



## ***BIS Export Enforcement***

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

## **MAJOR CASES LIST**

*August 2009*

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, outreach and enforcement activities to effectively regulate international trade in sensitive dual-use items, prevent violations and combat illicit trafficking and proliferation. BIS's 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. OEE's export enforcement goal is to *keep the most sensitive goods out of the most dangerous hands*.

BIS's 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 2008 (October 1, 2007 through September 30, 2008), OEE investigations resulted in 40 criminal convictions resulting in criminal fines totaling \$2.7 million, \$800,000 in forfeitures and 218 months imprisonment. During that same time period, BIS has also imposed more than \$3.6 million in administrative penalties and other administrative sanctions as a result of 56 closed administrative enforcement cases.

Below are some of BIS's most significant cases. The Major Cases List is comprised of two sections: new additions to the List are highlighted first, followed by major cases from over the last several years grouped by case focus.

### ***New to the Major Cases List This Month***

***Electronic Components to China*** - On August 3, 2009, William Tsu of Cheerway Corporation was sentenced in U.S. District Court in the Central District of California. Tsu was sentenced to 40 months in prison, three years of supervised probation, and a \$200 special assessment. On March 13, 2009, Tsu pled guilty to exporting and attempting to export semiconductors and integrated circuits to China without the required export license. (Other Dual Use)

***Cameras to China*** - On July 27, 2009 and August 3, 2009, Zhi Yong Guo and Tah Wei Chao, respectively, were sentenced in U.S. District Court in the Central District of California. Chao was sentenced to 20 months in prison, three years of supervised probation, a \$3,000 fine, and issued a special assessment of \$300. Guo was sentenced to 60 months in prison, three years of supervised probation, a \$12,500 fine, and issued a special assessment of \$200. On February 23, 2009, a federal jury in the Central District of California found Guo guilty of conspiracy and exporting and/or attempting to export restricted items related to a plot to procure and export thermal imaging cameras to the People's Republic of China without obtaining the required licenses. On July 17, 2008, Chao pled guilty in the Central District of California to conspiracy and violating the International Emergency Economic Powers Act. Both Chao and Guo were arrested at the Los Angeles International Airport in April 2008 after authorities recovered 10 thermal imaging cameras that had been hidden in their suitcases, stuffed in shoes and concealed in clothing. On August 25, 2008, Evan Zhang pled guilty in the Central District of California to one count of violating the International Emergency Economic Powers Act and the Export Administration Regulations for his involvement in the conspiracy. This was a joint investigation with U.S. Immigration and Customs Enforcement, the Federal Bureau of Investigation, Customs and Border Protection, the Diplomatic Security Service, and the Transportation Security Administration. (Other Dual Use)

### **Major Cases**

#### **WMD and Missile Proliferation**

***Electronic Components to China*** - On May 14, 2009, Joseph Piquet was sentenced in U.S. District Court to 60 months in prison and two years of probation. On March 5, 2009, a federal trial jury in Fort Pierce, Florida found Joseph Piquet, President of Alphatronx Inc., guilty of Conspiracy and violations of the Arms Export Control Act and the International Emergency Economics Powers Act following a four day trial. Piquet was convicted based on his role in a conspiracy to purchase high-tech, military-use electronic components from a domestic corporation, and to then ship the items to Hong Kong and the People's Republic of China without first obtaining the required export licenses. Among the commodities involved in this conspiracy were high power amplifiers designed for use by the U.S. military in early warning radar and missile target acquisition systems, and low noise amplifiers that have both commercial and military use. OEE and U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***Electronic Sensors to a Listed Entity*** - On May 11, 2009, Sam Peng was sentenced in U.S. District Court in the Central District of California to three years of probation, five months of home confinement, 400 hours of community service, and a \$6,000 fine. Peng pled guilty in September 2007 to exporting electronic sensors and vibration test equipment to a listed entity in India while acting as the Export Compliance Manager for Endevco Corporation.

***Electronic Components to List Entities in India*** - On August 11, 2008, Mythli Gopal was sentenced in U.S. District Court for the District of Columbia to a \$5,000 fine, four years of probation with the condition of 60 days of home confinement, and 200 hours of community service. On June 16, 2008, Parthasarathy Sudarshan was sentenced in U.S. District Court for the District of Columbia to 35 months in prison, two years of supervised release, a \$60,000 fine, and a \$100 special assessment. Sudarshan will receive credit for time served, which at the time of sentencing was approximately 15 months. Gopal and Sudarshan, along with Akn Prasad and Sampath Sundar, illegally exported controlled electronic components to government entities in

India that participate in the development of ballistic missiles, space launch vehicles, and fighter jets. Prasad and Sundar remain at large overseas. Sudarshan previously conducted business as Cirrus Electronics, and, between 2002 and 2006, the co-conspirators used the business to illegally procure and export the controlled items to listed Indian Entities, specifically the Vikram Sarabhai Space Center and Bharat Dynamics Limited. This investigation was conducted by OEE and the Federal Bureau of Investigation, with assistance from U.S. Immigration and Customs Enforcement.

***Cryogenic Submersible Pumps to Iran*** – On July 17, 2008, Cryostar SAS, formerly known as Cryostar France (Cryostar), was sentenced in the U.S. District for the District of Columbia to a \$500,000 criminal fine and two years of probation for its involvement in a conspiracy to illegally export U.S.-origin cryogenic submersible pumps to Iran. On April 10, 2008, Cryostar pled guilty to three felony counts charging one count of Conspiracy, one count of Export Without an Export License, and one count of Attempted Export Without an Export License. The conspirators, Cryostar France, Ebara International Corporation, and another French company, developed a plan to conceal the export of cryogenic pumps to Iran. The plan was that Ebara would sell and export the pumps to Cryostar France, which would then resell the pumps to another French company, with the ultimate and intended destination being the 9th and 10th Olefin Petrochemical Complexes in Iran. Ebara and its former president pled guilty and were sentenced in 2004.

