



## Armed Again Indicted Miami Beach weapons dealer Efraim Diveroli is still making millions of dollars from the U.S. government.

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South Beach party boy Efraim Diveroli might still be raking it in.

Jacqueline Carini



David Packhouz was Diveroli's partner.

Subject(s):

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On March 15, 2008, a fireball shot into the midday sky over Albania's capital, Tirana. The blast echoed 100 miles away in Macedonia and Kosovo. Its force was comparable to that of a small nuclear weapon. But this wasn't atomic. It was an accident at an arms depot, where poor villagers had been hired to handle old ammunition and artillery shells. The explosion killed at least 26 people and injured hundreds. The village of Gerdec was obliterated.

Three men were arrested for mass murder in what local media dubbed "Albania's Hiroshima." Two of them were alleged accomplices to a 23-year-old Miami Beach-based arms dealer named Efraim Diveroli, who faces trial later this year on 83 counts of fraud and conspiracy for procuring Chinese-made ammo in Albania and selling it to the Pentagon.

The charges might be difficult to prove, though. A potential lead witness in the case, Kosta Trebicka, mysteriously died in September. His body was found bloodied and sprawled across a dirt road in eastern Albania, some 50 yards from his slightly dented SUV. Trebicka had recorded a tape (now available on YouTube) in which Diveroli said corruption in that country "went up... to the prime minister and his son."

Last week, Miami federal prosecutors retreated, allowing the return of \$4.2 million of Diveroli's property — including a new Mercedes S550 — that had been confiscated. Perhaps even more significant, Diveroli is out on bail and a Miami Beach company he owns called Ammoworks might even now be selling ammunition to the American government. This fact has been largely overlooked by prosecutors and Congress.

Efraim Diveroli comes from a family that includes arms dealers and a celebrity holyman. An uncle, Shmuley Boteach, is a former reality-TV host on TLC, a friend of Oprah's and Michael Jackson's, and the best-selling author of *Kosher Sex* and *Dating Secrets of the Ten Commandments*.

Diveroli grew up in Miami Beach and went to work at age 16 for another uncle, Bar-Kochba Boteach, who ran an arms dealership in South Central Los Angeles.

Diveroli then moved to Miami and took a job with his dad's arms company, AEY Inc. Within a year, at age 19, he became president. Along with a childhood buddy and two-time college dropout named David Packouz (who moonlighted as a masseur), he accrued a litany of government contracts. In 2006, for instance, AEY shipped several million dollars' worth of clothing, weapons, and even firefighting equipment to government agencies, according to a website called [fedspending.org](http://fedspending.org).



Soon, AEY was placed on a U.S. blacklist. The firm was being investigated for "numerous violations of the Arms Export Control Act and contract fraud," according to a congressional report issued last year. In addition, it was accused of performing substandard work on at least 11 government contracts, which were ultimately withdrawn or terminated. According to the report: "Government contracting officials repeatedly warned of 'poor quality,' 'damaged goods,' 'junk' weapons, and other equipment in 'the reject category,' and they complained on several occasions that AEY was 'hurting the mission' and had 'endangered the performance' of government agencies."

Nevertheless, in January 2007, the firm won a blockbuster \$300 million contract with the Defense Department to supply ammunition to Afghanistan for that nation's antiterrorism effort. AEY would provide the police and national army with the bulk of their bullets. Suddenly, the firm was the largest arms supplier to a key ally.

Diveroli found much of the ammo in Albanian arms dumps. Some of it dated back decades and came from China. Unfortunately, selling Chinese-made war material to the Pentagon is illegal because of a 1989 arms embargo. Diveroli emailed the State Department in 2007 to ask if he could ship Chinese ammo. When the reply was no, federal prosecutors charge, Diveroli removed the Chinese packaging and passed off the ammo as Hungarian.

Diveroli allegedly hired two of the men accused of mass murder at Gerdec to run the repackaging process at Tirana's Mother Teresa International Airport. The ammo, which was corroded and often unusable, was removed from sealed canisters and packaging marked "Made in China." It was then dumped into cardboard boxes and shipped to Afghanistan. Sometimes bullets spilled in transport.

