

FILED IN OPEN COURT
11/2/2020

CLERK, U. S. DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE, FLORIDA

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION

UNITED STATES OF AMERICA

v.

CASE NO. 3:19-cr-192-J-20JRK

GE SONGTAO,
a/k/a "GST,"
a/k/a "Ge Song Tao,"
a/k/a "Sherman"

PLEA AGREEMENT

Pursuant to Fed. R. Crim. P. 11(c), the United States of America, by Maria Chapa Lopez, United States Attorney for the Middle District of Florida, and John C. Demers, Assistant Attorney General for National Security, and the defendant, GE SONGTAO, and the attorney for the defendant, Edward R. Shohat, mutually agree as follows:

A. Particularized Terms

1. Counts Pleading To

The defendant shall enter a plea of guilty to Counts Four and Six of the Indictment. Count Four charges the defendant with conspiracy to commit crimes against the United States, in violation of 18 U.S.C. § 371, specifically, knowingly causing the submission of false and misleading export information through a Shipper's Export Declaration and the Department of Commerce's Automated Export System, in violation of 13 U.S.C. § 305; and

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fraudulently and knowingly attempting to export and send from the United States any merchandise, article, and object contrary to any law or regulation of the United States, in violation of 18 U.S.C. § 554. Count Six charges that, in violation of 18 U.S.C. §§ 554 and 2, the defendant fraudulently and knowingly attempted to export and send, and aided and abetted an attempt to export and send, from the United States seven inflatable vessels and associated accessories, including eight engines, in a manner contrary to the law of the United States, specifically, in violation of 13 U.S.C. § 305, as alleged in Count Five.

2. Maximum Penalties

Count Four carries a maximum sentence of 5 years' imprisonment, a fine of \$250,000, or both imprisonment and a fine, a term of supervised release of not more than 3 years, and 2 years' imprisonment in connection with any violation of the term of supervised release, possibly followed by an additional term of supervised release, and a special assessment of \$100.

Count Six carries a maximum sentence of 10 years' imprisonment, a fine of \$250,000, or both imprisonment and a fine, a term of supervised release of not more than 3 years, and 2 years' imprisonment in connection with any violation of the term of supervised release, possibly

followed by an additional term of supervised release, and a special assessment of \$100.

If imposed consecutively, the cumulative penalties for Counts Four and Six are a maximum sentence of 15 years' imprisonment, a fine of \$500,000, or both imprisonment and a fine, a term of supervised release of not more than 3 years, and 4 years' imprisonment in connection with any violation of the term of supervised release, possibly followed by an additional term of supervised release, and a special assessment of \$200.

3. Elements of the Offenses

The defendant acknowledges understanding the nature and elements of the offenses with which defendant has been charged and to which defendant is pleading guilty.

Count Four

The elements of Count Four are:

- First:** two or more persons in some way agreed to try to accomplish a shared and unlawful plan to knowingly cause the submission of false or misleading export information through a Shipper's Export Declaration or the Department of Commerce's Automated Export System, or to fraudulently and knowingly attempt to export and send from the United States any merchandise, article, or object contrary to any law or regulation of the United States;
- Second:** the Defendant knew the unlawful purpose of the plan and willfully joined in it;

Third: during the conspiracy, at least one of the conspirators knowingly engaged in at least one overt act as described in the indictment; and

Fourth: the overt act was committed at or about the time alleged and with the purpose of carrying out or accomplishing an object of the conspiracy.

Count Six

The elements of Count Six are:

First: the defendant intentionally attempted, or aided and abetted an attempt, to export or send any merchandise, article, or object from the United States;

Second: the manner of the attempted export violated the law of the United States; and

Third: the defendant acted knowing that the manner of export violated federal law or with intent to defraud.