***Nuclear Detonators to Pakistan*** – On August 1, 2006, BIS issued a 10 year denial of export privileges against Asher Karni and related parties Pakland PME Corporation and Humayun Khan in connection with their exports of electrical equipment and components with nuclear weapons applications to Pakistan. On August 4, 2005, Karni, a South African businessman was sentenced to three years in prison 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 Khan, of Islamabad, Pakistan, had been indicted for conspiring to violate, and, on three occasions, violating U.S. export restrictions. Khan, operating through his company Pakland PME, 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 is believed to be currently in Pakistan. OEE, the Federal Bureau of Investigation, and the U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***Omission of Nuclear End-Use in Submission of License Applications to the Department*** – On March 12, 2008, MTS Systems Corporation of Eden Prairie, Minnesota, pled guilty to two counts of Title 18 United States Code Section 1018, False Certification or Writing, in connection with MTS' submission of two license applications to the Department of Commerce. In March 2003, MTS submitted a license application to the Department to export seismic testing equipment valued at \$525,000 to the Electrical Research and Development Association in Makarpura, India. The stated end-use was "for seismic vibration testing facility to test motors and other electronic equipment under earthquake conditions." The end-use statement did not reflect the corporate knowledge that the system would be used in a nuclear power plant. In November 2003, MTS submitted a second license application for approximately \$3 million of seismic testing equipment that would be used at the Structural Engineering Research Center (SERC) in Chennai, India. In filing this license application, MTS did not include information that SERC was receiving funding from India's Department of Atomic Energy for this transaction and the end-use of this system would involve seismic testing for Indian nuclear facilities. As part of this plea agreement MTS was fined \$400,000, placed on probation for two years and ordered to provide an export compliance seminar. As part of a global settlement, MTS was also administratively fined

\$400,000 by the Department of Commerce for these two violations. In 2006, MTS was also administratively fined \$36,000 for having exported a thermal fatigue testing machine to India which was ultimately destined for the Indira Gandhi Center for Atomic Research. Six Indian parties involved in this earlier export and diversion were also denied export privileges ranging from 10 to 15 years for each party.

***Industrial Furnace to China*** – On October 4, 2006, William Kovacs, president of Elatec Technology Corporation, was sentenced to 12 months and one day in prison, three years of supervised release, and 300 hours community service in connection with the export of an industrial furnace to a proliferation entity of concern in China. On May 28, 2004, Kovacs and Elatec pled guilty to charges that they conspired to violate U.S. export licensing requirements in connection with this export. Elatec's export license application for this transaction had previously been denied by BIS due to missile technology concerns. 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 criminal 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 U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***Nickel Powder to Taiwan*** – On October 11, 2007, Theresa Chang was sentenced to three years of probation and to pay a \$5,000 criminal fine. On June 21, 2007, Chang pled guilty to one count of making false statements related to the export of nickel powder controlled for nuclear proliferation reasons to Taiwan without an export license.

***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. On March 31, 1995, all four defendants were convicted of one count of violating the Export Administration Act and one count of conspiracy by a federal trial jury. The equipment, a specially designed control panel for the 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 of probation, the first year of which is to be spent in home detention. Subilia was sentenced to three years of probation, the first six months of which was to be spent in community confinement, to be followed by one year of home detention. A criminal 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. Additionally, on March 14, 2007, 10 year Denial Orders were issued to Subilia, Lachman, and Fiber Materials, Inc. relating to their November 18, 2005 conviction. OEE and U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***Controlled Items to Ballistic Missile Facility in Iran*** – In September 2005, Mohammed Farajbakhsh was sentenced to seven months in prison and two years of probation following his April 2005 guilty plea to one count each of conspiracy and violation of the International Emergency Economic Powers Act for conspiring to illegally export goods to Iran via the United Arab Emirates (UAE). Farajbakhsh, Hamid Fatholoomy, and their UAE-based companies Diamond Technology and Akeed Trading were indicted in February 2005 for allegedly shipping 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. OEE, Defense Criminal Investigative Service, and U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***Chemical and Biological Weapons Controlled Toxins to Syria*** – On August 5, 2005, Maine Biological Labs was sentenced to a criminal fine of \$500,000 and five years of probation for illegal exports and false statements in connection with unlicensed exports of virus toxins to Syria. On July 22, 2005, six individuals, all former employees of Maine Biological Labs, were sentenced in connection with various charges including conspiracy, illegal exports, smuggling, false statements, aiding and abetting, and anti-boycott offenses. One former employee was sentenced to two years of probation; the remaining five were each sentenced to terms of imprisonment ranging from nine months to 12 months and one 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. OEE, the U.S. Department of Agriculture, and U.S. Immigration and Customs Enforcement 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 of probation, and was ordered to refrain from any international activities or 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 U.S. BIS assessed Alexanyan an \$88,000 administrative penalty and Valtex a \$77,000 administrative penalty 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 U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***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 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, three years of probation, and 250 hours of community service. 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.

***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 of 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 U.S. Immigration and Customs Enforcement 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 of probation and a \$300,000 criminal fine for illegally exporting pulse generators to two entities in India without the 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 of probation, a \$1,000 criminal 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.

***Bubonic Plague to Tanzania*** – On March 10, 2004, Thomas Campbell Butler, MD, a professor at Texas Tech University, was sentenced to two years in prison, three years of supervised release, and criminal fines and restitution totaling more than \$50,000 for export violations, false statements, theft, embezzlement, fraud, and mail and wire fraud. Butler was 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. In addition, on September 1, 2006, Dr. Butler agreed to pay a \$37,400 administrative penalty and his export privileges were denied for a period of 10 years. OEE conducted this investigation as a member of the North Texas Joint Terrorism Task Force.

***Biological Research Products to Indian Government Organizations on the Entity List*** – On December 28, 2005, Becton, Dickinson, & Co., of Franklin Lakes, New Jersey was ordered to pay a \$123,000 administrative fine, and was subjected to an audit requirement to settle charges of 36 violations of the Export Administration Regulations (EAR) involving the export of various life sciences research products to listed entities from the Indian Department of Atomic Energy and Indian Department of Defense.

***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, was order to pay a \$904,500 administrative penalty to settle charges that it exported biological toxins to Canada in violation of the EAR. EMD also received a two year suspended denial of export privileges. 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. EMD, formerly known as CN Biosciences, Inc., in 1999, paid administrative fines for unlicensed exports of the same and similar toxins.

***Diaphragm Pumps to Iran, Syria Israel and China*** – On April 27, 2005, Wilden Pump and Engineering Co., LLC (Wilden), Grand Terrace, California, was ordered to pay a \$700,000 administrative penalty to settle charges that it violated the EAR in connection with unauthorized exports of diaphragm pumps from the U.S. to Iran, Israel, 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 for due chemical and biological weapons proliferation reasons.

### **Terrorism/State Sponsors of Terrorism**

***Radiographic Equipment to Iran*** - On June 17, 2009, Jeffery Weiss, owner of Atlantis Worldwide of Yonkers, NY, was sentenced in U.S. District Court in the Southern District of New York to three years probation and a \$20,000 fine. On January 20, 2009, Weiss pled guilty in U.S. District Court in the Southern District of New York to Making False Statements on Shipper's Export Declarations related to the illegal export of medical equipment to Iran through the United Arab Emirates. On October 28, 2008, Weiss' associate, Behram "Ben" Meghazehe, was sentenced in U.S. District Court in the Southern District of New York to five years of probation, a \$2,000 criminal fine, six months of home confinement, and a \$100 special assessment. On May 14, 2008, Meghazehe pled guilty to one count of False Statements in connection with the illegal shipment of radiographic equipment to Iran. This was a joint investigation with the Federal Bureau of Investigation.

