



BIS Export Enforcement

*Keeping the most sensitive goods
out of the most dangerous hands*

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The mission of the Commerce Department's Bureau of Industry and Security (BIS) is to advance U.S. national security, foreign policy and economic objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership.

BIS integrates its export licensing, education and enforcement activities to effectively regulate international trade in sensitive dual-use items, prevent violations and combat illicit trafficking and proliferation. BIS' enforcement arm, the Office of Export Enforcement (OEE), is an elite law enforcement organization recognized for its expertise, professionalism, integrity and accomplishments in export enforcement, and focuses on *keeping the most sensitive goods out of the most dangerous hands*.

BIS' export enforcement activities target the most significant threats facing the United States today: the proliferation of Weapons of Mass Destruction (WMD) and missile delivery systems, terrorism and state sponsors of terror, and diversions of dual-use goods to unauthorized military end-uses. During Fiscal Year 2005 (October 1, 2004 to September 30, 2005), OEE investigations resulted in 31 criminal convictions and criminal fines totaling \$7.7 million. During that same time period, BIS has also imposed more than \$6.8 million in administrative penalties, 31 export denial orders and other administrative sanctions as a result of 69 closed administrative enforcement cases. A list of some significant cases follows.

WMD and Missile Proliferation

Nuclear Detonators to Pakistan – On August 4, 2005 Asher Karni, a South African businessman was sentenced to three years imprisonment as part of his guilty plea to conspiracy and export violations arising out of his unlawful exports to Pakistan and India of U.S. origin goods controlled for nuclear nonproliferation reasons. On April 8, 2005, the U.S. Attorney for the District of Columbia announced that Humayan Khan, of Islamabad, Pakistan had been indicted for conspiring to violate, and, on three occasions, violating U.S. export restrictions on goods controlled for nuclear nonproliferation reasons Khan is alleged to have arranged, through Karni, the purchase and export to Pakistan of U.S. origin triggered spark gaps, which can be used as nuclear weapons detonators. Khan falsely indicated that the goods were intended for medical use. Khan, currently in Pakistan, and his company, Pakland PME Corporation, are presently subject to a Temporary Denial Order to prevent further violations as this case proceeds. OEE, the Federal

Bureau of Investigation (FBI) and the Department of Homeland Security's Bureau of Immigration and Customs Enforcement (ICE) jointly conducted this investigation.

Pulse Generators to India – On June 6, 2004, BNC Corp. of San Rafael, California (previously Berkeley Nucleonics Corporation) was sentenced to five years probation and a \$300,000 criminal fine for illegally exporting pulse generators to two entities in India without required export licenses. The end-users were listed on BIS's entity list for nuclear non-proliferation reasons. Two former employees of BNC, Richard Hamilton and Vincent Delfino, were convicted in December 2003 for their role in these exports. Each was sentenced to two years probation, a \$1000 fine, and 100 hours of community service and was prohibited from engaging in or facilitating export transactions. BIS assessed BNC a \$55,000 administrative penalty and a five-year suspended denial of export privileges as part of an agreement with BNC to settle charges related to these unlicensed exports.

Digital Oscilloscopes Controlled for Nuclear Nonproliferation Reasons to Israel – On March 21, 2005, Metric Equipment Sales pled guilty in the Northern District of California to one felony count of exporting digital oscilloscopes to Israel without a BIS license. The oscilloscopes, with sampling rates exceeding 1 GHz, are capable of being utilized in WMD development and missile delivery fields and are controlled for nuclear nonproliferation reasons. Metric was sentenced to a \$50,000 criminal fine. BIS assessed Metric a \$150,000 administrative penalty and a five year suspended denial of export privileges as part of an agreement with Metric to settle charges related to these unlicensed exports.

Carbon-Carbon Industrial Manufacturing Equipment to Missile Laboratory in India – On November 18, 2005, Fiber Materials Inc. of Maine; its wholly owned subsidiary, Materials International of Massachusetts; and the companies' two top officers, Walter Lachman and Maurice Subilia, were sentenced for conspiracy and export violations related to the unlicensed export to India of equipment used to manufacture carbon-carbon components with applications in ballistic missiles. All four defendants had been convicted of one count of violating the Export Administration Act and one count of conspiracy by a federal trial jury on March 31, 1995. The equipment, a specially designed control panel for operation of a hot isostatic press used to produce carbon-carbon items, was exported to the Defense Research Development Laboratory in India and delivered to Agni, the defense laboratory developing India's principal nuclear-capable ballistic missile. Lachman was sentenced to three years probation, the first year of which is to be spent in home detention. Subilia was sentenced to three years probation, the first six months of which was to be spent in community confinement to be followed by one year of home detention. A fine of \$250,000 was imposed on Lachman, Subilia and Fiber Materials; no fine was imposed on Materials International because it is a wholly-owned subsidiary of Fiber Materials. OEE and ICE jointly conducted this investigation.

