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## **SUMMARY OF MAJOR U.S. EXPORT ENFORCEMENT, ECONOMIC ESPIONAGE, TRADE SECRET AND EMBARGO-RELATED CRIMINAL CASES** **(January 2010 to the present: updated June 27, 2016)**

Below is a brief description of some of the major export enforcement, economic espionage, theft of trade secrets, and embargo-related criminal prosecutions by the Justice Department since January 2010. These cases resulted from investigations by the Homeland Security Investigations (HSI) [formerly Immigration and Customs Enforcement (ICE)], the Federal Bureau of Investigation (FBI), the Department of Commerce's Bureau of Industry and Security (BIS), the Pentagon's Defense Criminal Investigative Service (DCIS), and other law enforcement agencies. This list of cases is not exhaustive and only represents select cases.

***Firearm Parts to the Republic of Turkey*** – On June 24, 2016, the Court in the Eastern District of Virginia issued Findings of Fact and Conclusions of Law finding Hamza Kolsuz, a citizen of the Republic of Turkey, guilty of all three counts in the indictment pending against him. The Court's ruling followed a two-day bench trial on May 18-19, 2016. On March 2, 2016, after having previously been charged in a Criminal Complaint, a grand jury in the Eastern District of Virginia returned a three-count indictment against Kolsuz, charging him with: (1) conspiring to violate the Arms Export Control Act (the "AECA") and 18 U.S.C. § 554(a), in violation of 18 U.S.C. § 371; (2) attempting to export defense articles on the United States Munitions List ("USML") without a license or other written authorization from the United States Department of State's Directorate of Defense Trade Controls (the "DDTC"), in violation of the AECA; and (3) attempting to smuggle goods out of the United States, in violation of 18 U.S.C. § 554(a). The charges stemmed from Kolsuz's attempt to export firearms parts—specifically, eighteen handgun barrels, twenty-two 9mm handgun magazines, four .45 caliber handgun magazines, one .357 caliber handgun magazine and one .22 caliber Glock caliber conversion kit—to the Republic of Turkey, and his involvement in a years-long conspiracy to export firearms parts to the Republic of Turkey. Kolsuz arrived in the United States at Miami International Airport on January 25, 2016 on a B-2 visitor's visa. While in Florida, Kolsuz and one of his co-conspirators visited gun stores and a gun show where they purchased firearms parts. On February 2, 2016, Kolsuz began his return trip to Istanbul, Republic of Turkey by checking in at Miami International Airport for a flight that took him to Cleveland Hopkins International Airport. He then checked in for a flight that was to take him and his checked luggage through Cleveland Hopkins International Airport and Washington Dulles International Airport before embarking for Istanbul, Republic of Turkey on Turkish Airlines. When Kolsuz arrived at Dulles, his luggage was searched and the firearms parts were discovered. The eighteen handgun barrels, twenty-two 9mm handgun magazines, four .45 caliber handgun magazines, one .357 caliber handgun magazine, and one .22 caliber Glock caliber conversion kit were and are each defense articles listed on the USML, and a license or other written authorization from the DDTC was and is therefore required for the firearms parts to

be lawfully exported from the United States. However, Kolsuz and his co-conspirators have never registered with the DDTTC, or applied to register with the DDTTC, to export defense articles from the United States, and they have never applied for and have never received any licenses or other written authorization from the DDTTC to export defense articles from the United States. A bench trial was held on May 18, 2016 and May 19, 2016, but a verdict has not yet been rendered. This case was investigated by the Department of Homeland Security, Immigration and Customs Enforcement, Homeland Security Investigations.

***High-Tech Material Used in Missile Production and Nuclear Applications to Iran*** – On June 14, 2016, in the Eastern District of New York, Erdal Kuyumcu, the CEO of Global Metallurgy LLC, a company based in Woodside, New York, pleaded guilty to one count of conspiring to violate the International Emergency Economic Powers Act, in connection with the export of specialty metals from the United States to Iran. As detailed in the criminal information to which he pleaded guilty and other court filings, Kuyumcu, a U.S. citizen, conspired to export from the United States to Iran a metallic powder composed of cobalt and nickel, without having obtained the required license from the U.S. Treasury Department’s Office of Foreign Assets Control (OFAC). The metallic powder can be used to coat gas turbine components, including turbine blades, and can be used in aerospace, missile production and nuclear applications. Such specialized metals are closely regulated by the U.S. Department of Commerce to combat nuclear proliferation and protect national security, and exporting them without an OFAC license is illegal. Kuyumcu and others conspired to obtain over 1,000 pounds of the metallic powder from a U.S.-based supplier for export to Iran. To hide the true destination of the goods from the U.S. supplier, Kuyumcu and a co-conspirator arranged for the metallic powder to be shipped first to Turkey and then to Iran. At sentencing, Kuyumcu faces up to 20 years in prison and a \$1 million fine. This case was investigated by the Commerce Department and the FBI.

***Theft Of Valuable Source Code*** – On June 14, 2016, Jiaqiang Xu was charged in the Southern District of New York in a six-count superseding indictment with economic espionage and theft of trade secrets, in connection with Xu’s theft of proprietary source code from his former employer, with the intent to benefit the National Health and Family Planning Commission of the People’s Republic of China. Xu was initially arrested by the FBI on Dec. 7, 2015, and was previously charged on Jan. 6, 2016 by indictment with one count of theft of trade secrets. According to court documents, from November 2010 to May 2014, Xu worked as a developer for a particular U.S. company (the “Victim Company”). As a developer, Xu enjoyed access to certain proprietary software (the “Proprietary Software”), as well as that software’s underlying source code (the “Proprietary Source Code”). The Proprietary Software is a clustered file system developed and marketed by the Victim Company in the U.S. and other countries. A clustered file system facilitates faster computer performance by coordinating work among multiple servers. The Victim Company takes significant precautions to protect the Proprietary Source Code as a trade secret. Among other things, the Proprietary Source Code is stored behind a company firewall and can only be accessed by a small subset of the Victim Company’s employees. Before receiving Proprietary Source Code access, Victim Company employees must first request and receive approval from a particular Victim Company official. Victim Company employees must also agree in writing at both the outset and the conclusion of their employment that they will maintain the confidentiality of any proprietary information. The Victim Company takes these and other precautions in part because the Proprietary Software and the Proprietary Source Code are economically valuable, which value depends in part on the Proprietary Source Code’s secrecy. In May 2014, Xu voluntarily resigned from the Victim Company. Xu subsequently communicated with one undercover law enforcement officer (“UC-1”), who posed as a financial investor aiming to start a large-data storage technology company, and another undercover law enforcement officer (“UC-2”), who posed as a project manager, working for UC-1. In these communications, Xu

discussed his past experience with the Victim Company and indicated that he had experience with the Proprietary Software and the Proprietary Source Code. On March 6, 2015, Xu sent UC-1 and UC-2 a code, which Xu stated was a sample of Xu's prior work with the Victim Company. A Victim Company employee ("Employee-1") later confirmed that the code sent by Xu included proprietary Victim Company material that related to the Proprietary Source Code. Xu subsequently informed UC-2 that Xu was willing to consider providing UC-2's company with the Proprietary Source Code as a platform for UC-2's company to facilitate the development of UC-2's company's own data storage system. Xu informed UC-2 that if UC-2 set up several computers as a small network, then Xu would remotely install the Proprietary Software so that UC-1 and UC-2 could test it and confirm its functionality. In or around early August 2015, the FBI arranged for a computer network to be set up, consistent with Xu's specifications. Files were then remotely uploaded to the FBI-arranged computer network (the "Xu Upload"). Thereafter, on or about August 26, 2015, Xu and UC-2 confirmed that UC-2 had received the Xu Upload. In September 2015, the FBI made the Xu Upload available to a Victim Company employee who has expertise regarding the Proprietary Software and the Proprietary Source Code ("Employee-2"). Based on Employee-2's analysis of technical features of the Xu Upload, it appeared to Employee-2 that the Xu Upload contained a functioning copy of the Proprietary Software. It further appeared to Employee-2 that the Xu Upload had been built by someone with access to the Proprietary Source Code who was not working within the Victim Company or otherwise at the Victim Company's direction. On December 7, 2015, Xu met with UC-2 at a hotel in White Plains, New York (the "Hotel"). Xu stated, in sum and substance, that Xu had used the Proprietary Source Code to make software to sell to customers, that Xu knew the Proprietary Source Code to be the product of decades of work on the part of the Victim Company, and that Xu had used the Proprietary Source Code to build a copy of the Proprietary Software, which Xu had uploaded and installed on the UC Network (i.e., the Xu Upload). Xu also indicated that Xu knew the copy of the Proprietary Software that Xu had installed on the UC Network contained information identifying the Proprietary Software as the Victim Company's property, which could reveal the fact that the Proprietary Software had been built with the Proprietary Source Code without the Victim Company's authorization. Xu told UC-2 that Xu could take steps to prevent detection of the Proprietary Software's origins – i.e., that it had been built with stolen Proprietary Source Code – including writing computer scripts that would modify the Proprietary Source Code to conceal its origins. Later on December 7, 2015, Xu met with UC-1 and UC-2 at the Hotel. During that meeting, Xu showed UC-2 a copy of what Xu represented to be the Proprietary Source Code on Xu's laptop. Xu noted to UC-2 a portion of the code that indicated it originated with the Victim Company as well as the date on which it had been copyrighted. Xu also stated that Xu had previously modified the Proprietary Source Code's command interface to conceal the fact that the Proprietary Source Code originated with the Victim Company and identified multiple specific customers to whom Xu had previously provided the Proprietary Software using Xu's stolen copy of the Proprietary Source Code. This case was investigated by the FBI.

***Tactical Equipment to Insurgent Groups in Syria*** – On June 10, 2016, in the Eastern District of Virginia, Amin al-Baroudi, a Syrian-born naturalized U.S. citizen, formerly of Irvine, California, was sentenced to 32 months in prison for conspiring to export U.S.-origin goods from the United States to Syria in violation of sanctions imposed on Syria by the U.S. government. Baroudi pleaded guilty on Jan. 15, 2016. According to court documents, Baroudi admitted that from at least December 2011 through March 2013, he and his co-conspirators exported U.S. tactical equipment to Syria for the purpose of supplying and arming Ahrar al-Sham and other insurgent groups in Syria whose stated goal is to overthrow the Assad government and install an Islamic state. Ahrar al-Sham frequently fights alongside Jabhat al-Nusrah, which has been designated by the U.S. State Department as a foreign terrorist organization and operates as al-Qaeda's official branch in Syria. According to court documents, Baroudi and his co-conspirators purchased tens

of thousands of dollars-worth of goods from companies and vendors in the United States, consisting largely of tactical equipment such as sniper rifle scopes, night vision rifle scopes, night vision goggles, laser bore sighters, speed loaders and bullet proof vests. Baroudi and his co-conspirators traveled with the goods aboard commercial flights to Turkey and then transported the goods into Syria or provided them to others for transport. Baroudi made two such trips in February and March of 2013. This case was investigated by the FBI, DOC OEE, ICE HSI, California Highway Patrol; the Irvine Police Department; the Orange County, California, Sheriff's Department; and the Regional Computer Forensics Laboratory in Orange County provided significant assistance.

***Systems and Components for Marine Submersible Vehicles to China*** – On Jun. 10, 2016, Amin Yu pleaded guilty in the Middle District of Florida to acting in the United States as an illegal agent of a foreign government without prior notification to the Attorney General and conspiring to commit international money laundering. According to the plea agreement, from at least 2002 until February 2014, at the direction of co-conspirators working for Harbin Engineering University (HEU), a state-owned entity in the People's Republic of China, Yu obtained systems and components for marine submersible vehicles from companies in the United States. She then illegally exported those items to the PRC for use by her co-conspirators in the development of marine submersible vehicles – unmanned underwater vehicles, remotely operated vehicles and autonomous underwater vehicles – for HEU and other state-controlled entities. Yu illegally exported items by failing to file electronic export information (EEI), as required by U.S. law, and by filing false EEI. In particular, Yu completed and caused the completion of export-related documents in which she significantly undervalued the items that she had exported and provided false end user information for those items. Previously, on Apr. 21, 2016, an 18-count superseding indictment was unsealed in the Middle District of Florida charging Yu with acting as an illegal agent of a foreign government in the United States without prior notification to the Attorney General, conspiring to defraud the United States and to commit offenses against the United States, committing unlawful export information activities, smuggling goods from the United States, conspiring to and committing international money laundering and making false statements to the U.S. Citizenship and Immigration Services. This case was investigated by the FBI, U.S. Immigration and Customs Enforcement's Homeland Security Investigations, the Internal Revenue Service-Criminal Investigation and the Naval Criminal Investigative Service.

***Unmanned Aerial Vehicle to China*** – On June 10, 2016, Wenxia Man, aka Wency Man of San Diego, was convicted by a federal jury in the Southern District of Florida of conspiring to export and cause the export of fighter jet engines, an unmanned aerial vehicle – commonly known as a drone – and related technical data to the People's Republic of China, in violation of the Arms Export Control Act. According to evidence presented at trial, between approximately March 2011 and June 2013, Man conspired with Xinsheng Zhang, who was located in China, to illegally acquire and export to China defense articles including: Pratt & Whitney F135-PW-100 engines used in the F-35 Joint Strike Fighter; Pratt & Whitney F119-PW-100 turbofan engines used in the F-22 Raptor fighter jet; General Electric F110-GE-132 engines designed for the F-16 fighter jet; the General Atomics MQ-9 Reaper/Predator B Unmanned Aerial Vehicle, capable of firing Hellfire Missiles; and technical data for each of these defense articles. During the course of the investigation, when talking to an HSI undercover agent, Man referred to Zhang, as a “technology spy” who worked on behalf of the Chinese military to copy items obtained from other countries and stated that he was particularly interested in stealth technology. Man faces a statutory maximum penalty of 20 years in prison. Zhang remains in China and has yet to be arrested. The investigation was conducted by ICE-HSI and DCIS.

***High-Tech Electronic Components to Iran*** – On May 23, 2016, in the Southern District of New York, Ali Reza Parsa, a Canadian-Iranian dual citizen and resident of Canada, was sentenced to three years in prison for his participation in a conspiracy to violate the International Emergency Economic Powers Act (IEEPA) and the Iranian Transactions and Sanctions Regulations (ITSR). Parsa was arrested in October 2014 following an investigation by the FBI and U.S. Department of Commerce’s Bureau of Industry and Security (BIS). He pleaded guilty on Jan. 20, 2016. According to court documents, between approximately 2009 and 2015, Parsa conspired to obtain high-tech electronic components from American companies for transshipment to Iran and other countries for clients of Parsa’s procurement company in Iran, Tavan Payesh Mad, in violation of U.S. economic sanctions. To accomplish this, Parsa used his Canadian company, Metal PM, to place orders with U.S. suppliers and typically had the parts shipped to him in Canada or to a freight forwarder located in the United Arab Emirates, and then shipped from these locations to Iran or to the location of his Iranian company’s client. Parsa provided the U.S. companies with false destination and end-user information about the components in order to conceal the illegality of these transactions. Parsa’s criminal scheme targeted numerous American technology companies. The components that Parsa attempted to procure included cryogenic accelerometers, which are sensitive components that measure acceleration at very low temperatures. Cryogenic accelerators have both commercial and military uses, including in applications related to ballistic missile propellants and in aerospace components such as liquid-fuel rocket engines. In addition, following his arrest and while incarcerated, Parsa continued to violate the IEEPA and the ITSR by conducting business for Metal PM and Tavan Payesh Mad, including by ordering parts from German and Brazilian companies for Iranian customers. Parsa subsequently directed a relative to delete email evidence of his ongoing business transactions while in jail and emphasized the need for secrecy in their dealings. Neither Parsa nor any other individual or entity involved in transactions that gave rise to his conviction applied for or obtained a license from the U.S. Department of the Treasury’s Office of Foreign Assets Control for the transactions. This case was investigated by the FBI and Department of Commerce BIS.

***Production and Development of Nuclear Material for China*** – On April 14, 2016, in the Eastern District of Tennessee, a two-count indictment was unsealed charging Szuhsiung Ho, aka Allen Ho, a citizen of the United States; China General Nuclear Power Company (CGNPC), formerly known as the China Guangdong Nuclear Power Company and Energy Technology International (ETI), for conspiracy to unlawfully engage and participate in the production and development of special nuclear material outside the United States, without the required authorization from the U.S. Department of Energy. This authorization is required by U.S. law and is robustly observed through frequent legal U.S.-China civil nuclear cooperation. Ho was also charged with conspiracy to act in the United States as an agent of a foreign government. According to the indictment, Ho is a nuclear engineer employed by CGNPC as a senior advisor and is also the owner and president of ETI. Born in China, he is a naturalized U.S. citizen with dual residency in Delaware and China. CGNPC, which is owned by China’s State-Owned Assets Supervision and Administration Commission of the State Council, is the largest nuclear power company in China and specializes in the development and manufacture of nuclear reactors. ETI is a Delaware corporation headquartered in Ho’s home in Wilmington, Delaware. According to allegations in the indictment, which was returned on April 5, 2016, beginning in 1997 and continuing through April 2016, Ho, CGNPC and ETI allegedly conspired with others to engage and participate in the development and production of special nuclear material in China, with the intent to secure an advantage to China and without specific authorization to do so from the U.S. Secretary of Energy, as required by law. In particular, the defendants allegedly sought technical assistance related to, among other things, CGNPC’s Small Modular Reactor Program; CGNPC’s Advanced Fuel Assembly Program; CGNPC’s Fixed In-Core Detector System; and verification and validation of nuclear reactor-related computer codes. The indictment further alleges that Ho, under the

direction of CGNPC, identified, recruited and executed contracts with U.S.-based experts from the civil nuclear industry who provided technical assistance related to the development and production of special nuclear material for CGNPC in China. Ho and CGNPC also allegedly facilitated the travel to China and payments to the U.S.-based experts in exchange for their services. The indictment further alleges that during this same period of time, Ho conspired with others to knowingly act as an agent of China without prior notification to the Attorney General, as required by law. On or about Oct. 4, 2009, Ho allegedly told experts who he was attempting to recruit that, "China has the budget to spend," and that he needed assistance so that, "China will be able to design their Nuclear Instrumentation System independently and manufactur[e] them independently after the project is complete." In further correspondence with nuclear experts in the United States, Ho made clear that he was charged with obtaining necessary expertise from the United States at the direction of the CGNPC and the China Nuclear Power Technology Research Institute, a subsidiary of CGNPC, and that he was to do so surreptitiously. If convicted, the charge of conspiracy to unlawfully engage and participate in the production and development of special nuclear material outside the United States carries a maximum sentence of life in prison and a \$250,000 fine. The charge of conspiring to act in the United States as an agent of a foreign government carries a maximum sentence of 10 years in prison along with fines and supervised release. The case was investigated by the FBI, the Tennessee Valley Authority-Office of the Inspector General, the Department of Energy-National Nuclear Security Administration and the U.S. Immigration and Customs Enforcement Homeland Security Investigations, with assistance from other agencies.

***Defense Materials to India*** – On Apr. 14, 2016 in the District of New Jersey, Hannah Robert, the owner of two New Jersey defense contracting businesses, was sentenced to 57 months in prison for conspiring to send sensitive military technical data to India. Previously, on Apr. 1, 2015, Robert pleaded guilty to one count of conspiracy to violate the Arms Export Control Act (22 U.S.C. § 2778). On Oct. 28, 2013, Robert was arraigned for allegedly transmitting military technical drawings to India without first obtaining a license from the U.S. Department of State, in violation of U.S. export laws. She was indicted by a federal grand jury on Oct. 10, 2013, on one count of violating the Arms Export Control Act and one count of conspiracy to violate the act. According to the documents filed in this case and statements made in court, Robert was the founder, owner, and President of One Source USA LLC, a company located at her then-residence in Mount Laurel, N.J., and contracted with the U.S. Department of Defense (DoD) to supply defense hardware items and spare parts pursuant to government contracts. In Sep. 2012, Robert opened a second defense-contracting company, Caldwell Components Inc., based at the same address in Mount Laurel. Along with "R.P.," a resident of India, Robert owned and operated a company in India, One Source (One Source India), that manufactured defense hardware items and spare parts in India. From Jun. 2010 to Dec. 2012, Robert and R.P. conspired to export to India defense technical drawings without obtaining the necessary licenses from the U.S. Department of State. The exported technical drawings include parts used in the torpedo systems for nuclear submarines, in military attack helicopters, and in F-15 fighter aircraft. Robert allegedly lied on her bids for DoD contracts, stating that she would be supplying American-made products and that her N.J.-based company was a manufacturer, rather than a dealer, of defense spare parts. One Source USA also subcontracted to other American defense contractors, including those in Sussex County, N.J., and Boca Raton, Fla. Robert provided export-controlled items made in India to these defense contractors in the United States in such a way as to appear to the DoD that the items were manufactured in this country. In addition to United States' sales, Robert and R.P. sold defense hardware items to foreign customers. Robert transmitted export-controlled technical data to R.P. in India so that Robert and R.P. could submit bids to foreign actors, including those in the United Arab Emirates (UAE), to supply them or their foreign customers with defense hardware items and spare parts. Neither Robert nor R.P. obtained approval from the U.S. Department of

State for this conduct. On Aug. 23, 2012, R.P. e-mailed Robert from India requesting the technical drawing for a particular military item. R.P.'s e-mail forwarded Robert an e-mail from an individual purporting to be "an official contractor of the UAE Ministry of Defence," and who listed a business address in Abu Dhabi, UAE. The UAE e-mail requested quotations for a bid for the "blanket assembly" for the CH-47F Chinook military helicopter and listed the "End User" for the hardware item as the UAE Armed Forces. Later that same day, Robert replied to R.P.'s e-mail, attaching, among other things, the electronic file for an export-controlled technical drawing titled "Installation and Assy Acoustic Blankets, STA 120 CH-47F," to be used in the Chinook attack helicopter. Starting in Oct. 2010, Robert transmitted the military drawings for these parts to India by posting the technical data to the password-protected website of a Camden County, N.J., church where she was a volunteer web administrator. This was done without the knowledge of the church staff. Robert e-mailed R.P. the username and password to the church website so that R.P. could download the files from India. Through the course of the scheme, Robert uploaded thousands of technical drawings to the church website for R.P. to download in India. On Jun. 25, 2012, R.P. e-mailed Robert from India, stating in part: "Please send me the church web site username and password." The e-mail was in reference to both an invoice to, and a quote for, an individual known to Robert as a broker of defense hardware items for an end-user in Pakistan. This individual (the "Pakistan trans-shipper") employed a UAE address for shipping purposes. This case was investigated by DoD, DCIS, DHS HSI, Counter Proliferation Investigations.

***High-Grade Carbon Fiber to China*** – On Apr. 13, 2016, Fuyi Sun, a/k/a "Frank," a citizen of the People's Republic of China, was arrested in the Southern District of New York in connection with a scheme to illegally export to China, without a license, high-grade carbon fiber that is used primarily in aerospace and military applications. Sun was arrested after traveling to New York to meet with undercover agents (UCs) in an effort to obtain the specialized fiber, which – due to its military and aerospace applications – requires an export license for export to China. The three count Complaint that was filed on Apr. 13, 2016, charges Sun with: Count One – attempt to violate the International Emergency Economic Powers Act ("IEEPA"); Count Two – conspiracy to violate IEEPA; and Count Three – attempt to smuggle goods from the United States. According to the allegations in the Complaint, Sun attempted for years to acquire high-grade carbon fiber for illegal export to China. After traveling to New York from China to finalize the deal, Sun allegedly told the UCs that the carbon fiber he sought was headed to the Chinese military. He then paid tens of thousands of dollars in cash to purchase two cases of it. To avoid law enforcement detection, Sun allegedly directed the UCs to ship the carbon fiber in unmarked boxes and to falsify the shipping documents regarding the contents of the boxes. According to the Complaint, since approximately 2011, Sun has attempted to acquire extremely high-grade carbon fiber, including Toray type M60JB-3000-50B carbon fiber ("M60 Carbon Fiber"). M60 Carbon Fiber has applications in aerospace technologies, unmanned aerial vehicles (commonly known as "drones") and other government defense applications. Accordingly, M60 Carbon Fiber is strictly controlled – including that it requires a license for export to China – for nuclear non-proliferation and anti-terrorism reasons. In furtherance of his attempts to illegally export M60 Carbon Fiber from the United States to China without a license, Sun contacted what he believed was a distributor of carbon fiber – but which was, in fact, an undercover entity created by HSI and "staffed" by HSI UCs. Sun inquired about purchasing the M60 Carbon Fiber without the required license. In the course of his years-long communications with the UCs and the UC Company, Sun repeatedly suggested various security measures that he believed would protect them from "U.S. intelligence." Among other such measures, at one point, Sun instructed the UCs to use the term "banana" instead of "carbon fiber" in their communications. Consequently, soon thereafter he inquired about purchasing 450 kilograms of "banana" for more than \$62,000. In order to avoid detection, Sun also suggested removing the identifying barcodes for the M60 Carbon Fiber, prior to transshipment, and further suggested that they identify the M60 Carbon

Fiber as “acrylic fiber” in customs documents. On or about Apr. 11, 2016, Sun traveled from China to New York for the purpose of purchasing M60 Carbon Fiber from the UC Company. During meetings with the UCs, on or about Apr. 11 and 12, 2016, among other things, Sun repeatedly suggested that the Chinese military was the ultimate end-user for the M60 Carbon Fiber he sought to acquire from the UC Company. Sun claimed to have personally worked in the Chinese missile program. Sun also asserted that he maintained a close relationship with the Chinese military, had a sophisticated understanding of the Chinese military’s need for carbon fiber, and suggested that he would be supplying the M60 Carbon Fiber to the Chinese military or to institutions closely associated with it. On or about Apr. 12, 2016, Sun agreed to purchase two cases of M60 Carbon Fiber from the UC Company. Sun paid the UCs \$23,000 in cash for the carbon fiber. He also paid an additional \$2,000 to the UCs as compensation for the risk he believed they were taking to illegally export the carbon fiber to China without a license. This investigation was conducted by DOC, HSI, and DCIS.