4. Adjusted Offense Level - Estimate Only

Pursuant to Fed. R. Crim. P. 11(c)(1)(B), the United States, based on the information now available to it and without accounting for any guidelines departures or variances, estimates that the defendant's adjusted offense level is 18, as determined below:

<u>Guideline</u>	<u>Description</u>	<u>Levels</u>
§ 2M5.1(a)(2)	Base Offense	14
§ 3B1.1(c)	Aggravating Role	2
§ 3C1.1	Obstruction	2

Total Adjusted Offense Level	18
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The defendant does not agree either that a 2-level enhancement for “Obstruction” under USSG § 3C1.1 or that no reduction for “Acceptance of Responsibility” under USSG § 3E1.1 is appropriate. The defendant estimates that his total adjusted offense level is 14. The defendant understands that neither his adjusted offense level estimate nor United States’ estimate is binding on the Court or the United States, and if not accepted by the Court, the defendant will not be allowed to withdraw from the plea. Likewise, if the Court accepts either estimate, but imposes a sentence that departs or varies from the applicable guidelines range, whether on its own motion or on a motion brought by either party, the defendant will not be allowed to withdraw from the plea.

5. Counts Dismissed

At the time of sentencing, the remaining counts against the defendant, Counts One and Five, will be dismissed pursuant to Fed. R. Crim. P. 11(c)(1)(A).

6. No Further Charges

If the Court accepts this plea agreement, the United States Attorney's Office for the Middle District of Florida and the National Security Division of the U.S. Department of Justice agree not to charge defendant with

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committing any other federal criminal offenses known to the United States Attorney's Office at the time of the execution of this agreement. By executing this agreement, the defendant does not admit to the commission of any uncharged offense.

7. **Departures/Variations Based on Certain Uncharged Offenses**

The United States agrees not to take any position or to move or otherwise affirmatively request that, in sentencing the defendant, the Court depart or vary upward from the applicable sentencing guidelines range based on certain uncharged offenses, specifically, (i) conspiring in violation of 18 U.S.C. § 1956(h) to transmit and transfer funds to a place in the United States from a place outside the United States with the intent to promote the carrying on of the offense charged in Count Six of the Indictment in violation of 18 U.S.C. § 1956(a)(2)(A); (ii) knowingly possessing a firearm as an alien admitted to the United States under a nonimmigrant visa in violation of 18 U.S.C. § 922(g)(5); (iii) under penalty of perjury, knowingly subscribing as true material information that was false in an application for a United States visa in violation of 18 U.S.C. § 1546(a); and (iv) in connection with the purchase of a vessel known as the 40' Defiant from Gravois Aluminum Boats, LLC d/b/a Metal Shark, conspiring in violation of 18 U.S.C. § 371 to act in the United States as an agent of a foreign government without prior notification to the

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Attorney General in violation of 18 U.S.C. § 951(a), to knowingly cause the submission of false and misleading export information through a Shipper's Export Declaration and the Department of Commerce's Automated Export System, in violation of 13 U.S.C. § 305, and to fraudulently and knowingly export and send from the United States any merchandise, article, and object contrary to any law or regulation of the United States, in violation of 18 U.S.C. § 554. This agreement does not prevent the United States from seeking an upward departure or variance on any other ground. The parties understand that the United States' agreement not to seek an upward departure or variance based on the above-named uncharged offenses is not binding on the Court and that, if the Court elects to depart or vary upward from the applicable sentencing guidelines range based on the above-named uncharged offenses or any other ground, neither the United States nor the defendant will be allowed to withdraw from the plea agreement, and the defendant will not be allowed to withdraw from the plea of guilty. By executing this agreement, the defendant does not admit to the commission of any uncharged offense.

8. Removal - Consent and Cooperation

The defendant agrees and consents to removal from the United States following completion of the defendant's sentence and agrees to waive the defendant's rights to any and all forms of relief from removal or exclusion.

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The defendant further agrees to abandon any pending applications for relief from removal or exclusion, and to cooperate with the Department of Homeland Security during removal proceedings.