***Aircraft Parts To Iran*** - On April 2, 2009, Traian Bujduveanu, the owner and operator of Orion Aviation of Plantation, Florida, pled guilty to conspiracy to violate the International Emergency Economic Powers Act and the Arms Export Control Act. On July 3, 2008, Bujduveanu was indicted along with Hassan Saied Keshari for illegally exporting millions of dollars of civilian and military aircraft parts to Iranian Defense Industries Organizations over the past several years. On January 26, 2009, Keshari and his corporation, Kesh Air International, pled guilty in U.S. District Court in Miami, Florida, to conspiracy for their role in the illegal export of military and commercial aircraft parts to Iran. Keshari, an Iranian national and naturalized United States citizen, through his corporation, Kesh Air International, purchased aircraft parts on behalf of purchasers in Iran and exported the aircraft parts to Iran by way of freight forwarders in Dubai, United Arab Emirates. This was a joint investigation with U.S. Immigration and Customs Enforcement.

***Telecommunications and GPS Equipment to Iraq*** - On March 25, 2009, Dawn Hanna was sentenced in U.S. District Court in the Eastern District of Michigan to six years in prison for her role in exporting mobile telecommunications equipment containing encryption properties to Iraq, in violation of the U.S. embargo on Iraq. The court also entered a money judgment against Hanna for over \$1.1 million dollars which represents the profits from the illegal transactions. Hanna was employed by Technical Integration Group (TIGS), located in Rochester, Michigan. On October 2, 2008, a jury in U.S. District Court in the Eastern District of Michigan found Dawn Hanna guilty of Conspiracy, Money Laundering, False Statements, and violating the International Emergency Economic Powers Act. The equipment involved was transshipped to Iraq via Damascus, Syria, Amman, Jordan, and the United Arab Emirates. Darrin Hanna, Dawn's brother and owner of TIGS, was acquitted of all charges related to the violations. This investigation was conducted jointly by OEE, U.S. Immigration and Customs Enforcement, U.S. Customs and Border Protection, the Internal Revenue Service, and Her Majesty's Customs in the United Kingdom.

***Aircraft Parts to Iran*** - On March 13, 2009, Laura Wang Woodford, a U.S. citizen and owner and operator of Monarch Aviation Ltd. located in Singapore, pled guilty to Conspiracy in U.S. District Court in the Eastern District of New York. Laura Wang Woodford and her husband, Brian D. Woodford, a U.K. citizen who served as chairman and managing director of Monarch, were originally charged on January 15, 2003 in a 20-count indictment. Brian Woodford remains a fugitive. On May 22, 2008, a superseding indictment was returned charging both Laura Wang Woodford and Brian Woodford with 21 counts of violations of the Export Administration Regulations, Iranian Transaction Regulations, Conspiracy, and Money Laundering. According to the superseding indictment, between January 1998 and December 2007, the defendants exported controlled U.S. aircraft parts from the United States to Monarch and Jungda in Singapore and Malaysia and then re-exported those items to companies in Tehran, Iran without obtaining the required export licenses. OEE and the U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***Laboratory Equipment to Iran*** - On January 30, 2009, James Gribbin, a former sales manager for Oyster Bay Pump Works in Hicksville, New York, was sentenced in U.S. District Court in the Eastern District of New York to three years of probation, and a \$100 special assessment. On July 17, 2007, Gribbin pled guilty to conspiracy to violate the IEEPA and the EAR in connection with an attempted export of laboratory equipment, valued at approximately \$300,000, to Iran via the United Arab Emirates. On May 1, 2008, Patrick Gaillard, President of Oyster Bay Pump Works, was sentenced in U.S. District Court in the Eastern District of New York to 30 days in prison, a \$25,000 criminal fine, three years of probation, and a \$300 special assessment. On June 15, 2007, Gaillard pled guilty to conspiracy to violate the IEEPA related to the same attempted export.

***Fire fighting equipment to Iran*** - On December 10, 2008, Nicholas Groos was sentenced in U.S. District Court in the Northern District of Illinois to 60 days in prison, one year supervised release, a \$249,000 criminal fine, and a \$400 special assessment. On August 11, 2008, Groos entered a guilty plea to three counts of violating the International Emergency Economic Powers Act, and one count of Making False Statements. Groos devised a scheme to willfully transship U.S.-origin fire fighting equipment to Iran using his position as Director of the Viking Corporation subsidiary located in Luxembourg, in violation of the Iranian Transaction Regulations and the Export Administration Regulations.

***Engineering Software to Iran*** - On August 7, 2008, James Angehr and John Fowler, owners of Engineering Dynamics Inc., were sentenced to five years of probation for violating the International Emergency Economic Powers Act and the Iranian Transaction Regulations. Angehr was additionally sentenced to six months of confinement in a halfway house, and Fowler was sentenced to four months of confinement in a halfway house. Each defendant was fined \$250,000, and ordered to forfeit \$218,583. Beginning in March 1995 and continuing through February 2007, Angehr and Fowler exported and attempted to export software to Iran through a co-conspirator in Brazil without having first obtained the required authorization from BIS and the U.S. Department of Treasury's Office of Foreign Assets Control. On April 24, 2008, Angehr and Fowler pled guilty in U.S. District Court in the Eastern District of Louisiana to charges that they conspired to violate U.S. export licensing requirements in connection with this export. On May 22, 2008, Nelson Galgoul was sentenced in U.S. District Court in the Eastern District of Louisiana to 13 months in prison, three years of supervised release, a \$100,000 criminal fine, and a \$109,291 forfeiture for his part in the conspiracy.

***Forklift Parts to Iran*** - On August 26, 2008, Robert Quinn pled guilty to a superseding Criminal Information in U.S. District Court in Washington, DC, to Material False Statements. The charges



resulted from a joint investigation by OEE and U.S. Immigration and Customs Enforcement. The investigation revealed that Quinn conspired with others to export forklift truck parts of U.S. origin with the ultimate destination of Iran. On August 4, 2006, David Tatum was sentenced to one year probation, 50 hours of community service, and a \$5,000 criminal fine in connection with illegal exports of forklift parts by Clark Material Handling Corporation via Sharp Line Trading in Dubai, United Arab Emirates, to Iran. On January 19, 2006, Khalid Mahmood, dba Sharp Line Trading, was sentenced to 17 months of prison.