***Components for IEDs to Iran and Iraq*** – On Apr. 4, 2016, Lim Yong Nam aka Steven Lim, a citizen of Singapore, made his initial court appearance in the District of Columbia after being extradited from Indonesia to stand trial on charges of taking part in a conspiracy that allegedly caused thousands of radio frequency modules to be illegally exported from the United States to Iran. Lim had been detained in Indonesia since Oct. 2014 in connection with a U.S. request for extradition. Prosecutors in the District of Columbia unsealed a Sep. 15, 2010 superseding indictment which charged four individuals in Singapore, another individual in Iran, and four companies with various violations, including conspiracy to defraud the United States, smuggling, illegal export of goods to Iran, illegal export of defense articles, false statements and obstruction of justice. Among other things, the indictment alleged that the defendants participated in conspiracies to defraud the United States, including a conspiracy that allegedly caused 6,000 radio frequency modules to be illegally exported from the United States to Iran via Singapore, at least 16 of which were later found in Improvised Explosive Devices (IEDs) in Iraq. The defendants were Iranian national Hossein Larijani, and his companies Paya Electronics Complex, based in Iran, and Opto Electronics Pte, Ltd., based in Singapore. Also charged was Wong Yuh Lan, an agent of Opto Electronics who was allegedly supervised by Larijani from Iran. The indictment also charges NEL Electronics Pte. Ltd., a company in Singapore, along with NEL's owner and director, Lim Yong Nam. Finally, the indictment charges Corezing International Pte. Ltd., a company in Singapore that maintained offices in China, as well as Seng, an agent of Corezing, and Benson, a manager, director and agent of Corezing. On Oct. 24, 2011, authorities in Singapore arrested Wong, Nam, Seng and Benson pursuant to a U.S. extradition request. Larijani remains a fugitive in Iran. The indictment alleges that, between Jun. 2007 and Feb. 2008, the defendants fraudulently purchased and caused 6,000 modules to be illegally exported from a Minnesota company through Singapore, and later to Iran, in five shipments, knowing that the export of U.S.-origin goods to Iran was a violation of U.S. law. The defendants allegedly told the Minnesota firm and the U.S. government that a telecommunications project in Singapore was the final destination of the goods. The alleged recipient of all 6,000 modules in Iran was Larijani. The indictment alleges that, in May 2008, Dec. 2008, Apr. 2009, and Jul. 2010, Coalition forces found no less than 16 of these 6,000 modules in Iraq where they were being used as part of the remote detonation devices of unexploded IEDs. The indictment further charges Seng, Benson, and Corezing with a separate fraud conspiracy involving the illegal export of two types of military antenna from the United States. The indictment alleges that these defendants conspired to defraud the United States by causing a total of 55 cavity-backed spiral antennas and biconical antennas to be illegally exported from a Massachusetts company to Singapore and Hong Kong without the required State Department license. Larijani was also charged with false statements in connection with his alleged business dealings with Majid Kakavand, an accused Iranian procurement agent who has been indicted in the United States for illegally exporting goods to

Iran, including to military entities in Iran involved in that nation's nuclear and ballistic missile programs. In coordination with the criminal actions by the Justice Department, the Commerce Department announced on Oct. 25, 2011 the addition of 15 persons located in China, Hong Kong, Iran and Singapore to the Commerce Department's Entity List in connection with this procurement network. Among others, Action Global, Amaze International and OEM Hub Co., Ltd., all Hong Kong entities, were added to the Commerce entity list based on information indicating that they served as front companies and were related to the other entities named in this procurement network, including Corezing International. Furthermore, Luo Jie, director of Corezing International, Action Global and Amaze International, was added to the entity list on the basis of information indicating that she was specifically involved in the procurement and attempted procurement of U.S. power amplifiers intended for end-users in China, as well as in the diversion of various U.S.-origin goods through Hong Kong to Iran. Similarly, Zhou Zhenyong, director of Corezing International, was added to the Commerce list based on information that he was involved in the procurement of U.S.-origin items, including U.S.-origin munitions items destined for end-users in China and/or Iran. On Feb. 10, 2012, a Singapore court ruled that the four individuals held in Singapore could be extradited to the United States to face prosecution for their alleged roles. In Aug. 2012, another court in Singapore found that only Seng and Benson could be extradited to the United States to stand trial on charges related to the illegal export of military antennas. On Dec. 21, 2012, Seng and Benson made their initial court appearances in the District of Columbia after being extradited from Singapore. On Jun. 26, 2013, Seng and Benson pleaded guilty for their roles in a conspiracy to defraud the United States and were sentenced on Sep. 20, 2013, to 37 months and 34 months imprisonment, respectively. This investigation was conducted by ICE, FBI and Department of Commerce's BIS.

***Sensitive Military and Export Controlled Data to China*** – On Mar. 23, 2016, in the Central District of California, a Chinese national and resident of the People's Republic of China, pleaded guilty to participating in a years-long conspiracy to hack into the computer networks of major U.S. defense contractors, steal sensitive military and export-controlled data and send the stolen data to China. A criminal complaint filed in 2014 and subsequent indictments filed in Los Angeles charged Su Bin, also known as Stephen Su and Stephen Subin, a China-based businessman in the aviation and aerospace fields, for his role in the criminal conspiracy to steal military technical data, including data relating to the C-17 strategic transport aircraft and certain fighter jets produced for the U.S. military. Su was initially arrested in Canada in Jul. 2014 on a warrant issued in relation to this case. Su ultimately waived extradition and consented to be conveyed to the United States in Feb. 2016. In the plea agreement, Su admitted to conspiring with two persons in China from Oct. 2008 to Mar. 2014 to gain unauthorized access to protected computer networks in the United States, including computers belonging to the Boeing Company in Orange County, California, to obtain sensitive military information and to export that information illegally from the United States to China. As part of the conspiracy, Su would e-mail the co-conspirators with guidance regarding what persons, companies and technologies to target during their computer intrusions. One of Su's co-conspirators would then gain access to information residing on computers of U.S. companies and email Su directory file listings and folders showing the data that the co-conspirator had been able to access. Su then directed his co-conspirator as to which files and folders his co-conspirator should steal. Once the co-conspirator stole the data, including by using techniques to avoid detection when hacking the victim computers, Su translated the contents of certain stolen data from English into Chinese. In addition, Su and his co-conspirators each wrote, revised and emailed reports about the information and technology they had acquired by their hacking activities, including its value, to the final beneficiaries of their hacking activities. Su's plea agreement makes clear that the information he and his co-conspirators intentionally stole included data listed on the U.S. Munitions List contained in the International Traffic in Arms Regulations. Su also admitted that

he engaged in the crime for the purpose of financial gain and specifically sought to profit from selling the data he and his co-conspirators illegally acquired. This case was investigated by the FBI, U.S. Air Force's Office of Special Investigations, OIA and NSD CES.

***Sanctions Violations to Aid the Government of Iran*** – On Mar. 21, 2016, an indictment was unsealed in the Southern District of New York against Reza Zarrab, aka Riza Sarraf, a resident of Turkey and dual citizen of Turkey and Iran; Camelia Jamshidy, aka Kamelia Jamshidy, a citizen of Iran; and Hossein Najafzadeh, a citizen of Iran, for engaging in hundreds of millions of dollars-worth of transactions on behalf of the government of Iran and other Iranian entities, which were barred by U.S. sanctions, laundering the proceeds of those illegal transactions and defrauding several financial institutions by concealing the true nature of these transactions. Zarrab was arrested on Mar. 19, 2016, and had his initial court appearance in Miami, Florida, on Mar. 21, 2016. Jamshidy and Najafzadeh remain at large. According to the allegations contained in the indictment, beginning in 1979, the U.S. President found that the situation in Iran constituted an unusual and extraordinary threat to the national security, foreign policy and economy of the United States and declared a national emergency to deal with the threat. Consistent with that designation, the United States has instituted a host of economic sanctions against Iran and Iranian entities pursuant to the International Emergency Economic Powers Act (IEEPA). This sanctions regime prohibits, among other things, financial transactions involving the United States or United States persons that are intended for the government or Iran, or specified Iranian-related entities. According to court documents, between 2010 and 2015, Zarrab, Jamshidy and Najafzadeh conspired to conduct international financial transactions on behalf of and for the benefit of, among others, Iranian businesses, the Iranian government and entities owned or controlled by the Iranian government. Among the beneficiaries of these schemes were: Bank Mellat, an Iranian government-owned bank designated, during the time of the charged offenses, by the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) as a Specially Designated National (SDN) under the Iranian Transactions and Sanctions Regulations, the Iranian Financial Sanctions Regulations and the Weapons of Mass Destruction Proliferators Sanctions Regulations; Mellat Exchange, an Iranian money services business owned and controlled by Bank Mellat; the National Iranian Oil Company (NIOC), identified during the time of the charged offenses by OFAC as an agent or affiliate of Iran's Islamic Revolutionary Guard Corp (IRGC); the Naftiran Intertrade Company Ltd. (NICO), Naftiran Intertrade Company Sarl (NICO Sarl) and Hong Kong Intertrade Company (KHICO), companies located in the United Kingdom, Switzerland and Hong Kong, respectively, that were acting on behalf of NIOC; and the MAPNA Group, an Iranian construction and power plant company. Bank Mellat, NIOC, NICO Sarl, NICO and KHICO are no longer designated as SDNs and NIOC is no longer identified as an agent or affiliate of the IRGC, though these entities remain "blocked parties," with whom U.S. persons continue to be prohibited generally from engaging in unlicensed transactions or dealings. The scheme was part of an intentional effort to assist the government of Iran in evading the effects of United States and international economic sanctions. For example, on or about Dec. 3, 2011, Zarrab and Najafzadeh received a draft letter in Farsi prepared for Zarrab's signature and addressed to the general manager of the Central Bank of Iran. The letter stated, in part, that "[t]he role of the Supreme Leader and the esteemed officials and employees of Markazi Bank [the Central Bank of Iran] play against the sanctions, wisely neutralizes the sanctions and even turns them into opportunities by using specialized methods." The letter goes on to state, in part, "[i]t is not secret that the trend is moving towards intensifying and increasing the sanctions, and since the wise leader of the Islamic Revolution of Iran has announced this to be the year of the Economic Jihad, the Zarrab family, which has had a half a century of experience in foreign exchange, . . . considers it to be our national and moral duty to declare our willingness to participate in any kind of cooperation in order to implement monetary and foreign exchange anti-sanction policies . . . ." Zarrab, Jamshidy, Najafzadeh and their co-conspirators used an international network of

companies located in Iran, Turkey and elsewhere to conceal from U.S. banks, OFAC and others that the transactions were on behalf of and for the benefit of Iranian entities. This network of companies includes Royal Holding A.S., a holding company in Turkey; Durak Doviz Exchange, a money services business in Turkey; Al Nafees Exchange, a money services business; Royal Emerald Investments; Asi Kiyemetli Madenler Turizm Otom, a company located in Turkey; ECB Kuyumculuk Ic Vedis Sanayi Ticaret Limited Sirketi, a company located in Turkey; and Gunes General Trading LLC; and others. As a result of this scheme, the co-conspirators induced U.S. banks to unknowingly process international financial transactions in violation of the IEEPA. The case was investigated by the FBI.

***Sanctions Violations to Aid Iran*** – On March 3, 2016, the Ahmad Sheikhzadeh, a naturalized U.S. citizen who was born in Iran, was arrested in New York, NY pursuant to an arrest warrant issued upon a superseding indictment charging him with (a) five counts of aiding and assisting in the preparation of false individual income tax returns, in violation of 26 U.S.C. § 7206(2); (b) one count of conspiracy to violate the International Emergency Economic Powers Act (IEEPA), in violation of 50, U.S.C. § 1705; and (c) one count of money laundering, in violation of 18 U.S.C. § 1957(a), et seq. Sheikhzadeh has worked as a long-term consultant to the Government of Iran’s Permanent Mission to the United Nations (IMUN) and has received a cash salary from the IMUN. The tax charges relate to under-reporting of the defendant’s IMUN income on his personal income tax returns. Distinct from his work at the IMUN, Sheikhzadeh was charged with conducting money remitting services for two co-conspirators to facilitate their desire to make investments in Iran, without obtaining any license from the Department of Treasury’s Office of Foreign Assets Control (OFAC) for such activity, in violation of the Iranian Transactions and Sanctions Regulations (ITSR), 31 C.F.R. Part 560 and IEEPA. Sheikhzadeh is also charged with laundering the proceeds of his IEEPA conspiracy. This case was investigated by the FBI.

***Technology Equipment to China*** – On Mar. 2, 2016, Louis Brothers was sentenced in the Eastern District of Kentucky to 93 months in prison for illegally exporting sophisticated technology equipment to the People’s Republic of China (PRC) and concealing the unlawful proceeds. The sentence also includes a monetary judgment of \$1.1 million. Brothers, a former president and CEO of Valley Forge Composite Technologies, pleaded guilty to the offenses in Jul. 2015. He admitted that from 2009 until 2013, he unlawfully exported microcircuits to the PRC. Under federal law, anyone exporting a defense article, including microcircuits, to the PRC must obtain the permission of the Department of State for the purposes of maintaining national security. According to his plea agreement, Brothers intentionally avoided notifying the Department of State about his activity and labeled his shipments as “computer parts” in order to conceal the true identity of the items. Brothers further admitted that he falsified paperwork to make it appear that the proceeds he received from his business with the PRC were actually profits from a business he owned in Kentucky. The investigation was conducted by the FBI and ICE HSI.

***Night Vision Devices to China*** – On Feb. 29, 2016, Song Il Kim, aka Kim Song Il was sentenced in the District of Utah to 40 months imprisonment, 36 months supervised release and \$100 special assessment after pleading guilty on Dec. 9, 2015 to violating the Arms Export Control Act. Kim attempted to export from the United States to China night vision devices without first obtaining a license from the State Department.

***U.S. Military Technology to China*** – On February 22, 2016, in the District of Connecticut, Jiang Yan, 33, of Shenzhen, China, pleaded guilty to charges stemming from his having attempted to

conduct a purchase and unlicensed export to China, of sophisticated, export-restricted integrated circuits used in military applications. According to court documents and statements made in court, Yan operated a business in China that had sold refurbished integrated circuits (“ICs”) to a U.S. source. In the summer of 2015, a customer in China asked Yan to locate and purchase several advanced ICs made by Xilinx Corp., which had military applications, including radiation tolerance for uses in space. Yan then asked the U.S. source to locate the Xilinx ICs. The U.S. source explained that the ICs cannot be shipped outside the U.S. without an export license, but Yan still wished to make the purchase. When the U.S. source expressed concern that the desired ICs would have to be stolen from military inventory, Yan proposed to supply the U.S. source with “fake” ICs that “look the same,” to replace the ones to be stolen from the military. In November 2015, a company affiliated with a second individual shipped from China to the U.S. source, two packages containing a total of eight counterfeit ICs, each bearing a counterfeit Xilinx brand label. After further discussions between Yan and the U.S. source, Yan, the second individual, and a third individual flew together from China to the U.S. in early December 2015 to complete the Xilinx ICs purchase. On December 10, 2015, Yan and the two individuals drove to a location near Route 95 in Milford, Connecticut, where they planned to meet the U.S. source, make payment, and take custody of the Xilinx ICs. Federal investigating agents arrested all three at the meeting location. Yan pled guilty both to conspiracy to traffic in counterfeit military equipment, and to attempted, unlicensed export of advanced, export-restricted electronic equipment. This investigation was conducted by Defense Criminal Investigative Service, the Department of Homeland Security, the Department of Commerce, the Federal Bureau of Investigation, and the Air Force Office of Special Investigations.

***Firearms and Ammunition to Ghana*** – On Feb. 16, 2016, in the Western District of North Carolina, a nine count indictment was returned against Richmond Akoto Attah charging him with one count of violating the Arms Export Control Act (AECA), one count of illegal firearms dealing, two counts of smuggling goods from the United States and four counts of making false statements to a firearms dealer. According to allegations contained in the indictment, beginning in at least 2013 and continuing to the present, Attah purchased numerous firearms and ammunition he intended to smuggle and illegally export to Ghana, West Africa. The indictment alleges that Attah obtained the firearms by misstating on the required federal forms that he was the actual buyer and transferee of the firearms. According to the indictment, Attah is not a federally licensed firearms dealer and does not possess a license to export firearms or ammunition to Ghana or any other country. According to allegations in the indictment, from on or about Sep. 2013 to Dec. 2015, Attah purchased approximately 63 firearms and 3,500 rounds of ammunition from various stores, Internet vendors and at gun shows. On or about Sep. 4, 2015, Attah travelled from Charlotte to Ghana, returning on Oct. 10, 2015. According to the charges, during his return trip Attah hid \$30,100 dollars in his luggage, falsely declaring on his customs paperwork that he was only bringing \$350 back into the United States. The indictment also alleges that from on or about Nov. 2015 to Dec. 13, 2015, Attah purchased approximately 22 firearms and ammunition from dealers in North Carolina and online. Attah then hid 27 firearms, including semi-automatic pistols and revolvers, inside a washing machine and a dryer, and 3,500 rounds of ammunition inside a barrel. The indictment alleges that Attah placed the washer, dryer, and barrel inside a shipping container and attempted to have it shipped from Charlotte to Ghana. The indictment alleges that U.S. Customs officers recovered the firearms and ammunition before it was shipped outside the United States. This case was investigated by ATF, FBI, ICE HSI and CBP.

***Theft of Trade Secrets of Inbred Corn Seeds to China*** – On Jan. 27, 2016, Mo Hailong, aka Robert Mo, 46, pleaded guilty in the Southern District of Iowa to conspiracy to steal trade secrets. According to the plea agreement, Hailong admitted to participating in a long-term conspiracy to steal trade secrets from DuPont Pioneer and Monsanto. Hailong further admitted to participating

in the theft of inbred – or parent – corn seeds from fields in the Southern District of Iowa for the purpose of transporting those seeds to China. The stolen inbred seeds constitute the valuable intellectual property of DuPont Pioneer and Monsanto. During the conspiracy, Hailong was employed as director of international business of the Beijing Dabeinong Technology Group Company, a Chinese conglomerate with a corn seed subsidiary company, Kings Nower Seed. Hailong is a Chinese national who became a lawful permanent resident of the United States pursuant to an H-1B visa. The remaining codefendants include Li Shaoming, Wang Lei, Wang Hong Wei, Ye Jian, Lin Yong, and Mo Yun. The investigation was initiated when DuPont Pioneer security staff detected suspicious activity and alerted the FBI. DuPont Pioneer and Monsanto have fully cooperated throughout the investigation. The case is being investigated by the FBI.

***Pressure Transducers to Iran*** – On Jan. 27, 2016, Sihai Cheng, a citizen of the People’s Republic of China (PRC), was sentenced in the District of Massachusetts to nine years imprisonment and \$600 special assessment after pleading guilty on Dec. 18, 2015, to two counts of conspiring to commit export violations and smuggle goods from the U.S. to Iran and four counts of illegally exporting U.S. manufactured pressure transducers to Iran. Previously, on Dec. 5, 2014, Cheng arrived in Boston from the United Kingdom. In Feb. 2014, he was arrested by the British authorities on U.S. charges during a trip to the United Kingdom. He was detained in the United Kingdom pending extradition to the United States. On Apr. 4, 2014, Cheng and a co-defendant were indicted along with two Iranian companies, Nicaro Eng. Co. and Eyvaz Technic Manufacturing Co., for conspiring to export American-made pressure transducers to Iran. Pressure transducers can be used in gas centrifuges to enrich uranium and produce weapons-grade uranium. Cheng and Seyed Abolfazl Shahab Jamili, an Iranian national, were indicted by a federal grand jury in the District of Massachusetts following an international investigation. The indictment alleges that between Nov. 2005 and 2012, Cheng supplied thousands of parts that have nuclear applications, including U.S.-origin goods, to Eyvaz, an Iranian company involved in the development and procurement of parts for Iran's nuclear weapons program. In 2011, the Council of the European Union designated Eyvaz as an entity "involved in [Iran's] nuclear or ballistic missile activities" and imposed restrictive measures against it. In so doing, it found that Eyvaz had produced vacuum equipment, which it supplied to two of Iran's uranium nuclear enrichment facilities, Natanz and Fordow, and that it also had supplied pressure transducers to Kalaye Electric Company, an Iranian company which has been designated by the United States and United Nations as a proliferator of Weapons of Mass Destruction. Specifically, the indictment alleges that in 2005, Cheng began doing business with Seyed Jamili, an Iranian national who worked for Eyvaz and ran his own importing business in Iran. Since 2005, Cheng sold Jamili thousands of Chinese manufactured parts with nuclear applications knowing that these parts were destined for Iran. Beginning in Feb. 2009, Cheng and Jamili conspired with others in the PRC to illegally obtain hundreds of U.S. manufactured pressure transducers manufactured by MKS Instruments, Inc., headquartered in Massachusetts, on behalf of Eyvaz. As a result of the illegal activities of Cheng and his co-conspirators, hundreds of MKS pressure transducers were illegally exported from the United States to China. Upon receipt of these parts in China, Cheng caused the MKS pressure transducers to be exported to Eyvaz or Jamili in Tehran, Iran, in violation of U.S. export laws. The indictment further alleges that by 2007, Iran was operating thousands of gas centrifuges at the Natanz uranium enrichment facility. Iran has sought and illicitly obtained MKS pressure transducers to use in its centrifuge plants. Publicly available photographs of Natanz (with then President Mahmoud Ahmadinejad) show numerous MKS pressure transducers attached to Iran's gas centrifuge cascades. Because pressure transducers can be used in gas centrifuges to convert natural uranium into a form that can be used in nuclear weapons, they are subject to export controls and cannot be shipped to China without an export license or to Iran at all. This case was investigated by the FBI, U.S. Immigration and Customs Enforcement's (ICE)

Homeland Security Investigations (HSI) and the Department of Commerce's Office of Export Enforcement.

***Military Aircraft Components to UAE, Thailand*** – On Jan. 15, 2016, John Nakkashian was sentenced in the Central District of California to 2 years' probation, \$100 special assessment, and a fine of \$1,000 after previously pleading guilty on Aug. 28, 2014 to a 1st Superseding Information. Nakkashian admitted that he knowingly made a false statement on a Shipper's Export Declaration Form that a military gyroscope being shipped to Thailand did not require an export license, when in fact it did. Nakkashian was a Vice President for International Sales at Air Shunt Instruments, Inc. Air Shunt, a Chatsworth, California company that buys and sells aircraft and aerospace components, was charged via criminal information and pleaded guilty in the Central District of California on Jul. 15, 2008. The company was sentenced on Jul. 17, 2008 and ordered to pay a criminal fine of \$250,000 and a special assessment of \$400 for making false statements on a Shipper's Export Declaration in claiming that a military gyroscope being sent overseas in 2003 did not require an export license, when in fact the item required such a license. Nakkashian was responsible for obtaining the required licenses for such exports. On May 20, 2008, Nakkashian was indicted on four counts of violating the Arms Export Control Act. The indictment alleged that Nakkashian illegally exported components for the J85 engine used on the F-5 fighter jet, and other military items to Dubai, United Arab Emirates, without first obtaining the required export license from the State Department. The indictment also alleged that Nakkashian illegally exported a military gyroscope to Thailand. Nakkashian was arrested on Jun. 16, 2014 after fleeing the country during the investigation. The investigation was conducted by DCIS and ICE.

***Theft of Trade Secrets*** – On Dec. 9, 2015 in the Middle District of North Carolina, Dr. Lin Cheng, an American citizen, pled guilty to Count 7 of a Superseding Indictment charging Dr. Cheng with possession of a stolen trade secret. Dr. Cheng was employed by Cree, Inc. from Nov. 2008 to Oct. 2014 as a Scientist. Specifically, Dr. Cheng was the engineering manager for Cree's fourth generation of MOSFET technology. On Sep. 4, 2014, Cree informed the FBI that on Aug. 27, 2014, Dr. Cheng emailed a file containing Cree's proprietary information from her work email at Cree to a Gmail account. The file contained the step-by-step process Cree uses to manufacture MOSFET technology. Cree determined that the proprietary and confidential files which were removed by Dr. Cheng from the control of Cree would cause both financial damage and technological loss to Cree. Cree estimated that the development cost for information contained in the file would exceed approximately 61 million dollars. Dr. Cheng also signed a contract to provide consulting services to another company interested in developing silicon carbide MOSFETs without consulting with the Cree's legal department. The Gmail account that Dr. Cheng forwarded Cree files to was an email account used by Dr. Cheng as a repository for Cree proprietary information forwarded from Dr. Cheng's work email account and used to communicate with the company that she provided consulting services. This case was investigated by FBI and Department of Energy, Office of Inspector General.