Controlled Items to Ballistic Missile Facility in Iran – On February 2, 2005, the U.S. Attorney for the District of Connecticut announced an indictment charging Mohammed Farajbakhsh, Hamid Fatholoomy and their U.A.E.-based companies Diamond Technology and Akeed Trading with conspiring to illegally export goods to Iran via the U.A.E. The defendants were alleged to have shipped computer goods from a U.S. supplier to an entity affiliated with Iran's ballistic missile program, as well as satellite communications equipment and other goods. In April 2005, Farajbakhsh pled guilty to one count of conspiracy and one count of violating the International Emergency Economic Powers Act. In September 2005, Farajbakhsh was sentenced to seven months in prison and two years probation. OEE, the Defense Criminal Investigative Service (DCIS) and ICE jointly conducted this investigation.

Computer Chips with Guidance System Applications to China – On October 6, 2004, Ting-Ih Hsu, a naturalized U.S. citizen and president of Azure Systems, Inc., and Hai Lin Nee, a Chinese citizen and an employee of Azure, were sentenced to three years probation for false statements in connection with the illegal export of low-noise amplifier chips to China. The defendants falsely described the goods as “transistors” in export documents. These goods have application in the U.S. Hellfire missile. OEE and ICE jointly conducted this investigation.

Industrial Furnace to China – On May 28, 2004, Elatec Technology Corporation and its president, William Kovacs pled guilty to charges that they conspired to violate U.S. export licensing requirements in connection with the export of an industrial furnace to an entity of concern in China. Elatec’s export license application for this transaction had previously been denied by BIS due to missile technology concerns. Sentencing is pending. An associate, Stephen Midgley, separately pled guilty on January 10, 2005 to falsely stating in export documents that the furnace did not require an export license when the goods were shipped to China. Midgley was sentenced to one year probation, 120 hours community service and a \$1,500 fine. BIS assessed Midgley a \$5,000 (\$4,000 suspended) administrative penalty as part of an agreement with Midgley to settle charges related to this unlicensed export. OEE and ICE jointly conducted this investigation.

Thermal Insulation Blankets to China – On May 17, 2005, Vladimir Alexanyan, owner of Valtex International, was ordered to pay a \$12,000 criminal fine, was sentenced to three years probation and was ordered to refrain from any international activities/trade for the term of his probation. Valtex International was ordered to pay a \$250,000 criminal fine. In February 2005, Vladimir Alexanyan and Valtex pled guilty to export violations and false statements in connection with the attempted export of satellite/missile insulation blankets to the Chinese Academy of Space Technology in Beijing. BIS had previously rejected Valtex’s application for an export license for these items. The goods were seized in San Francisco before their shipment from the United States. BIS assessed Alexanyan an \$88,000 administrative penalty and Valtex a \$77,000 administrative penalty as part of agreements to settle charges related to this attempted unlicensed export. Both Valtex and Alexanyan are also subject to five year denials of export privileges to China. Further, Valtex agreed to implement an export management system. OEE and ICE jointly conducted this investigation.

Bubonic Plague to Tanzania – On March 10, 2004, Thomas Campbell Butler, MD, a professor at Texas Tech University was sentenced to two years imprisonment, three years supervised release and fines and restitution totaling more than \$50,000 for export violations, false statements, theft, embezzlement, fraud, and mail and wire fraud. On October 24, 2005, the United States Court of Appeals for the Fifth Circuit affirmed earlier Thomas Butler’s conviction. Butler had been arrested in January 2003 for falsely reporting to the FBI that 30 vials of bubonic plague bacteria that had been destroyed by Butler were missing and presumed stolen from his university laboratory. An investigation into Butler’s report uncovered that Butler had earlier exported a related set of bubonic plague bacteria to Tanzania in September 2002 without the required licenses. OEE jointly conducted this investigation as a member of the North Texas Joint Terrorism Task Force.

Chemical and Biological Weapons Controlled Toxins to Syria – On July 22, 2005, six individuals, all former employees of Maine Biological Labs, were sentenced in U.S. District Court in Bangor, Maine in connection with various charges including conspiracy, illegal exports, smuggling, false statements, aiding and abetting and anti-boycott offenses in connection with unlicensed exports of virus toxins to Syria. One former employee was sentenced to 2 years probation; the remaining five were each sentenced to terms of imprisonment ranging from 9

months to 12 months 1 day. The court also imposed criminal fines ranging from \$5,000 to \$30,000 on the defendants. Two other former employees were previously convicted on similar charges and sentenced to probation. On August 5, 2005, the company, Maine Biological Labs was criminally fined \$500,000 and placed on five years probation. OEE, the U.S. Department of Agriculture and ICE jointly conducted this investigation.