Businessman Kosta Trebicka, who died in eastern Albania, was also involved in the operation. When Trebicka was fired, he blew the whistle on Diveroli and agreed to secretly record cell phone conversations.

In the tapes, Diveroli tells Trebicka to bribe one of the ammo repackagers. "Send one of your girls to fuck him," Diveroli says in a recording posted on YouTube and quoted by the *New York Times*. "If he gets \$20,000 from you, I can live with this."

Then Trebicka alludes to the CIA. "Probably I will be invited in Washington, D.C., by the CIA guys and my friends over there," he says. "Two weeks from now, I will come to Florida to shake hands with you and discuss future deals." Not long after this, Trebicka turned up dead. The Albanian government ruled it a car accident, but skeptics question that finding.

March 2008 was disastrous for Diveroli. On the 27th, the *Times*, acting partly on Trebicka's leads, accused the company of supplying Chinese ammo to the Pentagon in violation of federal law. The next day, the U.S. government suspended AEY from further contracting work. In a letter announcing the suspension, Pentagon officials warned, "It is reasonable to believe that both Mr. Diveroli and AEY will seek to obtain similar work in the future, either directly or as a representative of another contractor."

This turned out to be prescient. On March 6, 2008 — three weeks before the *Times* story broke — Diveroli had registered Ammoworks in Florida. It was headquartered at an apartment in a gated community on Hayes Street in Hollywood. In April, an industry insider spotted him at an arms fair in Malaysia.

But in June, a federal grand jury in Miami indicted Diveroli, as well as Packouz and two other AEY associates, for fraud and conspiracy. Diveroli retained at least two government contracts for months after the indictment. "The contracts were for AK-47s and weapons repair parts," says Glenn Furbish, a senior audit manager for the Special Inspector General of Iraq Reconstruction (SIGIR). The contract for weapons repair parts is noteworthy for another reason: AEY had attempted to buy parts through websites in China. (*New Times* found web postings partly in Mandarin seeking the armaments.)

SIGIR confirmed Diveroli has been paid \$10 million for the two contracts. It seems that while he was under federal indictment, the federal government made him a multimillionaire.

This past September, Ammoworks moved to an office building on Michigan Avenue just north of

Lincoln Road in Miami Beach. The firm wasn't listed in the registry downstairs, but its ninth-floor suite was spacious and sunlit, with a fitness ball for a chair. Though an employee there declined comment, the firm's website ([ammoworks.net](http://ammoworks.net)), which has since been scrubbed of most text, bragged about a fortune in government contracts: "Ammoworks has produced hundreds of millions of dollars' worth of firearms, ammo, and tactical gear among other things for our special forces in Iraq and Afghanistan."

In fact, Ammoworks might simply be a shell for AEY. Records show the Ammoworks website was bought and registered by AEY, and AEY's latest state filing lists Ammoworks' address on Michigan Avenue. In a brief interview, Diveroli acknowledged both companies are his. "Yes, I own Ammoworks, and I also own AEY," he said.

A salesman for Ammoworks, Boz Kramer, said in a phone interview that the firm is back-ordered in heavy-caliber Lithuanian .308 ammo, but that it can be obtained with a hefty minimum order of 28,000 rounds — or 140 "sealed military battle packs." According to its website, Ammoworks also sells AK-47 ammo "made in South Korea for a U.S. government contract."

Although Diveroli is awaiting trial and Ammoworks was placed on the blacklist, Kramer confirmed this past October the company was trying to sell indirectly. "We provide quotes to companies that are selling to the government," he said.

A U.S. official who spoke on condition of anonymity said, "It's often the case that a company will get suspended or debarred, and then the owners will form another company and start getting contracts through the new company."

Defense lawyers have asked U.S. District Judge Joan Lenard to throw out the case against Diveroli. The decision could come very soon.

Maybe Efraim Diveroli — the indicted 20-something, whom another unnamed official called a "bally little shit" — will use that well-worn stratagem to again sell arms for America's wars.