***Military Technical Drawings Downloaded/Exported Outside of the U.S.*** – On Dec. 8, 2015, in the District of New Jersey, Alper Calik of Ankara, Turkey and the former owner of two New Jersey defense contracting businesses was sentenced to time served, Special Assessment of \$100, and Restitution in the amount of \$347,240, after pleading guilty on Aug. 27, 2015 to a one-count Information charging him with committing mail fraud. Previously, on Sep. 13, 2014, Calik was arrested upon his entry into the United States. Calik was charged by complaint with two counts of mail fraud in connection with allegedly fraudulent contracts entered into with the U.S. Department of Defense (DoD), and one count of violating the Arms Export Control Act, in connection with his download of thousands of military technical drawings while outside the

United States without prior approval from the U.S. Department of State. According to the complaint, starting in Nov. 2009, Calik was the co-owner of Clifmax LLC in Clifton, New Jersey. The company contracted with DoD to supply defense hardware items and spare parts. Starting in May 2011, Calik started a second defense-contracting company, Tunamann LLC, based at the same address in Clifton. Both Clifmax and Tunamann were allegedly “shell” companies for manufacturing facilities in Turkey, created to obtain DoD contracts that the manufacturers were not permitted to receive. Calik, on numerous occasions, falsely claimed to the DoD that Clifmax and Tunamann were U.S.-based manufacturers, when, in fact, neither company ever had any manufacturing capabilities in the United States. Calik is charged with violating the Arms Export Control Act. For both Clifmax and Tunamann, Calik submitted Military Critical Technical Data Agreements in which he claimed his companies were U.S.-based manufacturers. Calik also acknowledged that he understood export control laws and agreed not to disseminate export-controlled data and technical drawings in a manner that would violate export control laws. Based on his false representations, Calik was granted electronic access to drawings and technical data subject to U.S. export control regulations. Beginning in 2009, Calik downloaded approximately one hundred thousand drawings, some of which were subject to U.S. export control regulations. Calik was not in the United States when the majority of the drawings were downloaded and he did not obtain export licenses from the U.S. Department of State. On May 23, 2013, Calik, who at that time was operating Tunamann, downloaded from a DoD database the technical drawings for parts that go into the NSSN Class Submarine. Those drawings contained warnings stating that the export of the drawings to places outside the United States is restricted by the Arms Export Control Act. Calik was not in the United States when those drawings were downloaded and he did not obtain an export license from the U.S. Department of State for the export of those drawings. This case was investigated by the Department of Defense, Defense Criminal Investigative Service and HSI, Counter Proliferation Investigations.

***Sniper Rifles to Belarus*** – On Dec. 2, 2015, in the District of Utah, a federal grand jury returned an indictment charging Kolar Rahman Anees Ur Rahman, age 44, who was born in India and lives in the United Arab Emirates, with violations of federal law in connection with alleged efforts to purchase 89 Sako .308 caliber sniper rifles and have them exported from the United States to Belarus. The charges in the four-count indictment include conspiracy to commit an offense against the United States, a violation of the Arms Export Control Act, smuggling goods from the United States, and money laundering. Rahman was arrested in early Nov. in Chicago on a complaint filed in Utah. Following a removal proceeding in Chicago, he is being transferred to Salt Lake City by the U.S. Marshals Service. According to the indictment, the Arms Export Control Act authorizes the President of the United States to control the export of defense articles and defense services from the United States. Unless a specific exception applies, the Act provides that no defense articles or defense services may be exported without a license for such export. It is the policy of the United States to deny licenses and other approvals for the export of defense articles and defense services destined for Belarus, as well as other countries subject to an arms embargo. According to the indictment, in Nov. 2013, a firearms manufacturer in Salt Lake City was contacted through email by someone identified as Individual A in the indictment regarding the purchase of 50 sniper rifles to be shipped to Belarus. The firearms manufacturer notified Individual A that the purchase and delivery would be impossible due to current trade sanctions and embargoes against Belarus. The firearms manufacturer subsequently informed a special agent with U.S. Immigration and Customs Enforcement’s Homeland Security Investigations (HSI) about the suspicious inquiry. An HSI Salt Lake City undercover agent contacted Individual A by email. In those communications, Individual A reiterated his desire to procure sniper rifles in the United States for delivery to Belarus. From Nov. 2013 through May 2015, negotiations

between the undercover agent and Individual A did not result in a purchase. However, in May 2015, Individual A introduced the undercover agent to Rahman, designating Rahman as the principal broker for the procurement of the sniper rifles. The indictment alleges that from May 2015 until Nov. 2015, the defendant engaged in a conspiracy to purchase 89 sniper rifles in the United States and have them exported to Belarus without first obtaining licenses as required. In Aug. 2015, Rahman and an undercover agent agreed that Rahman would make a first purchase of 10 sniper rifles and ammunition for approximately \$66,285. No party to the transaction obtained export licenses for the rifles. In Sep. 2015, according to the indictment, Rahman informed the undercover agent that the final contract with Belarus had been completed and sent the undercover agent a down payment of approximately \$13,257 for 10 sniper rifles. Rahman agreed to pay the remaining balance once the rifles arrived in Belarus. He told the undercover agent not to include U.S. invoices with the shipment. Rahman requested that the sniper rifles be shipped by the most direct route possible to Belarus. According to the indictment, the undercover agent informed Rahman that the shipment route would be from the United States to South Africa, to Turkey and then to Belarus. On Nov. 4, 2015, two undercover HSI agents met with an individual who identified himself as Kolar Rahman Anees Ur Rahman at a hotel near Chicago, according to the indictment. Rahman confirmed he was the same individual the agents had been negotiating with since May. Rahman, the indictment alleges, informed the agents that he understood the risk of illegally obtaining and shipping the sniper rifles to Belarus and that he desired to complete their business transaction as planned. Rahman and the agents discussed future purchases and shipments of the .308 caliber rifles to Belarus. Rahman was arrested by the agents in Chicago later that day.

***Theft of Military Trade Secrets to Iran*** – On Oct. 27, 2015, Mozaffar Khazaei, also known as “Arash Khazaie”, was sentenced in the District of Connecticut to 97 months imprisonment, 3 years supervised release, \$100 special assessment and \$50,000 fine. Previously, on Feb. 25, 2015, Khazaei pled guilty to a one-count information charging him with unlawful export and attempted export of defense articles from the United States, in violation of the Arms Export Control Act. On Jan. 21, 2014, a federal grand jury returned an indictment charging Khazaei with two counts of interstate transportation of stolen property. The indictment stems from Khazaei’s alleged attempt to ship to Iran proprietary material relating to military jet engines and the U.S. Air Force’s F35 Joint Strike Fighter program that he had illegally retained from defense contractors where he had been employed. As alleged in court documents, federal law enforcement agents began investigating Khazaei in Nov. 2013 when officers with U.S. Customs and Border Protection Service (CBP), assisted by Homeland Security Investigations (HSI) special agents, inspected a shipment that Khazaei sent by truck from Connecticut to a freight forwarder located in Long Beach, California, which was intended for shipment from the U.S. to Iran. The documentation for Khazaei’s shipment indicated that it contained household goods. Upon inspecting the shipment, however, CBP officers and HSI agents discovered that the content of the shipment primarily contained numerous boxes of documents consisting of sensitive technical manuals, specification sheets, and other proprietary material relating to the U.S. Air Force’s F35 Joint Strike Fighter program and military jet engines. Upon further investigation, law enforcement learned that Khazaei holds Iranian and U.S. citizenship and, as recently as Aug. 2013, worked as an engineer for defense contractors, including firms that are the actual owners of the technical and proprietary documents and materials in Khazaei’s shipment. Khazaei, who became a naturalized U.S. citizen in 1991, and holds a valid U.S. passport. On Jan. 9, 2014, Khazaei was arrested by HSI and FBI agents at Newark Liberty International Airport in New Jersey after flying from Indianapolis to Newark, before he was able to board a connecting flight to Frankfurt, Germany. Khazaei’s ticketed destination was Tehran, Iran. This case was investigated by HSI, CBP, the U.S. Air Force’s Office of Special Investigations, DCIS, and the FBI.

***Controlled Microelectronics to Russian Military and Intelligence Agencies*** – On Oct. 26, 2015, in the Eastern District of New York, Alexander Posobilov, Shavkat Abdullaev and Anastasia Diatlova were convicted of all counts of an indictment which included charges for conspiring to export, and illegally exporting, controlled microelectronics to Russia. Posobilov was also convicted of money laundering conspiracy. On Sep. 9, 2015, Alexander Fishenko, a dual citizen of the United States and Russia, pleaded guilty to acting as an agent of the Russian government within the United States without prior notification to the Attorney General, conspiring to export and illegally exporting controlled microelectronics to Russia, conspiring to launder money and obstruction of justice. On Jan. 10, 2013, defendants Lyudmila Bagdikian and Viktoria Klebanova pleaded guilty for their roles in exporting goods from the United States to Russian end users. Previously, on Oct. 3, 2012, an indictment was unsealed in the Eastern District of New York charging 11 members of a Russian procurement network operating in the United States and Russia, as well as a Houston-based export company, Arc Electronics Inc., and a Moscow-based procurement firm, Apex System L.L.C., with illegally exporting high-tech microelectronics from the United States to Russian military and intelligence agencies. Fishenko, an owner and executive of both the American and Russian companies, was also charged with operating as an unregistered agent of the Russian government inside the U.S. by illegally procuring the microelectronics on behalf of the Russian government. The microelectronics allegedly exported to Russia are subject to U.S. controls due to their potential use in a wide range of military systems, including radar and surveillance systems, weapons guidance systems and detonation triggers. In conjunction with the unsealing of these charges, the Department of Commerce added 165 foreign persons and companies who received, transshipped, or otherwise facilitated the export of controlled commodities by the defendants to its "Entity List." As alleged in the indictment, between Oct. 2008 and the present, Fishenko and the other defendants engaged in a conspiracy to obtain advanced microelectronics from manufacturers and suppliers located in the United States and to export those high-tech goods to Russia, while evading the government export licensing system. The microelectronics shipped to Russia included analog-to-digital converters, static random access memory chips, microcontrollers and microprocessors. The defendants allegedly exported many of these goods, frequently through intermediary procurement firms, to Russian end users, including Russian military and intelligence agencies, and went to great lengths to conceal their procurement activities. The investigation uncovered a Russian Ministry of Defense document designating an Apex subsidiary as a company "certified" to procure and deliver military equipment and electronics. The FBI recovered a letter sent by a specialized electronics laboratory of Russia's Federal Security Service (FSB), Russia's primary domestic intelligence agency, to an Apex affiliate regarding certain microchips obtained for the FSB by Arc. The defendants' principal port of export for these goods was John F. Kennedy International Airport in New York. In addition to Fishenko, Arc, Apex, Posobilov, Abdullaev and Diatlova, the indictment also charges Sevinj Taghiyeva and Svetalina Zagon, who were arrested in Houston on Oct. 2 and Oct 3, 2012. Three others charged in the indictment, Sergey Klinov, Yuri Savin, and Dimitriy Shegurov, were based overseas and were not arrested. The investigation was conducted by the FBI, Department of Commerce (BIS), Naval Criminal Investigative Service (NCIS) and the IRS.

***Schematics of the Navy's Nuclear Aircraft Carrier to Egypt*** – On Oct. 15, 2015, Navy Engineer Mostafa Ahmed Awwad was sentenced in the Eastern District of Virginia to 11 years of incarceration after having earlier plead guilty to attempted espionage. Awwad was originally arrested on Dec. 5, 2014, on charges of attempting to steal schematics of the Navy's newest nuclear aircraft carrier, the USS Gerald R. Ford, and pass the schematics to whom he believed was an Egyptian government official. Awwad was indicted on Dec. 3, 2014 and charged with two counts of attempted exportation of defense articles and technical data. According to court

documents, Awwad began working for the Department of the Navy in Feb. 2014 as a civilian general engineer in the Nuclear Engineering and Planning Department at Norfolk Naval Shipyard. Based on a joint investigation, an FBI undercover agent speaking in Arabic contacted Awwad by telephone on Sep. 18, 2014, and asked to meet him the following day. Without seeking additional information from the caller, Awwad agreed. The next day Awwad met with the undercover FBI agent, who was posing as an Egyptian intelligence officer, in a park in Hampton, VA. During the meeting, Awwad claimed it was his intention to utilize his position of trust with the U.S. Navy to obtain military technology for use by the Egyptian government, including but not limited to, the designs of the USS Gerald R. Ford nuclear aircraft carrier. Awwad agreed to conduct clandestine communications with the undercover FBI agent by email and unattributable telephones and to conduct “dead drops” in a concealed location in the park. On Oct. 9, 2014, Awwad and the undercover FBI agent met at a hotel where Awwad described a detailed plan to circumvent U.S. Navy computer security by installing software on his restricted computer system that would enable him to copy documents without causing a security alert. At this time Awwad also provided the undercover FBI agent four Computer Aided Drawings of a U.S. nuclear aircraft carrier downloaded from the Navy Nuclear Propulsion Information system. These drawings were marked with warnings that foreign distribution could result in criminal prosecution. During the discussion, Awwad indicated his understanding that the drawings would be sent to and used in Egypt. Awwad also asked the undercover FBI agent for \$1,500 to purchase a pinhole camera he would wear around the shipyard to photograph restricted material. At the conclusion of the meeting, Awwad agreed to provide the undercover FBI agent with passport photos which would be used to produce a fraudulent Egyptian passport so Awwad could travel to Egypt without alerting U.S. government officials. On Oct. 23, 2014, Awwad traveled to the pre-arranged dead drop site situated on a secluded hiking trail, and utilized a concealed container disguised in a hole in the ground. He retrieved \$3,000 in cash before placing a one terabyte external hard drive and two passport photos inside. The FBI later collected the contents of the dead drop container. On Nov. 28, 2014, Awwad was observed entering his office at the Norfolk Naval Shipyard holding a cardboard tube about three feet long. Once in his office, Awwad opened the cardboard tube and took out several white sheets which appeared to be design schematics of an aircraft carrier. Awwad then placed the schematics on the floor of his office and photographed them. After approximately 45 minutes of viewing the schematics and taking photographs, Awwad placed all the schematics back in the cardboard tube and left his office. Awwad plead guilty to the espionage charge on Jun. 15, 2015. This case was investigated by the FBI’s Norfolk Field Office and the Naval Criminal Investigative Service, in cooperation with the Department of Navy.

***Firearm Parts to the Philippines*** – On Oct. 7, 2015, Kirby Santos, 38, of the Republic of the Philippines, pleaded guilty in the District of New Jersey to an information charging him with one count of conspiracy to violate the Arms Export Control Act and U.S. anti-smuggling laws. According to the documents filed in this case, other cases and statements made in court: Santos admitted that from 2008 through Oct. 2013, he and conspirators he met in the Philippines or through an online forum agreed to ship firearms parts from the United States to the Philippines. Santos and others used credit cards and other forms of payment to purchase firearms parts from suppliers in the United States. Knowing that they would not ship to the Philippines, Santos arranged for the suppliers to send the firearms parts to the addresses of conspirators in Toms River, New Jersey, and Lynwood, Washington, in order to make the purchases appear as domestic sales. At the direction of Santos, the conspirators, including Abelardo Delmundo, 53, of Toms River, New Jersey, would then repackage the firearms parts, falsely label the contents of the package and export the firearms parts to the Philippines for ultimate delivery to Santos. To disguise their role in the conspiracy, the conspirators used aliases when sending the packages containing prohibited items. Upon receiving the firearms parts, Santos paid Delmundo and other conspirators in the form of cash or wire transfers to others at their direction. During the course of

the nearly five-year long conspiracy, Santos and others purchased and directed the unlawful exportation of more than \$200,000 worth of defense articles from the United States to the Philippines without the required export license. Santos made his initial appearance in federal court on Apr. 22, 2015, after being charged by criminal complaint with one count of conspiracy to violate the Arms Export Control Act and U.S. anti-smuggling laws. The Arms Export Control Act prohibits the export of defense articles and defense services without first obtaining a license from the U.S. Department of State and is one of the principal export control laws in the United States. Santos was arrested in Guam on Mar. 31, 2015, by special agents of the U.S. Department of Homeland Security-Homeland Security Investigations (DHS-HSI) and the Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF). Delmundo, charged in the District of New Jersey under a separate information, pleaded guilty to his role in the conspiracy on Apr. 30, 2015. This investigation was conducted by DHS-HIS, ATF.

***Gyroscope to Iran*** – On Aug. 27, 2015, Ali Mohammadi, a United States citizen, was sentenced in the Northern District of Illinois to 5 years’ probation, a \$2,000 fine and \$100 special assessment. Previously, on Feb. 26, 2015, pled guilty to conspiracy to violate the International Emergency Economic Powers Act (IEEPA) and the U.S. sanctions against Iran. Mohammadi was the sole owner and operator of Modir Trading, an export business. According to court documents, Mohammadi, Modir Trading and Ebrahim Hallaji, an Iranian national, conspired to export one Series 446 Rate Integrating Gyroscope, a component of the TOW missile, from the United States to Iran. Hallaji contacted Mohammadi by email in Feb. 2010, requesting that Mohammadi obtain certain gyroscope models to sell and export to Iran for Hallaji, who claimed to conduct import and export business in the United Arab Emirates. Hallaji informed Mohammadi that the items were prohibited to be sold directly to Iran. Mohammadi contacted a salesperson for gyroscopes and was told that he would need an export license to export the gyroscope internationally. The salesperson was an undercover agent. Mohammadi falsely informed the agent that the gyroscopes would be used as models in California. Mohammadi, Modir Trading, and Hallaji were indicted on Jul. 31, 2012. Hallaji remains a fugitive.

***Sensitive U.S. Technology to Iran*** – On Aug. 27, 2015, Arash Ghahreman, a naturalized U.S. citizen and former Iranian national, was sentenced in the Southern District of California to 78 months imprisonment, 3 years supervised release, and \$100 special assessment. Previously, on Apr. 23, 2015, a federal jury convicted Ghahreman of violations of U.S. export and money laundering laws, arising from his involvement in a scheme to purchase marine navigation equipment and military electronic equipment for illegal export to, and end-use in, Iran. Ghahreman was convicted of attempted export to Iran, and conspiracy to do the same, in violation of the Iran Trade Embargo (formerly known as the Iranian Transactions and Sanctions Regulations); smuggling goods from the U.S., and conspiracy to do the same; and aiding and abetting the transfer of money from Dubai, United Arab Emirates (UAE), to the U.S., in support of an illegal export activity, and conspiracy to do the same. After a seven-day jury trial, the jury returned a guilty verdict on seven counts of a nine-count superseding indictment after only one day of deliberation. The jury was unable to reach a verdict on two of the counts involving the attempted exportation and smuggling of a fiber optic gyrocompass, used in both military and civilian marine navigation applications. The evidence presented at trial showed that Ghahreman acted as an agent of an Iranian procurement network which used a front company in Dubai to acquire U.S. goods and technologies for illegal transshipment to, and end-use in, Iran. Co-defendant Koorush Taherkhani, an Iranian national and resident, was the managing director and founder of that front company, co-defendant TIG Marine Engineering Services. Because of his German nationality, co-defendant Ergun Yildiz, 35, a resident of UAE, was hired by Taherkhani to be the “face” of the front company, as the president/CEO of TIG Marine. Before Ghahreman immigrated to the U.S. in 2007, Ghahreman and Taherkhani had been friends and dorm mates at

an Iranian university, where each received a degree in marine engineering. Upon graduation, both Ghahreman and Taherkhani worked as engineers for various Iranian shipping companies, including the Islamic Republic of Iran Shipping Lines and its subsidiaries. After immigrating to the U.S., Ghahreman was employed by various shipyards in the U.S., and became a naturalized U.S. citizen. Because of his employment and citizenship status, Ghahreman was well placed to act as an agent of the illegal procurement network. From Dec. 2012 through Jun. 17, 2013, Ghahreman and his co-defendants negotiated via email, text, telephone and meetings with U.S. Immigration Customs and Enforcement's Homeland Security Investigations (ICE-HSI) and the Defense Criminal Investigative Service (DCIS) undercover agents to purchase marine navigation components (fiber optic gyrocompasses), military electronic components (electron tubes) and other U.S. technology for illegal export to, and/or end-use in, Iran. The undercover agents were posing as brokers of U.S. goods and technology, willing to sell U.S. goods to the defendants for end-use in Iran. Ultimately, as a result of these negotiations, Ghahreman and his co-defendants agreed to purchase four Navigat-2100 fiber optic gyrocompasses and 50 Y-690 units (electron tubes). Pursuant to that agreement, Ghahreman and his co-defendants wired approximately \$60,000 in partial payment for the gyrocompasses and electron tubes from a bank in Dubai to the undercover agents' bank account. Ultimately, on Jun. 17, 2013, ICE-HSI agents arrested Ghahreman and Yildiz after they traveled to the U.S. and took partial delivery of one gyrocompass and two electron tubes and attempted to ship the items indirectly to Iran, via third countries. On Oct. 9, 2014, Yildiz pleaded guilty to conspiracy to export to Iran. He was sentenced on May 8, 2015 to time served, 2 years supervised release, and \$100 special assessment. On Jan. 21, 2016, the Court dismissed with prejudice the superseding indictment against Taherkhani and Tig Marine Engineering Services. This case was investigated by ICE-HSI and DCIS.

***Accelerometers to China*** – On Aug. 25, 2015, Yue Wu, a.k.a. David Wu, a Chinese national, was sentenced in the Western District of Washington to 18 months imprisonment, \$100 special assessment, and deportation after completion of his sentence following a plea of guilty on May 26, 2015 to conspiracy to violate the Arms Export Control Act. Previously, on Oct. 22, 2014, Wu was indicted for violating the Arms Export Control Act. According to court documents, between Dec. 2011 and Oct. 2014, Wu directed others to contact a United States manufacturer and request the purchase of QA3000 accelerometers for export to China without first obtaining a license from the United States Department of State. Wu and another person met with an undercover agent in San Francisco, CA, in an effort to order 30 accelerometers from the undercover agent. Wu explained that he was attempting to acquire the accelerometers on behalf of a customer in China. He requested that the accelerometers be concealed in housing to evade United States export restrictions, providing the agent with schematics for the construction of the housing. Court documents further show that Wu suggested that the agent ship the accelerometers to Wu's associate in Switzerland, who, in turn, would trans-ship the accelerometers into China.

**Firearms Parts and Accessories to Lebanon** – On Aug. 12, 2015 in the District of Maryland, Sam Rafic Ghanem was sentenced to 18 months in prison followed by three years of supervised release for attempting to illegally export firearms parts and accessories to Lebanon, and for smuggling goods from the United States. Ghanem was ordered by the Court to pay a fine of \$70,734.24. Ghanem, a naturalized U.S. citizen born in Lebanon, owned and operated Washington Movers International, also known as Washington Movers, Inc., a freight forwarding business located in District Heights, Maryland. According to evidence presented at his five day trial, beginning Oct. 3, 2013, Ghanem sought to export guns and accessories to Lebanon through his shipping company that were provided to him by an FBI source. Ghanem knew that the weapons and accessories were designated as defense articles and required an export license, which Ghanem never sought or obtained. In addition, those items were prohibited from export to

Lebanon. Specifically, Ghanem attempted to export seven 9mm semi-automatic pistols; three .40 caliber semi-automatic pistols; 10 AR-15 .223 caliber semi-automatic rifles; and 18 advanced combat optic gun sights. According to trial evidence, on Nov. 21, 2013, Ghanem told the source to pay him \$3,000 for the cost of purchasing salvaged vehicles which would be used to export the firearms and accessories. Ghanem texted the source his bank account number and at the direction of law enforcement, the source deposited \$3,000 into Ghanem's account. Ghanem purchased the salvaged vehicles and arranged for them to be cut up. Ghanem concealed the weapons and other items within the doors and cut-up parts of the salvaged vehicles, which were then loaded into a shipping container. Ghanem advised the source that the shipping container would be loaded with the remaining car parts and transported to the Port of Baltimore for shipment to Lebanon on Dec. 23, 2013. Ghanem was subsequently arrested. This investigation was conducted by the FBI and ICE HSI.

***Thermal Imaging Camera to Pakistan*** – On Jun. 30, 2015, in the Northern District of Illinois, Bilal Ahmed was sentenced to 24 months imprisonment, \$100 special assessment, \$1,000 fine, and 2 years supervised release after previously pleading guilty on Oct. 2, 2014 to count one of a superseding indictment charging him with violating export control regulations. Previously, on May 7, 2014, a federal indictment was returned charging Ahmed with one count of violating the International Emergency Economic Powers Act (IEEPA) and one count of attempted smuggling of goods, in violation of U.S. export regulations. The indictment alleges that Ahmed violated U.S. export laws by attempting to ship a FLIR HRC-U thermal imaging camera from his company in Schaumburg to a company in Pakistan without first obtaining a license from the U.S. Commerce Department. The FLIR HRC-U thermal imaging camera is on a Commerce Department list of controlled export goods for reasons of national security and regional stability. Ahmed was initially charged in a criminal complaint and arrested on Mar. 14, 2014. According to the complaint affidavit and the indictment, Ahmed was the owner, president, and registered agent of Trexim Corp., which used the address of a virtual office in Schaumburg. Between Nov. 2013 and Feb. 2014, Ahmed corresponded via email with a company in California and negotiated the purchase of a FLIR HRC-U thermal imaging camera for approximately \$102,000, which he paid with two checks in Feb. 2014. Ahmed took delivery of the camera on Feb. 27, 2014 at a commercial shipping store in Bolingbrook, IL. On Mar. 7, 2014, Ahmed allegedly took the camera, packaged in two boxes, to a different commercial shipper located in Elk Grove Village and left the packages to be shipped to a company in Pakistan. The waybill included a handwritten note containing the letters “NLR,” meaning “no license required.” A search of U.S. State and Commerce Department databases showed there were no licenses applied for or obtained by Ahmed, Trexim or any other related individual or company names for the export of a FLIR HRC-U thermal imaging camera from the U.S. to Pakistan. This case was investigated by the Federal Bureau of Investigation and the U.S. Department of Commerce, Bureau of Industry and Security, Office of Export Enforcement.

