



*United States Attorney
Southern District of New York*

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**CONTACT: U.S. ATTORNEY'S OFFICE
YUSILL SCRIBNER,
JANICE OH,
EDELI RIVERA
PUBLIC INFORMATION OFFICE
(212) 637-2600**

**ICE
KHAALID WALLS
PUBLIC INFORMATION OFFICE
(313) 215-7657**

**SMUGGLER OF UNITED STATES MILITARY EQUIPMENT SENTENCED
IN MANHATTAN FEDERAL COURT TO 46 MONTHS IN PRISON**

PREET BHARARA, the United States Attorney for the Southern District of New York, and JAMES T. HAYES, JR., the Special Agent-in-Charge of the New York Office of the Department of Homeland Security's Immigration and Customs Enforcement ("ICE"), announced that YEN CHING PENG, a/k/a "Yen-Po Peng," a/k/a "Alex Peng," was sentenced today in Manhattan federal court to 46 months in prison for smuggling United States military equipment to Taiwan. PENG, a Taiwanese citizen, was extradited in August 2008, from the Hong Kong Special Administrative Region in China to the Southern District of New York to face these charges. The sentence was imposed by United States District Judge ROBERT P. PATTERSON, who also accepted PENG's guilty plea on December 12, 2008.

According to documents filed in this case and statements made in court:

PENG, arranged for various items of military hardware to be smuggled out of the United States to Taiwan, where PENG planned to reverse-engineer the technology. PENG, who resided in Taiwan, solicited from an ICE undercover agent various items of military equipment that PENG was interested in purchasing. Among these items were:

- 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;

- 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
- 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 (subject to high levels of acceleration) aircraft maneuvers.

These items are manufactured for U.S. military use, primarily under contract with the Department of Defense and law enforcement agencies, and are 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 agent 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, and, on several occasions, PENG requested that the undercover agent deliver military lasers to PENG's associate PETER LIU in Queens, New York, again using falsified declarations of the items shipped.

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

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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 based on the criminal Complaint filed in the Southern District of New York against PENG. On December 12, 2007, LIU was arrested in New York while accepting, on PENG's behalf and at his direction, the fighter pilot helmet and its associated technology from an undercover agent.

LIU pleaded guilty on April 15, 2008, to conspiracy to

commit export smuggling and four separate counts of export smuggling. He was sentenced to 30 months in prison by Judge PATTERSON on August 8, 2008.

On December 12, 2008, PENG, 34, previously pleaded guilty to one count of conspiracy to commit export smuggling and the unlicensed export of Munitions List items, and four counts of unlicensed export of Munitions List items.

Manhattan U.S. Attorney PREET BHARARA stated: "Yen Ching Peng attempted to smuggle sophisticated U.S. military components to his home country of Taiwan and thereby steal U.S. military technology so it could be reverse-engineered. This Office will continue to work with ICE to pursue and prosecute those who seek to illegally export sensitive and protected military technology."

ICE Special Agent-in-Charge JAMES T. HAYES stated: "ICE will continue to work with its law enforcement partners to disrupt and dismantle organizations and networks involved in the illegal sale and distribution of weapons and critical technologies. Today's sentence should serve to deter those who seek to violate US export laws for financial gain."

Mr. BHARARA praised the investigative work of ICE; the United States Defense Criminal Investigative Service; and the efforts of the Hong Kong Customs and Excise Department and the Hong Kong Department of Justice.

Assistant United States Attorneys DANYA PERRY and JUSTIN WEDDLE are in charge of the case.

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