part of a conspiracy. That was the main accusation on the charge sheet. The aim of this conspiracy had been to defy the sanctions and gain access to the U.S. financial system in order to pursue further international business interests. Li Fangwei had also used his network of shell companies to provide the Iranian military with banned goods that could be used in the construction of nuclear weapons and missiles. Altogether he had supplied hundreds of tons of material to companies linked to the Iranian army for building rockets, including 15 tons of special aluminum that is used "almost exclusively for the production of long-range missiles."

"These may be goods that can be used for both civilian and military purposes," Morgenthau told the assembled journalists, "but when they are sent to dummy companies set up by the Iranian army, and when the accused have employed false end-user certificates and fake names, then there is no doubt that they are used in weapons."

That was the day the almost ninety-year-old Robert M. Morgenthau turned the spotlights of the world's media on the then thirty-six-year-old Li Fangwei. He didn't mince his words when it came to the threat posed by the Iranian nuclear arms program: "There is no greater danger to the world today than Iran's efforts to procure nuclear weapons and long-range ballistic missiles."

He announced that he would be requesting Li Fangwei's extradition from China – a largely symbolic gesture because Morgenthau knew, like everyone else, that China did not hand over its citizens. But that was not his aim: his main objective was to send a signal. He told reporters that he and his team might not be capable of closing down the Chinese businessman's factories, but they could shine a light on what he was up to.

The New York Times and the *Financial Times*, Reuters news agency and the *Wall Street Journal* all reported on the obscure Chinese businessman. His case was discussed on television, and a leader in the *Wall Street Journal* suggested that Morgenthau's accusations could place President Barack Obama in a tricky position with Beijing at a time when the White House was hoping to build bridges with China to help stabilize financial markets in the United States after the spectacular collapse of the investment bank Lehman Brothers the year before. Now Li Fangwei was in the headlines and also in the crosshairs of various intelligence services and the U.S. justice system.

Various newspapers tried to contact Karl Lee. The Chinese foreign ministry refused to comment on him, and at first nobody in Dalian answered the phone. The only media outlet that did manage to get hold of Li Fangwei a few days later was the *Wall Street Journal*. Its journalists reported that he had denied all the allegations, insisting that it was "a total misunderstanding [...] caused by false intelligence". The products he offered were sold all over the world and definitely not used in arms production.