

## **RECENT ESPIONAGE-RELATED PROSECUTIONS INVOLVING CHINA**

***CIA Applicant Charged with Lying About Affiliation with Chinese Intelligence*** – On June 22, 2010, Glenn Duffie Shriver was indicted in the Eastern District of Virginia on five counts of making false statements on a 2007 application that he filed for employment with the CIA and during subsequent interviews conducted in June 2010. According to the indictment, Shriver falsely represented that he had not any contact with or received any money from any foreign government or intelligence service. In fact, Shriver had previously traveled to the People’s Republic of China (PRC) and met with intelligence officers of the PRC on numerous occasions and had received a total of \$70,000 from intelligence officers of the PRC. Shriver was arrested on June 22, 2010, in Detroit as he was attempting to travel to South Korea.

***Defense Department Official Convicted of Providing Classified Information to Chinese Agent*** – On Sept. 25, 2009, James Wilbur Fondren Jr., a Pentagon official who served as the Deputy Director of the Washington Liaison Office, U.S. Pacific Command, was convicted by a federal jury in the Eastern District of Virginia on one charge of unlawfully communicating classified information to an agent of the People’s Republic of China (PRC) and two counts of making false statements to the FBI. From November 2004 to February 2008, Fondren provided certain classified Defense Department documents and other information to Tai Shen Kuo, an agent of the PRC who he was aware maintained a close relationship with an official of the PRC. Fondren provided classified information via “opinion papers” that he sold to Kuo. Fondren also provided Kuo with sensitive, but unclassified Defense Department publications.

***Defense Department Official and Two Others Plead Guilty in Espionage Case Involving China*** -- On March 31, 2008, Gregg William Bergersen, a former Weapons Systems Policy Analyst at the Defense Security Cooperation Agency, an agency within the Department of Defense, pleaded guilty in the Eastern District of Virginia to a one-count criminal information charging him with conspiracy to disclose national defense information to persons not entitled to receive it. Bergersen provided national defense information on numerous occasions to Tai Shen Kuo, a New Orleans businessman. Working under the direction of an official of the People’s Republic of China (PRC), Kuo cultivated friendships with Bergersen and others within the U.S. government and obtained from them—for ultimate passage to the PRC—sensitive U.S. government information, including classified national defense information. Much of the information pertained to U.S. military sales to Taiwan and was classified at the Secret level. During the course of the conspiracy, Kuo bestowed on Bergersen gifts, cash payments, dinners, and money for gambling during trips to Las Vegas. Unbeknownst to Bergersen, Kuo passed along to the Chinese government official the information that Bergersen had provided him. In some meetings with Kuo, Bergersen cautioned that the information he was providing was classified. Bergersen faces up to ten years in prison. On May 13, 2008, Kuo pleaded guilty to conspiracy to deliver national defense information to a foreign government, namely, the PRC, in connection with the case. Kuo is scheduled to be sentenced on August 8, 2008 and faces a possible life sentence. On May 28, 2008, Yu Xin Kang, of New Orleans, La., pleaded guilty to a one-count criminal information charging her with aiding and abetting an unregistered agent of the PRC. As part of the conspiracy, Kang assisted Kuo by periodically serving as a conduit for information between Kuo and the PRC official.