***Telecommunications Equipment and Technology to Iran*** - On July 28, 2008, Allied Telesis Labs, formerly Allied Telesyn Networks, was sentenced in U.S. District Court in the Eastern District of North Carolina to a \$500,000 fine and two years of supervised probation. On March 18, 2008, Allied Telesis Labs pled guilty to one count of Conspiracy to export to Iran. Allied Telesis Labs designs and develops various high-speed fiber-optic telecommunications devices and a series of multi-service access platforms (iMAP). The iMAPs combine numerous functions, services, access technologies and protocols in one network element, and are one of the latest additions to high-speed communications. The high-speed telecommunication equipment would be manufactured in Singapore using U.S.-origin software technology. The equipment would then be shipped from Singapore to Iran via the United Arab Emirates without U.S. Government authorization.

***Aircraft Parts to Iran*** - On June 19, 2008, Humayun Jilani, owner of Vash International, pled guilty in U.S. District Court for the Southern District of New York to conspiracy to violate the International Emergency Economic Powers Act, conspiracy to commit money laundering, and conspiracy to violate the Arms Export Control Act. Jilani, a permanent resident, illegally exported civilian and military aircraft parts to Iran.

***Gas Valve Parts to Iran*** - On June 9, 2008, CVC Services was sentenced in U.S. District Court for the Central District of California to a \$51,000 fine and an \$800 special assessment for violating the International Emergency Economic Powers Act. CVC Services sold oil and gas valve parts to Italy with knowledge that the parts were destined for Iran. On February 4, 2008, CVC Services pled guilty to aiding and abetting, violating the International Emergency Economic Powers Act, and the Iranian Transactions Regulations

***Gun Parts to Sudan*** – On June 6, 2008, Khalid Abdelgadir Ahmed and Entisar Hagosman were sentenced in U.S. District Court for the Eastern District of Virginia for charges related to the smuggling of gun parts to Sudan. Ahmed was sentenced to five months in prison, five months of community confinement, a \$1,500 fine, and three years of supervised release. Hagosman was sentenced to time served and two years of supervised probation. On March 13, 2008, Hagosman pled guilty to making false statements relating to her activity, and Ahmed pled guilty to illegal smuggling from the United States.

***Computers to Iran*** – On May 15, 2008, Afshin Rezaei was sentenced in U.S. District Court in the Northern District of Georgia to six months of prison (credit for time served), and agreed to forfeit \$50,000 within six months in lieu of having his residence seized. On April 24, 2008, Rezaei pled guilty to one count of violating the International Emergency Economic Powers Act for the unlicensed export of computers to Iran via the United Arab Emirates. The computers were controlled for Anti-Terrorism reasons.

***Computer Equipment to Iran*** – On April 28, 2008, Mohammad Mayssami was sentenced in the Northern District of California to two years of probation, a \$10,000 fine, and 160 hours of community service at a charity of his choosing for his part in financing export transactions. On

December 17, 2007, Mayssami pled guilty to Failing to Report a Suspicious Transaction for his part in financing export transactions conducted by SuperMicro Computer Inc. (SuperMicro). Mayssami was involved in the money transfer network that facilitated the transfer of funds for the illegal exports by SuperMicro. On September 18, 2006, SuperMicro pled guilty to illegally exporting motherboards controlled for National Security reasons to Iran and was sentenced to pay a criminal fine of \$150,000. SuperMicro also agreed to pay an administrative fine of \$125,400 to settle charges for related transactions with BIS. On April 13, 2007, a SuperMicro employee agreed to pay an administrative fine of \$60,000 to settle charges for related transactions with BIS.

***Computers to Syria*** - On February 14, 2008, Mazen Ghashim, a resident of Houston, Texas, was sentenced in U.S. District Court for the Southern District of Texas in Houston to three years of probation and ordered to pay a special assessment fee of \$200 for two counts of violating the International Emergency Economic Powers Act, Title 50 U.S.C. 1705 (b), Attempted Export Without an Export License. He was also ordered to forfeit computers and related equipment valued at \$32,000. The violations occurred in February 2003 when Ghashim and his company, KZ Results, exported computers and related equipment to Syria without a BIS export license. On September 12, 2006, a Final Order was issued by BIS resolving administrative charges against Ghashim and KZ Results. The total administrative fine imposed against Ghashim and all his companies was \$2,222,000. All but \$71,000 was suspended. In addition, Ghashim and his companies were denied export privileges for 20 years.

***Textile Goods to Iran*** - On February 8, 2008, in the U.S. District Court for the District of Columbia, California resident Mojtada Maleki-Gomi was sentenced to 18 months of prison and to pay a \$200,000 criminal fine for violating the U.S. embargo against Iran. Maleki-Gomi pled guilty to knowingly and willfully exporting textile goods to Iran without the required export licenses. Also on February 8, 2008, in the U.S. District Court for the District of Columbia, Babek Maleki was sentenced to 12 months of probation for making false statements related to the same export. OEE and U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***Support to a Foreign Terrorist Organization*** - On November 29, 2007, Fawzi Mustapha Assi pled guilty to one count of 18 U.S.C. 2339(b), Providing material support or resources to a designated foreign terrorist organization, for his involvement in unlicensed exports to Lebanon. The plea was entered in the Eastern District of Michigan. OEE, U.S. Immigration and Customs Enforcement, and the Federal Bureau of Investigation jointly conducted this investigation.

***Nickel Alloyed Pipes to Iran*** - On November 30, 2007, Proclad International Pipelines, Ltd., a British corporation, headquartered in Scotland, United Kingdom, pled guilty in United States District Court for the District of Columbia to one count of violating the International Emergency Economic Powers Act for an Attempted Export Without an Export License. In February 2004, Proclad conspired with other parties in the U.S. to illegally export nickel alloyed pipes to Iran through the United Kingdom and the United Arab Emirates. As part of a global settlement, the Proclad has agreed to pay \$100,000 in civil penalties and to be subject to a suspended order denying its export privileges for a period of seven years to settle charges that it violated the Export Administration Regulations.

***Petrochemical Valves to Iran and Iraq*** - On December 17, 2007, Andrew Freyer was sentenced to serve 17 months in prison followed by two years of probation, and to pay a \$10,000 criminal fine for his part in a conspiracy to export U.S. origin valves to Iran via Australia. On August 15, 2007, Freyer was convicted at trial of one count of aiding and abetting. On October 15, 2007, Sharon Doe, Inside Sales Manager for Crane Pacific Valves in Signal Hill, California, was

sentenced to serve three years of probation, six months of home detention, and to pay a \$5,000 criminal fine for her role in the export of petrochemical valves to Iran and Iraq through Australia in order to evade the Export Administration Regulations. Crane Pacific Valves filed a Voluntary Self-Disclosure with BIS when they discovered that employees had orchestrated a diversion through Australia. The company cooperated with OEE Special Agents during the investigation. Doe pled guilty in January 2007, to one count of shipping valves to Iran and one count of shipping valves to Iraq.