9. Administrative Forfeiture

On his own behalf and on behalf of Shanghai Breeze Technology Co. Ltd. and Hong Kong United Vision Ltd. (the Companies), the defendant agrees and consents to the administrative forfeiture by the Federal Bureau of Investigation (FBI), pursuant to 18 U.S.C. § 1956(a)(2)(A), of \$114,834.27 in United States currency to be seized by the FBI from Wing Inflatables, Inc., which it alleges was involved in the promotion of a specified unlawful activity, namely smuggling, in violation of 18 U.S.C. § 554. On his own behalf and on behalf of the Companies, the defendant also hereby agrees to waive all constitutional, statutory and procedural challenges in any manner (including direct appeal, habeas corpus, or any other means) to any administrative forfeiture carried out in accordance with this plea agreement on any grounds, including that the administrative forfeiture described herein constitutes an excessive fine, was not properly noticed in the administrative forfeiture charging instrument, addressed by the Court at the time of the guilty plea, announced at sentencing, or incorporated into the judgment. Further, on his own behalf and on behalf of the Companies, the defendant agrees not contest

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the administrative forfeiture of the currency and expressly waives any right he may have to challenge such forfeiture. The defendant's execution of this agreement shall not be construed as an admission of the alleged violation of 18 U.S.C. § 1956(a)(2)(A) that is set out in this paragraph.

10. Abandonment of Property – Firearms and Ammunition

The following property was seized by the Federal Bureau of Investigation:

- a. a Sig Sauer MK 25 P226 pistol, 9mm, Serial Number 47A192149; and
- b. a Glock model 19x 9mm caliber pistol, Serial Number BHNG648, with magazine.

Should the FBI initiate a formal administrative abandonment proceeding to title the property to the United States of America, the defendant hereby agrees that this plea agreement satisfies all such "noticing" requirements set forth in the Title 41, Code of Federal Regulations, Section 128-48.1. Accordingly, the defendant hereby acknowledges and agrees that no additional "notice" need be provided inasmuch as this plea agreement satisfies all "noticing" requirements. As part of the plea agreement in this case, the defendant hereby voluntarily abandons all right and claim to, and consents to the destruction of, the property listed in this paragraph.

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B. Standard Terms and Conditions

1. Restitution, Special Assessment and Fine

The defendant understands and agrees that the Court, in addition to or in lieu of any other penalty, shall order the defendant to make restitution to any victim of the offenses, pursuant to 18 U.S.C. § 3663A, for all offenses described in 18 U.S.C. § 3663A(c)(1); and the Court may order the defendant to make restitution to any victim of the offenses, pursuant to 18 U.S.C. § 3663, including restitution as to all counts charged, whether or not the defendant enters a plea of guilty to such counts, and whether or not such counts are dismissed pursuant to this agreement. The defendant further understands that compliance with any restitution payment plan imposed by the Court in no way precludes the United States from simultaneously pursuing other statutory remedies for collecting restitution (28 U.S.C. § 3003(b)(2)), including, but not limited to, garnishment and execution, pursuant to the Mandatory Victims Restitution Act, in order to ensure that the defendant's restitution obligation is satisfied.

On each count to which a plea of guilty is entered, the Court shall impose a special assessment pursuant to 18 U.S.C. § 3013. The special assessment is due on the date of sentencing. The defendant understands that this agreement imposes no limitation as to fine.

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2. Supervised Release

The defendant understands that the offenses to which the defendant is pleading provide for imposition of a term of supervised release upon release from imprisonment, and that, if the defendant should violate the conditions of release, the defendant would be subject to a further term of imprisonment.

3. Immigration Consequences of Pleading Guilty

The defendant has been advised and understands that, upon conviction, a defendant who is not a United States citizen may be removed from the United States, denied citizenship, and denied admission to the United States in the future.

4. Sentencing Information

The United States reserves its right and obligation to report to the Court and the United States Probation Office all information concerning the background, character, and conduct of the defendant, to provide relevant factual information, including the totality of the defendant's criminal activities, if any, not limited to the counts to which defendant pleads, to respond to comments made by the defendant or defendant's counsel, and to correct any misstatements or inaccuracies. The United States further reserves

its right to make any recommendations it deems appropriate regarding the disposition of this case, subject to any limitations set forth herein, if any.