Biological Research Products to Indian Government Organizations on the Entity List – On December 28, 2005, Assistant Secretary Darryl Jackson signed a Final Order against Becton, Dickinson, & Co., of Franklin Lakes, New Jersey. Becton Dickinson & Co was ordered to pay a \$123,000 fine, and was subjected to an audit requirement. Becton Dickinson, & Co. and their Singapore subsidiary committed a total of thirty-six violations of the EAR by exporting various life sciences research products to listed entities from the Indian Department of Atomic Energy and Indian Department of Defense.

Diaphragm Pumps to Iran, Syria Israel and China – On April 27, 2005, Wilden Pump and Engineering Co., LLC (Wilden), a company based in Grand Terrace, California, paid a \$700,000 civil penalty to settle administrative charges that it violated the Export Administration Regulations (EAR) in connection with unauthorized exports of diaphragm pumps from the United States to the Iran, Israel, People’s Republic of China, Syria, and the United Arab Emirates without the required Department of Commerce export licenses. Between 2000 and 2003, Wilden committed 71 violations of the EAR. Specifically, BIS found that Wilden committed 26 violations by exporting diaphragm pumps without the required licenses. In connection with 22 of the exports, Wilden violated the EAR by transferring diaphragm pumps with knowledge that violations of the EAR would occur. BIS also charged that Wilden committed 23 violations of the EAR by making false statements on export control documents. The majority of the pumps that were exported are controlled for export and re-export due to concerns that they could be used in chemical and biological weapons proliferation.

Exports of Chemical and Biological Weapons Controlled Chemicals to Multiple Locations – On August 9, 2005, BIS assessed a \$142,450 administrative penalty against BJ Services Company of Tomball, Texas as part of an agreement that settled charges that between 1999 and 2002, BJ Services made 13 exports of items controlled for chemical and biological weapons reasons to various destinations without obtaining the required export licenses. The settlement agreement also requires that BJ Services must perform an audit of its internal compliance program that is required to be submitted to OEE.

Illegal Exports of Biotoxins to Canada – On May 9, 2005, EMD Biosciences, Inc. (EMD) of San Diego, California, paid a \$904,500 civil penalty to settle charges that it exported biological toxins to Canada in violation of the Export Administration Regulations (EAR). Under the terms of the Settlement Agreement, EMD’s export privileges under the EAR were denied for a period of two years, all of which is suspended provided that EMD commits no violations of the EAR during the period of suspension. Between June 2002 and July 2003, EMD committed 134 violations of the EAR stemming from 67 exports of biological toxins to Canada that were made without obtaining required Department of Commerce export licenses. In 1999 EMD was formerly known as CN Biosciences, Inc. (CN), and previously paid civil fines for unlicensed exports of the same and similar toxins.

Terrorism/State Sponsors of Terrorism

Night Vision Equipment to Hezbollah – On August 9, 2005 Naji Antoine Abi Khalil pled guilty to criminal charges for attempting to export BIS and State Department controlled night vision units to Greece, knowing they would be shipped to the foreign terrorist organization Hezbollah in Beirut, Lebanon. On February 2, 2006, Khalil was sentenced to two sixty-month prison terms and a fifty-seven month prison term, all to be served concurrently; plus a \$100,000 criminal fine. An associate of Khalil, Tomer Grinberg of Tober Group Inc., a Brooklyn, New York freight forwarder, was also arrested and indicted for his role in allegedly conspiring to export the same Commerce and State night vision units to Greece knowing they would be shipped to Lebanon, and pled guilty on July 28, 2005. On April 12, 2006, Grinberg was sentenced to six months in prison. OEE jointly conducted this investigation as a member of the New York Joint Terrorism Task Force.

Aircraft Parts to Iran via Malaysia – On May 18, 2006, following three days of trial, a federal jury in the Brooklyn, New York, found Ernest Koh doing business as Chong Tek guilty of obtaining US Aircraft parts which can be used in C-130 military transport planes and P-3 Naval Aircraft, and diverting those parts to Malaysia for transshipment to Iran, in violation of the 1995 embargo. In addition, the jury found that Koh had laundered millions of dollars from his bank accounts in Singapore through accounts in the US to promote the ongoing illegal scheme. Sentencing is scheduled for September 2006.