***Payments to a Terrorist Organization*** - On September 17, 2007, Chiquita Brands International Inc. was sentenced to pay a \$25 million criminal fine and five years of probation to include an effective compliance and ethics program. The investigation of Chiquita involved illegal payments to a terrorist organization. From 1997 through 2004, Chiquita made monthly payments through its wholly owned Colombian subsidiary C.I. Bananos de Exportacion S.A. to the right wing paramilitary group Autodefensas de Columbia (AUC). The AUC was first designated as a Foreign Terrorist Organization by the State Department on September 10, 2001. The AUC was later designated as a Specially Designated Global Terrorist by the Office of Foreign Asset Control in October 2001. These designations made it a federal crime for Chiquita, as a U.S. corporation, to provide money to the AUC. In April 2003, Chiquita made a voluntary self-disclosure to the government of its payments to the AUC, giving rise to this investigation.

***Aircraft Parts to Iran*** - On July 30, 2007, Ali Khan, owner of TurboAnalysis, Phoenix, AZ, was sentenced in U.S. District Court, Eastern District of New York, Brooklyn, in connection with his role in a conspiracy to illegally export aircraft components to Iran. Khan was sentenced by Judge John Gleeson to serve five years of probation, perform 300 hours of community service, pay \$1.4 million dollars in forfeiture, and \$100,000 in criminal fines. Khan previously pled guilty to one count of Conspiracy to violate the International Emergency Economic Powers Act, in violation of Title 18 U.S.C. Section 371, in September of 2005. Khan also paid a \$110,000 administrative fine pursuant to a Final Order signed on August 8, 2005 in connection with the aforementioned shipments.

***Machines to Iran*** - On October 24, 2007, Roger Unterberger, Muhammad Bhatti and Go-Trans (North America) Inc., three defendants involved with the investigation of Go Trans (North American) Inc., were sentenced in the Northern District of Illinois. On August 20, 2007, the three defendants each pled guilty to one count of making false statements for their involvement with the attempted export of pipe cutting machines to Iran via Germany. Unterberger was sentenced to one year of probation and was ordered to pay a \$5,000 criminal fine and a \$100 special assessment. Unterberger, who is a citizen of Switzerland, was arrested on June 4, 2007, at O'Hare International Airport, Chicago, Illinois, when he entered the U.S. to attend a business meeting. Bhatti was sentenced to one year of probation and was ordered to pay a \$100 special assessment. Go Trans was sentenced to one year probation and was ordered to pay a \$34,000 criminal fine and a \$400 special assessment. On August 1, 2007, an Information was filed in the Northern District of Illinois charging Roger Unterberger, a retired Senior Vice President of Gondrand AG, headquartered in Basel, Switzerland, Go-Trans (North America) Inc., of Jamaica, NY and Muhammad Bhatti, Chief Operating Officer of Go-Trans, with one count of making false statements. Related to the Information, on July 31, 2007, Mohammed Meshkin, an Iranian doing business as Madar Sabz Tehran Company in Tehran, Iran, was indicted in the Northern District of Illinois on one count of violating the International Emergency Economic Powers Act. OEE and U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***Tractor Parts to Iran*** - On October 11, 2007, Saied Shahsavarani, President of Tak Components, Inc., was sentenced to three years of probation, to pay a \$1,000 criminal fine and a \$100 special

assessment. On June 14, 2007, Shahsavarani pled guilty to one count of aiding and abetting the operation of an unlicensed money transmitting business. Also on October 11, 2007, Tak Components was sentenced to one year probation, to forfeit \$38,016, and pay a \$6,400 special assessment. On June 14, 2007, on behalf of Tak Components, Shahsavarani also pled guilty to 16 counts of violating the IEEPA. Tak Components knowingly conducted a series of at least 16 export shipments of equipment described as “gaskets, bearing balls, auto parts, oil or fuel filters and other parts and accessories for tractors” from the U.S. to Iran. Shahsavarani declared in shipping documents that the end destination for each shipment was in Dubai, UAE, concealing that the intended final destination for the equipment was Iran. OEE and U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***Tensile Strength Measuring Equipment to Iran*** – On November 30, 2006, Juan Sevilla, Sales Director of United Calibration Corporation of Huntington Beach, California, was sentenced to five years of probation, six months of home confinement, 100 hours community service, and a \$10,000 criminal fine for violating the IEEPA by attempting to illegally export machinery and related software to measure the tensile strength of steel to Iran in violation of the U.S. embargo. OEE and U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***Night Vision Equipment to Hezbollah*** – On November 14, 2006, BIS issued a Section 11(h) Denial Order against Tomer Grinberg and Naji Khalil in connection with their criminal convictions for conspiring to export Commerce and State-controlled night vision devices to the terrorist group Hezbollah in Lebanon. The Order denies export privileges for a period of ten years. On April 12, 2006, Grinberg, of Tober Group, Inc., a Brooklyn, New York freight forwarder, was sentenced to six months in prison for his role in conspiring to export Commerce and State Department-controlled night vision units to Greece knowing that they would be shipped to Lebanon. On February 2, 2006, Khalil was sentenced to two term of 60 months in prison and a term of 57 months in prison, all to be served concurrently, plus a \$100,000 criminal fine for his role in the attempted export of these night vision devices, knowing that they would be delivered to Hezbollah in Beirut. OEE conducted this investigation as a member of the New York Joint Terrorism Task Force.

***Terrorist Dealings/Computer Exports to Libya and Syria*** – In October 2006, sentences were handed down in connection with prior convictions at trial of Infocom Corporation and its principals, the Elashi brothers, for dealing in the funds of a Specially Designated Terrorist, a high ranking official of the terrorist organization Hamas; and conspiracy to export computers and computer equipment to Libya and Syria. Basman Elashi was sentenced to 80 months in prison on October 13, 2006; Ghassan Elashi was sentenced to 80 months in prison on October 12, 2006; and Infocom itself was sentenced to two years of probation on October 11, 2006. Two other Infocom principals were previously sentenced in January 2006. Hazim Elashi was sentenced to 60 months of prison, two years of probation, and deportation from the U.S. on January 24, 2006; and Ihsan Elashi was sentenced to 72 months in prison and two years of probation on January 25, 2006. At the time of his sentencing, Ihsan Elashi was serving a 48 month prison sentence following his 2002 conviction for violating a BIS Temporary Denial Order. OEE conducted this investigation as a member of the North Texas Joint Terrorism Task Force.