## **RECENT TECHNOLOGY TRANSFER / EXPORT / ECONOMIC ESPIONAGE / FOREIGN AGENT PROSECUTIONS INVOLVING CHINA**

***CHITRON - Electronics Used in Military Radar & Electronic Warfare to China*** – On May 17, 2010, Zhen Zhou Wu, Yufeng Wei and Chitron Electronics, Inc. were convicted at trial in the District of Massachusetts of conspiring to violate U.S. export laws over a period of ten years and illegally exporting defense articles and Commerce Department-controlled electronics equipment from the United States to China. Several Chinese military entities were among those receiving the exported equipment. Wu and Wei were also both convicted of filing false shipping documents with the U.S. government. As proven at trial, defendants illegally exported military electronic components to China through Hong Kong. The electronics exported are primarily used in military phased array radar, electronic warfare, military guidance systems, and military satellite communications. The defendants also illegally exported Commerce Department-controlled electronics components to China with military applications such as electronic warfare, military radar, and satellite communications systems. Wu founded and controlled Chitron, with headquarters in Shenzhen, China and a U.S. office located in Waltham, Mass., where defendant Wei served as Manager. Wu and Chitron sold electronics from the U.S. to Chinese military factories and military research institutes, including numerous institutes of the China Electronics Technology Group Corporation, which is responsible for the procurement, development and manufacture of electronics for the Chinese military. Since as early as 2002, Wu referred to Chinese military entities as Chitron's major customer and employed an engineer at Chitron's Shenzhen office to work with Chinese military customers. By 2007, 25% of Chitron's sales were to Chinese military entities. Shenzhen Chitron Electronics Company Limited, Wu's Chinese company through which U.S. electronics were delivered to the Chinese military and other end-users, was also indicted. The court has entered a contempt order against Chitron-Shenzhen for refusing to appear for trial and fined the corporation \$1.9 million dollars. Co-defendant Bo Li, aka Eric Lee, previously pled guilty to making false statements on shipping documents, and faces five years in prison and a \$1 million fine. Sentencing is scheduled for July 22, 2010 in Boston. The case was investigated by the Commerce Department's Office of Export Enforcement; ICE; FBI; and Defense Criminal Investigative Service.

***Thermal Imaging Cameras to China*** – On May 14, 2010, Sam Ching Sheng Lee, part-owner and Chief Operations Manager of Multimillion Business Associate Corporation ("MBA"), pleaded guilty in the Central District of California to conspiracy to violate the International Emergency Economic Powers (IEEPA) for illegally exporting national security-controlled thermal imaging cameras to China. His nephew, Charles Yu Hsu Lee, pleaded guilty the same day to misprision of a felony for the same activity. The Lees were arrested on Dec. 30, 2008 in Hacienda Heights, Ca, pursuant to a Dec. 16, 2008 indictment charging them with conspiracy to export and exporting national security-controlled items without a license in violation of the IEEPA. The indictment alleged that the defendants, doing business as MBA, an import/export business located in Hacienda Heights, assisted persons in China to illegally procure export controlled thermal-imaging cameras. During the period between April 2002 and July 2007, defendants allegedly exported a total of ten thermal-imaging cameras to China in circumvention of export laws. After being advised of strict export restrictions, Charles Lee allegedly purchased the cameras from U.S. suppliers for approximately \$9,500 a piece by withholding the fact that

the devices were destined to China. His uncle, Sam Lee, then received the devices and through his company, arranged for their shipment to Shanghai, China without obtaining proper licenses. One of the recipients is alleged to be an employee of a company in Shanghai engaged in the development of infrared technology. The thermal-imaging cameras are controlled for export to China by the Department of Commerce for national security and regional stability reasons because of their use in a wide variety of military and civilian applications. This investigation was conducted by the EAGLE Task Force in the Central District of California.

***Sensitive Military Encryption Technology to China*** – On May, 11, 2010, Chi Tong Kuok, a resident of Macau, China, was convicted by a jury in the Southern District of California for his alleged efforts to acquire sensitive defense technology used in encrypted U.S. military or government communications from U.S. sellers and to cause these items to be illegally exported to China. A July 7, 2009 indictment charged Kuok with conspiracy to export defense articles and smuggle goods from the United States, smuggling goods from the United States, attempted export of defense articles and money laundering. Kuok was arrested on June 17, 2009 in Atlanta, Ga., as he was en route from Macau to Panama via Paris in order to meet with undercover federal agents to take possession of controlled U.S. technology. Among other things, Kuok allegedly negotiated with undercover agents to obtain PRC-148 radios and a KG-175 Taclane Encryptor. The PRC-148 is a multi-band radio used most commonly by U.S. Special Forces. The KG-175 Taclane Encryptor was developed by General Dynamics under a contract with the National Security Agency for use by the U.S. military to encrypt Internet Protocol communications. This investigation was conducted by ICE and DCIS.