Houston Firm Attempts to Export Specialty Nickel Alloy Pipe to Iran – On September 15, 2005, PA Inc. of Houston, Texas, pled guilty to a criminal charge of attempting to violate the International Emergency Economic Powers Act resulting from an attempted illegal export of specialty nickel alloyed piping destined to Iran. On August 19, 2005, BIS assessed a \$50,000 administrative penalty and a five year suspended denial of export privileges as part of an agreement with PA Inc. to settle administrative charges related to these transactions. On December 16, 2005 was sentenced three years probation and a \$50,000 fine.

Terrorist Dealings/Computer Exports to Libya and Syria – On April 13, 2005, Infocom Corporation and its principals, Bayan, Ghassan, Basman, Hazim and Ihasan Elashi were convicted of dealing in the funds of a Specially Designated Terrorist, a high ranking member of Hamas. This was the second of two trials for Infocom and the Elashis. The first trial, completed in July 2004, resulted in convictions for conspiring to export computers and computer equipment to Libya and Syria. One of the Infocom principals, Ihsan Elashi, was also convicted in 2002 for violating a BIS Temporary Denial Order (TDO) and was sentenced to 48 months imprisonment. On January 24, 2006, Hazim Elashi was sentenced to 60 months in prison and two years parole in the Northern Judicial District of Texas. Hazim Elashi has also been ordered by the court to be deported from the United States at the end of his prison term. On January 25, 2006, Ihsan Elashi was sentenced to 72 months in prison and two years probation in the Northern Judicial District of Texas. He will begin to serve this sentence at the conclusion of his earlier 48 month prison sentence. Sentencing for the other defendants in the current case is pending. OEE jointly conducted this investigation as a member of the North Texas Joint Terrorism Task Force.

U.S. Firm Doing Business with National Gas Company in Iran – On June 9, 2005, GasTech Engineering Corporation and Parviz Khosrowyar, President and CEO of GasTech, were indicted for violations related to a \$12 million contract with the National Iranian Gas Company. GasTech attempted to evade U.S. sanctions against Iran by subcontracting a large portion of the contract to a Calgary, Canada firm. A five count superseding indictment was returned by the Grand Jury in the Northern District of Oklahoma charging Khosrowyar and GasTech with conspiracy, 18

U.S.C. 371, and three counts of IEEPA, 50 U.S.C. 1701-1706, for violations of the Iranian Transactions Regulations. On January 11, 2006, Gastech pled guilty to Conspiracy to Violate the Iranian Transactions Regulations. On March 10, 2006, GasTech Engineering Corporation was sentenced to five years probation, a \$50,000 criminal asset forfeiture penalty, a \$33,000 regulatory penalty to be paid to OFAC and a \$5,000 criminal fine. Parviz Khosrowyar remains a fugitive. OEE and ICE jointly conducted this investigation.

Tensile Strength Measuring Equipment to Iran – On September 14, 2005, Juan Sevilla, sales director of United Calibration Corporation of Huntington Beach, California, pled guilty to violating the International Emergency Economic Powers Act for attempting to illegally export machinery and related software to measure the tensile strength of steel to Iran in violation of the U.S. embargo. Sentencing is pending. OEE and ICE jointly conducted this investigation.

Aircraft Parts to Libya – On November 30, 2005, NewCal Aviation Inc, located in Little Ferry, NJ, and Richard Greenleaf, former Vice President of NewCal Aviation, Inc plead guilty to criminal informations in US District Court, District of New Jersey. Greenleaf admitted that he caused aircraft parts to be shipped to Mediterranean Aviation Company, Ltd., a/k/a “Medavia” in Malta on approximately 30 separate occasions between April 2002 and April 2004. NewCal pleaded guilty as a corporation to one count of falsifying and concealing a material fact in connection with the exportation of aircraft parts to a Specially Designated National of Libya. During the time in which the shipments were made, Medavia was designated by the Office of Foreign Assets Control (OFAC) as a Specially Designated National of Libya under the Libyan Sanctions Regulations. On May 30, 2006, Greenleaf was sentenced to three years probation and a \$2,500 fine. On that same date, NewCal Aviation was sentenced to two years probation and a \$200,000 fine. OEE and ICE jointly conducted this investigation.

Experimental Aircraft and Electrical Components to Iran – On February 17, 2005, Ali Asghar Manzarpour of Brighton, United Kingdom, was arrested in Warsaw, Poland by Polish authorities at the request of the United States, in connection with alleged illegal exports to Iran in violation of the U.S. embargo. On February 25, 2005, a federal indictment was unsealed charging Manzarpour with the attempted export of an experimental, single-engine aircraft and exports of electrical components to Iran. Manzarpour was previously convicted and imprisoned in the United Kingdom for attempting to export U.S.-origin maraging steel to Iran. At the time British authorities noted that this steel, which is used to build centrifuges for uranium enrichment, appeared to be destined for Iran’s nuclear weapons program. Prosecution is pending in the current case. OEE and ICE jointly conducted this investigation.