***Aircraft Parts to Iran*** – On October 13, 2006, Ernest Koh, doing business as Chong Tek, was sentenced to 52 months in prison after his conviction at trial on May 18, 2006, in connection with obtaining U.S. 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 addition, the jury found that Koh had laundered millions of dollars from his bank accounts in Singapore through accounts in the U.S. to promote the ongoing illegal scheme.

***Aircraft Parts to Libya*** – On May 30, 2006, NewCal Aviation, Little Ferry, New Jersey, was sentenced to two years of probation and a \$200,000 criminal fine. Richard Greenleaf, former Vice President of NewCal, was also sentenced to three years of probation and a \$2,500 criminal fine in connection with exports of aircraft parts to a Specially Designated National (SDN) of Libya. Greenleaf admitted that he caused aircraft parts to be shipped by NewCal to Mediterranean Aviation Company, Ltd., a/k/a Medavia, in Malta on approximately 30 separate occasions between April 2002 and April 2004. 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. OEE and U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***U.S. Firm Doing Business with National Gas Company in Iran*** – On March 10, 2006, GasTech Engineering Corporation was sentenced to five years of probation, a \$50,000 criminal asset forfeiture, a \$5,000 criminal fine, and a \$33,000 regulatory penalty to be paid to OFAC in connection with violations of the Iranian Transactions Regulations. GasTech and its President/CEO, Parviz Khosrowyar, were involved in 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 Canadian firm. Khosrowyar remains a fugitive. OEE and U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***Houston Firm Attempts to Export Specialty Nickel Alloy Pipe to Iran*** – On December 16, 2005, PA Inc. of Houston, Texas, was sentenced to three years of probation and a \$50,000 criminal fine following a guilty plea to a charge of attempting to violate the IEEPA 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.

***Night Vision Lenses to Iran*** – On July 19, 2005, Erik Kyriacou, a former NBC cameraman and resident of Long Island, New York, was sentenced to five years of probation, four months of home confinement, a \$400 special assessment, and restitution for 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. OEE and U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***Oil Burning Nozzles to Iran*** – On January 20, 2005, Nozzle Manufacturing Company, previously doing business as 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. In addition, 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 U.S. Immigration and Customs Enforcement 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 of 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

addition, 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 administrative 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.

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

***Falsification on Self Disclosure of Iran Exports*** – On November 3, 2006, EPMedSystems Inc., of West Berlin, New Jersey was administratively fined \$244,000 for charges related to the unlicensed export of EAR99 commodities to Iran and falsifying a Voluntary Self-Disclosure (VSD). EPMedSystems Inc. filed a VSD with BIS which detailed five exports to Iran, which the company stated were completed by a third party without the company's knowledge. However, subsequent investigation identified several additional exports, as well as significant evidence that the company was aware that their European Sales Manager was exporting items to Iran without the required licenses. Furthermore, investigation revealed that the EPMedSystems Inc. made several omissions and false statements in the VSD they filed with BIS. Consequently, EPMedSystems Inc. was administratively charged with substantive export counts, as well as counts of acting with knowledge, acting to evade the requirements of the EAR, conspiracy to export, and false statements.

***Computers and Related Hardware to Sudan*** – On June 1, 2005, ExxonMobil Corporation of Fairfax, Virginia., was ordered by BIS pay \$49,500 in administrative fines 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 Use**

***Deemed Exports to Chinese and Iranian nationals*** – On July 1, 2009, J. Reece Roth, a Professor Emeritus at the University of Tennessee, was sentenced to 48 months in prison and two years of supervised release. On September 3, 2008, a federal jury in the Eastern District of Tennessee convicted Roth on 18 counts of Conspiracy and Arms Export Control Act violations. Between January 2004 and May 2006, through the Tennessee-based company Atmospheric Glow Technologies, Inc., Roth engaged in a conspiracy to transmit export controlled technical data to foreign nationals from the People's Republic of China and Iran. This controlled technical data was related to a restricted U.S. Air Force contract to develop plasma actuators for a military unmanned aerial vehicle. The Roth case was investigated by several agencies, including the Federal Bureau of Investigation, U.S. Immigration and Customs Enforcement, Air Force Office of Special Investigations, and OEE.

***Toray Carbon Fiber to China*** - On March 20, 2009, Jian Wei Ding pled guilty in U.S. District Court in the District of Minnesota to Conspiracy to violate the Export Administration

Regulations. On March 10, 2009, Koktong Lim of the Singapore companies Firmospace, Far Easton, and Jowa Globaltech, also pled guilty to Conspiracy to violate the Export Administration Regulations. On February 13, 2009, Ping Cheng of Prime Technology Corporation pled guilty to violating the International Emergency Economic Powers Act. Ding, Lim, and Cheng's guilty pleas were pursuant to their roles in a conspiracy to illegally export Toray Carbon fiber for an ultimate destination of the China Academy of Space Technology. On October 28, 2008, Lim, Ding, and Cheng were indicted in Minnesota. OEE and the U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***Infrared Camera to China*** - On December 3, 2007, Philip Cheng was sentenced in the Northern District of California to two years of prison, three years of supervised release, and a \$50,000 criminal fine for his role in brokering the unlawful export of a night vision camera and its accompanying technology to the People's Republic of China. On October 31, 2006, Cheng pled guilty to one count of violating the Arms Export Control Act in connection with this unauthorized export. The technology used in the device is controlled for National Security reasons by the Department of State. OEE, U.S. Immigration and Customs Enforcement, the Federal Bureau of Investigation, and the Internal Revenue Service jointly conducted this investigation.

***National Security Controlled Items to China*** – On May 1, 2006, criminal sentences were handed down against four former employees of Manten Electronics in connection with their illegal exports of millions of dollars worth of sensitive national security controlled items, with applications in radar, electronic warfare and communications systems, to state-sponsored institutes in China. Weibu Xu, aka Xu Weibu, aka Kevin Xu, was sentenced to 44 months in prison and two years of probation. Hao Li Chen, aka Ali Chan, was sentenced to 30 months in prison and two years of probation. Xiu Ling Chen, aka Linda Chen, was sentenced to 18 months of prison and two years of probation. Kwan Chun Chan, aka Jenny Chan, was sentenced to six months of home confinement and two years of probation. OEE, the Federal Bureau of Investigation, and U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***Attempted Export of Encryption Modules to Taiwan*** – On March 7, 2006, Ching Kan Wang, President/owner China May, Inc. of Hollywood, Florida was sentenced to prison for one year and one day. Wang pled guilty to 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 U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***National Security Controlled Electronic Equipment to China*** – On January 18, 2006, Ning Wen, operating Wen Enterprises, was sentenced following his conviction at trial on September 21, 2005 to 60 months of prison, two years of supervised release, and a \$50,000 criminal fine for conspiracy to illegally export more than \$500,000 worth of controlled electronic components to Beijing Rich Linscience Electronics in China. On December 21, 2005, Hailin Lin was sentenced to 42 months of prison and a \$50,000 criminal fine; and on July 25, 2005, Jian Guo Qu was sentenced to 46 months of prison (later reduced to 22 months), and two years of supervised release for their roles in these exports. OEE, the Federal Bureau of Investigation, the Internal Revenue Service, and U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***Satellite and Radar Technology to China*** – On September 28, 2005, Zhaoxin Zhu of Shenzhen, China was sentenced to 24 months in prison and three years of supervised release for 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. OEE and U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***Low Noise Amplifiers to China*** – On August 17, 2005, Univision, operated by Zheng Zheng, was sentenced to a \$1,000 criminal fine for false statements 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 June 28, 2005, Zheng was also sentenced to a \$1,000 criminal fine for this violation. OEE and ICE jointly conducted this investigation.