5. Financial Disclosures

Pursuant to 18 U.S.C. § 3664(d)(3) and Fed. R. Crim. P. 32(d)(2)(A)(ii), the defendant agrees to complete and submit to the United States Attorney's Office within 30 days of execution of this agreement an affidavit reflecting the defendant's financial condition. The defendant promises that his financial statement and disclosures will be complete, accurate and truthful and will include all assets in which he has any interest or over which the defendant exercises control, directly or indirectly, including those held by a spouse, dependent, nominee, or other third party. The defendant further agrees to execute any documents requested by the United States needed to obtain from any third parties any records of assets owned by the defendant, directly or through a nominee, and, by the execution of this plea agreement, consents to the release of the defendant's tax returns for the previous five years. The defendant similarly agrees and authorizes the United States Attorney's Office to provide to, and obtain from, the United States Probation Office, the financial affidavit, any of the defendant's federal, state, and local tax returns, bank records, and any other financial information concerning the defendant, for the purpose of making any recommendations to

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the Court and for collecting any assessments, fines, restitution, or forfeiture ordered by the Court. The defendant expressly authorizes the United States Attorney's Office to obtain current credit reports in order to evaluate the defendant's ability to satisfy any financial obligation imposed by the Court.

6. Sentencing Recommendations

It is understood by the parties that the Court is neither a party to nor bound by this agreement. The Court may accept or reject the agreement, or defer a decision until it has had an opportunity to consider the presentence report prepared by the United States Probation Office. The defendant understands and acknowledges that, although the parties are permitted to make recommendations and present arguments to the Court, the sentence will be determined solely by the Court, with the assistance of the United States Probation Office. The defendant further understands and acknowledges that any discussions between the defendant or the defendant's attorney and the attorney or other agents for the government regarding any recommendations by the government are not binding on the Court and that, should any recommendations be rejected, the defendant will not be permitted to withdraw defendant's plea pursuant to this plea agreement. The government expressly reserves the right to support and defend any decision that the Court may make

with regard to the defendant's sentence, whether or not such decision is consistent with the government's recommendations contained herein.

7. Defendant's Waiver of Right to Appeal the Sentence

The defendant agrees that this Court has jurisdiction and authority to impose any sentence up to the statutory maximum and expressly waives the right to appeal defendant's sentence on any ground, including the ground that the Court erred in determining the applicable guidelines range pursuant to the United States Sentencing Guidelines, except (a) the ground that the sentence exceeds the defendant's applicable guidelines range as determined by the Court pursuant to the United States Sentencing Guidelines; (b) the ground that the sentence exceeds the statutory maximum penalty; or (c) the ground that the sentence violates the Eighth Amendment to the Constitution; provided, however, that if the government exercises its right to appeal the sentence imposed, as authorized by 18 U.S.C. § 3742(b), then the defendant is released from his waiver and may appeal the sentence as authorized by 18 U.S.C. § 3742(a).

8. Parties to the Agreement

It is further understood that this agreement is limited to the Office of the United States Attorney for the Middle District of Florida and the National Security Division of the U.S. Department of Justice, and cannot bind

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other federal, state, or local prosecuting authorities, although the Office of the United States Attorney for the Middle District of Florida will bring defendant's cooperation, if any, to the attention of other prosecuting officers or others, if requested.

9. Filing of Agreement

This agreement shall be presented to the Court, in open court or in camera, in whole or in part, upon a showing of good cause, and filed in this cause, at the time of defendant's entry of a plea of guilty pursuant hereto.

10. Voluntariness

The defendant acknowledges that defendant is entering into this agreement and is pleading guilty freely and voluntarily without reliance upon any discussions between the attorney for the government, and the defendant and the defendant's attorney, and without promise of benefit of any kind (other than the concessions contained herein), and without threats, force, intimidation, or coercion of any kind. The defendant further acknowledges the defendant's understanding of the nature of the offense or offenses to which the defendant is pleading guilty and the elements thereof, including the penalties provided by law, and the defendant's complete satisfaction with the representation and advice received from the defendant's undersigned counsel (if any). The defendant also understands that the defendant has the right to

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plead not guilty or to persist in that plea if it has already been made, and that the defendant has the right to be tried by a jury with the assistance of counsel, the right to confront and cross-examine the witnesses against the defendant, the right against compulsory self-incrimination, and the right to compulsory process for the attendance of witnesses to testify in the defendant's defense; but, by pleading guilty, the defendant waives or gives up those rights and there will be no trial. The defendant further understands that if the defendant pleads guilty, the Court may ask the defendant questions about the offense or offenses to which the defendant pleaded, and if the defendant answers those questions under oath, on the record, and in the presence of counsel (if any), the defendant's answers may later be used against the defendant in a prosecution for perjury or false statement. The defendant also understands that the defendant will be adjudicated guilty of the offenses to which the defendant has pleaded and, if any of such offenses are felonies, may thereby be deprived of certain rights, such as the right to vote, to hold public office, to serve on a jury, or to have possession of firearms.