***Theft of Trade Secrets by Chinese Professors for Technology to China*** - On May 16, 2015, Tianjin University Professor Hao Zhang was arrested upon entry into the U.S. from the People's Republic of China (PRC) in connection with a recent superseding indictment in the Northern District of California. The 32-count indictment, which had previously been sealed, charges a total of six individuals with economic espionage and theft of trade secrets for their roles in a long-running effort to obtain U.S. trade secrets for the benefit of universities and companies controlled by the PRC government. According to the indictment, PRC nationals Wei Pang and Zhang met at a U.S. university in Southern California during their doctoral studies in electrical engineering. While there, Pang and Zhang conducted research and development on thin-film bulk acoustic resonator (FBAR) technology under funding from U.S. Defense Advanced Research Projects Agency (DARPA). After earning their doctorate in approximately 2005, Pang

accepted employment as an FBAR engineer with Avago Technologies (Avago) in Colorado and Zhang accepted employment as an FBAR engineer with Skyworks Solutions Inc. (Skyworks) in Massachusetts. The stolen trade secrets alleged in the indictment belong to Avago or Skyworks. Avago is a designer, developer and global supplier of FBAR technology, which is a specific type of radio frequency (RF) filter. Throughout Zhang's employment, Skyworks was also a designer and developer of FBAR technology. FBAR technology is primarily used in mobile devices like cellular telephones, tablets and GPS devices. FBAR technology filters incoming and outgoing wireless signals so that a user only receives and transmits the specific communications intended by the user. Apart from consumer applications, FBAR technology has numerous applications for a variety of military and defense communications technologies. According to the indictment, in 2006 and 2007, Pang, Zhang and other co-conspirators prepared a business plan and began soliciting PRC universities and others, seeking opportunities to start manufacturing FBAR technology in China. Through efforts outlined in the superseding indictment, Pang, Zhang and others established relationships with officials from Tianjin University. Tianjin University is a leading PRC Ministry of Education University located in the PRC and one of the oldest universities in China. As set forth in the indictment, in 2008, officials from Tianjin University flew to San Jose, CA, to meet with Pang, Zhang and other co-conspirators. Shortly thereafter, Tianjin University agreed to support Pang, Zhang and others in establishing an FBAR fabrication facility in the PRC. Pang and Zhang continued to work for Avago and Skyworks in close coordination with Tianjin University. In mid-2009, both Pang and Zhang simultaneously resigned from the U.S. companies and accepted positions as full professors at Tianjin University. Tianjin University later formed a joint venture with Pang, Zhang and others under the company name ROFS Microsystem intending to mass produce FBARs. The indictment alleges that Pang, Zhang and other co-conspirators stole recipes, source code, specifications, presentations, design layouts and other documents marked as confidential and proprietary from the victim companies and shared the information with one another and with individuals working for Tianjin University. According to the indictment, the stolen trade secrets enabled Tianjin University to construct and equip a state-of-the-art FBAR fabrication facility, to open ROFS Microsystems, a joint venture located in PRC state-sponsored Tianjin Economic Development Area (TEDA), and to obtain contracts for providing FBARs to commercial and military entities. The remaining indicted defendants are all citizens of the PRC and include: Jinping Chen, a professor at Tianjin University and a member of the board of directors for ROFS Microsystems; Huisui Zhang (Huisui) studied with Pang and Zhang at a U.S. university in Southern California and received a Master's Degree in Electrical Engineering in 2006; Chong Zhou, a Tianjin University graduate student and a design engineer at ROFS Microsystem. Zhou studied under Pang and Zhang; Zhao Gang, the General Manager of ROFS Microsystems. This investigation was conducted by the FBI.

***Illegal Trade with Iran and Sudan*** – On May 6, 2015, in the District of Columbia, Schlumberger Oilfield Holdings Ltd. (SOHL), a wholly-owned subsidiary of Schlumberger Ltd., entered into a formal judgment memorializing the sentence requiring SOHL to pay a \$232,708,356 penalty to the U.S. for conspiring to violate the International Emergency Economic Powers Act (IEEPA) by willfully facilitating illegal transactions and engaging in trade with Iran and Sudan. At a hearing on Apr. 30, 2015, the Court accepted the company's guilty plea and sentenced the company to the proposed sentence articulated in the plea agreement, which called for the fine and other terms of corporate probation. The court recognized the seriousness of SOHL's criminal conduct, which posed a threat to our national security. In addition, the court noted that the scope of criminal conduct justified the large monetary penalty imposed. Finally, the court concluded that the terms of probation provided adequate deterrence to SOHL as well as other companies. The Court entered the written judgment confirming the sentence imposed on Apr. 30, 2015. Previously, on Mar. 25, 2015, a criminal information was filed in the District of Columbia charging SOHL with

one count of knowingly and willfully conspiring to violate IEEPA. SOHL waived the requirement of being charged by way of federal Indictment, agreed to the filing of the information, and accepted responsibility for its criminal conduct and that of its employees by entering into a plea agreement with the government. The plea agreement requires that SOHL pay the U.S. government \$232,708,356 and enter into a three-year period of corporate probation. SOHL's monetary penalty includes a \$77,569,452 criminal forfeiture and an additional \$155,138,904 criminal fine. The criminal fine represents the largest criminal fine in connection with an IEEPA prosecution. In addition to SOHL's agreement to continue its cooperation with U.S. authorities throughout the three-year period of probation and not to engage in any felony violation of U.S. federal law, SOHL's parent company, Schlumberger Ltd., also has agreed to continue its cooperation with U.S. authorities during the three-year period of probation, and hire an independent consultant who will review the parent company's internal sanctions policies, procedures and company-generated sanctions audit reports. According to court documents, starting in or about early 2004 and continuing through Jun. 2010, Drilling & Measurements (D&M), a United States-based Schlumberger business segment, provided oilfield services to Schlumberger customers in Iran and Sudan through non-U.S. subsidiaries of SOHL. Although SOHL, as a subsidiary of Schlumberger Ltd., had policies and procedures designed to ensure that D&M did not violate U.S. sanctions, SOHL failed to train its employees adequately to ensure that all U.S. persons, including non-U.S. citizens who resided in the United States while employed at D&M, complied with Schlumberger Ltd.'s sanctions policies and compliance procedures. As a result of D&M's lack of adherence to U.S. sanctions combined with SOHL's failure to train properly U.S. persons and to enforce fully its policies and procedures, D&M, through the acts of employees residing in the United States, violated U.S. sanctions against Iran and Sudan by: (1) approving and disguising the company's capital expenditure requests from Iran and Sudan for the manufacture of new oilfield drilling tools and for the spending of money for certain company purchases; (2) making and implementing business decisions specifically concerning Iran and Sudan; and (3) providing certain technical services and expertise in order to troubleshoot mechanical failures and to sustain expensive drilling tools and related equipment in Iran and Sudan. In 2009, in consultation with the U.S. Department of State, Schlumberger agreed to no longer pursue new oilfield contracts in Iran. In 2011, Schlumberger voluntarily decided to cease providing oilfield services in Iran and the Republic of the Sudan (North Sudan). As of Jun. 30, 2013, Schlumberger ceased providing oilfield services in Iran. And presently, Schlumberger has ceased providing oilfield services in North Sudan as well. This case was investigated by the Department of Commerce – BIS.

***Trade Secrets to South Korea*** - On April 30, 2015, in the Eastern District of Virginia, Kolon Industries Inc., a South Korean industrial company, pleaded guilty to conspiracy to steal trade secrets involving E.I. DuPont de Nemours & Co.'s (DuPont) Kevlar technology. The company was sentenced on May 1, 2015 to pay \$85 million in criminal fines and \$275 million in restitution. Kolon Industries Inc., appearing through two successor entities—Kolon Industries Inc. and Kolon Corporation (collectively, Kolon)—pleaded guilty in federal court to one count of conspiracy to convert trade secrets. According to the statement of facts filed with the plea agreement, from June 2006 to February 2009, Kolon conspired with former DuPont employees and others to steal DuPont's trade secrets for making Kevlar, a high-strength, para-aramid synthetic fiber. Kevlar, a trademarked name, is one of DuPont's most well-known products and is used in a wide range of commercial applications such as body armor, fiber optic cables, and automotive and industrial products. Kolon admitted that it was attempting to improve the quality of its own para-aramid fiber known as Heracron. Kolon personnel met repeatedly with former DuPont employees, including Edward Schulz of Brownstown, PA, and Michael Mitchell, of Chesterfield, VA, to obtain confidential and proprietary DuPont information about Kevlar. Schulz pleaded guilty to conspiracy to steal trade secrets in September 2014 and was

sentenced in July 2015 to 2 years probation, 500 hours community service, \$100 special assessment and \$75,000 fine. Mitchell pleaded guilty to theft of trade secrets and obstruction of justice in December 2009 and was sentenced to 18 months in prison, 3 years supervised release, \$200 special assessment, and \$187,895.90 restitution. Kolon admitted that it obtained technical and business documents regarding Kevlar, including instructional materials that described DuPont's "New Fiber Technology," documents on polymerization, and a detailed breakdown of DuPont's capabilities and costs for the full line of its Kevlar products and DuPont's Kevlar customers. According to the statement of facts and Mitchell's admissions at his guilty plea, Mitchell exchanged numerous telephone calls and emails with Kolon personnel. On more than one occasion, Mitchell advised Kolon personnel that some of the information they sought was proprietary and that DuPont considered such information to be trade secrets. Mitchell also coordinated a meeting at a hotel in Richmond, at which Kolon personnel were introduced to a cooperating witness who pretended to be a disgruntled scientist from DuPont. During the Richmond meeting, Kolon personnel indicated that they would only be comfortable communicating with the cooperating witness in a manner that was confidential and that would not leave an evidentiary trail. In February 2009, DuPont filed a civil lawsuit against Kolon in the Eastern District of Virginia, alleging theft of trade secrets. Thereafter, certain Kolon personnel attempted to delete files and emails related to Mitchell, Schulz and outside consultants hired to improve Kolon's para-aramid fiber, and urged other Kolon personnel to search for such materials and mark them for deletion. Kolon also admitted that certain employees approached a former employee of an American subsidiary of Teijin Ltd. – a Japanese company that makes the para-aramid fiber called Twaron—in an unsuccessful effort to obtain information about Twaron. This case represents the first time that foreign corporations with no direct presence in the United States were found to be successfully served with U.S. criminal process, over their objections, based on service pursuant to an international treaty. In December 2014, the district court found that both of the successor companies were properly served, and ordered them to appear for arraignment. In February 2015, the Fourth Circuit Court of Appeals denied Kolon's petition for extraordinary relief seeking reversal of the district court's order. Five former Kolon executives and employees, all of South Korea, were charged in an August 2012 indictment filed in the Eastern District of Virginia: Jong-Hyun Choi, a senior executive who oversaw the Heracron Business Team; In-Sik Han, who managed Kolon's research and development related to Heracron; Kyeong-Hwan Rho, the head of the Heracron Technical Team; Young-Soo Seo, the general manager for the Heracron Business Team; and Ju-Wan Kim, a manager on the Heracron Business Team. The case was investigated by the FBI's Richmond Division.

***Fighter Jet Parts to Thailand and Pakistan*** - On Apr. 27, 2015, Russell Marshall and his company, Universal Industries Limited, Inc., were sentenced in the Southern District of Florida for violating the International Emergency Economic Powers Act. Marshall was sentenced to serve 41 months in prison and will be removed from the United States upon the completion of his sentence. In imposing the sentence, the Court found that the order denying export privileges issued by the Department of Commerce constituted a national security control, which subjected Marshall to an enhanced sentence. Universal Industries Limited Inc. was sentenced to a term of one year probation and a special assessment of \$400 upon a finding that the corporation is currently listed as inactive by the Florida Division of Corporations as a result of Marshall's arrest. Marshall and his company, Universal Industries Limited Inc., were previously convicted in a 2011 case in the Southern District of Florida for violating the Arms Export Control Act, after which the Department of Commerce issued a denial order prohibiting Universal Industries Limited Inc. and its owners, agents and employees from participating in any transaction involving the export of any item subject to the Department of Commerce's Export Administration Regulations (EAR). Marshall and Universal Industries Limited Inc. violated IEEPA and the U.S. Department of Commerce's denial order by attempting to send three temperature transmitters

used on F-16 fighter jets and a saddle part for the J-69 engine used on 737 military trainer aircraft to Thailand and Pakistan, respectively. According to court documents and information presented during the sentencing hearing, the DoD Inspector General received a hotline complaint concerning Marshall and Universal Industries Limited Inc. in Nov. 2012. The subsequent investigation revealed that the defendants brokered the sale of military aircraft parts which were subject to license controls by the Department of Commerce, and which the defendants knew were intended to be illegally exported to Thailand and Pakistan. On Feb. 6, 2015, Marshall and Universal Industries Limited Inc. entered guilty pleas to an information that charged them with knowingly and willfully engaging in negotiations concerning selling, delivering or otherwise servicing a transaction involving an item to be exported from the United States to Thailand and subject to the EAR. This case was investigated by DoD, DCIS, ICE-HSI and the U.S. Department of Commerce's Office of Export Enforcement.

***WMD Materials to North Korea*** –On Apr. 24, 2015, Yueh-Hsun Tsai, a.k.a. “Gary Tsai”, was sentenced in the Northern District of Illinois to 3 years of probation and a fine of \$250. On Mar. 16, 2015, Hsien Tai Tsai, a.k.a. “Alex Tsai”, was sentenced to 2 years imprisonment and \$100 special assessment. Previously, on Oct. 10, 2014, Alex Tsai pleaded guilty to conspiracy to defraud the United States in its enforcement of regulations targeting proliferators of weapons of mass destruction. In his plea agreement, Alex Tsai admitted that he engaged in illegal business transactions involving the export of U.S. origin goods and machinery. On Dec. 16, 2014, his son, Gary Tsai, pleaded guilty to a superseding information charging him with making a false bill of lading. In his plea agreement, Gary Tsai admitted to arranging the export of a grinder to Taiwan by falsely identifying the consignee of the shipment.

On Jun. 6, 2013, Alex Tsai, who the U.S. government has linked to the supply of weapons machinery to North Korea, and Gary Tsai, were indicted in the Northern District of Illinois for allegedly conspiring to violate U.S. laws designed to thwart the proliferation of weapons of mass destruction. On May 1, 2013, both Alex Tsai and Gary Tsai were arrested pursuant to criminal complaints filed on Apr. 19, 2013. Alex Tsai, who was believed to have resided in Taiwan, was arrested in Tallinn, Estonia, and later extradited to the United States. Gary Tsai, who is from Taiwan and is a U.S. legal permanent resident, was arrested at his home in Illinois. Each were charged with conspiring to defraud the United States in its enforcement of laws prohibiting the proliferation of weapons of mass destruction; conspiracy to violate the International Emergency Economic Powers Act (IEEPA) by conspiring to evade the restrictions imposed on Alex Tsai and two of his companies by the U.S. Treasury Department, and money laundering. Agents had been investigating the pair, as well as Individual A (a Taiwanese associate of Alex Tsai), and a network of companies engaged in the export of U.S. origin goods and machinery that could be used to produce weapons of mass destruction. The investigation revealed that Alex and Gary Tsai and Individual A were associated with at least three companies based in Taiwan - Global Interface Company, Inc., Trans Merits Co., Ltd., and Trans Multi Mechanics Co., Ltd. - that have purchased and then exported, and attempted to purchase and then export, from the United States machinery used to fabricate metals and other materials with a high degree of precision. On Jan. 16, 2009, the Treasury Department designated Alex Tsai, Global Interface, and Trans Merits as proliferators of weapons of mass destruction, isolating them from the U.S. financial system and prohibiting any U.S. person or company from doing business with them. In announcing the order, the Treasury Department said that Alex Tsai was designated for providing support for, or goods or services in support of the Korea Mining Development Trading Corporation (KOMID), which was designated as a proliferator by the U.S. in 2005. The Treasury Department asserted that Alex Tsai "has been supplying goods with weapons production capabilities to KOMID and its subordinates since the late 1990s, and he has been involved in shipping items to North Korea that could be used to support North Korea's advanced weapons program." After the OFAC designations, Alex and Gary Tsai and another individual allegedly continued to conduct business

together but attempted to hide Alex Tsai's and Trans Merit's involvement in those transactions by conducting business under different company names, including Trans Multi Mechanics. This investigation was conducted by the FBI, ICE-HSI and BIS.

***Military Sensors Manufactured for Department of Defense Exported to China*** – On Apr. 23, 2015, Bo Cai, a Chinese national, was sentenced in the District of New Mexico to 24 months imprisonment. On the same day, his cousin Wentong Cai, a Chinese national in the U.S. on a student Visa, was also sentenced to 18 months imprisonment. Both men are scheduled to be deported after completing their prison sentences. Bo Cai and Wentong Cai were charged in a three-count superseding indictment with a scheme to illegally export sensors primarily manufactured for sale to the U.S. Department of Defense for use in high-level applications such as line-of-sight stabilization and precision motion control systems, without first obtaining the required export license. Previously, on Dec. 16, 2014, Wentong Cai, pleaded guilty to conspiring with Bo Cai to violate the Arms Export Control Act and the International Traffic Arms Regulations (ITAR). Bo Cai pleaded guilty on Jul. 23, 2014. Cai and Wentong Cai participated in a scheme to illegally export defense articles with military applications to the People's Republic of China. According to court documents, in Mar. 2012, Bo Cai, was employed by a technology company in China. He embarked on an illegal scheme to smuggle sensors out of the U.S. to China for one of his customers despite knowledge that the sensors could not be exported without a license and that the U.S. did not issue licenses to export the sensors to China. Bo Cai enlisted his cousin Wentong Cai to acquire the sensors under the ruse that he planned to use the sensors at Iowa State University where he was a graduate microbiology student. The investigation of this case began in Oct. 2013 when an undercover HSI agent responded to Wentong Cai's overtures. After negotiations by telephone and email, Bo Cai and Wentong Cai traveled to New Mexico in Dec. 2013 where they obtained a sensor from undercover HSI agents and developed a plan for smuggling the sensor out of the U.S. to China. On Dec. 11, 2013, Bo Cai was arrested at an airport in Los Angeles, CA, after the sensor was discovered concealed in a computer speaker in his luggage. Bo Cai was preparing to board a flight to China. Wentong Cai was arrested in Iowa in Jan. 2014. This investigation was conducted by Homeland Security Investigations, USAF Office of Special Investigations, Defense Security Service, FBI.

***High-Tech Microelectronics and Uninterruptible Power Supplies to Iran*** – On Apr. 17, 2015, in the Southern District of Texas, a 24-count indictment was unsealed charging four corporations and five individuals with facilitating the illegal export of high-tech microelectronics, uninterruptible power supplies and other commodities to Iran, in violation of the International Emergency Economic Powers Act (IEEPA). The indictment alleges that Houston-based company Smart Power Systems Inc. (SPS), Bahram Mechanic and Tooraj Faridi – both of Houston, and Khosrow Afghahi of Los Angeles, were all members of an Iranian procurement network operating in the United States. Also charged as part of the scheme are Arthur Shyu and the Hosoda Taiwan Limited Corporation in Taiwan, Matin Sadeghi and Golsad Istanbul Trading Ltd. in Turkey, and the Faratel Corporation co-owned by Mechanic and Afghahi in Iran. The indictment was returned under seal on Apr. 16, 2015, and unsealed as Mechanic and Faridi made their initial appearances. Afghahi was taken into custody and will make an initial appearance in the Central District of California. Sadeghi and Shyu are believed to be out of the country. Warrants remain outstanding for their arrests. In conjunction with the unsealing of these charges, the Department of Commerce is designating seven foreign nationals and companies, adding them to its Bureau of Industry and Security Entity List. Designation on the Entity List imposes a license requirement before any commodities can be exported from the United States to these persons or companies and establishes a presumption that no such license will be granted. According to the indictment, Mechanic and Afghahi are the co-owners of Iran-based Faratel and its Houston-based sister company SPS. Faratel, currently the vice president of SPS, designs and

builds uninterruptible power supplies for various Iranian entities, including Iranian government agencies such as the Iranian Ministry of Defense, the Atomic Energy Organization of Iran, and the Iranian Centrifuge Technology Company. Shyu is a senior manager at the Hosoda Taiwan Limited Corporation, a trading company located in Taiwan, while Sadeghi is an employee of Golsad Istanbul Trading, a shipping company located in Turkey. The indictment alleges that between approximately Jul. 2010 and the present, Mechanic and the others engaged in a conspiracy to obtain various commodities, including controlled United States-origin microelectronics. They then allegedly exported these commodities to Iran, while carefully evading the government licensing system set up to control such exports. The microelectronics shipped to Iran allegedly included microcontrollers and digital signal processors. These commodities have various applications and are frequently used in a wide range of military systems, including surface-air and cruise missiles. Mechanic's network allegedly sent at least \$24 million worth of commodities to Iran. Mechanic, assisted by Afghahi and Faridi, regularly received lists of commodities, including United States-origin microelectronics sought by Faratel in Iran, and would approve these orders and then send the orders to Shyu in Taiwan. Shyu would allegedly purchase the commodities utilizing Hosoda Taiwan Limited and then ship the commodities to Turkey, where Sadeghi would act as a false buyer via his company, Golsad Istanbul Trading Ltd. The indictment further alleges that Sadeghi would receive the commodities from Shyu and then ship them to Faratel in Iran. Mechanic required his co-conspirators to notify him and obtain his approval for each of the transactions completed by the network. The individual defendants each face up to 20 years in federal prison, while the corporate defendants face fines of up to \$1 million for each of the IEEPA counts. Mechanic, Afghahi and Shyu are also charged with conspiring to commit money laundering and substantive money laundering violations, each charge carries a maximum federal prison term of 20 years. Mechanic further faces a charge of willful failure to file foreign bank and financial accounts for which he faces up to five years in federal prison. The charges also carry the possibility of substantial fines upon conviction. This case was investigated by the FBI, Department of Commerce, and the IRS.

***Computers to Iran*** – On Apr. 6, 2015, in the Northern District of Texas, Borna Faizy, of Frisco, Texas, and Touraj Ghavidel, of Plano, Texas -- the corporate owners/operators of Signal Microsystems in Addison, Texas, a company that sold computers domestically and internationally – were both sentenced to 2 years probation, \$100 special assessment and \$75,000 fine. Faizy and Ghavidel both pled guilty on Sept. 29, 2014 to making false statements to federal agents about the illegal export of computer equipment from the United States to Iran. Previously, on Mar. 7, 2013, Faizy and Ghavidel were arrested on an indictment alleging that they illegally shipped \$12 million worth of computer equipment to Iran through Dubai. The indictment, returned under seal in early Mar. 2013, charges each with one count of conspiracy to illegally export to Iran, nine substantive counts charging illegal export and attempted export of goods to Iran and one count of making false statements to a federal agency. Faizy and Ghavidel allegedly acquired computers from U.S. companies to supply to end-users in Iran and concealed from the U.S. that the computers were destined for Iran. Faizy and Ghavidel allegedly actively recruited Iranian customers by marketing their computer business to business owners and individuals in Iran, and, in 2008 or 2009, attended a computer trade show, known as "GITEX," in Dubai to recruit Iranian customers. The defendants allegedly used freight-forwarding companies in Dubai to ship the equipment to Iran and communicated with coconspirators using fictitious names and coded language to obscure the true identities and locations of the ultimate consignees and end-users. They also created invoices and export forms that falsely identified the ultimate consignees of the shipments as parties in Dubai. The investigation is being conducted by members of the North Texas Counter-proliferation Task Force, which includes the FBI, ICE, the Department of Commerce and DCIS.

***Munitions to Egypt*** – On Apr. 1, 2015, in the Eastern District of New York, AMA United Group, Malak Neseem Swares Boulos and Amged Kamel Yonan Tawdraus pleaded guilty to violating U.S. export regulations in connection with the attempted shipment of munitions samples from New York City to Egypt. AMA United Group, an Egyptian procurement agent, entered a guilty plea to violating the Arms Export Control Act. Boulos and Tawdraus, Egyptian citizens and partners in AMA United Group, pleaded guilty to failing to file required export information relating to the international shipment of a landmine and multiple bomblet bodies. According to court filings and facts presented during the plea proceeding, Boulos and Tawdraus were arrested after attempting to close a deal to acquire and export the items, which were included on the U.S. Munitions List and regulated by the U.S. Department of State. Beginning in Feb. 2011, the defendants began trying to obtain munitions items on behalf of AMA United Group’s client, a factory in Cairo. The items the defendants sought included a landmine as well as bomblet bodies and “trumpet liners,” two components that are integral to manufacturing the housings for explosives in an aerial warhead. In Jul. 2011, the defendants traveled from Cairo to New York City to inspect the items. On Jul. 1, 2011, the three principals of AMA United Group attempted to ship samples to its client in Egypt. Boulos and Tawdraus failed to file any export information in connection with the attempted shipment. The requirement to file accurate information regarding the contents of international shipments is one layer of regulatory oversight pertaining to protecting the U.S. national security and diplomatic interests. This case was investigated by the U.S. Immigration and Customs Enforcement’s Homeland Security Investigations (ICE-HSI) and the Defense Criminal Investigative Service (DCIS).