***Carbon-Fiber Material with Rocket & Spacecraft Applications to China*** – On Oct. 8, 2009, three individuals were sentenced in the District of Minnesota for illegally exporting high-modulus, carbon fiber material to the China Academy of Space Technology. Jian Wei Ding was sentenced to 46 months in prison. Kok Tong Lim was sentenced to just over one year of confinement because of his cooperation in the case, while Ping Cheng was sentenced to one year probation due to his cooperation in the investigation. On March 20, 2009, Ding pleaded guilty to one count of conspiracy to violate the Export Administration Regulations. Cheng entered his plea on Feb. 13, 2009 and Lim entered his plea on March 9, 2009. All three men were indicted on Oct. 28, 2008 for conspiring to illegally export to China controlled carbon-fiber material with applications in aircraft, rockets, spacecraft, and uranium enrichment process. The intended destination for some of the materials was the China Academy of Space Technology, which oversees research institutes working on spacecraft systems for the PRC government. For national security, nuclear proliferation and antiterrorism reasons, the U.S. government requires a license to export these carbon-fiber materials. Jian Wei Ding was a resident of Singapore and owned or was affiliated with various Singaporean import/export companies, including Jowa Globaltech Pte Ltd, FirmSpace Pte Ltd, and Far Easton Co. Pte Ltd. Kok Tong Lim was a resident of Singapore and once was affiliated with FirmSpace, Pte Ltd. Ping Cheng was a resident of New York and the sole shareholder of Prime Technology Corporation. This investigation was conducted by ICE and BIS.

***Restricted Integrated Circuits with Military Applications to China*** – On Aug. 3, 2009, William Chai-Wai Tsu, an employee of a Beijing-based military contracting company called Dimigit Science & Technology Co. Ltd, and the vice president of a Hacienda Heights, CA, front

company called Cheerway, Inc., was sentenced in the Central District of California to 40 months in prison. Tsu illegally exported more than 400 restricted integrated circuits with applications in military radar systems to China over a 10-month period, according to court documents. These dual-use items are restricted for export for national security reasons. Tsu purchased many of the items from U.S.-distributors after falsely telling these U.S. companies that he was not exporting the circuits abroad. According to court documents, Tsu supplied restricted U.S. technology to several customers in China, including the “704 Research Institute,” which is known as the “Aerospace Long March Rocket Technology Company” and is affiliated with the state-owned China Aerospace Science & Technology Corporation. Tsu’s employer in China, Dimigit, boasted in brochures that its mission was “providing the motherland with safe, reliable and advanced electronic technical support in the revitalization of our national military industry.” Tsu was indicted in the Central District of California on Feb. 6, 2009 on charges of violating the International Emergency Economic Powers Act. He later pleaded guilty to two federal counts of the indictment on March 13, 2009. This case was the product of an investigation by the Export and Anti-proliferation Global Law Enforcement (EAGLE) Task Force in the Central District of California, which includes BIS, ICE, FBI, CBP, Diplomatic Security Service and the Transportation Security Administration.

***Restricted Thermal Imaging Technology to China*** – On July 27, 2009, Zhi Yong Guo, a resident of Beijing, was sentenced in the Central District of California to 60 months in prison, while Tah Wei Chao, also a resident of Beijing, was sentenced to 20 months in prison. Both were sentenced in connection with a plot to procure and illegally export thermal-imaging cameras to the People’s Republic of China without obtaining the required export licenses. Guo and Chao were indicted on federal charges on July 17, 2008. Chao pleaded guilty to three federal counts in July 2008. On Feb. 23, 2009, following a one-week trial, Guo was convicted of two federal counts. The case related to ten cameras concealed in luggage destined for China in April 2008. The export of these thermal-imaging cameras to China are controlled by the Department of Commerce for national security and regional stability reasons because of their use in a wide variety of civilian and military applications. In March 2008, Chao ordered 10 thermal-imaging cameras from FLIR Systems, Inc. for \$53,000. Representatives from FLIR Systems repeatedly warned Chao that the cameras could not be exported without a license. Both Chao and Guo were arrested at Los Angeles International Airport in April 2008 after authorities recovered the ten cameras that had been hidden in their suitcases. In addition to the 10 cameras intercepted by federal authorities, Chao admitted that, acting at the behest of Guo, he shipped three cameras to China in October 2007. The evidence at trial showed that Guo, an engineer and a managing director of a technology development company in Beijing, directed Chao to obtain the cameras for Guo’s clients, the Chinese Special Police and the Special Armed Police. This case was the product of an investigation by the Export and Anti-proliferation Global Law Enforcement (EAGLE) Task Force in the Central District of California, including BIS, ICE, FBI, CBP, DSS, and TSA.