11. Factual Basis

The defendant is pleading guilty because defendant is in fact guilty. The defendant certifies that the defendant does hereby admit that the facts set forth in the attached "Factual Basis," which is incorporated herein by

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reference, are true, and were this case to go to trial, the United States would be able to prove those specific facts beyond a reasonable doubt.

12. Entire Agreement

This plea agreement constitutes the entire agreement between the government and the defendant with respect to the aforementioned guilty plea and no other promises, agreements, or representations exist or have been made to the defendant or defendant's attorney with regard to such guilty plea.

13. Certification

The defendant and the defendant's counsel certify that this plea agreement has been read in its entirety by (or has been read to) the defendant and that the defendant fully understands its terms.

DATED this 25th day of September 2020.

Ge Songtao

Ge Songtao

GE SONGTAO
Defendant

Edward R. Shohat

EDWARD R. SHOHAT
Attorney for the Defendant

MARIA CHAPA LOPEZ
United States Attorney

Michael J. Coolican

MICHAEL J. COOLICAN
Assistant United States Attorney

Frank Talbot

FRANK TALBOT
Assistant United States Attorney
Chief, Jacksonville Division

JOHN C. DEMERS
Assistance Attorney General
National Security Division

Heather M. Schmidt

HEATHER M. SCHMIDT
Senior Trial Attorney

This plea agreement has been read to GE Songtao, the defendant and translated by Catherine Lin Finn, court certified interpreter in Mandarin Chinese.

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UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION

UNITED STATES OF AMERICA

v.

CASE NO. 3:19-cr-192-J-20JRK

GE SONGTAO,
a/k/a "GST,"
a/k/a "Ge Song Tao,"
a/k/a "Sherman"

PERSONALIZATION OF ELEMENTS

As to Count Four:

1. From in or about September 2018 through on or about October 17, 2019, in the Middle District of Florida and elsewhere, do you admit that you and another person in some way agreed to try to accomplish a shared and unlawful plan to knowingly cause the submission of false and misleading information to the United States' Automated Export System, and to fraudulently and knowingly attempt to export and send from the United States merchandise, specifically, Wing Inflatables vessels equipped with Evinrude multi-fuel engines, contrary to the law of the United States?

2. Did you know the unlawful purpose of the plan and willfully join in it?

3. Do you admit that, as part of the conspiracy, you knowingly committed overt acts as described in Count Four of the Indictment, specifically, you caused Wing Inflatables to receive international wire transfers in the amounts of \$79,929.00 and \$34,905.27 from Belt Consulting in Hong Kong?

4. Do you admit that these overt acts were committed on or about August 6, 2019 and on or about September 30, 2019, respectively, as alleged in the Indictment, and with the purpose of carrying out and accomplishing an object of the conspiracy?

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As to Count Six:

1. Do you admit that, beginning in or about September 2018 and continuing through on or about October 17, 2019, in the Middle District of Florida, you intentionally attempted, and aided and abetted an attempt, to export and send from the United States Wing Inflatables vessels and Evinrude engines?

2. Do you admit that the manner of the attempted export violated the law of the United States, in that you knowingly caused, and aided and abetted the causing of, the submission of false and misleading export information through a Shippers Export Declaration and the Automated Export System?

3. Do you admit that you attempted, and aided and abetted an attempt, to export and send from the United States Wing Inflatables vessels and Evinrude engines, knowing that the manner of export violated federal law and with intent to defraud?

4. Do you admit that you took substantial steps toward exporting and sending from the United States Wing Inflatables vessels and Evinrude engines, including causing Wing Inflatables to receive international wire transfers in the amounts of \$79,929.00 and \$34,905.27 from Belt Consulting in Hong Kong?

UNITED STATES DISTRICT COURT
MIDDLE DISTRICT OF FLORIDA
JACKSONVILLE DIVISION

UNITED STATES OF AMERICA

v.