***False Statements on Export Documents; Microwave Amplifiers to China***– On August 22, 2007, Norsal Export and its President Norman Spector agreed to pay administrative fines to settled charges that between November 9, 2000 and January 9, 2003, Norsal and Spector each committed forty-four violations of the Export Administration Regulations by exporting microwave amplifiers to the China with knowledge that violations of the EAR would occur in connection with the items. BIS also charged that the parties filed false Shipper's Export Declarations in support of the unlicensed exports. To settle the charges, Norsal agreed to a \$462,000 administrative fine, all of which will be suspended for a period of one year, and then waived, provided that no future violations of the EAR occur. Spector also agreed to an administrative fine of \$462,000, of which \$442,000 will be suspended on the same terms, and \$22,000 is due in payment. In addition, both Norsal and Spector have been subjected to a twenty-five year denial of export privileges. In February 2005, Spector International, dba Norsal Export, was sentenced to a \$57,000 criminal fine in connection with 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.

***Unauthorized Exports and Reexports of Thermal Imaging Cameras to Various Locations*** – On June 6, 2005, E.D. Bullard of Cynthiana, Kentucky, was ordered to pay a \$330,000 administrative 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 EAR. In addition, Bullard GmbH, of Bonn, Germany agreed to pay a \$36,000 administrative 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.

***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 July 25, 2005, Charlie Kuan, former president of Suntek Microwave, Newark, California, was sentenced to 12 months and one day of prison and two years of supervised release for failure to obtain required export licenses for shipments of detector log video amplifiers (DLVA), items controlled for national security reasons, to Chengdu Jewway Microwave Telecommunications, a company controlled by the Chinese government. Suntek, which was also charged with failing to obtain export licenses under the deemed export provisions of the EAR, was sentenced to a \$339,000 criminal fine. BIS additionally assessed administrative penalties of \$275,000 against Suntek, \$187,000 against Kuan, and 20 year denials of export privileges against both parties in connection with these violations.

***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.

***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 U.S., 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.

### **Other Dual Use**

***Night Vision Rifle Scopes*** - On May 12, 2009, Donald Wayne Hatch was sentenced in U.S. District Court in the Southern District of Iowa to two years of probation and a \$5,000 fine for causing false statements to be made. At the same proceeding, a fine of \$90,000 was levied against Rigel Optics, Inc. for the unlicensed export of Generation II night vision goggles. On July 31, 2008, Donald Wayne Hatch and Rigel Optics Inc. entered a guilty plea before a U.S. Magistrate Judge in the Southern District of Iowa. Hatch pled guilty to one count of Making False Statements, and also entered a guilty plea on behalf of the corporation to one count of violating the Arms Export Control Act. Hatch and Rigel Optics Inc. sold night vision optical equipment to various foreign customers. OEE and U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***Thermal Imaging Cameras to South Korea*** - On March 25, 2009, David Lee, a.k.a. David Young, owner and sole operator of Lucena Technology Inc., pled guilty in U.S. District Court in the Northern District of Illinois to violating the International Emergency Economic Powers Act. On December 16, 2008, Lee was indicted on charges that he knowingly and willfully exported seven thermal imaging cameras to South Korea. This investigation was conducted jointly by OEE and U.S. Immigration and Customs Enforcement.

***Optical Sighting Devices to Various Locations*** – Cabela’s Incorporated, an outdoor equipment outfitter based in Sidney, Nebraska, has agreed to pay a civil penalty of \$680,000 to settle allegations that it committed 152 violations of the Export Administration Regulations involving the export of controlled optical sighting devices to various countries worldwide. The allegations involved 76 exports of optical sighting devices for firearms in 2004 and 2005 to Argentina, Brazil, Canada, Chile, Finland, Ireland, Malaysia, Malta, Mexico, Pakistan, the Philippines, South Africa, Sweden, and Taiwan. These devices are controlled on the Commerce Control List for crime control and firearms convention reasons and require a license to export to the various destinations at issue. BIS also alleged that Cabela’s failed to file the required Shipper’s Export Declaration for each of the 76 exports in question. In 2005, Cabela’s settled similar allegations made by BIS that, on 685 occasions between April 1999 and September 2000, Cabela’s made unlicensed exports of optical sighting devices to a number of countries, including Argentina, Brazil, Canada, Chile, and Mexico.

***Export of Rifle Scopes*** - On July 24, 2008, Euro Optics Inc. was sentenced in the Middle District of Pennsylvania to a \$10,000 corporate fine, \$800 special assessment, and five years of corporate probation. On March 17, 2008, Euro Optics Inc. pled guilty to violating the International Emergency Economic Powers Act and the International Trafficking in Arms Regulations related to exports of Department of Commerce and Department of State-controlled rifle scopes to various countries without the required licenses. This was a joint case with the U.S. Immigration and Customs Enforcement/Philadelphia.

***Power Amplifiers to China*** – On June 6, 2008, WaveLab, Inc. was sentenced in U.S. District Court for the Eastern District of Virginia to one year of supervised probation and a \$15,000 fine for the unlawful export of power amplifiers to the People’s Republic of China. WaveLab was previously ordered to forfeit \$85,000 in this case. On March 7, 2008, WaveLab pled guilty to violating the International Emergency Economic Powers Act in connection with these unlicensed exports. The investigation identified 11 occasions between October 2004 and February 2006 where WaveLab exported power amplifiers from Reston, Virginia to the People’s Republic of China without obtaining the required Department of Commerce license.

***Export of Navigation Equipment Components*** - On January 25, 2008, Northrop Grumman Corporation of Los Angeles, California, agreed to pay a \$400,000 administrative penalty to settle allegations that it committed 131 violations of the Export Administration Regulations, both in its own capacity and as successor to Litton Industries, Inc., which Northrop acquired in April 2001. BIS alleged that Northrop Grumman committed unlicensed exports of specially designed components for navigation equipment and module manufacturing data that were to destinations in the Philippines, Singapore, Malaysia, Italy, and the United Kingdom between January 1998 and September 2002. Northrop Grumman voluntarily self-disclosed the violations and cooperated fully in the investigation.