***Economic Espionage / Theft of Space Shuttle and Rocket Secrets for China*** – On July 16, 2009, former Rockwell and Boeing engineer Dongfan “Greg” Chung was convicted at a bench trial in the Central District of California of charges of economic espionage and acting as an illegal agent of the People’s Republic of China (PRC), for whom he stole restricted technology and Boeing trade secrets, including information related to the Space Shuttle program and the

Delta IV rocket. According to the judge's ruling, Chung served as an illegal agent of China for more than 30 years and kept more than 300,000 pages of documents reflecting Boeing trade secrets stashed in his home as part of his mission of steal aerospace and military trade secrets from Boeing to assist the Chinese government. Chung sent Boeing trade secrets to the PRC via the mail, via sea freight, via the Chinese consulate in San Francisco, and via a Chinese agent named Chi Mak. On several occasions, Chung also used the trade secrets that he misappropriated from Boeing to prepare detailed briefings that he later presented to Chinese officials in the PRC. On Feb. 8, 2010, Chung was sentenced to nearly 16 years in prison (188 months) in the Central District of California. Chung was originally arrested on Feb. 11, 2008, in Southern California after being indicted on eight counts of economic espionage, one count of conspiracy to commit economic espionage, one count of acting as an unregistered foreign agent, one count of obstruction of justice, and three counts of making false statements to the FBI. According to the indictment, individuals in the Chinese aviation industry began sending Chung "tasking" letters as early as 1979. Over the years, the letters directed Chung to collect specific technological information, including data related to the Space Shuttle. Chung responded in one letter indicating a desire to contribute to the "motherland." In various letters to his handlers in the PRC, Chung referenced engineering manuals he had collected and sent to the PRC, including 24 manuals relating to the B-1 Bomber that Rockwell had prohibited from disclosure outside of the company. The investigation was conducted by the FBI and NASA.

***Military Technical Data on Unmanned Aerial Vehicles to China*** – On July 1, 2009, Dr. John Reece Roth was sentenced in the Eastern District of Tennessee to 48 months in prison followed by two years supervised release for illegally exporting sensitive military technical data related to a U.S. Air Force contract. Roth, a former Professor Emeritus at the University of Tennessee, was convicted on Sept. 2, 2008 of 15 counts of violating the Arms Export Control Act, one count of conspiracy, and one count of wire fraud. Roth had illegally exported military technical data relating to plasma technology designed to be deployed on the wings of Unmanned Aerial Vehicles (UAVs) or "drones" operating as a weapons or surveillance systems. The illegal exports involved technical data related to an Air Force research contract that Roth provided to foreign nationals from China and Iran. In addition, Roth carried multiple documents containing controlled military data with him on a trip to China and caused other controlled military data to be e-mailed to an individual in China. On Aug. 20, 2008, Atmospheric Glow Technologies, Inc (AGT), a privately-held plasma technology company in Tennessee, also pleaded guilty to charges of illegally exporting U.S. military data about drones to a citizen of China in violation of the Arms Export Control Act. Roth and AGT were first charged on May 20, 2008 in an 18-count indictment. In a related case, on April 15, 2008, Daniel Max Sherman, a physicist who formerly worked at AGT, pleaded guilty to an information charging him with conspiracy to violate the Arms Export Control Act in connection with this investigation. Sherman was later sentenced to 14 months in prison on Aug. 10, 2009 after cooperating in the investigation. The investigation was conducted by the FBI, ICE, U.S. Air Force Office of Special Investigations, DCIS and BIS.