CASE NO. 3:19-cr-192-J-20JRK

GE SONGTAO,
a/k/a "GST,"
a/k/a "Ge Song Tao,"
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FACTUAL BASIS

The defendant, Ge Songtao, is a resident of the People's Republic of China (PRC) and has identified himself in a U.S. visa application as the chairman of Shanghai Breeze Technology Co. Ltd. (Shanghai Breeze), a company headquartered in Shanghai, PRC. Codefendant Zheng Yan is employed by Shanghai Breeze. She works as the defendant's executive assistant, and while she sometimes receives instructions from other Shanghai Breeze executives, her direct supervisor is the defendant. Codefendant Yang Yang has lived in the Jacksonville, Florida area with her codefendant and husband, Fan Yang, since November 2014. In May 2015, Yang Yang incorporated BQ Tree LLC, a Florida limited liability company.

On or about November 10, 2016, Yang Yang executed an employment contract with Shanghai Breeze. The contract was signed by the defendant on behalf of his company. Under the terms of the contract, during a probationary

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period, Shanghai Breeze agreed to pay Yang Yang a monthly salary of \$3,000, which would increase to \$5,000 per month after the probationary period. The contract describes Yang Yang's duties as handling business operations, conducting business negotiations, collaborating with other factories, declaring products at customs, and conducting other business for Shanghai Breeze in the United States.

The U.S. Department of Commerce, through the U.S. Census Bureau and the U.S. Department of Homeland Security, Customs and Border Protection, participates in and maintains the Automated Export System (AES), an electronic portal of information for exports of goods from the United States. The Census Bureau requires the filing of electronic export information (EEI) through the AES. The EEI is also known as a Shipper's Export Declaration. Exporters, shippers, and freight forwarders are required to file an EEI for every export of goods or technology from the United States that has a value greater than \$2,500 or for which an export license is required.

Exporters file EEI by entering data into AES via a computer. EEI includes the date of export, the U.S. principal party of interest, the description of the commodity to be exported, the intermediate consignee's name and address (if applicable), the ultimate consignee's name and address, and the country of ultimate destination.

An “intermediate consignee” is a person or entity that acts as an agent for a principal party in interest for the purpose of effecting delivery of items to the ultimate consignee. The intermediate consignee may be a bank, forwarding agent, or other person who acts for a principal party in interest.

An “ultimate consignee” is the principal party in interest located abroad who receives the exported items. The ultimate consignee is not a forwarding agent or other intermediary, but may be the end-user.

Business records show that in 2016, Brunswick Commercial and Government Products, Inc. (Brunswick) was supplying Shanghai Breeze with vessels manufactured by Wing Inflatables Inc. (Wing) that are marketed by Wing as “Combat Rubber Raiding Craft.” Shanghai Breeze purchased these vessels from Brunswick in its own name, rather than in the name of some pass-through or nominee. It arranged to have the vessels shipped directly to Shanghai.

The Wing raiding craft that Brunswick sold to Shanghai Breeze are used by the United States military and equipped with Evinrude-brand MFE outboard engines. “MFE” is shorthand for multi-fuel engine. Because of their unique capabilities, these engines can cost more than the vessels they power. Specifically, the engines can run on gasoline, diesel fuel, kerosene, or even jet fuel. Vessels equipped with MFE engines can operate after being launched

from a submerged submarine or dropped into the ocean from an aircraft. No comparable engine is manufactured in the PRC.

No later than September 2018, the defendant began looking for a new source of Wing raiding craft and MFE engines. (By early 2019, Brunswick was out of the business of selling this type of merchandise.) Zheng Yan worked with Yang Yang to obtain a price quote directly from Wing for its 4.7-meter version of the raiding craft. When Yang Yang and Zheng Yan communicated about this project, they typically used WeChat, an encrypted Chinese-language platform.

In seeking the quote, Zheng Yan told Yang Yang to use her company's name (and not Shanghai Breeze) and not to tell Wing where the raiding craft were to be sold. Zheng Yan told Yang Yang that Shanghai Breeze may have the vessels shipped to Hong Kong, rather than mainland China, explaining that Americans were more sensitive about doing business with the mainland, as opposed to Hong Kong.

