



# Department of Justice

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## More Than 145 Defendants Charged in National Export Enforcement Initiative During Past Fiscal Year

### *Three Charged Today in Plot to Export Sensitive Technology to China Space Entity; New Counter-Proliferation Task Forces & Training Part of National Effort*

WASHINGTON -- A multi-agency initiative to combat illegal exports of restricted military and dual-use technology from the United States has resulted in criminal charges against more than 145 defendants in the past fiscal year, with roughly 43 percent of these cases involving munitions or other restricted technology bound for Iran or China, the Justice Department and several partner agencies announced today.

Over the past fiscal year, the National Export Enforcement Initiative has also resulted in the creation of Counter-Proliferation Task Forces in various judicial districts around the country. Today, there are approximately 15 such task forces or versions of them nationwide. In addition, the initiative has resulted in enhanced training for more than 500 agents and prosecutors involved in export control and the creation of new mechanisms to enhance counter-proliferation coordination among law enforcement agencies, export licensing agencies and the Intelligence Community.

Among the most recent cases brought in connection with the initiative was an indictment returned today in the District of Minnesota charging three individuals, Jian Wei Ding, Kok Tong Lim, and Ping Cheng, with conspiring to illegally export to the People's Republic of China (PRC) controlled carbon-fiber material with applications in rockets, satellites, spacecraft, and uranium enrichment process. According to the indictment, the intended destination for some of the material was the China Academy of Space Technology, which oversees research institutes working on spacecraft systems for the PRC.

Unveiled in Oct. 2007, the National Export Enforcement Initiative is a cooperative effort by the Justice Department's National Security Division (NSD), the Department of Homeland Security's U.S. Immigration and Customs Enforcement (ICE), the Federal Bureau of Investigation (FBI), the Department of Commerce's Bureau of Industry and Security (BIS), the Pentagon's Defense Criminal Investigative Service (DCIS), the State Department's Directorate of Defense Trade Controls, the Treasury Department's Office of Foreign Assets Control and other agencies.

### **The Threat from Illegal Exports**

On a daily basis, foreign states as well as criminal and terrorist groups seek arms, technology, and other materials to advance their technological capacity, weapons systems and, in some cases, Weapons of Mass Destruction programs. With America producing the most advanced technology in the world, it has become a primary target of these illicit technology acquisition efforts. The U.S. government, defense sector, private companies, and research institutions are routinely targeted as sources of these materials.

The items sought from America in these illicit schemes are as diverse as missile technology, nuclear

technology, assault weapons, trade secrets, source code, military aircraft parts, night vision systems, and technical know-how. The improper transfer of these items poses threats to U.S. allies, U.S. troops overseas, and to Americans at home. It also undermines America's strategic, economic, and military position in the world.

"Keeping U.S. weapons technology and other restricted materials from falling into the wrong hands and from being used against our allies, our troops overseas or Americans at home is a top counter-intelligence priority of the Justice Department," said Patrick Rowan, Assistant Attorney General for National Security. "Through this multi-agency initiative we are making America a far more hostile target for those that seek to obtain our sensitive technology through illegal means."

### **Enhanced Prosecutions and Investigations**

In recent years, as investigative agencies have stepped up their efforts to address this threat, the Justice Department has handled a growing number of cases involving illegal exports of sensitive U.S. technology and embargo violations. Last year, the Department decided to institutionalize the expansion of its export control efforts through the launch of the National Export Enforcement Initiative, which is designed to increase training and coordination among agencies involved in export control, enhance prosecution of these crimes, and deter illicit activity.

To implement the initiative, the Justice Department appointed its first National Export Control Coordinator in June 2007. In October 2007, the Department joined forces with counterparts from ICE, FBI, BIS, DCIS, the Department of State and other agencies to publicly announce the initiative. Since that time, the number of prosecutions has continued to grow, as investigative agencies have increased the tempo of their operations and prosecutors have become more familiar with this area of law.

During Fiscal Year (FY) 2008, there were more than 145 defendants charged in export control or embargo cases, compared to roughly 110 charged in FY 2007. There have been more than 255 defendants charged in such cases over the past two fiscal years. Charges brought in these cases include violations of the Arms Export Control Act, the International Emergency Economic Powers Act (IEEPA), the export control provision of the PATRIOT Reauthorization Act, the Trading with the Enemy Act, and other statutes.

### **Restricted Materials Bound for Iran and China**

Roughly 43 percent of the defendants charged in FY 2008 were charged in export control or embargo cases involving Iran or China. In total, Iran ranked as the leading destination for illegal exports of restricted U.S. technology in the prosecutions brought in FY 2008, as well as those in FY 2007.

The illegal exports bound for Iran have involved such items as missile guidance systems, Improvised Explosive Device (IED) components, military aircraft parts, night vision systems and other materials. The illegal exports to China have involved rocket launch data, Space Shuttle technology, missile technology, naval warship data, Unmanned Aerial Vehicle or "drone" technology, thermal imaging systems, military night vision systems and other materials.

A significant portion of the cases in FY 2008 and in FY 2007 also involved illegal exports to Mexico. These prosecutions primarily involved illegal exports of firearms, including assault weapons and rifles, as well as large quantities of ammunition destined for Mexico. In addition, there were several cases during this period involving arms and other materials being routed to terrorist organizations in various nations.

### **New Counter-Proliferation Task Forces**

The cornerstone of the initiative has been the ongoing formation of multi-agency Counter-Proliferation Task Forces in U.S. Attorney's offices around the country. Today, there are approximately 15 such task forces or working groups operating nationwide, some straddling more than one judicial district.