***Military Night Vision Technology to China*** – On July 1, 2009, Bing Xu, of Nanjing, China, was sentenced in the District of New Jersey to 22 months in prison followed by two years of supervised release after pleading guilty on Feb. 24, 2009, to conspiracy to illegally export military-grade night vision technology to China. Xu, a manager at Everbright Science and Technology, Ltd, a company in Nanjing, China, admitted that he conspired with others at

Everbright to purchase certain night-vision technology from a company in the United States, which required a license from the State Department for export. Xu admitted that he and others at Everbright first attempted to obtain the necessary export license for the night-vision equipment. When the license application was denied by the Department of State, Xu agreed with others at Everbright to take steps to export the night-vision optical equipment illegally. Xu has been in custody since his arrest in on October 2007 pursuant to a criminal complaint. Xu arrived in New York on Oct. 26, 2007 from China a day after his Chinese employer wire transferred \$14,080 to agents as payment for the purchase of the equipment. The investigation was conducted by ICE and the DCIS.

***Thermal Imaging Cameras to China*** – On June 9, 2009, a federal grand jury in the Southern District of Ohio indicted Hing Shing Lau, also known as Victor Lau, a foreign national living in Hong Kong, Peoples Republic of China, on charges of trying to buy 12 infrared thermal imaging cameras from a Dayton-area company in order to illegally export the cameras to Hong Kong and China. The indictment alleges that Lau tried to buy 12 thermal imaging cameras manufactured in Texas by contacting a company in the Dayton area. On three occasions, he wired transferred a total of \$39,514 from Hong Kong to the U.S. as partial payment for the cameras. The indictment charges Lau with two counts of violating export control laws and four counts of money laundering. Canadian authorities arrested Lau on June 3 at the Toronto International Airport pursuant to a provisional arrest warrant issued by U.S. authorities. The investigation was conducted by the FBI, and BIS, with the assistance of the U.S. Department of State.

***Amplifiers & Missile Target Acquisition Technology to China*** – On May 14, 2009, Joseph Piquet, the owner and President of AlphaTronX, a company in Port St. Lucie, Fla., that produces electronic components, was sentenced in the Southern District of Florida to 60 months in prison followed by two years supervised release. On March 5, 2009, he was convicted of seven counts arising from a conspiracy to purchase military electronic components from Northrop Grumman Corporation, and to ship them to Hong Kong and the People's Republic of China without first obtaining required export licenses under the Arms Export Control Act and the International Emergency Economic Powers Act. Among those items involved in the conspiracy were high-power amplifiers designed for use by the U.S. military in early warning radar and missile target acquisition systems, as well as low noise amplifiers that have both commercial and military use. Piquet was first indicted on June 5, 2008, along with his company, AlphaTronX, Inc, as well as Thompson Tam, and Ontime Electronics Technology Limited. Tam is a director of Ontime Electronics, an electronics company in China. This investigation was conducted by BIS and ICE.

***Trade Secrets to China*** – On April 10, 2009 Yan Zhu, a Chinese citizen in the U.S. on a work visa, was arrested in the District of New Jersey on charges of theft of trade secrets, conspiracy, wire fraud, and theft of honest services fraud in connection with a plot to steal software from his former U.S. employer and sell a modified version to the Chinese government after he was fired. Zhu was employed as a senior environmental engineer from May of 2006 until his termination in July of 2008. Zhu worked for a comprehensive multi-media environmental information management portal that developed a proprietary software program for the Chinese market which allows users to manage air emissions, ambient water quality, and ground water quality. This investigation was conducted by the FBI.

***Restricted Technology to China*** – On April 7, 2009, Fu-Tain Lu was arrested in San Francisco pursuant to an April 1, 2009 indictment in the Northern District of California charging him with lying to federal agents and conspiring to illegally export restricted microwave amplifier technology to China. According to the indictment, Lu, and the two companies he founded, Fushine Technology, Inc., of Cupertino, Calif., and Everjet Science and Technology Corporation, based in China, conspired to export sensitive microwave amplifier technology that was restricted for national security reasons to China without first obtaining a Commerce Department license. This investigation was conducted by the Department of Commerce (BIS), the FBI, ICE, and U.S. Customs and Border Protection.