***Exports of Night Vision to Various Locations*** - On January 22, 2008, Green Supply Inc. was sentenced in U.S. District Court in the Eastern District of Missouri to two years of probation, a

\$17,500 fine, and \$800 special assessment for violations of export controls. On November 2, 2007, Green Supply pled guilty to one count of violating the International Emergency Economic Powers Act and one count of violating the International Trafficking in Arms Regulations. The charges are the result of an investigation that identified approximately 66 illegal exports in violation of the International Emergency Economic Powers Act and eight illegal exports in violation of the International Trafficking in Arms Regulations between 2002 and 2006. Green Supply is a wholesale distributor of hunting and camping equipment to include restraint devices, shotgun barrels, global positioning systems, firearm scopes and sights, and other items controlled for export. OEE and U.S. Immigration and Customs Enforcement jointly conducted this investigation.

***False Statements on Shipper's Export Declarations*** - On August 8, 2007, P.R.A. World Wide Trading Co., Inc. (PRA), of Brooklyn, N.Y., agreed to pay \$250,000 in administrative penalties to settle charges that it violated the Export Administration Regulations government the export of dual-use items. Specifically, BIS alleged that PRA conspired to make false statements to the U.S. Government and made false or misleading representations on export control documents. BIS will suspend \$90,000 of this figure for one year and subsequently waive this amount if PRA does not commit any violations during the suspension period. BIS charged that between June 1, 2001 and December 20, 2002, PRA, a freight forwarder, on 41 occasions conspired to make false statements in violation of the EAR and falsely represented the value of the items subject to the EAR on Shipper's Export Declarations (SEDs). On December 19, 2006, criminal sanctions were imposed on the owner and President of PRA, Igor Cherkassky after he pled guilty to one count of conspiracy to make false statements on SEDs. Cherkassky admitted that between 1998 and 2004, while serving as the President of PRA, he instructed employees to prepare and submit SEDs that contained false information about the true value of exported items. Pursuant to the plea, Cherkassky was sentenced to two months in prison, three years of supervised release, a \$5,000 criminal fine, and a \$100 special assessment.

***Diaphragm Pumps to Taiwan, Singapore, Brazil and Ecuador*** – On May 4, 2007, Yamada America, Inc., an Illinois company, was ordered to pay \$220,000 in administrative fines to settle charges that the company committed 26 violations of the EAR. Between 2001 and 2005, Yamada America exported diaphragm pumps to Taiwan, Singapore, Brazil, and Ecuador without the required export license and with knowledge that a violation would occur. In addition, Yamada America made false statements on export control documents related to the unlicensed exports.

***Ballistic Helmets to Suriname*** – On June 15, 2007, Alpine Armoring, Inc. of Herndon, Virginia was sentenced to pay a \$102,000 criminal fine and one year of probation for unlicensed exports. In addition, Fred Khoroushi, President of Alpine Armoring, was sentenced to pay a \$10,000 criminal fine for making false statements. Alpine Armoring also agreed to a five year suspended denial of export privileges and to pay an \$88,000 administrative fine to settle charges with BIS in connection with these exports. On March 27, 2007, Alpine Armoring pled guilty to the unlicensed export of ballistic helmets to Suriname. In January 2002, Alpine Armoring shipped ballistic helmets to the Centrale Banke Van Suriname without the required export license. Khoroushi also pled guilty to making false statements on a Shipper's Export Declaration. The ballistic helmets exported in this case are controlled for national security and anti-terrorism reasons.

***Violation of the Cuba Sanctions*** – On April 25, 2007, LogicaCMG, Inc. pled guilty and was sentenced to pay a \$50,000 criminal fine for illegally causing goods to be exported to Cuba in violation of the EAR. In 2001, LogicaCMG's predecessor company, CMG Telecommunications, exported telecommunications equipment to Cuba via Panama without the required export license.

LogicaCMG also agreed to pay a \$99,000 administrative penalty to settle charges in connection with this export. This telecommunications equipment was controlled for national security, anti-terrorism, and encryption reasons.

***Energy Equipment to Iran, Iraq, Libya, and Cuba*** – On May 23, 2006, Dresser Inc. and its subsidiaries were ordered to pay \$1.1 million in administrative fines for EAR violations. Between June 2000 and April 2004, Dresser and its subsidiaries made 169 exports of energy related equipment from the U.S. to Iran, Iraq, Libya, and Cuba without the required licenses. Dresser voluntarily self-disclosed these violations and cooperated fully with the investigation.

***Failure to Abide by Licensing Conditions on Undersea Mapping Equipment*** – On September 1, 2006, WesternGeco LLC, was ordered to pay an administrative penalty in the amount of \$925,000 and Western Geophysical Company of America was also ordered to pay administrative penalties totaling \$1,965,600 for failing to abide by licensing conditions between August 1998 and January 2001. During this time period, both companies failed to abide by conditions placed on export licenses issued for underwater geophysical mapping equipment exported to the China. This equipment was controlled for national security reasons.

***Crime Control Items to South Africa*** – On September 7, 2006, the Springer MaGrath Company was sentenced to a criminal fine of \$50,000 for knowingly and willfully exporting crime control items to South Africa without the required export license from BIS. Springer MaGrath also paid an administrative fine of \$451,000 to BIS and received a three year suspended denial of export privileges.

***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 of 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 administrative charges by agreeing to a five year denial of export privileges. Sirchie also settled administrative charges and agreed to pay \$400,000 and accepted a five year suspended denial.

***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 two and one half years of corporate probation and a \$20,000 criminal fine; while Miller was sentenced to two and a half years of 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 in 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.

***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 administrative penalty to settle charges that it violated the 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.

***Administrative Fine for Chemicals Export to Israel*** – On March 22, 2006, Ameribrom, Inc, of Fort Lee, New Jersey was fined \$82,500 by BIS for 11 violations of the EAR for 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.

***Failure to File Shipper's Export Declarations on Aircraft Parts*** – On February 16, 2007, Aviacsa Airlines of Houston, Texas was ordered to pay an administrative fine \$450,000. Between February 2002 and May 2003, Aviacsa Airlines failed to file Shipper's Export Declarations on 75 separate occasions. These improperly documented exports were for aircraft parts subject to the EAR that were valued at \$2,500 per Harmonized Tariff Schedule/Schedule B number to Mexico.

***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 administrative penalties totaling \$1.54 million to settle 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 EAR.

*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](http://www.bis.doc.gov)*

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