***High-Powered Military-Grade Weapons to the Philippines*** – On Mar. 27, 2015, in the Eastern District of New York, two law enforcement officers who used their positions to obtain high-powered military-grade weapons to smuggle to the Philippines, were sentenced to three years in prison, followed by three years of supervised release. According to court documents, former New York City Police Officer Rex Maralit and his brother Wilfredo Maralit, a U.S. Customs and Border Protection officer assigned to Los Angeles International Airport, pleaded guilty on Jun. 12, 2014, for their roles in an illegal scheme to smuggle high-powered assault rifles, sniper rifles, pistols, and firearms accessories from the United States to the Philippines, violating the Arms Export Control Act. A third brother, Ariel Maralit, resides in the Philippines and remains a fugitive. Court documents further alleges that between Jan. 2009 and Sep. 2013, the defendants exported a variety of military-style firearms, along with high-capacity magazines and accessories for those weapons, from the United States to the Philippines, where they were sold to overseas customers. Both Rex and Wilfredo Maralit used their official credentials and status to obtain and ship the weapons without first obtaining a license from the U.S. State Department. The firearms included the Barrett .50 caliber long-range semi-automatic rifle, the FN “SCAR” assault rifle, and high-capacity FN 5.7mm semi-automatic carbines and pistols which fire a cartridge that was specifically designed to penetrate body armor. The Arms Export Control Act requires exporters of firearms to first obtain the approval of the U.S. State Department before shipping weapons overseas. Similarly, dealing in firearms is regulated by the ATF, which requires gun dealers to first obtain a federal firearms license before engaging in such a business. This case was investigated by U.S. Immigration and Customs Enforcement’s (ICE) Homeland Security Investigations (HSI), Defense Criminal Investigative Service (DCIS), Bureau of Alcohol, Tobacco, Firearms, and Explosives (ATF), and New York City Police Department (NYPD).

***Aluminum Tubes to Iran*** – On Mar. 4, 2015, Nicholas Kaiga of Brussels and London, was sentenced in the Northern District of Illinois to 27 months imprisonment, two years supervised release, and \$100 special assessment after a plea of guilty on Dec. 4, 2014 to one count of attempting to violate the export control regulations. Previously, on Oct. 24, 2013, a federal grand jury returned a three -count indictment charging Kaiga with one count of violating the

International Emergency Economic Powers Act (IEEPA) and two counts of making false statements on U.S. export forms. The defendant allegedly attempted to export aluminum tubes that were controlled for nuclear nonproliferation purposes from a company in Schaumburg, through Belgium, to a company in Kuala Lumpur, Malaysia, without obtaining a license from the U.S. Commerce Department. According to the complaint affidavit and indictment, the Schaumburg company, identified as "Company A" in court documents, began cooperating with law enforcement in Dec. 2007. The cooperation began after a person identified as "Individual A," who was at times located in Iran, attempted to purchase 7075 aluminum from Company A, to be shipped to a company in the United Arab Emirates, but was denied an export license. In late 2009, an undercover agent began posing as an employee of Company A. Between Nov. 2009 and Feb. 2012, the indictment alleges that Kaiga, who was managing director of a Belgian company, Industrial Metals and Commodities, attempted to export 7075 aluminum from Company A to Company B in Malaysia without an export license. The complaint affidavit alleges that Company B was a front for Individual A in Iran. The false statements charges allege that Kaiga lied on Commerce Department export declaration forms, which stated that the ultimate destination and recipient of the 7075 aluminum were in Belgium. In Nov. 2011, material that was purported to be 7075 aluminum, but was actually substituted with a different aluminum by Company A in cooperation with law enforcement, was picked up from Company A by a freight forwarding company designated by Kaiga's Belgian company. The material arrived in the Belgian port of Antwerp on Dec. 1, 2011, and two months later it was shipped by a freight forwarding company to Individual A's front company in Malaysia. This investigation was conducted by HSI, FBI, BIS, and OEE.

***Oilfield Service Equipment to Iran*** – On Feb. 24, 2015, Patrick Jean Zuber, a lawful permanent resident of the U.S., was sentenced in the Southern District of Texas to one year of probation, \$100 special assessment and a \$15,000 fine. Previously, on Sep. 24, 2014, Zuber pled guilty to a Criminal Information charging him with conspiracy to smuggle oilfield service equipment from the United States to Iran. Zuber was the Vice President of Middle East and North Africa (MENA) East where he oversaw the operations in India, Saudi Arabia, Yemen, Oman, Qatar, Turkmenistan, and Pakistan for Weatherford Oil Tool Middle East Limited (WOTME), a wholly owned subsidiary of Weatherford International, Ltd. (Weatherford), one of the world's largest oilfield service companies. According to court documents, in Jan. 2007, Zuber received an email from a Weatherford manager operating in Thailand asking about services Weatherford could provide in Iran. Zuber forwarded the request to a Canadian citizen who was Vice President of MENA West and responsible for Weatherford's sales to Iran. Zuber did this while knowing that facilitating the sale of equipment through the United Arab Emirates and on to Iran was illegal under United States law.

***Military Articles to China*** – On Feb. 18, 2015, in the Northern District of Illinois, an indictment was made public charging an Arlington Heights company, its president, and a former employee with unlawfully exporting and importing military articles, including components used in night vision systems and on the M1A1 Abrams tank, which is the main battle tank used by the U.S. Armed Forces. The defendants were charged in an indictment returned by a federal grand jury on Jan. 14, 2015. Defendant Vibgyor Optical Systems, Inc. purported to manufacture optics and optical systems, including items that were to be supplied to the U.S. Department of Defense (DOD). Instead of manufacturing the items domestically, as it claimed, Vibgyor illegally sent the technical data for, and samples of, the military articles to manufacturers in China, then imported the items from China to sell to its customers – including DOD prime contractors. Vibgyor's president, Bharat "Victor" Verma, and Urvashi "Sonia" Verma, a former Vibgyor employee and owner of a now-defunct company that operated as a subcontractor for Vibgyor, were also charged in the indictment. According to the indictment, between Nov. 2006 and Mar. 2014, the

defendants conspired to defraud the United States and violate both the Arms Export Control Act (AECA) and International Traffic in Arms Regulations (ITAR). Vibgyor won subcontracts to supply optical components and systems to DOD prime contractors by misrepresenting the location of the manufacture of the items it supplied. Bharat Verma falsely claimed that the items Vibgyor supplied were manufactured domestically, when they actually had been manufactured in China, based on information illegally exported to Chinese manufacturers. In addition to illegally providing technical data for a military item to China, Urvashi Verma attempted to ship an example of one of the military items to the Chinese manufacturer. Vibgyor, Bharat Verma, and Urvashi Verma are charged with one count of conspiracy to violate both the AECA and the ITAR, one count of conspiracy to defraud the United States, and one count of violating the AECA. Vibgyor and Bharat Verma were also charged with international money laundering. This case was investigated by Homeland Security Investigations, Internal Revenue Service, Department of Defense Criminal Investigative Service.

***Military Night Vision Devices Overseas*** – On Feb. 9, 2015, in the District of Maryland, David Kelley was sentenced to 18 months in prison followed by three years of supervised release after a plea of guilty on May 9, 2014 for the unlawful export of arms and munitions, specifically, night vision devices, in violation of 22 U.S.C. § 2778. According to his plea agreement, Kelley ran a business named "Optical Solutions and More" that sold night vision and other military-style items, primarily over eBay. Kelley entered into distributor agreements with night vision manufacturers in which he acknowledged that he was aware of restrictions known as the International Traffic in Arms Regulations (ITAR), 22 U.S.C. §§ 120-130, which prohibited the unlicensed export of U.S. munitions list items, including the export of night vision devices using Generations 2 and newer technology. After entering into these agreements, Kelley discussed circumventing ITAR restrictions with foreign customers who responded to his internet listings. Between May 2011 and Feb. 2012, Kelley made approximately 60 shipments containing ITAR-restricted weapons parts and night vision devices destined for customers in 24 countries, including Argentina, Australia, Russia, the Philippines, United Kingdom and Japan. To disguise the ITAR violations, Kelley variously labeled these shipments as "toys," "toy blocks," "spotting scope," and "monocular parts." In exchange for these shipments, Kelley collected over \$140,000 in 150 separate PayPal transactions. In Sep. 2011, an undercover HSI agent located in Baltimore posed as a buyer from New Zealand and contacted Kelley to ask if Kelley would export an ATN Generation 4 Monocular Night Vision Device. Kelley acknowledged in an email that such an export violated ITAR and demanded additional payment for risking prosecution. On Oct. 24, 2011, Kelley exported the device, which is designated as a defense article on the U.S. munitions list, to New Zealand, without first obtaining a license from the State Department.

***Industrial Products to Iran*** – On Feb. 2, 2015, in the District of Maryland, Ali Saboonchi, a U.S. citizen, was sentenced to 2 years in prison, 1 year supervised release, and \$800 special assessment. Previously, on Aug. 11, 2014, a federal jury convicted Saboonchi of conspiracy and seven counts of exporting U.S. manufactured industrial products and services to Iran, in violation of the International Emergency Economic Powers Act. On Mar. 7, 2013, an indictment was unsealed charging Saboonchi and Arash Rashti Mohammad, a citizen and resident of Iran, with conspiracy to export and exporting U.S. manufactured industrial products and services to Iran. The indictment was returned on Mar. 4, 2013, and unsealed upon Saboonchi's arrest. From Nov. 2009 to the present, Saboonchi and Rashti conspired to evade the Iranian embargo by exporting U.S. manufactured industrial goods and services to Iranian businesses. Rashti, located in Iran, allegedly asked Saboonchi, located in Maryland, to create and operate Ace Electric Company for the purpose of obtaining goods to send to Iran. Rashti, who operated businesses in Iran and the United Arab Emirates (UAE), allegedly solicited business from customers in Iran for industrial parts and components manufactured in the United States. Saboonchi obtained price quotes, paid

for, and took delivery of most of the U.S. goods. He then caused the goods to be shipped to co-conspirators in UAE, and in at least one case, China. Rashti would repay Saboonchi and then arrange for the entities in the UAE and China to send the goods to him and his customers in Iran. Finally, the defendants did not obtain a license or authorization to export these goods to Iran. Rashti remains at large. The investigation was conducted by the FBI and ICE.

***Military-Grade Thermal and Night Vision Goggles to the United Kingdom*** – On Jan. 28, 2014, Martin Gula a.k.a. Mark Welder, was charged by indictment in the Central District of California and on Dec. 12, 2013 by complaint in the District of Connecticut for violations of U.S. export control laws. According to court documents, between 2006 and 2013, Gula, a former member of the Slovakian Military Special Forces, used numerous fictitious names and an international network of suppliers, freight forwarders, mail forwarding companies, and bank accounts, to illegally export United States defense articles, including but not limited to military-grade thermal and night-vision goggles and scopes from the United States to the United Kingdom and various other European countries. On Dec. 18, 2013, the London Metropolitan Police Service arrested Gula in London, England, based upon a provisional arrest warrant in connection with Gula's involvement in violating United States export control laws. After he was charged by indictment in the Central District of California, Gula fled from England prior to extradition to the United States. Gula is currently a fugitive. This investigation was conducted by ICE.

***Sanctions Violations to Aid Zimbabwean Government Officials*** – On Jan. 21, 2015, C. Gregory Turner, also known as Greg Turner, was sentenced in the Northern District of Illinois to 15 months in prison, one year supervised release, \$100 special assessment, and received an abstract of judgment in the amount of \$90,000. Previously, on Oct. 10, 2014, Turner was convicted by a federal jury of conspiracy to violate the International Emergency Economic Powers Act (IEEPA) from late 2008 through early 2010 by agreeing to assist Zimbabwe President Robert Mugabe and others in an effort to lift economic sanctions against Zimbabwe. Turner met multiple times in the United States and in Africa with Zimbabwean government officials, including President Mugabe and Gideon Gono, governor of the Reserve Bank of Zimbabwe, who were individually subject to U.S. sanctions. A Nov. 2008 consulting agreement provided for a total payment of \$3.4 million in fees for Turner and his co-defendant, Prince Asiel Ben Israel, to engage in public relations, political consulting, and lobbying efforts to have sanctions removed by meeting with and attempting to persuade federal and state government officials, including Illinois members of Congress and state legislators, to oppose the sanctions. President Mugabe and his ruling ZANU-PF party have governed Zimbabwe since its independence in 1980. The sanctions against President Mugabe and other specially designated individuals in Zimbabwe – for human rights abuses – neither bar travel to Zimbabwe nor prohibit public officials from meeting with specially designated nationals to discuss removing the sanctions. But, individuals may not provide services on behalf of or for the benefit of specially designated nationals. According to the evidence at trial, in early Nov. 2008, Turner and Ben Israel began having discussions with Mugabe, Gono, and other ZANU-PF leaders regarding the influence Turner and Ben Israel could wield to have the sanctions removed. The defendants discussed with President Mugabe, Gono, and others their association with many public officials who purportedly had close connections with then President-Elect Obama. Turner violated IEEPA by conspiring to engage in public relations, political consulting, and lobbying efforts on behalf of President Mugabe and other Zimbabwe officials. In early Dec. 2008, Ben Israel's U.S. bank blocked a wire transfer of \$89,970 into his account from a Zimbabwean official affiliated with ZANU-PF; and, Ben Israel later traveled to Africa and personally withdrew \$90,000 from the bank account of that same Zimbabwean official. Turner and Ben Israel arranged for trips by federal and state government officials to meet with President Mugabe and other Zimbabwean officials, including in Nov. and Dec. 2008, and Jan. and Dec. 2009; attempted to have Gono and other Zimbabwean officials speak at an

issues forum in Washington, D.C., sponsored by a then U.S. Representative from California, and to assist those officials in obtaining visas to travel to the U.S. to attend the event; arranged for President Mugabe to meet with federal and state government officials in New York; lobbied a caucus of state legislators on behalf of Zimbabwean officials; and failed to apply to the Treasury Department for a license to engage in transactions and services on behalf of specially designated nationals. In early Dec. 2008, Turner and Ben Israel arranged for a delegation to travel to Zimbabwe. After members of the delegation returned, President-Elect Obama's transition team forwarded information about contact from a member of the delegation to the FBI based on its concerns that sanctions may have been violated by traveling to Zimbabwe, which was not itself prohibited. Throughout 2009, Turner and Ben Israel continued to pass communications between Zimbabwean leaders and, purportedly, U.S. public officials while seeking payment for their services from Gono. Ben Israel was sentenced on Aug. 21, 2014 to seven months in prison, one year supervised release, \$100 special assessment and a \$500 fine after pleading guilty to violating the Foreign Agents Registration Act (FARA). This case was investigated by the Federal Bureau of Investigation and the Internal Revenue Service Criminal Investigation Division.

***Lockheed Martin Fuel Quantity Indicators to Malaysia*** – On Jan. 13, 2015, in the District of New Hampshire, Netria Corporation was sentenced to one year of probation and ordered to forfeit \$12,560. On Oct. 2, 2014, Netria pled guilty to a one-count Information charging it with exporting without a license two Lockheed Martin Fuel Quantity Indicators, which are defense articles on the Munitions List, in violation of the Arms Export Control Act (AECA). According to court documents, in Sep. 2008, a domestic undercover storefront received a request from a Netria employee for a quote for a Northrup Grumman F-14 Tomcat fighter aircraft part. Subsequent to the request, federal agents began an investigation into Netria's sales and export activities. During the course of the investigation, it was discovered that Netria had made sales and exports of numerous shipments of parts belonging to the Lockheed Martin C-130 Hercules military aircraft. A portion of those sales and exports consisted of parts and equipment which were classified as defense articles under the AECA and require a license from the Department of State prior to export out of the United States. In all, Netria exported nine shipments of C-130 parts from Sep. 2008 through Apr. 2009 without a license and brokered the sale and export of approximately \$2 million in such aerospace parts between Jul. 2007 and Oct. 2009. This case was investigated by ICE/HSI and DCIS.

***Drone, Missile and Stealth Technology to China*** – On Jan. 9, 2015, Hui Sheng Shen, a.k.a. "Charlie," was sentenced in the District of New Jersey to 49 months in prison and \$200 special assessment. On Jan. 6, 2015, Huan Ling Chang, a.k.a. "Alice" was sentenced to time served and \$200 special assessment. Previously, on Sep. 22, 2014, Shen and Chang, both Taiwanese nationals, each pleaded guilty to one count of conspiracy to violate the Arms Export Control Act and one count of conspiracy to import illegal drugs. On Apr. 25, 2012, Shen and Chang were charged separately by amended criminal complaints with conspiracy to violate the Arms Export Control Act. The defendants were arrested on Feb. 25, 2012 in New York in connection with a complaint in New Jersey charging them with conspiring to import and importing crystal methamphetamine from Taiwan to the United States. According to the amended complaint, during negotiations with undercover FBI agents over the meth deal, the defendants asked FBI undercover agents if they could obtain an E-2 Hawkeye reconnaissance aircraft for a customer in China. In subsequent conversations, Shen and Chang allegedly indicated they were also interested in stealth technology for the F-22 fighter jet, as well missile engine technology, and various Unmanned Aerial Vehicles (UAV), including the RQ-11b Raven, a small, hand-launched UAV used by the U.S. Armed Forces. Shen and Chang allegedly stated that their clients were connected to the Chinese government and its intelligence service. According to the complaint, they sent undercover agents a code book to facilitate communications relating to the proposed

arms exports and opened a bank account in Hong Kong to receive and disburse funds related to the transactions. On a visit to New York in Feb. 2012, the defendants allegedly examined a Raven RQ-11b UAV and manuals relating to the RQ-4 Global Hawk UAV (provided by undercover FBI agents) that they allegedly intended to export to China. Shen and Chang were arrested shortly thereafter. The export investigation was conducted by the FBI, while ICE was responsible for a parallel investigation into the import of counterfeit goods from China involving other defendants.

***Military-Grade Accelerometers to South Korea*** – On Dec. 19, 2014, Jae Shik Kim, a citizen of South Korea, had his initial court appearance in the Central District of California pursuant to an Indictment in the District of Columbia charging the defendant with violations of the Arms Export Control Act and the International Emergency Economic Powers Act. According to the indictment, Kim exported military-grade accelerometers from the U.S. to Iran without first obtaining a license from the Treasury Department. Kim was the president and CEO of Karham Eng., Corp., a company located in Seoul, South Korea. Beginning in Dec. 2007 to Mar. 2010, Kim and Karham conspired with individuals located in China and Iran to procure U.S.-origin aircraft parts that were used in the navigation systems of aircraft and missiles, and to export the parts from the U.S. to Iran. Kim was transferred to the District of Columbia in Jan. 2015.

***Trade Secrets to Competitors in China*** – On Dec. 10, 2014, Janice Kuang Capener, a citizen of China, was sentenced in the District of Utah to 90 days in prison, 24 months supervised release, \$100 special assessment, and a \$3,000 fine. Capener pleaded guilty on Sep. 11, 2014 to Count 3 of a second Superseding Indictment which charged the defendant with theft of trade secrets. Previously, on May 7, 2012, prosecutors unsealed an indictment charging Capener, Jun Luo and two companies, Sunhills International LLC, a California company established by Capener, and Zhejiang Hongchen Irrigation Equipment Co., LTD., with theft of trade secrets, wire fraud, and conspiracy to commit wire fraud in connection with the alleged theft of trade secrets from Orbit Irrigation Products, an irrigation company headquartered in Utah. According to court documents, Capener worked at Orbit from Jun. 2003 through Nov. 1, 2009, including serving as the chief of operations at Orbit's manufacturing plant in Ningbo, China. Capener allegedly stole Orbit's trade secrets relating to sales and pricing and used that information for herself and others to the detriment of Orbit. Capener also allegedly worked with Luo, Sunhills International and Zhejiang Hongchen Irrigation Equipment to devise a scheme to undermine Orbit's position in the marketplace using illegally obtained proprietary pricing information. Capener and Luo were arrested on May 4, 2012. On Aug. 29, 2012, all charges against Luo, also a citizen of China, were dismissed. Zhejiang Hongchen Irrigation Equipment Co., Ltd., a Chinese company under contract with Orbit, pleaded guilty to Counts 1-5 of the original indictment and was sentenced to 36 months of probation, and ordered to pay a fine of \$100,000 and restitution in the amount of \$300,000 for its role in a scheme to defraud and conspiracy to commit wire fraud. This case was investigated by the FBI.

***Firearms Parts to Russia*** – On Dec. 9, 2014, Viacheslav Zhukov was sentenced in the Southern District of Georgia to 51 months in prison, 3 years supervised release and \$100 special assessment following his plea of guilty on Dec. 5, 2014 for his role in illegally exporting firearm parts from the United States to Russia. An indictment was unsealed on Jun. 4, 2014, charging Zhukov with illegally exporting firearm parts from Savannah, Georgia to others in Russia. The indictment alleged that Zhukov, a Russian citizen and lawful permanent resident of the United States living in Savannah, GA, mailed multiple packages containing firearm magnifier scopes to Russia without first obtaining an export license from the United States Department of Commerce. Various firearm magnifier scopes are controlled under the Export Administration Regulations for crime control purposes and require a license from the United States Department of Commerce to

export to Russia. The indictment further alleges that Zhukov misrepresented the contents of packages he mailed to Russia on the customs declarations forms presented to the United States Postal Service. This case was investigated by HSI, CBP, USPS, and the Savannah-Chatham Metropolitan Police Department.

***Embargo Violations by Alleged Arms Dealer*** – On Dec. 4, 2014, Richard Ammar Chichakli, an associate of international arms dealer Viktor Bout, was sentenced in the Southern District of New York to 60 months in prison, 2 years supervised release, \$900 special assessment and \$70,000 restitution. He was also ordered to forfeit \$1,732,756. Chichakli was arrested in Australia in Jan. 2013, and then extradited to the U.S. in May 2013. On Dec. 13, 2013, he was convicted by a jury of conspiring with Bout and others to violate the International Emergency Economic Powers Act ("IEEPA") by attempting to purchase commercial airplanes from American companies, in violation of U.S. sanctions. Chichakli, a citizen of Syria and the U.S., was also found guilty of money laundering conspiracy, wire fraud conspiracy, and six counts of wire fraud, in connection with the attempted aircraft purchases. According to evidence at trial and documents previously filed in Manhattan federal court, Chichakli conspired with Bout and others to violate IEEPA by engaging in prohibited business transactions with companies based in the United States. The focus of these transactions was the purchase of commercial airplanes for a company that Bout and Chichakli controlled, and the ferrying of those aircraft to Tajikistan. At the time of these unlawful transactions, both Chichakli and Bout had been designated by the U.S. Treasury Department as Specially Designated Nationals ("SDNs"), which meant that individuals and businesses in the United States were prohibited from engaging in financial transactions with them. Chichakli sought to evade these SDN sanctions by, among other things, concealing his identity and his SDN listing, and by concealing Bout's involvement in the airplane transactions. In connection with this fraudulent scheme, Chichakli helped to make a series of wire transfer payments, totaling more than \$1.7 million. These payments were sent from overseas bank accounts into accounts in the United States. Chichakli's co-conspirator, Bout, is currently serving a 25-year prison term as a result of his Nov. 2011 conviction in the Southern District of New York in connection with his conspiring to sell millions of dollars of weapons to a designated foreign terrorist organization. This case was investigated by the DEA-Special Operations Division.

***Military-Grade Weapons Exported Outside of the U.S.*** – On Nov. 21, 2014, Justin Gage Jangraw, a former U.S. Army officer who was once deployed to Iraq, was sentenced in the District of Columbia to 8 months in prison, one year of supervised release and \$125 special assessment. Previously, on Aug. 29, 2014, Jangraw pled guilty to violating the Arms Export Control Act by selling restricted items without a license. He also pled guilty to a separate charge stemming from his unauthorized removal and retention of classified documents that he obtained while he was in the Army. According to court documents, Jangraw operated an online business in Portland using the names "Heapeach" and "Sexyweapon.com". The business sold strictly regulated military-grade weapons parts and accessories to customers located worldwide. From Nov. 2009 through Jan. 2011, Jangraw sold and exported from the United States a total of 287 Munitions List items – including riflescopes manufactured to military specifications - to international customers in 34 different foreign countries, generating more than \$12,000. Jangraw exported Munitions List parts and accessories even though he and his business never applied for or obtained a license to export defense articles from the United States. He did so with full knowledge of the licensing requirements. Following an undercover HSI investigation, HSI agents obtained a warrant to search Jangraw's residence, which was then in Portland. During the search, in Apr. 2011, agents seized four computers and electronic media, gun magazines, documents and products such as a weapon sight, gun rails, gun parts, and an AR-15 assault rifle. A subsequent review of images seized from Jangraw's laptop computer led to the discovery of classified

material that included e-mails from Jangraw's work with the Army. The FBI was alerted and performed a follow-up search in Jul. 2011 that led to the discovery of additional material that Jangraw had removed, without authorization, from Iraq. He took the laptop with him to numerous foreign countries and accessed unprotected Wi-Fi networks with the laptop while it contained the classified documents. The hundreds of classified documents contained information on military plans, weapons systems or operations, and other subjects pertaining to national security. This case was investigated by ICE-HSI, FBI, and assisted the U.S. Central Command.