Night Vision Lenses to Iran – On February 7, 2005, Erik Kyriacou, a former NBC cameraman and resident of Long Island, New York, pled guilty to a four count indictment charging him with attempting to illegally export night vision lenses to Iran. The lenses had been stolen from NBC News in New York. According to court documents, Kyriacou was attempting to sell the lenses on the Internet to undercover agents posing as international arms brokers. Kyriacou agreed to sell the lenses to the agents knowing that they were destined for shipment to Iran in violation of the U.S. embargo. On July 19, 2005, he was sentenced to five years probation, and four months home confinement, \$400 special assessment and restitution. OEE and ICE jointly conducted this investigation.

Cryogenic Submersible Pumps to Iran – On December 7, 2004, Ebara International Corporation of Sparks, Nevada, was sentenced in U.S. District Court, Washington, D.C. for illegally exporting cryogenic submersible pumps to Iran in violation of the U.S. embargo. Ebara agreed to pay a \$6.3 million criminal fine and serve three years corporate probation. BIS assessed a \$121,000

administrative penalty and a three year suspended denial of export privileges as part of an agreement with Ebara to settle administrative charges related to these unlicensed exports. In a related criminal case, Everett Hylton, Ebara's founder and former Chief Executive Officer, pled guilty to conspiracy to make false statements, and agreed to a \$10,000 criminal fine and three years of probation. Hylton also agreed to a \$99,000 civil penalty and the imposition of a three-year suspended denial of export privileges as part of an agreement with BIS to settle administrative charges related to Ebara's exports to Iran.

Oil Burning Nozzles to Iran – On January 20, 2005, Nozzle Manufacturing Company, previously dba Monarch Nozzle, of Swedesboro, New Jersey, pled guilty to knowingly shipping oil burning nozzles to Iran in violation of the U.S. embargo. Nozzle Manufacturing was sentenced to pay a \$10,000 criminal fine and \$400 to the court. In related administrative cases, BIS and the Treasury Department's Office of Foreign Assets Control (OFAC) each assessed \$10,000 administrative penalties as a part of agreements to settle charges related to these unlicensed exports. The company was dissolved after sentencing. OEE and ICE jointly conducted this investigation.

Forklift Parts to Iran – On August 11, 2004, Khalid Mahmood, dba Sharp Line Trading, of Dubai, U.A.E., and Mohammad Ali Sherbaf, a principal officer of Sepahan Lifter Company, of Iran, were indicted for alleged export violations in Sherbaf/Sepahan's proposed purchase of forklift radiators from a U.S. supplier in violation of the U.S. embargo. On January 19, 2006, Mahmood was sentenced to 17 months in prison for these violations. In April 2005 Robert Quinn of Clark Material Handling Corporation was indicted his part in the unauthorized exports to Iran. On December 7, 2005, Quinn was found guilty today by a federal jury of one count of conspiring to violate the U.S. trade embargo against Iran and five counts of illegal exports to Iran, sentencing is pending. On February 23, 2006, Quinn was sentenced to 39 months in prison and a \$6000 fine. The transaction was allegedly structured through Mahmood/Sharp Line to conceal the ultimate destination of the goods. On May 4, 2006, David Tatum, who was also involved in the export, pled guilty one count of making a false statement to the U.S. Government. His sentence is currently pending. OEE and ICE jointly conducted this investigation.

Trenching Equipment to Libya – On December 3, 2004, Tesmec S.P.A., an Italian company, pled guilty to the attempted export of a trencher, valued in excess of \$1 million, for ultimate delivery to the Western Libya Gas Project in Libya. Tesmec was ordered to pay a criminal fine of \$85,000. OEE and ICE jointly conducted this investigation.

Computers and Related Hardware to Sudan – On June 1, 2005 ExxonMobil Corporation of Fairfax, Virginia., paid BIS civil penalties totaling \$49,500 to settle charges that affiliates of the former Mobil Oil Corporation, located in Texas, the United Kingdom, and Egypt participated in or were otherwise liable for the unauthorized re-export of computers and related hardware to Sudan. On three occasions between June 1999 and February 2000, Mobil Services Company Ltd. and Mobil Oil Egypt caused the re-export of computer servers and laptop computers to a Mobil Oil subsidiary in Sudan without the required export licenses. The computer equipment was controlled for export to Sudan for anti-terrorism reasons and in support of the trade embargo against Sudan.