***Rocket / Space Launch Technical Data to China*** – On April 7, 2009, Shu Quan-Sheng, a native of China, naturalized U.S. citizen and PhD physicist, was sentenced to 51 months in prison for illegally exporting space launch technical data and defense services to the People's Republic of China (PRC) and offering bribes to Chinese government officials. Shu pleaded guilty on Nov. 17, 2008, in the Eastern District of Virginia to a three-count criminal information. He was arrested on Sept. 24, 2008. He was the President, Secretary and Treasurer of AMAC International, a high-tech company located in Newport News, Va., and with an office in Beijing, China. Shu provided the PRC with assistance in the design and development of a cryogenic fueling system for space launch vehicles to be used at the heavy payload launch facility located in the southern island province of Hainan, PRC. The Hainan facility will house launch vehicles designed to send space stations and satellites into orbit, as well as provide support for manned space flight and future lunar missions. Shu also illegally exported to the PRC technical data related to the design and manufacture of a "Standard 100 M3 Liquid Hydrogen (LH) 2 Tank. In addition, Shu offered approximately \$189,300 in bribes to government officials with the PRC's 101 Institute to induce the award of a hydrogen liquefier project to a French company he represented. In January 2007, the \$4 million hydrogen liquefier project was awarded to the French company that Shu represented. This investigation was conducted by the FBI, ICE, BIS and DCIS.

***Restricted Electronic Components to China*** – On Jan. 20, 2009, Michael Ming Zhang and Policarpo Coronado Gamboa were arrested pursuant to indictments in the Central District of California charging them with separate schemes involving the illegal export of controlled U.S. electronic items to China and the illegal trafficking of counterfeit electronic components from China into the United States. Zhang was the president of J.J. Electronics, a Rancho Cucamonga, CA, business, while Gamboa owned and operated Sereton Technology, Inc., a Foothill Ranch, CA, business. Zhang allegedly exported to China dual-use electronic items that have uses in U.S. Army battle tanks. He also allegedly imported and sold in the United States roughly 4,300 Cisco electronic components bearing counterfeit marks from China. Gamboa is charged with conspiring with Zhang to import Sony electronic components with counterfeit marks from China for distribution in the United States. The case was investigated by the FBI, BIS, DCIS, ICE, the U.S. Postal Inspection Service, and the Orange County Sheriff's Department, in conjunction with the EAGLE Task Force in the Central District of California.

***Motorola Trade Secrets to China*** -- On Dec. 9, 2008, in the Northern District of Illinois, Hanjuan Jin was charged in a superseding indictment that added three counts of economic espionage in violation of 18 U.S.C. § 1831. The charges were added to an April 1, 2008,

indictment that charged Jin with theft of trade secrets under 18 U.S.C. § 1832. Jin is a former Motorola employee who started with the company in 1998. On February 28, 2007, one day after quitting Motorola, Jin was stopped at O'Hare airport with over 1,000 Motorola documents in her possession, both in hard copy and electronic format. A review of Motorola computer records showed that Jin accessed a large number of Motorola documents late at night. At the time she was stopped, Jin was traveling on a one-way ticket to China. The section 1831 charges are based on evidence that Jin intended that the trade secrets she stole from Motorola would benefit the Chinese military. Motorola had spent hundreds of millions of dollars on research and development for the proprietary data that Jin allegedly stole. The investigation was conducted by the FBI, with assistance from U.S Customs and Border Protection.

***Stolen Trade Secrets to Chinese Nationals*** – On Nov. 21, 2008, Fei Ye and Ming Zhong were sentenced in the Northern District of California to one year in prison each, based in part on their cooperation, after pleading guilty on Dec. 14, 2006 to charges of economic espionage for possessing trade secrets stolen from two Silicon Valley technology companies. The pair admitted that their company was to have provided a share of any profits made on sales of the stolen chips to Chinese entities. The case marked the first convictions in the nation for economic espionage. They were first indicted on Dec. 4, 2002. The investigation was conducted by ICE, FBI and CBP.

***Military Accelerometers to China*** – On Sept. 26, 2008, Qing Li was sentenced in the Southern District of California to 12 months and one day in custody, followed by three years of supervised release, and ordered to pay \$7,500 for conspiracy to smuggle military-grade accelerometers from the United States to the People's Republic of China (PRC). Li pleaded guilty on June 9, 2008 to violating Title 18, USC Section 554. She was indicted for the offense on Oct. 18, 2007. According to court papers, Li conspired with an individual in China to locate and procure as many as 30 Endevco 7270A-200K accelerometers for what her co-conspirator described as a "special" scientific agency in China. This accelerometer has military applications in "smart" bombs and missile development and in calibrating the g-forces of nuclear and chemical explosions. The investigation was conducted by ICE and the DCIS.