***Theft of Trade Secrets for Technologically Advanced Titanium to China*** – On Nov. 7, 2014, in the District of Connecticut, Yu Long was arrested in Ithaca, NY, pursuant to a federal criminal complaint which charged Long with attempting to travel to China with sensitive proprietary documents that set forth detailed equations and test results used in the development of technologically advanced titanium for U.S. military aircraft. The documents were taken from a Connecticut defense contractor where Long had been employed. Long attempted, two days earlier, to fly to China from Newark Liberty International Airport in New Jersey. As alleged in the complaint affidavit and in statements made in court, Long holds Chinese citizenship and is a lawful permanent resident of the U.S. From approximately Aug. 2008 to May 2014, Long worked as a Senior Engineer/Scientist at a research and development center for a major defense contractor in Connecticut ("Company A"). Both during and after his employment there, Long traveled to the People's Republic of China. Most recently, on Aug. 19, 2014, Long returned to the U.S. from China through John F. Kennedy International Airport in New York. During a secondary inspection screening by U.S. Customs and Border Protection (CBP) officers, Long was found in the possession of \$10,000.00 in undeclared U.S. cash, registration documents for a new corporation being set up in China, and a largely completed application for work with a state-controlled aviation and aerospace research center in China. The application materials highlighted certain of Long's work history and experiences that he claimed to have obtained while employed at Company A, including work on F119 and F135 engines. The F119 engine is employed by the U.S. Air Force F-22 Raptor fighter aircraft. The F135 engine is employed by the U.S. Air Force F-35 Lightning II fighter aircraft. According to the criminal complaint and statements made in court, on Nov. 5, 2014, Long boarded a flight from Ithaca to Newark Liberty International Airport, with a final destination of China. During Long's layover in Newark, CBP officers inspected Long's checked baggage and discovered that it contained, among other things, sensitive, proprietary and export controlled documents from another major defense contractor located outside the state of Connecticut ("Company B"). Further investigation determined that the U.S. Air Force had convened a consortium of major defense contractors, including Company A and Company B, to work together to see whether they could collectively lower the costs of certain metals used. As part of those efforts, members of the consortium shared technical data, subject to stringent restrictions on further dissemination. Company B reviewed the Company B documents found in Long's possession at Newark Liberty Airport and confirmed that it provided the documents to Company A as part of the consortium. Company B further confirmed that Long was never an employee of Company B. A review of Company A's computer records indicated that Long had printed the documents while employed at Company A. The documents bore warnings that they contained sensitive, proprietary and export controlled material, which could not be copied or communicated to a third party. This investigation was conducted by the FBI, HSI, and CBP.

***Defense Articles Exported Outside of the U.S.*** – On Oct. 14, 2014 in the Middle District of Georgia, Robert J. Shubert, Sr., was sentenced to 78 months in prison following his earlier plea of guilty to one count each of conspiracy to violate and violation of the Arms Export Control Act as well as one count of possession of an unregistered firearm. The investigation in this case revealed that Mr. Shubert conspired with a foreign national between Jun. 2006 and Dec. 2011 to

export defense articles to a foreign nation without the proper authority or license. He purchased the defense articles from various legitimate distributors and shipped them to a foreign nation at a considerable profit to himself. To facilitate the scheme he also prepared false documents regarding the contents to be exported to his foreign co-conspirator. These acts formed the basis of the Arms Export Control Act violations. Additionally, search warrants executed on homes owned by Mr. Shubert in Warner Robins, Georgia, and in Wisconsin revealed more than 80 unregistered destructive devices, better known as pipe bombs. These resulted in the possession of an unregistered firearm count. The Court also imposed a fine of \$15,000.00 and ordered forfeiture of \$147,892.00. The Court prohibited Shubert from leaving the U.S. and ordered his passport be surrendered to the State Department, as well. The case was investigated by the Federal Bureau of Investigation and Homeland Security Investigations.

***High-Tech Night Vision Devices to Russia*** – On Oct. 9, 2014, Dmitry Ustinov, of Moscow, Russia, was sentenced in the District of New Jersey to 18 months in prison and 3 years supervised release after a plea of guilty on Jul. 10, 2013 to conspiracy to export high-tech military technology, in violation of the Arms Export Control Act (AECA) and the International Traffic in Arms Regulations (ITAR). He will be deported from the United States upon his release from federal prison. Previously, at the request of the U.S. government, Ustinov was arrested in Vilnius, Lithuania after entering that country from Russia. On Aug. 23, 2013, Lithuania extradited Ustinov to the United States. According to court documents, between Jul. 2010 and Apr. 2013, Ustinov, working with a supplier based in Virginia, caused or attempted to cause the export from the United States to Russia approximately seventeen different night vision devices and thermal imaging scopes, which are designated on the United States Munition List (USML) as defense articles, and are prohibited from export outside of the United States. The defense articles at issue include the Insight Mini Thermal Monoculars, D-740 night vision scopes, and Flir Tau 640 thermal imaging cameras, and are primarily used as weapons' mounted or helmet mounted night vision devices and in the case of the Flir Tau 640s, can even be mounted to fast moving vehicles or aircrafts, such as unmanned aerial vehicles. Given the sensitive nature of the defense articles at issue, Ustinov's scheme was designed to avoid detection by law enforcement at each step in the process. First, Ustinov worked closely with a United States-based straw purchaser to conceal his involvement at the point of sale. Second, once a specific defense article was identified for purchase, Ustinov wired money to the straw purchaser to buy the defense article from front companies located in off-shore accounts in Cyprus. Finally, Ustinov also caused the packages containing USML defense articles to be falsely labeled so that customs officials from the United States and other countries would be less likely to search the package. Moreover, Ustinov also discussed using less traditional methods to obtain and export these night vision devices outside the United States, such as establishing a phony front company in the United States, and placing these high-tech devices inside chopped up car parts to conceal them from customs officials. At no time, however, did Ustinov ever apply for or receive a license to export these devices from the U.S. Department of State. This case was investigated by ICE-HSI.

***Restricted Laboratory Equipment to Syria*** – On Sep. 16, 2014, in the Middle District of Pennsylvania, Harold Rinko, the owner-operator of Global Parts Supply, pleaded guilty to conspiracy to illegally smuggle laboratory equipment, including items used to detect chemical warfare agents, from the U.S. to Syria. During the guilty plea hearing, Rinko admitted that he conspired to export items from the U.S. through third party countries to customers in Syria, without the required U.S. Commerce Department licenses. According to a factual stipulation signed by Rinko and made part of the record, the conspirators prepared false invoices that undervalued and mislabeled the goods being purchased and also listed false information as to the identity and geographic location of the purchasers of the goods. The stipulation indicates that the items would be shipped from the U.S. to Jordan, the United Arab Emirates, and the United

Kingdom, and thereafter transshipped to Syria. Previously, on Apr. 23, 2014, an indictment was unsealed charging three individuals, including Rinko, Ahmad Feras Diri of London, United Kingdom, Moawea Deri, a Syrian citizen, and a firm with which Ahmad Feras Diri and Moawea Deri were associated, for their alleged involvement in a conspiracy to illegally export laboratory equipment, including items used to detect chemical warfare agents, from the U.S. to Syria. Ahmad Feras Diri and Moawea Deri are brothers in the business of purchasing and transferring goods from the U.S. to Syria through a firm known as d-Deri Contracting & Trading. The indictment, returned Nov. 20, 2012, charges the three individuals and the company with criminal conspiracy, wire fraud, illegal export of goods, money laundering and false statements. According to the indictment, the items allegedly included: a portable gas scanner used for detection of chemical warfare agents by civil defense, military, police and border control agencies; a handheld instrument for field detection and classification of chemical warfare agents and toxic industrial chemicals; a laboratory source for detection of chemical warfare agents and toxic industrial chemicals in research, public safety and industrial environments; a rubber mask for civil defense against chemicals and gases; a meter used to measure chemicals and their composition; flowmeters for measuring gas streams; a stirrer for mixing and testing liquid chemical compounds; industrial engines for use in oil and gas field operations and a device used to accurately locate buried pipelines. The indictment alleged that federal legislation and export controls seek to shut down the supply chain used by the Syrian state to support terrorism and to develop and proliferate weapons of mass destruction, including chemical weapons. Pursuant to regulations of the U.S. Department of Commerce's Export Administration, a license is required to export goods and services from the U.S. to Syria, other than limited categories of humanitarian food and medicine. Ahmad Feras Diri was arrested by the Metropolitan Police in London on Mar. 14, 2013 and extradited to the United States by the United Kingdom on Nov. 12, 2015. He was arraigned in the Middle District of Pennsylvania on Nov. 13, 2015. Moawea Deri, remains at large, and is considered a fugitive. The case was investigated by HSI in partnership with the Department of Commerce, Office of Export Enforcement.

***F-16 Military Parts to Venezuela*** – On Sep. 10, 2014, Ronald A. Dobek was sentenced in the Eastern District of Wisconsin to 84 months in prison, 3 years supervised release and \$100 special assessment. Previously, on Jun. 5, 2014, following a three-day jury trial, Ronald A. Dobek was convicted of conspiring to export and exporting F-16 military parts to the Venezuelan Air Force (“VAF”) without a license or authority from the U.S. Department of State. The jury returned guilty verdicts on all three counts of the indictment that charged Dobek with conspiring to violate U.S. export laws and unlawfully exporting F-16 parts to Venezuela on Dec. 29, 2007 and Dec. 6, 2008. The evidence presented at trial showed that despite knowing about the U.S. embargo of Venezuela, Dobek conspired with a member of the VAF to supply the VAF with F-16 canopy seals for Venezuelan's fleet of F-16 military jets. The evidence showed that Dobek exchanged numerous emails with a member of the VAF in which they discussed obtaining the F-16 canopy seals and the need to keep their operation secret. Dobek took other steps to conceal his illegal activity, including misidentifying the shipments as “t-molding” on shipping documents. As a result, Dobek sent shipments of F-16 canopy seals to a member of the VAF in Venezuela on or about Dec. 29, 2007, and Dec. 6, 2008. This case was investigated by the Federal Bureau of Investigation, Department of Homeland Security, Homeland Security Investigations, and the Department of Defense, Office of Inspector General.

***DuPont Trade Secrets to China*** – On Aug. 26, 2014, Robert J. Maegerle was sentenced in the Northern District of California to serve 30 months imprisonment, pay \$367,679 in restitution and a \$400 special assessment. On Jul. 10, 2014, Walter Lian-Heen Liew and his company, USA Performance Technology, Inc. (USAPTI), were both sentenced. Liew was sentenced to serve 15 years imprisonment, forfeit \$27.8 million in illegal profits, and pay \$511,487.82 in restitution and

a \$2,000 special assessment. USAPTI was sentenced to 5 years' probation and to pay a fine of \$18.9 million and a \$3,600 special assessment. Previously, on Mar. 5, 2014, Liew, his company, USAPTI, and Maegerle were found guilty of economic espionage, theft of trade secrets, bankruptcy fraud, tax evasion, and obstruction of justice for their roles in a long-running effort to obtain U.S. trade secrets for the benefit of companies controlled by the government of the People's Republic of China (PRC). The jury found that Liew, USAPTI, and Maegerle conspired to steal trade secrets from E.I. du Pont de Nemours & Company (DuPont) regarding their chloride-route titanium dioxide production technology and sold those secrets for large sums of money to state-owned companies of the PRC. The purpose of their conspiracy was to help those companies develop large-scale chloride-route titanium dioxide production capability in the PRC, including a planned 100,000-ton titanium dioxide factory in Chongqing. This case marks the first jury conviction for economic espionage (18 U.S.C. Section 1831). Liew was convicted of conspiracy to commit economic espionage, conspiracy to commit theft of trade secrets, attempted economic espionage, attempted theft of trade secrets, possession of trade secrets, conveying trade secrets, conspiracy to obstruct justice, witness tampering, conspiracy to tamper with evidence, false statements, filing false tax returns for USAPTI and Performance Group, a predecessor company to USAPTI, and false statements and oaths in bankruptcy proceedings. Liew was an owner and president of USAPTI, a company headquartered in Oakland, Calif., that offered consulting services. USAPTI was found guilty of conspiracy to commit economic espionage, conspiracy to commit theft of trade secrets, attempted economic espionage, attempted theft of trade secrets, possession of trade secrets, conveying trade secrets, and conspiracy to obstruct justice. Evidence at trial showed that in the 1990s, Liew met with the government of the PRC and was informed that the PRC had prioritized the development of chloride-route titanium dioxide (TiO<sub>2</sub>) technology. TiO<sub>2</sub> is a commercially valuable white pigment with numerous uses, including coloring paint, plastics, and paper. DuPont's TiO<sub>2</sub> chloride-route process also produces titanium tetrachloride, a material with military and aerospace uses. Liew was aware that DuPont had developed industry leading TiO<sub>2</sub> technology over many years of research and development and assembled a team of former DuPont employees, including Maegerle, to assist him in his efforts to convey DuPont's TiO<sub>2</sub> technology to entities in the PRC. Liew executed contracts with state-owned entities of the PRC for chloride-route TiO<sub>2</sub> projects that relied on the transfer of illegally obtained DuPont technology. Liew, Maegerle, and USAPTI obtained and sold DuPont's TiO<sub>2</sub> trade secret to the Pangang Group companies for more than \$20 million. Maegerle was convicted of conspiracy to commit theft of trade secrets, attempted theft of trade secrets, conveying trade secrets, and conspiracy to obstruct justice. Evidence at trial showed that Maegerle was employed by DuPont as an engineer from 1956 to 1991 where he had developed detailed knowledge of DuPont's TiO<sub>2</sub> technology and expertise in building TiO<sub>2</sub> production lines. He also had access to DuPont TiO<sub>2</sub> trade secrets, including specific information regarding DuPont's TiO<sub>2</sub> facility at Kuan Yin, Taiwan. He provided these trade secrets to Liew and USAPTI in furtherance of their contracts with state-owned companies of the PRC for chloride-route TiO<sub>2</sub> projects. Liew, Maegerle, and USAPTI's obstructing justice convictions stem from causing an answer to be filed in a federal civil lawsuit in which they falsely claimed that no information from DuPont's Kuan Yin plant was used in the USAPTI designs for the development of TiO<sub>2</sub> manufacturing facilities. Liew's witness tampering conviction stems from his efforts to influence a co-defendant's testimony in the civil lawsuit. The jury also convicted Liew of conspiring with his wife, Christina Hong Qiao Liew (aka Qiao Hong), who was charged in the second superseding indictment, to mislead the FBI by corruptly concealing records, documents, and other objects during the FBI's investigation into their criminal activity. Christina Liew, as co-owner of USAPTI, entered into contracts worth in excess of \$20 million to convey TiO<sub>2</sub> trade secret technology to Pangang Group companies. Liew and his wife received millions of dollars of proceeds from these contracts. The proceeds were wired through the United States, Singapore, and ultimately back into several bank accounts in the PRC in the names of relatives of Christina

Liew. DuPont is a company based in Wilmington, Del., that manufactures a wide variety of products, including TiO<sub>2</sub>. DuPont invented the chloride-route process for manufacturing TiO<sub>2</sub> in the late-1940s and since then has invested heavily in research and development to improve that production process. The global titanium dioxide market has been valued at roughly \$12 billion per year, and DuPont has the largest share of that market. The chloride-route process is cleaner, more efficient, and produces a higher-quality product than the sulfate-route process prevalent in the PRC. The object of the defendants' conspiracy was to convey DuPont's secret chloride-route technology to the PRC companies for the purpose of building modern TiO<sub>2</sub> production facilities in the PRC without investing in time-consuming, costly research and development. The second superseding indictment charged Christina Liew, Tze Chao (aka Zhao Zhi) and Hou Shengdong each with conspiracy to commit economic espionage. Christina Liew was also charged with conspiracy to commit theft of trade secrets, attempted theft of trade secrets, possession of trade secrets, witness tampering, conspiracy to tamper with evidence, and false statements. The charges against Christina Liew were severed from those against Walter Liew, Maegerle, and USAPTI. On May 6, 2015, Christina Liew pled guilty to conspiracy to tamper with evidence and was sentenced on Oct. 10, 2015 to 3 years' probation, \$100 special assessment, \$25,000 fine and \$6,029,391 restitution. Chao, a former DuPont employee, pleaded guilty to conspiracy to commit economic espionage on Mar. 1, 2012. Shengdong, the Vice Director of the Chloride Process TiO<sub>2</sub> Project Department for the Pangang Group, was also charged with conspiracy to commit theft of trade secrets and attempted economic espionage. He is currently a fugitive. Charges of conspiracy to commit economic espionage, conspiracy to commit theft of trade secrets, and attempted economic espionage are also pending against the four PRC state-owned companies charged in the second superseding indictment. This case was investigated by the FBI and the IRS Criminal Investigation.

***F-14 Fighter Jet Parts to Iran*** – On Aug. 26, 2014, Oguzhan Aydin was arrested pursuant to an arrest warrant in the Northern District of Georgia. Previously, a federal grand jury returned an indictment charging Aydin and his co-conspirators with violations of the Arms Export Control Act and the International Emergency Economic Powers Act (IEEPA). According to court documents, between Sep. 2009 and Aug. 2010, Saeid Kamyari, while in Iran, worked through AGM Ltd. Co., a company located in Tehran, Iran, to procure aircraft parts for the F-14 Fighter Jet and other aircraft parts for shipment from the U.S. to Iran. Aydin, while in the Republic of Turkey, assisted Kamyari through his association with Blue Sky Aviation a.k.a. BSA Hava Kargo Ltd. Sti. Using e-mails, Kamyari and Aydin coordinated and arranged through AGM LTD Co. and Blue Sky Aviation, the purchase and export of microcircuits designed for use on F-14 fighter jets and other aircraft parts for shipment from the U.S. through Turkey to Iran. At no time did the co-conspirators obtain a license to export aircraft parts from the U.S. to Iran. This investigation was conducted by DHS.

***Electronics to UAE and Africa*** – On Aug. 13, 2014, R&A International Logistics (R&A), a privately-owned freight-forwarding company, was sentenced in the Eastern District of New York to 2 years' probation, \$4,000 special assessment and \$100,000 fine. Rukhsana Kadri, the owner and president of R&A, was sentenced to 3 years' probation, \$100 special assessment, \$30,000 fine, and ordered to forfeit \$125,262. Previously, on Dec. 9, 2013, during her initial appearance, Kadri pled guilty to falsifying Shipper's Export Declarations (SEDs) in connection with the international shipment of hundreds of Hewlett Packard computers, in violation of 13 U.S.C. 305. According to court documents, Kadri was responsible for the day-to-day operations of R&A's New York City Office. In addition, she supervised R&A's compliance with international export regulations. Between Jan. 2008 and Apr. 2012, R&A and Kadri repeatedly filed false SEDs relating to the shipment of electronics from the United States to the United Arab Emirates, Zimbabwe and Kenya.

***Pressure Transducers with Nuclear Applications to China and Elsewhere*** – On Jul. 24, 2014, in the District of Massachusetts, Qiang Hu aka Johnson Hu, a Chinese national and resident of Shanghai, was sentenced to 34 months in federal prison and \$100 special assessment. Hu pleaded guilty on Oct. 16, 2013 for his role in a conspiracy scheme to export dual-use pressure transducers from the United States to China. Previously, on Jun. 13, 2012, a grand jury returned an indictment charging Hu with conspiracy to illegally export from the United States to China and elsewhere dual-use pressure transducers, in violation of the International Emergency Economic Powers Act (IEEPA). Pursuant to a criminal complaint, Hu was arrested on May 22, 2012, after he arrived in Massachusetts for a business meeting. According to the indictment, the pressure transducers in question, manufactured by MKS Instruments headquartered in Andover, Mass., are controlled for export by the Commerce Department because they can be used in gas centrifuges to enrich uranium and produce weapons-grade uranium. Specifically, they can be used to measure gas pressure of uranium hexafluoride in centrifuge cascades. The indictment claims that Hu worked as a sales manager for a subsidiary of MKS Instruments in Shanghai, where he has been employed since 2008. Hu and his co-conspirators allegedly caused thousands of MKS export-controlled pressure transducers, worth more than \$6.5 million, to be illegally exported from the United States to unauthorized end-users in China and elsewhere using export licenses fraudulently obtained from the Department of Commerce. The indictment alleges that Hu and his co-conspirators used two primary means of deception to export the pressure transducers. First, the conspirators used licenses issued to legitimate MKS business customers to export the pressure transducers to China, and then caused the parts to be delivered to other end-users who were not themselves named on the export licenses or authorized to receive the parts. Second, the conspirators obtained export licenses in the name of a front company and then used these fraudulently obtained licenses to export the parts to China, where they were delivered to the actual end-users. MKS is not a target of the federal investigation into these matters. This investigation was conducted by FBI, ICE, and BIS.

***Information Technology Services and Support to Iran*** – On Jul. 17, 2014, Randy Dale Barber was sentenced in the Middle District of Florida to 60 months' probation for conspiracy to commit mail fraud. Barber was also ordered to forfeit \$413,106 and to pay restitution to Hitachi Data Systems (HDS) in the amount of \$37,921.20. Barber previously pleaded guilty on Feb. 28, 2014 to a superseding indictment. On Apr. 30, 2014, Barber's co-defendants, John Alexander Talley and his company, Tallyho Peripherals, Inc. d/b/a Enterprise Solutions Systems, were sentenced after pleading guilty on Sep. 17, 2013 to conspiracy to violate the International Emergency Economic Powers Act and the Iranian Transaction Regulations. Talley was sentenced to 30 months in federal prison, 36 months supervised release and \$100 special assessment. Tallyho Peripherals, Inc., was sentenced to 12 months' probation and \$400 special assessment. According to plea agreements, from approximately 2009 to Sep. 2012, Barber, Talley and his company conspired with others to unlawfully export sophisticated enterprise level computer equipment from the United States to Iran, and to provide computer IT support services for the equipment, all in violation of the United States embargo. Talley's role was to provide training and computer IT support to ensure that the computer equipment operated in Iran. In an effort to conceal their activities, the conspirators in the United States caused shipments of the computers and related equipment, as well as the payments for same, to travel to and from the United States and Iran through the United Arab Emirates. Similarly, payments for Talley's support services were transmitted through the United Arab Emirates. On Sep. 12, 2013, two Iranian nationals, Mahmood Akbari a/k/a John Wassermann and Reza Hajigholamali, and three United Arab Emirate "front" companies, Patco Group Ltd., Managed Systems and Services (FZC), and TGO General Trading LLC a/k/a Three Green Orbit, were indicted in connection with the same conspiracy to violate the Iranian Embargo. Those parties are charged with conspiracy to violate

the International Emergency Economic Powers Act and the Iranian Transactions and Sanctions Regulations, and a conspiracy to commit international money laundering. If convicted, Akbari and Hajigholamali each face a maximum penalty of up to 40 years in federal prison. On Jul. 11, 2012, co-conspirator Mohammad Reza "Ray" Hajian and three of his companies, RH International LLC, Nexiant LLC, and P & P Computers LLC, pleaded guilty to conspiracy to violate the International Emergency Economic Powers Act and the Iranian Transactions and Sanctions Regulations. On Oct. 18, 2012, Hajian was sentenced to 4 years in federal prison and ordered to forfeit \$10 million. This investigation was conducted by ICE and DOC.

***Military Software Used For China's First Modern Attack Helicopter*** – On Jul. 14, 2014, in the District of Connecticut, the court signed an order dismissing the criminal information against United Technologies Corporation (UTC) and Hamilton Sundstrand Corporation (HSC) and dismissing counts three of the information against Pratt & Whitney Canada Corp. (PWC). Previously, on Jun. 28, 2012, PWC, a Canadian subsidiary of Connecticut-based defense contractor UTC, pleaded guilty to violating the Arms Export Control Act and making false statements in connection with its illegal export to China of U.S.-origin military software that was used in the development of China's first modern military attack helicopter, the Z-10. In addition, UTC, its U.S.-based subsidiary HSC, and PWC all agreed to pay more than \$75 million as part of a global settlement with the Justice Department and the State Department in connection with various export violations, including those related to the Z-10, and for making false and belated disclosures to the U.S. government about the illegal exports for the Z-10. A three-count criminal information was filed against the companies. Count one charged PWC with violating the Arms Export Control Act for the illegal export of defense articles to China for the Z-10 helicopter. Specifically, in 2002 and 2003 PWC knowingly and willfully caused HSC military software used to test and operate PWC engines to be exported to China for the Z-10 without any U.S. export license. PWC knew from the start of the Z-10 project in 2000 that the Chinese were developing an attack helicopter and that supplying it with U.S.-origin components would be illegal. According to court documents, PWC's illegal conduct was driven by profit. PWC anticipated that its work on the Z-10 attack helicopter in China would open the door to a far more lucrative civilian helicopter market in China potentially worth as much as \$2 billion to PWC. Count two of the information charged PWC, UTC, and HSC with making false statements about these illegal exports to the State Department in their belated disclosures, which did not begin until 2006. Count three charged PWC and HSC for their failure to timely inform the State Department of the unlawful export of defense articles to China, an embargoed nation, as required by U.S. export regulations. This is the first case in which the provisions in count three have been enforced criminally. While PWC pleaded guilty to counts one and two, prosecution of PWC, UTC, and HSC on the other charges was deferred for two years, provided that the companies abided by the terms of a deferred prosecution agreement with the Justice Department. In addition to the resolution of the criminal charges, as part of a global settlement, UTC also resolved over 500 additional administrative charges with the State Department. Those charges involved more than 800 exports in violation of the Arms Export Control Act from the mid-1990s to 2011. In connection with the global settlement with the Justice and State Departments, PWC, UTC, and HSC agreed to pay more than \$75 million in penalties, subject themselves to independent monitoring for several years, and be required to comply with an extensive training and remedial action program to strengthen their export compliance. This investigation was conducted by ICE, DCIS, FBI, Commerce and the State Department.

