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**UNITED STATES ANNOUNCES ARRESTS IN HONG KONG
AND NEW YORK IN CONSPIRACY TO SMUGGLE
MILITARY EQUIPMENT TO TAIWAN**

MICHAEL J. GARCIA, the United States Attorney for the Southern District of New York, SALVATORE DALESSANDRO, Special-Agent-In-Charge of the New York Field Office of the Department of Homeland Security's United States Immigration and Customs Enforcement ("ICE"), and EDWARD T. BRADLEY, Special-Agent-In-Charge of the Northeast Field Office of the United States Defense Criminal Investigative Service ("DCIS"), today announced the arrests of YEN CHING PENG, a/k/a "Yen-Po Peng," a/k/a "Alex Peng," and PETER LIU, a/k/a "Kang Tai Liu," on charges relating to the smuggling of military equipment out of United States to Taiwan. According to the Complaints unsealed in Manhattan federal court:

PENG, a resident of Taiwan, solicited from an undercover agent a list of specified military equipment that PENG was interested in purchasing. Among the items on this list were (a) infrared laser aiming devices, which mount on military rifles and project on the rifle's target a laser beam that is invisible to the naked eye but visible with the use of military night vision goggles; (b) thermal weapon sights, which mount on military rifles and facilitate target acquisition and

surveillance in low-light conditions by detecting and visually displaying heat sources; and (c) a fighter pilot's helmet and its associated technology, which permits a fighter pilot to accurately direct onboard weapons against enemy targets while performing high-G aircraft maneuvers. These items are manufactured for military use (primarily under contract with the Department of Defense) and law enforcement agencies, and are items listed on the United States Munitions List as items that cannot be exported without a license issued by the United States Department of State.

PENG, while in Taiwan, purchased over the internet several infrared laser aiming devices from the undercover agent in New York, and specifically paid an additional fee to the undercover so that the lasers would be exported without the required license. In addition, PENG requested that the undercover agent falsify on required declaration forms the contents of the packages shipped. In addition, on several occasions, PENG requested that the undercover deliver military lasers to PENG's associate PETER LIU in Queens, New York, for later delivery to PENG by LIU, again using falsified declarations of the items shipped.

PENG also ordered from the undercover a fighter pilot's helmet -- specifically, a Joint Helmet Mounted Cueing System. PENG directed the undercover agent to dismantle the helmet, deliver part to LIU, and ship part to PENG in Taiwan. On December 6, 2007, following PENG's instructions, the undercover agent delivered the dismantled helmet to LIU in New York, New York, representing to LIU that the helmet had been stolen. LIU took possession of the helmet from the undercover agent.

On December 11, 2007, PENG was arrested in Hong Kong at a pre-arranged meeting with the undercover agent. PENG's arrest was pursuant to a provisional arrest warrant obtained based on the criminal complaint filed in New York against PENG. Also on December 11, 2007, LIU was arrested in New York, New York.

PENG is charged with two counts of causing the export and attempted export of Munitions List Items without a license; two counts of money laundering; and two counts of export smuggling. If convicted, PENG faces a maximum prison sentence of ten years on each of the export violation charges; twenty years on each of the money laundering charges; and ten years on each of the export smuggling charges.

LIU is charged with a conspiracy to defraud the United States and to export Munitions List items without a license, to

launder money, and to commit export smuggling. LIU is also charged with one count of receiving stolen U.S. Government property. If convicted, LIU faces a maximum prison term of five years on the conspiracy charge and 10 years on the receipt of stolen Government property charge.

PENG is expected to appear on December 12, 2007 in court in Hong Kong. LIU is expected to appear on December 12, 2007 in Manhattan federal court before the United States Magistrate Judge THEODORE H. KATZ.

Mr. GARCIA praised the investigative work of ICE and DCIS. Mr. GARCIA also thanked the Hong Kong Customs and Excise Department for their assistance in the operation.

The prosecution is being handled by the Major Crimes Unit of the United States Attorney's Office. Assistant United States Attorney JUSTIN S. WEDDLE is in charge of the prosecution.

The charges contained in the Complaint are merely accusations and the defendants are presumed innocent unless and until proven guilty.

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