When Yang Yang, using WeChat, asked what she could tell Wing about the purpose of the purchase, Zheng Yan told her to make something up. Similarly, when she asked who the actual buyer was, Zheng Yan again told her to make something up. Zheng Yan eventually instructed Yang Yang to tell Wing that their customer was Hong Kong, generally. When Yang Yang

later complained that Wing cut off communications (temporarily) after learning that the customer was simply Hong Kong, Zheng Yan blamed the defendant, telling Yang Yang that that answer had come from him and that she had thought it was a bad idea. In response, Yang Yang told Zheng Yan that they needed to be truthful with Wing about the end-user. According to Yang Yang, because this would be an export to the PRC, there may be restrictions prohibiting the resale of the vessels.

When asked for a shipping address in Hong Kong, Zheng Yan told Yang Yang via WeChat that they did not have one, eventually telling her that the raiding craft were actually being sold in mainland China. When further pressed for an address in Hong Kong, Zheng Yan provided the address for a Hong Kong company called New Faith Enterprise Investment Limited.

Yang Yang's and Zheng Yan's communications about the raiding craft stopped in October 2018, but resumed via WeChat on April 23, 2019. At that time, Zheng Yan instructed Yang Yang to get a quote for 4.7-meter raiding craft with MFE engines from Wing. Yang Yang expressed concern that Wing would not be willing to sell the engines without knowing the identity of the end-user. In response, Zheng Yan told her to use the same information that she had provided previously. She later told the Yang Yang that the defendant wanted her to investigate purchasing the smaller, 4.2-meter version of the

Wing raiding craft. Zheng Yan told her that she would provide the name of their client at a later date, but that Yang Yang could tell Wing that the vessels were for the Hong Kong police for rescue purposes.

On July 9, 2019, Zheng Yan told Yang Yang via WeChat that the defendant wanted her to investigate buying Raider MFE engines. (Raider Outboards, Inc. is a competitor of Evinrude.) Later that day, she instructed her to wait before asking about Raider engines, warning that Raider's management was very cautious about doing business with China. Zheng Yan knew that in 2017, the defendant had visited Raider's U.S. manufacturing facility and that the company had declined to do business with him.

Also on July 9, when Yang Yang asked for the name of the client that would be buying the raiding craft and asked about a shipping address, Zheng Yan identified the client as United Vision Limited. Zheng Yan confirmed, however, that they would use the same shipping address in Hong Kong as the supposed client that she had named in 2018 (*i.e.* New Faith Enterprise Investment Limited).

The next day, Zheng Yan told Yang Yang to buy the vessels in her company's name (*i.e.* BQ Tree LLC). Yang Yang explained that they could not proceed that way because when a U.S. manufacturer sends goods overseas, it must report to U.S. Customs who its customer is. She suggested

that they would need to have the buyer, end-user, and entity paying for the vessels all match, or the goods would not clear U.S. Customs.

In a series of WeChat communications, Zheng Yan described to Yang Yang wire transactions that would be used to move money from mainland China to a Hong Kong bank account, to a different Hong Kong account, and then eventually to Wing. The entity ultimately wiring payments to Wing would be Belt Consulting Company.

Yang Yang placed an order with Wing for seven raiding craft and eight Evinrude MFE engines. Due to the high cost of the engines, a Wing representative emailed her to suggest a less expensive, gasoline-only model, but she insisted that she wanted the MFE engines, echoing the representative's description of those engines as military model engines.

Beginning in July 2019, Zheng Yan had a series of text message exchanges with the representative of Bay Industrial Company, Ltd. (Bay Industrial), a maritime manufacturer headquartered in Seoul, South Korea that has manufacturing facilities in Dalian, China. Through the summer, Zheng Yan and the Bay Industrial representative communicated about, among other things, the defendant and Zheng Yan visiting Bay Industrial's manufacturing facility in Dalian; Shanghai Breeze providing Bay Industrial with a sample Wing raiding craft; Shanghai Breeze ordering eight vessels from

Bay Industrial; scheduling tests (with the defendant present) to compare Bay Industrial's vessels to Wing's; and making revisions requested by the defendant to Bay Industrial's design. On September 18, 2019, the Bay Industrial representative texted Zheng Yan to confirm that his company was building the vessels for Shanghai Breeze.