***Prohibited Investments in Iran*** – On Jun. 20, 2014, former Tennessee Valley Authority (TVA) vice president, Masoud Bajestani, of Chattanooga, Tenn., was sentenced in the Eastern District of Tennessee to 2 years' probation, \$300 special assessment and the forfeiture of \$600,000. On Sep. 4, 2013, Bajestani pleaded guilty to violating the International Emergency Economic Powers Act

and filing false tax returns. On Feb. 4, 2013, agents arrested Bajestani as he arrived at the Atlanta airport on a flight from Dubai. Bajestani was charged by superseding indictment in the Eastern District of Tennessee with violating the International Emergency Economic Powers Act, making false statements to the TVA, international money laundering, filing false tax returns and failure to file reports of foreign bank accounts. According to the superseding indictment, Bajestani filed a false document with TVA in order to withdraw \$1,500,000 from his deferred compensation account when he was employed as a vice president at the Watts Bar Unit II nuclear power plant during its construction phase. Bajestani then conspired with others and sent \$600,000 of those funds to Iran for financial investment purposes, without authorization from the U.S. Office of Foreign Assets Control. The case was investigated by ICE, IRS, the TVA Office of Inspector General, and the FBI.

***Electronics Used in Military Radar & Electronic Warfare to China*** – On Apr. 30, 2014, Yufeng Wei, a Chinese national, was re-sentenced to 23 months in prison, 2 years of supervised released, and \$1100 special assessment. Previously, on Sep. 10, 2013, Wei's now ex-husband Zhen Zhou Wu, also a Chinese national, was re-sentenced to 84 months in prison, 2 years of supervised release, \$1700 special assessment, and ordered to pay a \$15,000 fine. Wei and Wu were re-sentenced for conspiring over a 10-year-period to illegally export military and sophisticated electronics used in military phased array radar, electronic warfare, and missile systems to the People's Republic of China (PRC) and illegally exporting sensitive electronic components to the PRC between 2004 and 2007, in violation of the Export Administration Regulations. After serving their convictions, both Wu and Wei, a Lawful Permanent Resident, will be subject to deportation to the PRC. On Mar. 19, 2013, the U.S. Court of Appeals for the First Circuit affirmed both Wei and Wu's convictions on export violation charges for which a jury convicted them after a six-week trial in May 2010. The First Circuit vacated two counts of the convictions that charged Wei and Wu with illegally exporting parts designated on the United States Munitions List because it held that the jury instructions given were constitutionally inadequate. However, the First Circuit observed that "from 1996 until 2008, Wei and Wu shipped tens of millions of dollars' worth of sophisticated electronic components from the United States to China with little regard for whether the parts that they sold were export-controlled." Further, the First Circuit found that Wu's company "specifically pursued military customers; and Wu promoted himself as both an exporter of military supplies and an export compliance expert." Lastly, the First Circuit determined that "Wu and Wei repeatedly attempted to disguise the fact that they were exporting to China and that they lacked the necessary licenses to do so." Because two counts of both Wei and Wu's convictions were vacated, the case was remanded for re-sentencing hearings. Wei and Wu were originally sentenced in 2011. Wei was sentenced on Jan. 27, 2011 in the District of Massachusetts to 36 months in prison, while on Jan. 26, 2011, Wu, was sentenced to 97 months in prison. Their company, Chitron Electronics, Inc., was fined \$15.5 million. Wei, Wu and Chitron Electronics, Inc. were convicted at trial on May 17, 2010. As proven at trial, defendants illegally exported military electronic components to China through Hong Kong. The defendants also illegally exported Commerce Department-controlled electronics components to China with military applications such as electronic warfare, military radar, and satellite communications systems. Wu founded and controlled Chitron, with headquarters in Shenzhen, China and a U.S. office located in Waltham, Mass., where defendant Wei served as Manager. Wu and Chitron sold electronics from the U.S. to Chinese military factories and military research institutes, including numerous institutes of the China Electronics Technology Group Corporation, which is responsible for the procurement, development and manufacture of electronics for the Chinese military. Since as early as 2002, Wu referred to Chinese military entities as Chitron's major customer and employed an engineer at Chitron's Shenzhen office to work with Chinese military customers. By 2007, 25% of Chitron's sales were to Chinese military entities. Shenzhen Chitron Electronics Company Limited, Wu's Chinese company through which U.S. electronics were

delivered to the Chinese military and other end-users, was also indicted. On Feb. 9, 2011, Chitron-Shenzhen received a fine of \$1.9 million for refusing to appear for trial. On Jul. 22, 2010, co-defendant Bo Li, aka Eric Lee, pleaded guilty and was sentenced to time served for making false statements on shipping documents. The case was investigated by BIS, ICE, FBI, and DCIS.

***Nuclear-Related Dual-Use Equipment to Iran*** – On Apr. 29, 2014, Li Fangwei, who is more commonly known by his alias “Karl Lee,” was charged in the Southern District of New York with violating the International Emergency Economic Powers Act (“IEEPA”) by using United States-based financial institutions to engage in millions of dollars of U.S. dollar transactions in violation of economic sanctions that prohibited such financial transactions. In addition, Fangwei is also charged with conspiring to commit wire fraud and bank fraud, a money laundering conspiracy, two separate violations of IEEPA, and two separate substantive counts of wire fraud, in connection with such illicit transactions. Fangwei, a national of the People’s Republic of China, is a fugitive. According to the Superseding Indictment, Fangwei controls a large network of industrial companies based in eastern China, one of which is LIMMT Economic and Trade Company, Ltd. (“LIMMT”). Over the years, Fangwei’s companies have done millions of dollars in business with Iran. This business has included selling to Iranian entities various metallurgical goods and related components that are banned for transfer to Iran by, among others, the United Nations, because the items are controlled by the Nuclear Supplier’s Group (a multinational group that maintains “control lists,” which identify nuclear-related dual-use equipment, material, and technology). Fangwei has been, among other things, a long-time supplier to Iran’s Defense Industries Organization and Iran’s Aerospace Industries Organization. In addition, Fangwei has been a principal contributor to Iran’s ballistic missile program through China-based entities that have been sanctioned by the United States. In light of his supply of restricted items to Iran, the United States has imposed targeted sanctions on both Fangwei and LIMMT. Specifically, the United States Department of the Treasury’s Office of Foreign Asset Controls (“OFAC”) publicly added LIMMT (in 2006) and Fangwei (in 2009) to its List of Specially Designated Nationals and Blocked Persons (the “SDN List”). By virtue of their inclusion on the SDN List, Fangwei and LIMMT were effectively precluded from conducting any business within the United States without first obtaining a license or authorization from OFAC. Neither Fangwei nor LIMMT has sought such a license or authorization. The above-referenced restrictions have forced Fangwei to operate much of his business covertly. In response to United States sanctions, Fangwei has built an outsized network of China-based front companies – to conceal his continuing participation, and LIMMT’s continuing participation, in sanctioned activities. During the period from 2006 through 2014, Fangwei used front companies to engage in more than 165 separate U.S. dollar transactions, with a total value in excess of approximately \$8.5 million. Included in those illicit transactions have been transactions involving sales to U.S. companies, sales of merchandise by Fangwei to Iran-based companies utilizing the U.S. financial system, as well as attempts to acquire on behalf of Iran-based entities so-called “dual use” items from the United States, China, and other countries that could be used in the production of weapons of mass destruction and/or devices used to deliver weapons of mass destruction. The U.S. Attorney’s Office and the FBI announced the seizure of over \$6,895,000 in funds attributable to the Fangwei front companies, and the filing of a civil complaint seeking the forfeiture of those funds to the United States. The seized funds are substitutes for money held by Fangwei’s front companies at banks in China, and were seized from accounts at U.S. banks held in the name of foreign banks used by these front companies to conduct U.S. currency transactions. The funds were seized pursuant to seizure warrants issued on Dec. 18, 2013, and Apr. 25, 2014. The \$6,895,000 represents funds used by the Fangwei front companies to engage in transactions that violate the U.S. sanctions laws and thus are subject to forfeiture. There are no allegations of wrongdoing by the U.S. or foreign banks that maintain these accounts. Because the funds used in those transactions are held in banks

overseas, the United States is unable to seize the funds directly. This case was investigated by the Federal Bureau of Investigation, Department of Justice's National Security Division Counterespionage Section, Department of State, Department of Treasury, and the Department of Commerce.

***Military Aircraft Engines to Venezuela*** – On Apr. 28, 2014, Roy Wayne Roby pleaded guilty and was sentenced in the District of Arizona to 18 months in federal prison, 3 years of supervised release, and \$100 special assessment for his role in a conspiracy to violate the Arms Export Control Act. According to court documents, Roby was part of a Venezuelan air force team that negotiated with Mesa-based Marsh Aviation between Nov. 2005 and Feb. 2008 to refurbish 18 T-76 aircraft engines for use by the Venezuelan air force, under the guise that the engines were meant for civilian use. T-76 engines are a designated item on the U.S. Munitions List, which, under the Arms Export Control Act, makes it illegal for these engines to be exported without a license or written authorization from the Department of State. The T-76 aircraft engine was designed for the OV-10 Bronco Aircraft, a light armed reconnaissance aircraft specifically suited for counter-insurgency missions. Roby and codefendants Guiseppe Luciano Menegazzo-Carrasquel, a dual Venezuelan and Italian citizen, and Oscar Rafael Colmenarez-Vellalobos were indicted on arms export charges in Oct. 2010. Roby was arrested in Florida on Sep. 4, 2013. Menegazzo-Carrasquel, a Venezuelan air force colonel, was arrested in Sep. 2012 after he arrived in Houston on a flight from Caracas, using his Italian passport. On Jun. 3, 2013, Menegazzo-Carrasquel pleaded guilty and on Aug. 19, 2013, he was sentenced to 19 months in federal prison and 3 years of supervision. Indicted in a separate case, Floyd D. Stilwell, former president of Marsh Aviation, was also charged in the scheme. Stilwell pleaded guilty on Oct. 29, 2012 to conspiracy to violate the Arms Export Control Act and was sentenced on May 13 to a \$250,000 fine and 5 years of probation. The case was investigated by ICE, DCIS and the FBI.

***Dual-Use Items to Pakistan Atomic Energy Commission*** – On Apr. 2, 2014, in the Middle District of Pennsylvania, a federal grand jury returned an Indictment against three individuals and two corporations, charging them with smuggling technology out of the United States for use by the Pakistan Atomic Energy Commission. The Indictment was unsealed on Mar. 31, 2014, after it was determined that none of the individuals were in the United States. The Indictment alleges that Shafqat Rana, formerly of Lancaster, Pennsylvania, along with Abdul Qadeer Rana and Shahzad Rana, both of Lahore, Pakistan, used two corporations, Optima Plus International, a Pennsylvania corporation, and Afro Asian International, a Pakistani corporation, to export goods from the United States to Pakistan without first obtaining a license from the Department of Commerce. The goods were allegedly shipped through a common carrier in Dauphin County. Shafqat Rana allegedly took orders for dual-use items, that is, items with both a commercial and military or nuclear application, from Afro Asian and acquired the items in the United States. After the items were shipped to Pakistan, they were resold to the Pakistan Atomic Energy Commission, an arm of the Pakistani Army, in violation of United States law. The Indictment charges that the defendants shipped and exported goods from the United States to restricted end-users in Pakistan while providing false and fraudulent invoices to the freight forwarders, thereby causing the freight forwarders to fail to file the required export declarations. The defendants also allegedly created false and misleading invoices given to freight forwarders that undervalued and mislabeled the goods and listed false purchasers and end-users of the goods. According to the United States Attorney's Office, Shafqat Rana left the United States and returned to Pakistan. This case was investigated by U.S. Department of Commerce and the FBI.

***Missiles, Aviation Equipment and Submarine Design Information to Terrorist Organization*** – On Mar. 25, 2014, Piratheepan Nadarajah, an alleged operative of the Liberation Tigers of Tamil Eelam (LTTE), a designated terrorist organization known as the "Tamil Tigers", was sentenced in

the Eastern District of New York to 24 months in federal prison, 3 years supervised release and \$100 special assessment. On Oct. 8, 2013, Nadarajah pleaded guilty to attempting to provide material support to a foreign terrorist organization and conspiracy to acquire anti-aircraft missiles. Previously, on Dec. 27, 2012, Nadarajah and Suresh Sriskandarajah made their initial court appearances in the Eastern District of New York after being extradited from Canada. Nadarajah is charged by superseding indictment with conspiring and attempting to acquire \$1 million worth of anti-aircraft missiles, missile launchers and other military equipment, and conspiring and attempting to provide material support to the LTTE. Sriskandarajah is charged under a separate indictment with conspiring to provide material support to the LTTE and dealing in the property of a specially designated terrorist group. According to court filings, between Jul. 1, 2006, and Aug. 19, 2006, Nadarajah and several co-conspirators engaged in negotiations with an undercover FBI agent to purchase and export \$1 million worth of high-powered weapons and military equipment for the LTTE, including 20 SA-18 heat-seeking, surface-to-air, anti-aircraft missiles, 10 missile launchers and 500 AK-47s. Nadarajah and his associates attempted to acquire these weapons at the direction of senior LTTE leadership in Sri Lanka, including Pottu Amman, then the LTTE's chief of intelligence and procurement and the top deputy to then LTTE leader Velupillai Prabhakaran. The anti-aircraft weapons were to be used by the LTTE to shoot down Kfir aircraft used by the Sri Lankan military. Co-conspirators Sahilal Sabaratnam, Thiruthanikan Thanigasalam, and Nadarasa Yograrasa were each sentenced in Sep. 2011. Sabaratnam was sentenced on Sep. 23, 2011 to 25 years' imprisonment, 5 years supervised release, and \$400 special assessment. Yograrasa was sentenced on Sep. 23, 2011 to 14 years' imprisonment, three years supervised release, and \$200 special assessment. Thanigasalam was sentenced on Sep. 26, 2011 to 25 years imprisonment, 5 years supervised release and \$400 special assessment. Sathajhan Sarachandran was sentenced on Sep. 26, 2011 to 26 months' imprisonment, 5 years supervised release, and \$500 special assessment. This investigation was conducted by the Newark and New York Divisions of the FBI's Joint Terrorism Task Force.

***Restricted Electronics to China*** – On Mar. 23, 2014, General Technology Systems Integration was sentenced in the Central District of California to 5 years' probation and a special assessment of \$400. Previously, on Oct. 11, 2010, York Yuan Chang, also known as David Zhang, and his wife, Leping Huang, were arrested on charges of conspiring to export restricted electronics technology to the People's Republic of China (PRC) without a license and making false statements. According to the Oct. 9, 2010 criminal complaint, the defendants are the owners of General Technology Systems Integration, Inc., (GTSI), a California company involved in the export of technology to the PRC. GTSI allegedly entered into contracts with the 24th Research Institute of the China Electronics Technology Corporation Group in China to design and transfer to the PRC technology for the development of two-types of high-performance analog-to-digital converters (ADCs). The defendants allegedly hired two engineers to design the technology and provide training to individuals in the PRC. Twice in 2009, U.S. Customs and Border Protection officials stopped the engineers upon their return to the United States and allegedly found computer files and documents indicating illegal technology transfer involving GTSI and China. According to the complaint, Chang and Huang allegedly sought to cover up the project after authorities contacted the engineers. The ADCs that the defendants allegedly attempted to export to the PRC are subject to export controls for national security and anti-terrorism reasons. This investigation was conducted by the FBI, BIS, ICE, IRS and DCIS.

***Ammunition and Night Vision Goggles to Mexico*** – On Mar. 20, 2014, in the Western District of Texas, Oliver Bres-Carranza was sentenced to 51 months in federal prison after pleading guilty in Oct. 2013 for his role in a scheme to smuggle defense articles into the Republic of Mexico. On Jan. 15, 2014, Erik Alan Garza was sentenced to 44 months in federal prison and fined \$3,000 for his role in the smuggling scheme. Garza, Bres-Carranza and Rolando Tamayo were charged in a

Jun. 2012 indictment with multiple counts of aiding and abetting the smuggling of goods from the United States. According to the indictment, between Jun. 19, 2010 and Feb. 17, 2012, Garza and his accomplice, Tamayo, illegally attempted to smuggle defense articles into the Republic of Mexico from the United States. Those items included night vision monocular goggles, a thermal goggle, 400 sets of AR-15 front and rear flip-up tactical sights, approximately 5,000 high-capacity assault rifle magazines and approximately 6,000 rounds of ammunition, including 100 rounds of .50 caliber ammunition. Tamayo remains a fugitive. This case was investigated by ICE and ATF.

***High-Tech Material Used in Missile Production and Nuclear Applications to Iran*** – On Mar. 1, 2016, Erdal Kuyumcu was arrested on charges of illegally exporting a cobalt-nickel metallic powder from the United States to Iran, through an intermediary in Turkey. The complaint, filed in the Eastern District of New York, alleges that Kuyumcu, a U.S. citizen and the CEO of Global Metallurgy LLC, twice exported a specialized metallic powder used in aerospace, missile production and nuclear applications. Exporting this specialized powder to Iran without a license from the U.S. Treasury Department's Office of Foreign Assets Control (OFAC) is illegal. As detailed in the complaint, Kuyumcu and others conspired to obtain over a thousand pounds of the metallic powder from a U.S.-based supplier for export to Iran, without the requisite approval from OFAC. To conceal the true destination of the goods from the U.S. supplier, Kuyumcu and a co-conspirator arranged for the items to be shipped first to Turkey and subsequently to Iran. As described in the complaint, Kuyumcu and a co-conspirator used coded language when discussing Iran, such as calling Iran the "Neighbor," referring to the fact that Turkey shares a border with Iran. This investigation was conducted by the Commerce Department and the FBI.

***Hazardous Materials to Saudi Arabia*** - On Feb. 21, 2014, Hasan Ibrahim was sentenced in the Northern District of California to 30 days imprisonment, 3 years of supervised release, and a \$2,200 special assessment. Previously, on Jul. 3, 2013, Ibrahim was convicted by a federal jury of attempting to place destructive substances on an airplane. The jury found that the defendant willfully intended to place 9 different hazardous materials on a Lufthansa passenger airplane bound for Frankfurt, Germany. The hazardous materials were ultimately destined for Jeddah, Saudi Arabia. In related charges, the jury convicted Ibrahim of failing to properly label the packages containing the hazardous materials and failing to complete the requisite shipping papers as required by the Department of Transportation. On Nov. 2, 2011, a grand jury returned an indictment charging MEDCHEM Corporation and its owner Hasan Ibrahim with two counts of attempted placement of destructive substance on an aircraft, one count of transportation of hazardous materials without shipping papers, nine counts of transportation of hazardous materials without labels, one count of failure to file export information, one count of attempted smuggling of goods, and one count of attempted smuggling of goods. The charges in the indictment stem from MEDCHEM, located in South San Francisco, exporting chemicals (including hazardous materials), medical equipment, and diagnostics to Constant Trading Activity ("CTA"), a business in Saudi Arabia. Ibrahim was the owner and president of MEDCHEM until one of his sons became involved in MEDCHEM prior to Jun. 2010. Ibrahim was MEDCHEM's sole employee. Ibrahim was also a founder of CTA and served as CTA's vice president. According to the indictment, Ibrahim caused a shipment consisting of five pallets containing sixty-four boxes to be delivered to a freight forwarder for export to Saudi Arabia. None of the boxes were labeled as containing hazardous material. The shipment contained over 25 separate chemicals designated as hazardous materials under the Hazardous Materials Regulations. Two of the hazardous materials - Sulfuryl Chloride (classified as a corrosive) and Chloroacetonitrile (classified as poisonous material, with a subsidiary hazard that it is a flammable and combustible liquid) - were poisonous by inhalation and prohibited under federal law from transportation on any aircraft. The

indictment against defendant MEDCHEM Corporation was dismissed on Jun. 26, 2013. The investigation was conducted by the FBI, Department of Commerce, IRS and Federal Aviation Administration.

***Firearms Parts to Thailand*** - On Jan. 24, 2014, two brothers, Nares Lekhakul and Naris Lekhakul, were sentenced in the Western District of Washington. Nares Lekhakul, a lawful permanent resident living in the State of Washington, was sentenced to two years in prison and three years of supervised release. His brother, Naris Lekhakul, a Thai citizen, was sentenced to three years in prison. The Lekhakul brothers were arrested in Jun. 2013 in connection with a conspiracy to illegally ship firearms parts to Thailand. In their Oct. 2013 plea agreements, the brothers admitted that Naris, while living in Thailand, identified the firearms parts he wanted ordered and shipped overseas. Initially the gun parts were sent to his brother Nares' home in Washington, where Nares attempted to disguise the shipments which were sent on to Thailand. After one shipment was seized in 2011, Naris recruited four other people to receive the shipments of firearms parts, disguise them, and send them on to Thailand. The co-conspirators did not obtain appropriate licenses to make the shipments. The co-conspirators would use fake names and fake invoices to try to avoid detection, and they packed various firearms parts in specific ways to try to avoid detection by x-ray scanners. Members of the group shipped various firearms parts with false labels. In all, the group is believed to be responsible for more than 250 shipments of restricted firearms components, worth more than \$750,000. The defendants did not ship any assembled firearms or entire firearms disassembled. The four codefendants previously pleaded guilty. In Dec. 2013, Witt Sittikornwanish and Sangsit Manowanna, U.S. citizens, were each sentenced to ten months in prison and Supanee Saenguthai, a Thai citizen residing in California, was sentenced to probation. Wimol Brumme, a Thai citizen residing in Nevada, was sentenced in Feb. 2014 to 7 months imprisonment. This investigation was conducted by ICE HSI and the USPIS.

***Assault Weapon Parts and Gun Sights to Philippines*** - On Jan. 6, 2014, Romulo Arca Reclusado was sentenced in the Central District of California to 60 months imprisonment, three years supervised released, a \$100 special assessment, and a \$7,500 fine. Previously, on Jun. 10, 2013, Reclusado pleaded guilty to conspiracy to violate the Arms Export Control Act and the International Emergency Economic Powers Act. On Feb. 7, 2011, in the District of Arizona, codefendant Mike Cabatingan also pleaded guilty to conspiracy. On Feb. 24, 2010, a federal grand jury in the Central District of California returned an indictment against Reclusado, Cabatingan, and Tirso Armando Aguayo for conspiring to illegally export defense articles and other controlled items from the United States to the Philippines. The defendants allegedly conspired to export to the Philippines molds used to make components for AR-15 assault rifles, as well as holographic rifle sights. Aguayo and Cabatingan were arrested on Feb. 25, 2010. On Jan. 12, 2011, the court granted a motion to dismiss the case against Aguayo. Reclusado was previously convicted in 1997 of conspiracy to transfer machine guns and illegally transferring machine guns for which he received a 27-month prison sentence. The investigation was conducted by ICE and DCIS.

***Commercial Industrial Machines to Iran*** - On Jan. 6, 2014, Mark Mason Alexander, a/k/a Musa Mahmood Ahmed, was sentenced in the Northern District of Georgia to 18 months in prison, followed by three years of supervised release and a \$100 special assessment. Alexander was found guilty by a jury on Sep. 26, 2013, of Conspiracy to violate the International Emergency Economic Powers Act. According to the charges and other information presented in court, between Oct. 2006 and Jun. 2008, Alexander conspired with two Iranian businessmen to sell Hydrjet water-jet cutting systems to customers located in Iran. Hydrjet Technology, located in Dalton, Ga., manufactured the water-jet cutting systems, which were used for the precision

cutting of materials such as aluminum, glass, granite and steel. These machines were distributed to customers in the Middle East through Hydrajat Mena, another company that Alexander partly owned. Hydrajat Mena, for which Alexander was the CEO, was located in the United Arab Emirates. In 2007, as part of the conspiracy, Alexander negotiated the sale of two water-jet cutting systems to companies located in the Islamic Republic of Iran: the Parand Machine Company and the Negin Sanat Sadr. Company. In Jul. 2007, after Alexander negotiated the terms of these sales and before the machines were shipped to the Islamic Republic of Iran, the Department of Commerce had conducted a community outreach meeting with Alexander, as the CEO of Hydrajat Technology. This outreach program was designed to make exporters like Alexander aware of the various export restrictions, including the trade embargo against Iran, and to educate exporters about the process for legally exporting items from the United States. The evidence further established that the machines that Alexander conspired to sell were in fact manufactured in Dalton, Ga. He concealed the true destination of these machines by causing them to be trans-shipped to the Islamic Republic of Iran via Alexander's company in the United Arab Emirates. Alexander additionally instructed Hydrajat Mena employees to travel to Islamic Republic of Iran to install the machines and to conduct software training for the Iranians who would operate them. This case was investigated by the U.S. Department of Commerce and the Department of Homeland Security.

***Satellite Hardware and Technology to Iran*** - On Dec. 20, 2013, Nader Modanlo, a naturalized U.S. citizen born in Iran was sentenced in the District of Maryland to 8 years in prison followed by 3 years of supervised release. Modanlo was also ordered to forfeit \$10 million. Previously, on Jun. 10, 2013, a federal jury convicted Nader Modanlo of charges arising from a conspiracy to illegally provide satellite related services to Iran, in violation of the International Emergency Economic Powers Act, money laundering and obstruction of bankruptcy proceedings. As a result of the conspiracy, an Iranian earth observation satellite equipped with a camera was launched into space from Russia on Oct. 27, 2005. The launch was the first-ever Iranian satellite put into orbit. Previously, on Jun. 2, 2010, a federal grand jury in the District of Maryland returned an indictment charging Modanlo and five Iranian citizens on charges of conspiring to illegally provide satellite hardware and technology to Iran, in violation of the International Emergency Economic Powers Act and money laundering. According to the indictment, from Jan. 2000 through Nov. 27, 2007, the defendants concocted a scheme to evade the Iran trade embargo, by using sham companies to conceal Iranian involvement in prohibited activities and transactions. The indictment notes that some \$10 million was wired from an overseas account to the account of a defendant in the United States in consideration for his assistance to Iran and the Iranians in brokering a satellite agreement with Russia and for his New York company providing telecommunications services in support of that agreement. Charged in the indictment are: Modanlo, of Potomac, Maryland; Hamid Malmirian; Reza Heidari; Mohammad Modares; Abdol Reza Mehrdad; and Sirous Naseri, all Iranian nationals. Modanlo was arrested on Jun. 8, 2010 in Maryland. The indictment was dismissed against the remaining defendants on Dec. 30, 2013. The investigation was conducted by ICE and the IRS.