Unauthorized Military/Other Dual-Use

Attempted Export of Encryption Modules to Taiwan – On March 7, 2006, Ching Kan Wang, President/owner China May, Inc. of Hollywood, FL was sentenced to prison for one year and one day. Wang plead guilty to violating Title 18 United States Code, Section 371 (conspiracy to

violate the IEEPA) for his role in attempting to acquire sensitive communication encryption modules for export to Taiwan without the required BIS export licenses. OEE and ICE jointly conducted this investigation.

North Carolina Company President Convicted for Illegal Export of Crime Control Products –

On March 22, 2006, John Carrington, the former President of Sirchie Fingerprint Laboratories and a former North Carolina state Senator, was sentenced to 12 months probation and agreed to pay an \$850,000 criminal penalty. On December 15, 2005, Carrington entered a guilty plea for his part in illegally exporting approximately \$1.2 million dollars in crime control equipment to China through intermediaries in Italy and Hong Kong. In September 2005, Carrington settled civil charges by agreeing to a five year denial of export privileges. Sirchie also settled civil charges and agreed to pay \$400,000 and accepted a five year suspended denial.

Missile Test Equipment to China – On May 18, 2006, Yueqiang “Bill” Chen, a permanent resident alien, was arrested in San Jose, California pursuant to a criminal complaint that charged Chen with five counts of violating IEEPA and the EAR related to five Data Physics exports to the PRC. On May 24, 2006, a Federal Grand Jury in the Northern District of California indicted Chen on five counts which charge that Chen unlawfully aided and abetted the unauthorized exports of vibration test equipment to the PRC in violation of IEEPA. The indictment alleges that while working as the General Manager for the China Division of Data Physics Corporation, Chen willfully and knowingly sold and arranged for the export of vibration test and shaker equipment for use in the design, development, production, and use of missiles in the PRC without a license from the Bureau of Industry and Security.

Signal Amplifiers to China – On May 9, 2005, Qing Chang (Frank) Jiang d.b.a. EHI Group U.S.A was found guilty of making a false statement to the U.S. Government concerning an export of national security controlled amplifiers to China. On October 3, 2005, Chang was sentenced to one year and one day in prison, three years supervised release and a \$2500.00 criminal fine. In March 2002, Chang applied to BIS for a license to export amplifiers to China. In May 2002, Jiang exported the controlled amplifiers while the license was still pending. In June 2002, when Jiang was interviewed by OEE agents regarding his license application, Jiang stated that he had canceled the deal, canceled the license and returned the amplifiers to the manufacturer. In November 2002, BIS rejected the license application citing end/user end/use concerns.

Low Noise Amplifiers to China – On June 28, 2005, Zheng Zheng pled guilty to one count of false statements, Title 18 U.S.C. 1001, in connection with the export of low noise amplifiers controlled for national security reasons to China without obtaining the required license from the Department of Commerce. On August 17, 2005, Zheng’s company, Univision, also pled guilty in connection with these exports. Both were sentenced to criminal fines of \$1000 each. OEE and ICE jointly conducted this investigation.

National Security Controlled Electronic Equipment to China – On September 30, 2004, Ning Wen, Hailin Lin, Jian Guo Qu and Ruo Ling Wang were arrested on charges of conspiring to illegally export more than \$500,000 worth of controlled electronic components to China. BIS has issued Temporary Denial Orders against Ning Wen, Hailin Lin, Wen Enterprises and Beijing Rich Linscience Electronics to prevent further violations as this case proceeds. On July 25, 2005, Jian Guo Qu was sentenced to 46 months imprisonment (later reduced to 22 months based on his cooperation in prosecution of co-defendants) a \$2,000 criminal fine, two years supervised release and a \$100 special assessment. On September 21, 2005, Wen was found guilty at trial on all charges against him in regard to these exports and on January 18, 2006 was sentenced to 60 months in prison, a \$50,000 fine and two years of supervised release. On December 21, 2005,

Hailin Lin was sentenced to 42 months in prison and a \$50,000 fine for his role in these unauthorized exports. OEE, FBI, IRS and ICE jointly conducted this investigation.