***Military Aircraft Components to China and Iran*** -- On Aug. 28, 2008, Desmond Dinesh Frank, a citizen and resident of Malaysia, was sentenced to 23 months in prison after pleading guilty on May 16, 2008, to several felonies in the District of Massachusetts in connection with a plot to illegally export military items to China and Iran. A six-count indictment returned on Nov. 15, 2007 charged Frank, the operator of Asian Sky Support, Sdn., Bhd., in Malaysia, with conspiring to illegally export items to Iran, conspiring to illegally export C-130 military aircraft training equipment to China, illegally exporting defense articles, smuggling, and two counts of money laundering. Frank was arrested in Hawaii on Oct. 8, 2007 by ICE agents. Frank conspired with others to illegally export and cause the re-export of goods, technology and services to Iran without first obtaining the required authorization from the Treasury Department. He also conspired with others to illegally export ten indicators, servo driven tachometers -- which are military training components used in C-130 military flight simulators -- from the United States to Malaysia and ultimately, to Hong Kong, China, without the required license from the State Department. This investigation was conducted by ICE, BIS, and DCIS.

***U.S. Military Source Code and Trade Secrets to China*** – On June 18, 2008, Xiaodong Sheldon Meng was sentenced in the Northern District of California to 24 months in prison, three-years of supervised release, and a \$10,000 fine for committing economic espionage and violating the Arms Export Control Act. Meng pleaded guilty in August 2007 to violating the Economic Espionage Act by misappropriating a trade secret used to simulate motion for military training and other purposes, with the intent to benefit China’s Navy Research Center in Beijing. He also pleaded guilty to violating the Arms Export Control Act for illegally exporting military source code involving a program used for training military fighter pilots. Meng was the first defendant in the country to be convicted of exporting military source code pursuant to the Arms Export Control Act. He was also the first defendant to be sentenced under the Economic Espionage Act. Meng was charged in a superseding indictment on Dec. 13, 2006. The investigation was conducted by FBI and ICE.

***Controlled Amplifiers to China*** – On June 6, 2008, WaveLab, Inc. of Reston, Virginia, was sentenced in the Eastern District of Virginia to one year of supervised probation and a \$15,000 fine, together with \$85,000 in forfeiture previously ordered, for the unlawful export of hundreds of controlled power amplifiers to China. The exported items, which have potential military applications, are controlled and listed on the Commerce Control List for national security reasons. Wave Lab purchased these items from a U.S. company and assured the company that the products would not be exported from the United States, but would be sold domestically. WaveLab pleaded guilty on March 7, 2008 to a criminal information filed the same day. The investigation was conducted by BIS and ICE.

***Chinese Agent Sentenced for Exporting Defense Articles to China*** – On March 24, 2008, Chi Mak, a former engineer for defense contractor Power Paragon, is sentenced in the U.S. District Court for the Central District of California to 293 months (more than 24 years) in prison for orchestrating a conspiracy to obtain U.S. naval warship technology and to illegally export this material to the People’s Republic of China (PRC). Mak was found guilty at trial in May 2007 of conspiracy, two counts of attempting to violate export control laws, acting as an unregistered agent of a foreign government and making false statements. The investigation revealed that Mak had been given “tasking” lists from the PRC that requested specific defense information, including U.S. Naval research related to nuclear-powered submarines and other data. Mak gathered technical data about the Navy’s current and future warship technology and conspired with others to illegally export this data to the PRC. After Mak was convicted at trial, his four co-conspirators pleaded guilty. Chi Mak’s brother, Tai Mak, and Chi Mak’s wife, Rebecca Chiu, are scheduled to be sentenced in April and May 2008, respectively. Chi Mak’s sister-in-law, Fuk Li, and nephew, Billy Mak, were previously sentenced to time served and face deportation to China. On April 21, 2008, Chi Mak’s brother, Tai Mak, was sentenced to 10 years imprisonment pursuant to a June 4, 2007, plea agreement in which he pleaded guilty to one count of conspiracy to export defense articles.