In the interim, on July 23, 2019, Zheng Yan texted a former Brunswick employee. She recounted that Shanghai Breeze previously had purchased 14 "MEF [sic] 55HP engine" and 4.7-meter vessels and asked for his assistance in purchasing 15 additional MFE engines, but of the 30-horsepower variety. The former Brunswick employee eventually replied that the manufacturer reported that those products were "for US Military only," but that he would continue to investigate.

As down payments for the raiding craft and MFE engines that Yang Yang ordered on behalf of the defendant, Wing eventually received two wire transfers from Belt Consulting accounts, approximately \$79,929.00 on August 6, 2019, and \$34,905.27 on September 30, 2019. For the purpose of making those payments, the defendant had a series of WeChat communications with an associate (Associate 1) to coordinate the wire transfer of funds initially to Belt Consulting and eventually to Wing. In exchange for making the

payments to Wing, the defendant arranged with Associate 1 to pay Belt Consulting a fee of one percent of the amounts transferred.

On August 12, 2019, a Wing representative emailed Yang Yang, informing her that the initial shipment would proceed by air freight on October 8, 2019, and would include two 4.2-meter raiding craft and two MFE engines.

On September 21, 2019, Zheng Yan asked Yang Yang via WeChat for detailed information about Wing's initial shipment of raiding craft and engines, relaying that the shipment was to be intercepted and rerouted to Shanghai. Zheng Yan acknowledged that it was a waste of money to ship initially to Hong Kong when Shanghai was the actual destination, but she confirmed her belief that Americans likely would ship only to Hong Kong (and not mainland China).

On September 23, 2019, the defendant told Associate 1 via WeChat that the first batch of merchandise was estimated to arrive in Hong Kong after October 15. He added that he would send a colleague to Hong Kong to receive the merchandise and process it for transshipment to mainland China.

On October 7, 2019, using WeChat, Zheng Yan alerted the defendant and a group of Shanghai Breeze employees that the South Koreans were shipping their merchandise on October 15 and that it would arrive at the

factory on October 17 or 18. She also wrote that Wing was shipping its merchandise on October 7 and it would arrive in Hong Kong around October 15. She asked a coworker to make plans to receive and transship the Wing merchandise.

That same day, a Wing representative emailed Yang Yang that Wing's initial shipment would not proceed until October 15. The Wing representative asked for confirmation of the shipping address and end-user for the order. She replied that the company was Belt Consulting Company Limited, providing the same Hong Kong street address discussed above, and that the end-user was United Vision Limited (Hong Kong).

Yang Yang's email to Wing caused the entry of a Shipper's Export Declaration into AES for the Wing raiding craft and Evinrude MFE engines. Based on the information provided by her, the declaration identified no intermediate consignee and falsely listed the ultimate consignee of the Wing raiding craft and Evinrude MFE engines as Belt Consulting Company Limited in Hong Kong, rather than Shanghai Breeze in Shanghai.

Also on October 7, Yang Yang sent Zheng Yan a WeChat message alerting her that Wing would not make its first shipment until October 15.

On October 14, 2019, Bay Industrial's representative texted Zheng Yan, reporting that his company's vessels were ready for shipment. He added that

they did not include engine bags because Zheng Yan had not yet provided information about the engines' dimensions. Zheng Yan responded that they had not yet received the engines from the manufacturer, but that the manufacturer was shipping them on October 15.

Federal agents have located an executed contract between Shanghai Breeze and Belt Consulting Company Limited stored on Zheng Yan's cellphone. The contract is dated September 26, 2019, and provides that Belt Consulting will deliver two "P4.2" inflatable boats with engines to Shanghai Breeze within 90 days.

In 2019, companies using the names Belt Consulting Company Limited and United Vision Limited in Hong Kong had no presence on the internet. Prior to the transaction at issue here, the United States had no record of any goods ever being exported from the United States to either Belt Consulting or United Vision.

In 2015 and 2019, United States law did not require a license to export Wing raiding craft or Evinrude MFE engines to Shanghai Breeze in the PRC.