National Security Controlled Items to China – On July 29, 2004, seven individuals were indicted on charges that they used their company, Mantan Electronics, Inc., to illegally export sensitive national security controlled items to state-sponsored institutes in China. The defendants allegedly illegally exported millions of dollars worth of controlled items potentially used in a variety of defense weapons systems including radar, electronic warfare and communications systems. On September 13, 2005, in US District Court, Newark, NJ, four former employees of Mantan Inc pled guilty to various charges. Weibu Xu, aka Xu Weibu, aka, Kevin Xu, pled guilty to a three counts of violating 18 USC 371 (Conspiracy to violate IEEPA and the Arms Export Control Act), 50 USC 1705(b) (IEEPA) and 22 USC 2778 (the Arms Export Control Act). He was sentenced to 44 months in prison and two years probation on May 1, 2006. Hao Li Chen aka Ali Chan pled guilty to a one count of violating 18 USC 371 (Conspiracy to violate IEEPA and the Arms Export Control Act).). He was sentenced to 30 months in prison and two years probation on May 1, 2006. Xiu Ling Chen aka Linda Chen pled guilty to a one count of violating 18 USC 371 (Conspiracy to violate IEEPA and the Arms Export Control Act). She was sentenced to 18 months in prison and two years probation on May 1, 2006. Kwan Chun Chan aka Jenny Chan pled guilty to one count of violating 18 USC 371 (Conspiracy to violate IEEPA and the Arms Export Control Act). She was sentenced to six months home confinement and two years probation on May 1, 2006. Prosecution of the other three individuals is pending. OEE, the FBI and ICE jointly conducted this investigation.

Night Vision Technology to China – On June 3, 2004, Philip Cheng and Night Vision Technology of San Jose, California were indicted for illegally the sale of military and commercial-grade night vision technology to China. The defendants allegedly entered into a contract with the Chinese military to produce night vision equipment in China. OEE, the FBI, the IRS and ICE jointly conducted this investigation.

Satellite and Radar Technology to China – On May 6, 2004, Zhaoxin Zhu of Shenzhen, China pled guilty to conspiring to purchase controlled satellite and radar technology for illegal export to China. Zhu negotiated with undercover federal agents to purchase a variety of sensitive goods, including traveling wave tubes with satellite and radar applications, for export to China. On September 28, 2005, Zhu was sentenced to twenty-four months in prison and three years supervised release. OEE and ICE jointly conducted this investigation.

Polygraph Machines to China – In February 2005, Stoelting Company, of Wood Dale, Illinois, and its president, LaVern Miller, were sentenced for criminal export violations in connection with the illegal export of polygraph machines to China without required export licenses. These items are restricted to China for human rights reasons. Stoelting was sentenced to 2 ½ years corporate probation and a \$20,000 criminal fine; while Miller was sentenced to 2 ½ years probation, including six months of electronically monitored home confinement, 500 hours community service and a criminal fine equivalent to the costs of his probation and monitoring, estimated to be \$18,000. In June 2004, Stoelting and Miller each agreed to pay \$44,000 administrative penalties to BIS and Stoelting agreed to a five-year suspended denial of export privileges as part of agreements to settle charges related to these unlicensed transactions.

Civil Fine for Chemicals Export to Israel – On March 22, 2006, a Final Order was signed against Ameribrom, Inc, of Fort Lee, NJ. Under the conditions of the Order, Ameribrom is required to pay \$82,500 fine for 11 violations of the Export Administration Regulations (EAR) Section 764.2(a), failure to obtain and submit required end-use certificates in connection with 11

shipments of a chloropicrin based pesticide and soil fungicide, an item classified under ECCN 1C335, to Israel. EAR Section 745.2 requires that an end-use certificate from the government of the recipient of the applicable items be submitted to BIS for exports of Chemical Weapons Convention (CWC) Schedule 3 chemicals to countries not party to the CWC.

Crime Control Items to South Africa and Mexico – On April 7, 2006, the National Institute for Truth Verification (NITV) agreed to pay a \$77,000 civil penalty to settle administrative charges that it violated the Export Administration Regulations (EAR) in connection with unauthorized exports of voice stress analyzer equipment and technology controlled for crime control reasons to Mexico and South Africa. Between March 2003 and January 2006, the NITV caused the export of computers containing voice stress analyzer software and technology specifically designed for the use of the voice stress analyzer equipment

Sodium Cyanide to South Africa – On October 5, 2005, ProChem (Proprietary), Ltd., as successor corporation to Protea Chemicals (Proprietary), Ltd., based in Gauteng, South Africa, paid civil penalties totaling \$1.54 million to settle administrative charges pertaining to unauthorized resales of U.S.-origin sodium cyanide and potassium cyanide to end users in South Africa. On 112 occasions between November 1999 and December 2003, Protea resold U.S.-origin sodium cyanide and potassium cyanide to various unauthorized business entities in South Africa. BIS further charged that Protea committed an additional 112 violations of the EAR by reselling these controlled commodities with knowledge that conditions on its Department of Commerce licenses did not authorize resale to the end users. These resales were made in violation of conditions set forth in Department of Commerce licenses issued to Protea and in violation of the Export Administration Regulations.