These entities have built on prior inter-agency efforts used in certain districts where agents from ICE, FBI, BIS, and Defense Department agencies pool data and jointly pursue cases. Under the leadership of U.S. Attorneys, these task forces foster coordination critical to the success of export control.

### **Enhanced Training and Coordination**

Because export control cases involve complex statutory and regulatory schemes, sophisticated technology, international issues, agencies with different authorities, and, often classified information, training for prosecutors and agents has been a critical focus of the initiative.

Since January 2008 alone, the Justice Department's National Security Division has presented more than 30 legal training sessions and lectures around the country on export control. In addition, the Department has held two national export control training conferences and is scheduled to hold another in early 2009 in South Carolina. To date, more than 500 prosecutors and investigators have received training through these mechanisms.

The Department's National Security Division has also distributed a comprehensive tool kit of legal pleadings and related information on export control for field prosecutors and agents. On a daily basis, the National Export Control Coordinator provides legal advice and counsel for prosecutors and agents on these cases.

Another critical component of the initiative involves enhanced coordination within the export control community. The Justice Department, along with other agencies, has created the Technology Protection Enforcement Group (TPEG), an inter-agency Headquarters-level working group, to enhance export control coordination among law enforcement agencies and between law enforcement agencies and the Intelligence Community. In addition, the Department has created a working group of intelligence analysts to assist field prosecutors across the country in export cases and to ensure appropriate information sharing with the Intelligence Community.

The Department has also initiated monthly coordination meetings with the export licensing agencies, particularly the State Department's Directorate of Defense Trade Controls and the Commerce Department's BIS, to improve coordination and the flow of information to those agencies in accomplishing their missions. Furthermore, the Department regularly participates in and contributes to outreach efforts with foreign governments on export control matters, in conjunction with the State Department.

### **New Legislation**

Over the past year, the Department has also been involved in a variety of legislative, regulatory, and policy proposals related to export control and embargos. During 2007, for instance, Congress passed and the President signed into law amendments to the International Emergency Economic Powers Act (IEEPA), which, among other things, added conspiracy and attempt provisions to the IEEPA as well as enhanced criminal fines and administrative fines for violations of this law, which is a critical export and embargo enforcement statute.

"We will not allow the United States' national security to be held hostage by rogue nations or sold to the highest bidder. This includes sensitive military information and technology, as well as weapons of mass destruction or the components needed to produce them. ICE is committed to working closely and cooperatively with our partners at every level of law enforcement to ensure this does not happen." Julie L. Myers, Assistant Secretary of Homeland Security for ICE said. "Time after time, our export enforcement investigations have helped prevent the illegal acquisition of these resources and helped maintain military, political and economic stability throughout the world."

"No one agency can accomplish the immense task of safeguarding U.S. national security assets and protecting the illegal export of restricted materials, including military and dual-use technologies," said Executive Assistant Director Arthur M. Cummings, II, of the FBI's National Security Branch. "The FBI is committed to enforcing export control laws and will continue to work closely with our partners in the law

enforcement and the intelligence communities to enhance export control awareness and training and to build on the success of our Counter-Proliferation Task Forces."

"We are continuing to sharpen our enforcement efforts to focus on those areas of greatest concern to us: proliferators, supporters of terrorism, and nations of illicit trans-shipment concern. When foreign companies take controlled U.S. technology and illegally transfer it - they also face serious repercussions. We remain committed to investigate, uncover, and stop these activities wherever they may occur," said Under Secretary of Commerce Mario Mancuso.

"Preventing the illegal export of critical technologies and restricted munitions is of extreme concern to the Department of Defense because of the real possibility that our Soldiers, Sailors, Airmen, and Marines may have to face this materiel in the hands of our adversaries and thereby lose the advantage that U.S. technology is supposed to provide them," said Charles W. Beardall, Department of Defense Deputy Inspector General for Investigations. "Protecting America's Warfighters through technology protection is a top priority for the Defense Criminal Investigative Service, the law enforcement arm of the DoD Inspector General, and a fundamental focus for our special agents."

"We applaud the Department of Justice's efforts," said John Rood, Acting Undersecretary of State for Arms Control and International Security. "We are pleased that the Department of State has been able to support this important initiative and proud of the tremendous success achieved so far in disrupting the flow of sensitive technology to our adversaries and protecting our national security and foreign policy interests."

### **Foreign Efforts to Obtain Controlled U.S. Technology**

The technology at the heart of this initiative includes restricted U.S. military items, dual-use equipment, and other technical expertise or know-how, some of which have applications in Weapons of Mass Destruction. These materials are generally restricted and may not be exported without U.S. government approval. Foreign procurement networks intent on obtaining such materials from the U.S. rarely target complete weapons systems, but often focus on seemingly innocuous components to develop their own weapons systems.

According to recent reports by the Intelligence Community, private-sector businessmen, scientists, students, and academics from overseas are among the most active collectors of sensitive U.S. technology. Most did not initially come to the U.S. with that intent, nor were they directed to do so by foreign governments. Instead, after finding that they had access to technology in demand overseas, they engaged in illegal collection to satisfy a desire for profits, acclaim, or patriotism to their home nations.

At the same time, foreign government organizations remain aggressive in illegally acquiring sensitive U.S. technology. Some governments have established quasi-official organizations in the U.S. to facilitate contact with overseas scientists, engineers and businessmen. Foreign governments have been observed directly targeting U.S. firms; employing commercial firms in the U.S. and third countries to acquire U.S. technology; and recruiting students, professors, and scientists to engage in technology collection.

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