Unauthorized Exports and Reexports of Thermal Imaging Cameras to Various Locations – On June 6, 2005, E.D. Bullard of Cynthiana, Kentucky, paid a \$330,000 civil penalty to settle charges that it exported and re-exported thermal imaging cameras to Austria, the Czech Republic, France, Germany, Israel, Spain, Switzerland, and Venezuela in violation of the Export Administration Regulations (EAR). In addition, Bullard GmbH, of Bonn, Germany agreed to pay a \$36,000 civil penalty to settle charges that it resold, re-exported, and transferred thermal imaging cameras to Austria, France and Switzerland in violation of the EAR. Bullard and its subsidiary, Bullard GmbH, committed 61 violations of the EAR between February 2000 and March 2002. Bullard, with assistance from Bullard GmbH, caused the export, re-export, reselling and transferring of thermal imaging cameras from the United States to the aforementioned countries without the required export licenses, to intermediate consignees not authorized under a license, after a license had expired, in quantities exceeding those authorized by a license, and in violation of the terms and conditions of a license. In addition, Bullard was charged with making false statements on Shipper's Export Declarations in connection with many of the shipments. The export violations did not result in the diversion of any cameras to countries for which Bullard did not have export licenses.

False Statements on Export Documents; Microwave Amplifiers to China– In December 2004, Spector International, dba Norsal Export, pled guilty to providing false information on Shipper's Export Declarations regarding unlicensed exports of microwave amplifiers with potential radar applications and controlled for national security reasons, to China. Norsal was sentenced in February 2005 to a \$57,000 criminal fine.

Exports of Gun Sights to Various Locations – In February 2005, BIS assessed a \$510,000 administrative penalty against Bass Pro., Inc. as part of an agreement to settle charges related to

the unlicensed export of gun sights to a range of destinations. Gun sights are controlled for human rights and anti-terrorism reasons.

Deemed Exports

Video Amplifiers to China/National Security Controlled Technology to Chinese Nationals – On April 26, 2004, Suntek Microwave, Inc. of Newark, California pled guilty to charges that Suntek and its former president, Charlie Kuan, failed to obtain required export licenses for shipments of detector log video amplifiers (DLVA), items controlled for national security reasons, to Chengdu Jeway Microwave Telecommunications, a company controlled by the Chinese government. Suntek was also charged with failing to obtain export licenses under the “deemed export” provisions of the Export Administration Regulations for Chinese nationals who worked at Suntek and were trained in DLVA manufacturing technology controlled by the EAR. Suntek agreed to pay a \$339,000 criminal fine. Kuan pled guilty and on July 25, 2005 was sentenced to twelve months and one day imprisonment, two years of supervised release, and a special assessment of \$300. BIS assessed Suntek a \$275,000 administrative penalty (suspended) and Kuan a \$187,000 administrative penalty (suspended) and issued orders denying both Suntek’s and Kuan’s export privileges for 20 years as part of agreements to settle charges related to these unlicensed transactions.

National Security Controlled Technology to Chinese and Iranian Nationals – In April 2004, BIS assessed New Focus, Inc., an administrative penalty of \$200,000 as part of an agreement with New Focus to settle charges related to unlicensed deemed exports to foreign nationals and other exports. In particular, BIS alleged that New Focus failed to obtain the export licenses required for transferring technology to two Iranian nationals and one Chinese national who, in the course of their employment in the United States, were exposed to national security controlled manufacturing technology. BIS also alleged that New Focus failed to obtain the required export licenses for shipments of national security controlled amplifiers to the Czech Republic, Singapore, and Chile.

National Security Controlled Technology to Chinese and Ukrainian Nationals – In November 2004, BIS assessed Fujitsu Network Communications, Inc. an administrative penalty of \$125,000 as part of an agreement with Fujitsu to settle charges related to unlicensed deemed exports to foreign nationals. In particular, BIS alleged that Fujitsu failed to obtain the export licenses required for transferring commercial digital fiber-optic transmission and broadband switching technology to Chinese and Ukrainian nationals. The applicable technology is subject to national security controls.

National Security Controlled Items and Technology to China – In September 2004, BIS assessed a \$560,000 administrative penalty against Lattice Semiconductor Corporation as part of an agreement to settle charges of unlicensed exports of extended range programmable logic devices and technical data to China and the deemed export of controlled technology to Chinese nationals. The items and technology are controlled for national security reasons.

*BIS Export Enforcement: Keeping the most sensitive goods out of the most dangerous hands.
To Report Illegal Exports: 1-800-424-2980 or www.bis.doc.gov*

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