***Radiation-Hardened Circuits to China*** - On Dec. 18, 2013, Chinese citizen and former California Department of Transportation (Caltrans) engineer Philip Chaohui He was sentenced in the District of Colorado for exporting radiation-hardened integrated circuits from the United States to China, in violation of the Arms Export Control Act, 22 U.S.C. § 2778. He was sentenced to 36 months imprisonment followed by 3 years of supervised release. He pleaded guilty on Sep. 3, 2013. According to documents filed in the case, He was arrested as he was attempting to deliver the circuits onto a Chinese ship at the Long Beach, California port. Upon a search of He's vehicle, agents located more than 300 space-qualified and radiation-hardened computer circuits concealed inside plastic infant formula containers. The circuits are used in

satellite communications and had a total value of nearly \$550,000. He did not have a State Department license. A Dec. 15, 2011 indictment charged He with conspiracy to violate the Arms Export Control Act (AECA) and to smuggle goods; attempted violation of AECA; and smuggling. According to the charges, He, the only employee of an Oakland company called Sierra Electronic Instruments, arranged for the purchase of more than 300 radiation-hardened circuits from Aeroflex, a Colorado manufacturer, in May 2011. He arranged for the purchase after a co-conspirator sent him wire transfers totaling nearly \$490,000 from a bank in China. He then provided false certification to Aeroflex that the items would remain in the United States. He received the first shipment of 112 circuits from Aeroflex in Jul. 2011 and later traveled from Mexico to Shanghai in Sep.. In Oct. 2011, he received a second shipment of 200 circuits from Aeroflex. He drove to the Port of Long Beach in Dec. 2011 and met with two men in front of a docked Chinese-flagged ship that was registered to a subsidiary of a China state-owned corporation. The ship had recently arrived from Shanghai and was scheduled to return on Dec. 15, 2011. He had allegedly concealed the 200 circuits in infant formula containers within boxes labeled "milk powder" in the trunk of his vehicle. He was arrested on Dec. 11, 2011 at the Port. This investigation was conducted by ICE and DCIS and Defense Security Service.

***Industrial Parts to Iran*** - On Dec. 18, 2013, Mehdi Khorramshahgol was sentenced in the Eastern District of Virginia to 36 months in prison. Khorramshahgol was convicted on Aug. 22, 2013, after a bench trial for violating U.S. economic sanctions on Iran by sending explosion-graded industrial parts to a petrochemical company in Iran. Previously, on Apr. 25, 2013, Khorramshahgol was indicted by a federal grand jury on four counts of violating and conspiring to violate the United States economic sanction on Iran, one count of conspiring to defraud the United States, and one count of aiding and abetting a material false statement. According to court records and evidence at trial, the defendant conspired with others in Iran to purchase industrial goods from United States businesses for the Iranian petrochemical industry. The defendant falsely represented that the end users for his purchases were in Dubai. After the defendant purchased the goods and shipped them to Dubai, other co-conspirators repackaged the goods for onward shipment to Tehran. The conspiracy used a series of false invoices, false end users, and front companies to hide its illicit activity. This case was investigated by HSI and the Department of Commerce's Office of Export Enforcement.

***Military Aircraft Parts to Iran*** – On Dec. 12, 2013, Mohammad Tabibi was sentenced in the Middle District of Georgia to 38 months in federal prison and a \$200 special assessment. Tabibi pleaded guilty on Aug. 21, 2012 to conspiring with others to violate the Arms Export Control Act, the International Traffic in Arms Regulations and the Iranian Transactions Regulations. According to the plea agreement, from Mar. 2010 to May 2011, Tabibi, Hamid Seifi, and others conspired to export parts for the F-5 fighter jet from the U.S. to Iran via the United Arab Emirates (UAE) without a license. Seifi, who was located in the U.S. and Tabibi who was located in the UAE, negotiated over mail the quantity of parts, part numbers, prices, and shipping terms for the F-5 fighter jet parts. Seifi would then send shipments from the U.S. to Tabibi in Dubai, UAE. Tabibi ultimately provided the F-5 fighter jet parts to his Iranian client. In Jan. 2011, a cooperating witness informed federal agents that Tabibi was involved in illegal export activity while doing business as New Eras, LLC, located in Dubai, UAE. With the assistance of the cooperating witness, Tabibi began conducting business with undercover U.S. federal agents in an attempt to purchase parts for an F-5 fighter jet for export to Iran. In e-mails and phone calls, Tabibi requested parts for the F-5 fighter jet for export to Iran. The components are prohibited for export from the United States to Iran because of the Arms Export Control Act and the International Emergency Economic Powers Act. This case was investigated by the Department of Homeland Security, Immigration and Customs Enforcement.

***Aerospace-Grade Carbon Fiber to China*** - On Dec. 10, 2013, Ming Suan Zhang, a citizen of the People's Republic of China, was sentenced in the Eastern District of New York to 57 months incarceration. Previously, on Aug. 19, 2013, Zhang pleaded guilty to violating the International Emergency Economic Powers Act by attempting to export massive quantities of aerospace-grade carbon fiber from the United States to China. On Sep. 26, 2012, a criminal complaint was unsealed in the Eastern District of New York charging Ming Suan Zhang with attempting to illegally export thousands of pounds of aerospace-grade carbon fiber from the United States to China. According to the complaint, Zhang was arrested in the United States after trying to negotiate a deal to acquire the specialized carbon fiber, a high-tech material used frequently in the military, defense and aerospace industries, and which is therefore closely regulated by the U.S. Department of Commerce to combat nuclear proliferation and terrorism. The complaint alleges that Zhang came to the attention of federal authorities after two Taiwanese accomplices attempted to locate large quantities of the specialized carbon fiber via remote internet contacts. In Jul. 2012, Zhang allegedly told an accomplice: "When I place the order, I place one to two tons. However, the first shipment will be for 100 kg [kilograms]." Shortly thereafter, Zhang contacted an undercover law enforcement agent in an effort to finalize the deal to export the carbon fiber from New York to China. In one recorded conversation, Zhang stated that he had an urgent need for the carbon fiber in connection with the scheduled test flight of a Chinese fighter plane. Zhang then arranged a meeting with an undercover agent to take possession of a carbon fiber sample, which was to be shipped to China and analyzed to verify its authenticity. Zhang was subsequently placed under arrest. This investigation was conducted by ICE and BIS.

***Submarine and Warship Design Software to Terrorist Organization*** - On Nov. 26, 2013, Suresh Sriskandarajah was sentenced in the Eastern District of New York to 24 months imprisonment, 3 years supervised release and \$100 special assessment. Previously, on Jul. 2, 2012, Sriskandarajah pleaded guilty to conspiring to provide material support to a foreign terrorist organization, the Liberation Tigers of Tamil Eelam ("LTTE"), also known as the Tamil Tigers, in connection with his attempt to procure sophisticated military technology, including submarine and warship design software and night vision equipment, for the LTTE. Six of Sriskandarajah's co-defendants, Pratheepan Thavaraja, Murugesu Vinayagamorthy, Namasivaya Viswanathan, Nachimuthu Socrates, Karunakaran Kandasamy, and Ramanan Mylvaganam, were previously convicted of terrorism-related offenses in connection with their support for the LTTE. As detailed in court filings, between Sep. 2004 and Apr. 2006, Sriskandarajah and several co-conspirators assisted a principal LTTE procurement officer in researching and acquiring aviation equipment, submarine and warship design software, night vision equipment and communications technology. Sriskandarajah used students as couriers to smuggle prohibited items into a territory in Sri Lanka that was controlled by the LTTE at that time. Additionally, Sriskandarajah helped the LTTE launder its proceeds in the United States and elsewhere. Following his indictment in the Eastern District of New York, Sriskandarajah, who is a Canadian citizen, was extradited to the United States from Canada in Dec. 2012. The LTTE was founded in 1976 and uses illegal methods to raise money, acquire weapons and technology, and publicize its cause of establishing an independent Tamil state in northern Sri Lanka. The LTTE began its armed conflict against the Sri Lankan government in 1983, and utilizes a guerrilla strategy that often includes acts of terrorism. At its height, the LTTE controlled most of the northern and eastern coastal areas of Sri Lanka. Over the past 19 years, the LTTE has conducted approximately 200 suicide bombings, resulting in the deaths of hundreds of victims, and carried out numerous political assassinations. In May 2009, the LTTE's forces in Sri Lanka were defeated by the Sri Lankan government. In 1997, the LTTE was designated by the U.S. State Department as a Foreign Terrorist Organization, and the LTTE therefore may not legally raise money or procure equipment or materials in the United States. The investigation was conducted by the New York and Newark Field Offices of the FBI.

***Carbon Fiber and Other Materials to Iran and China*** - On Nov. 26, 2013, Peter Gromacki, a U.S. citizen and resident of Orange County, NY, was sentenced in the Southern District of New York to 3 months imprisonment, 3 years of supervised release, a \$300 special assessment, and a fine of \$5,000. The defendant also received an Order of Forfeiture/Money Judgment in the amount of \$135,913.68. Previously, on Jul. 30, 2013, Gromacki pleaded guilty to violating the International Emergency Economic Powers Act (IEEPA) by using his NY company to illegally export carbon fiber (which has nuclear applications in uranium enrichment as well applications in missiles) from the United States to China. According to the indictment, in Jun. 2007, Gromacki arranged for the illegal export of more than 6,000 pounds of carbon fiber from the U.S. to Belgium, which was then shipped to China. He allegedly made a variety of false statements on shipper's export declaration forms. On Jul. 10, 2013, Amir Abbas Tamimi, an Iranian citizen, pleaded guilty to violating IEEPA by working to export helicopter component parts from the U.S. to Iran, via South Korea. The components were for a particular type of helicopter that can be used for military purposes. On Jul. 1, 2013, Hamid Reza Hashemi, an Iranian national, pleaded guilty to conspiracy to violate and violating IEEPA by working to arrange the illegal export of carbon fiber from the U.S. to Hashemi's company in Iran via Europe and the United Arab Emirates. Previously, on Dec. 5, 2012, prosecutors in the Southern District of New York unsealed charges against Gromacki, Tamimi, and Hashemi and Murat Taskiran, a Turkish citizen, for exporting various goods to Iran and to China, including carbon fiber and helicopter components. Hashemi and Taskiran were charged in one indictment. Taskiran remains a fugitive. None of the defendants obtained the requisite approval from the Department of Treasury for such exports. This investigation was conducted by the FBI, ICE, and Department of Commerce.

***Military Accelerometers to China*** – On Nov. 18, 2013, Bin Yang aka “Raymond Yang”, a citizen and resident of China, was sentenced in the Southern District of California to 27 months imprisonment, 3 years of supervised release and \$100 special assessment. Previously, on Jan. 10, 2013, Yang pled guilty to count one of the Indictment charging the defendant with smuggling goods from the United States and conspiracy to export to China defense articles -- specifically accelerometers used in aircraft, missiles, "smart" munitions and in measuring explosions. Yang was first charged in a criminal complaint on Dec. 7, 2011 and later arrested on Jan. 4, 2012, by Bulgarian authorities in Sofia, Bulgaria, pursuant to a U.S. provisional arrest warrant. According to the complaint, Yang, operating out of Changsha Harsay Industry Co., Ltd. in Hunan, China, posted a request for Honeywell accelerometers in an online business-to-business forum in Aug. 2010. An undercover federal agent responded to the request and agreed to supply the requested accelerometers. After nearly a year of negotiations, with no deal finalized, Yang allegedly asked for Endevco 7270-200K accelerometers, which are used for "smart" munitions, bunker-busting bombs and measuring ground motions caused by nuclear and chemical explosions, among other things. In Aug. and Oct. 2011, Yang allegedly caused two payments totaling \$4,875 to be sent to the undercover agent as a down payment for the accelerometers. According to the complaint, Yang subsequently agreed to meet with the undercover agent in Bulgaria so the undercover agent could hand deliver two Endevco accelerometers to him. After his arrest in Bulgaria, Yang was charged on Jan. 13, 2012 in a five-count indictment returned in the Southern District of California. In May 2012, a Bulgarian court signed a final order of extradition and Yang was extradited to the United States to face charges against him. On May 21, 2012, Yang was arraigned in the Southern District of California. This investigation was conducted by ICE.

***Firearms to China*** - On Nov. 15, 2013, in the Eastern District of New York, Zhifu Lin, a Chinese national and resident of West Virginia, was sentenced to 108 months imprisonment, 3 years supervision and \$100 special assessment. Previously, on Oct. 4, 2012, Lin, pleaded guilty to

violating the Arms Export Control Act and engaging in illegal weapons trafficking. Lin's plea came after co-defendant Joseph Debose, a resident of North Carolina and former Staff Sergeant in a U.S. Special Forces National Guard Unit, pleaded guilty on Sep. 6, 2012 to violating the Arms Export Control Act. Lin, Debose and others exported multiple shipments of firearms from the U.S. to China by secreting them in packages and transporting them to shipping companies, including one in Queens, N.Y., to be sent to China. The weapons included numerous semiautomatic handguns, rifles, and shotguns. The smuggling scheme came to light after authorities in China seized a package containing firearms with defaced serial numbers shipped from Queens, N.Y. Thereafter, U.S. agents traveled to China and examined the firearms. Using forensic techniques, agents learned that one of the seized weapons had originally been purchased in North Carolina. Among the weapons seized in China were those Debose provided to his associates for export. On May 20, 2012, Debose was arrested in Smithfield, N.C., pursuant to a May 17, 2012 criminal complaint charging him with illegally exporting firearms to China without the required licenses. Lin and another Chinese national, co-defendant Lilan Li, were also arrested and charged in connection with the case in an Apr. 16, 2012 indictment in the Eastern District of New York. Debose was sentenced on Jul. 19, 2013 to 24 months imprisonment, 3 years supervised release, and \$100 special assessment. Li pleaded guilty on Jun. 12, 2012 and is scheduled to be sentenced in Jun. 2016. This investigation was conducted by ICE, ATF, IRS, BIS, and DOJ's National Security Division (Recker).

***Circuit Boards Supplied to the U.S. Navy by Taiwan Company*** - On Oct. 28, 2013, in the Western District of Washington, a Woodinville, WA based company and its owner were sentenced for violating the Arms Export Control Act and for wire fraud. The company, Precision Image Corporation, is operated by owner, Chih-Kwang Hwa, out of his Woodinville home. Hwa obtained contracts to supply circuit boards to the U.S. Navy, by falsely claiming the boards would be manufactured in the United States. Instead, Hwa illegally sent restricted information to a company in Taiwan for the boards to be manufactured there. The company was fined \$300,000 for violating the Arms Export Control Act. Hwa was sentenced for wire fraud to 4 months in prison, and 6 months of home detention as part of his 2 years of supervised release. According to the charging information and the plea agreements in the case, between 2009 and 2011, Hwa obtained contracts worth \$180,034 to supply circuit boards to the U.S. Navy. The Navy supplied technical data to Precision Image that contained the technical specifications for the circuit boards. This technical data was designated on the United States Munitions List, International Traffic in Arms Regulations. As a result, this technical data could not legally be transmitted outside the United States without a license from the U.S. State Department. Hwa knew about this restriction at the time he received the technical data from the Navy. Hwa did not get the appropriate licenses, and sent the restricted data to the Taiwan manufacturer. One of the transmissions occurred in Sep. 2011, and the Taiwanese manufactured circuit boards were later provided to the Navy. In addition, many of the contracts awarded to Hwa were set aside for companies that promised to manufacture the boards in the United States. Hwa falsely represented to the Navy in connection with these contracts that the boards were being manufactured in the United States, when instead they were being manufactured in Taiwan. This investigation was conducted by ICE HSI and the Naval Criminal Investigative Service.

***Surface-to-Air Missiles to Iran*** - On Oct. 25, 2013, the Southern District of New York announced the unsealing of charges against Reza Olangian, a dual citizen of the United States and Iran, in connection with his efforts to acquire surface-to-air missiles ("SAMs") for the government of Iran. The 4-count indictment charged Olangian with conspiring to acquire and transfer surface-to-air missile systems, attempting to acquire and transfer surface-to-air missile systems, conspiring to violate the International Emergency Economic Powers Act ("IEEPA") and attempting to violate IEEPA. Olangian was arrested in Estonia on Oct. 10, 2012, pursuant to a

U.S. request for his provisional arrest. He was extradited to the United States on Mar. 26, 2013. According to the allegations in the Indictment, in 2007, Olangian worked with Iranian officials to obtain approximately 100 SAMs for use by the Iranian government. Ultimately, that missile deal was unsuccessful. Beginning in early 2012, Olangian worked to negotiate a separate missile deal, this time with a confidential source (CS) working with the DEA, who purported to be a weapons and aircraft broker. From his base of operations in Tehran from approximately May 2012 through Oct. 2012, Olangian arranged for the purchase of "IGLA-S" SAMs and various aircraft components. During a covertly recorded meeting in May 2012, and in subsequent recorded conversations and e-mails with the CS, he described in detail his plans for procuring the SAMs and aircraft parts and then smuggling them over land into Iran, from Afghanistan or another neighboring country. Olangian's 2012 negotiations included his participation in a videoconference with the CS, during which Olangian remotely inspected a bona fide SAM, which the CS presented as a sample of the larger quantity of SAMs that Olangian sought to purchase. After inspecting the SAM and inquiring about its specifications, Olangian stated that he would want "at least 200...minimum 200" of such SAMs. In his communications with the CS, Olangian also indicated that he was arranging for a missile expert to inspect and test the SAMs. In Oct. 2012, Olangian traveled to Estonia, where he was arrested. Following his arrest, Olangian stated, among other things, that he had been working with Iranian government officials; that the SAMs he had arranged to purchase were being obtained for the Iranian government; and that the aircraft parts he attempted to acquire were to be used in Iranian military aircraft. This investigation was conducted by the DEA, DOJ's Office of International Affairs, and NSD.

***Military Weapons Parts and Accessories Overseas*** - On Oct. 10, 2013, Christopher M. Gray was sentenced in the District of Columbia to 36 months imprisonment. Gray was also ordered to pay \$6,990 in restitution and a \$100,000 fine. On Jun. 17, 2013, Gray pleaded guilty to one count of unlawfully exporting and attempting to export ACOG Riflescopes from the United States to Thailand, in violation of the Arms Export Control Act. The operator of an online business in Buffalo called "Hidden Treasures," Gray made his initial appearance on Apr. 15, 2013 pursuant to a federal indictment charging him with 12 counts of illegally exporting defense articles abroad. Gray allegedly exported a variety of combat optical gun sights, tactical sights, scopes and other military items to the following locations -- Hong Kong, Thailand, Ukraine, Turkey, South Korea, Spain, France, New Zealand and Canada -- without the required State Department licenses.

***Manhattan Office Building Secretly Owned and Controlled by Government of Iran*** - On Sep. 17, 2013, in the Southern District of New York, a decision was issued granting summary judgment in favor of the United States' claims for forfeiture of the 36-story Midtown Manhattan office building located at 650 Fifth Avenue, New York, New York ("the Building"), as the result of violations of the Iranian Transactions Regulations promulgated under the International Emergency Economic Powers Act ("IEEPA"), and the federal money laundering statutes. The Court found that the partners of the Building's owner, the Alavi Foundation and Assa Corp., committed the IEEPA violations and money laundering offenses. According to the amended civil forfeiture Complaint and the oral and written opinions issued by Judge Forrest in this case: The Alavi Foundation has been providing numerous services to the Iranian Government, including managing the Building for the Iranian Government, running a charitable organization for the Iranian Government, and transferring funds from 650 Fifth Avenue Company to Bank Melli Iran ("Bank Melli"), a bank wholly owned and controlled by the Government of Iran. Likewise, Assa Corporation and Assa Company Limited ("Assa Co. Ltd.") have been providing numerous services to Bank Melli in contravention of IEEPA and the Iranian Transactions Regulations promulgated thereunder, including transferring rental income generated from 650 Fifth Avenue Company to Bank Melli, following Bank Melli's instructions with regard to Assa Corporation's affairs, reporting back to Bank Melli on Assa Corporation's financial situation and business

dealings, and managing the affairs of Assa Corporation for the benefit of Bank Melli. The Alavi Foundation owns 60 percent of 650 Fifth Avenue Company, and Bank Melli owns 40 percent of 650 Fifth Avenue Company, through Assa Corp. and Assa Co. Ltd. On Dec. 17, 2008, a civil Complaint was filed seeking forfeiture of the 40 percent interest held by Assa Corporation in 650 Fifth Avenue Company. In the Amended Complaint, the United States seeks to forfeit all right, title and interest in 650 Fifth Avenue Company, including the Alavi Foundation's 60 percent interest in the company. The United States also seeks to forfeit the contents of bank accounts held by 650 Fifth Avenue Company, the Alavi Foundation, and Assa Corporation, as well as other real properties owned by the Alavi Foundation. Claims against the building in this consolidated action by private parties holding judgments against the Government of Iran remain pending. The investigation was conducted by the FBI, IRS, CID, and the Joint Terrorism Task Force.

***Spacecraft Navigation and Control Technology to Iran*** - On Sep. 16, 2013, Aurel Fratila, a Romanian citizen and aeronautical engineer, was sentenced in the Southern District of California to 18 months in prison after pleading guilty on Jun. 25, 2013. Fratila was extradited to the United States on Feb. 8, 2013 from Romania to stand trial on charges of conspiracy to violate the Arms Export Control Act and to smuggle goods from the United States; conspiracy to launder money; money laundering and aiding and abetting stemming from an alleged plot to supply Iran with U.S.-origin military accelerometers and other defense articles. On Oct. 17, 2006, Fratila and co-defendant Jamshid Ghassemi, an Iranian national, were charged in an indictment in connection with their alleged efforts to illegally obtain 12 Honeywell military accelerometers, as well as Honeywell gyroscopes, from an individual in the U.S., and arrange for them to be smuggled to Romania so they could then be transshipped to Iran. The accelerometers are used for spacecraft navigation and control systems and classified as defense articles requiring a State Department license for export. According to the charges, Ghassemi and Fratila caused \$70,000 to be wire transferred from a bank in Romania to San Diego for the devices, which were to be sent to Bucharest. On Nov. 13, 2006, Ghassemi was arrested by Thai police in Bangkok pursuant to a U.S. provisional arrest warrant after he agreed to meet with a U.S. confidential source there. During the subsequent extradition proceeding in Thailand, Ghassemi's attorney filed a motion with the Thai court citing letters from Iran's Ambassador to Thailand confirming that Ghassemi was a "high-ranking officer of the Iranian Air Force" who was merely carrying out orders by the Iranian Air Force to obtain accelerometers and that the money for the accelerometers came from the Iranian government. On Jul. 2, 2007, a lower court in Thailand ruled against the U.S. extradition request, finding that Ghassemi's actions were military in nature. The ruling was appealed by Thai prosecutors on Jul. 27, 2007, who argued that a person's military status does not entitle that person to commit crimes. The Thai appeals court denied the appeal and Ghassemi was released from Thai custody in late Sep. 2008. Ghassemi remains a fugitive. The investigation was conducted by ICE and DCIS.

***Acoustic Transducer and Other Technology Through U.A.E. to Iran*** – On Sep. 13, 2013, Omidreza Khademi, an Iranian national who resides in the United Arab Emirates, was sentenced in the District of Columbia to 29 months in a federal prison, \$100 special assessment, and ordered to forfeit \$4,400. Previously, on May 28, 2013, Khademi pleaded guilty to his role in a conspiracy to violate the International Emergency Economic Powers Act and the Iranian Transaction Regulations. Khademi was the owner and managing director of Omid General Trading Company LLC, which is located in Dubai, U.A.E. Through Omid General Trading Company, Khademi conspired to transfer U.S.-origin goods through third countries to Iran on behalf of Iranian procurement companies on at least four occasions between Feb. 2010 and Sep. 2011. Khademi worked with co-conspirators Companies A and B, who were both Iranian supply companies operated by Iranian citizens, Individuals A and B. In his plea agreement, Khademi admitted to shipping U.S.-origin goods, to include a PCI Express Analog Input Board and related

breakout board and cables, laptop computers, a side scan system and an underwater acoustic transducer from the U.S. through other countries to Iran without first obtaining a license from the Department of the Treasury, Office of Foreign Assets Control to export U.S.-origin goods from the United States to Iran.

***Computer Components to Iran*** - On Aug. 27, 2013, Business Machinery World Wide, an Iranian corporation based in Tehran, Iran, and two of its subsidiaries, Servex DWC, LLC and Ariana General Trading, pleaded guilty to conspiring to violate the International Emergency Economic Powers Act, and were each sentenced to 5 years of probation and a \$50,000 fine. On Mar. 7, 2013, a superseding indictment filed in the Eastern District of Virginia against an Iranian corporation, its subsidiaries and several of its officers and business partners alleged that they illegally exported more than \$30 million in computer goods from U.S. companies to Iran. Those charged include Business Machinery World Wide, an Iranian corporation based in Tehran, Iran; three of its subsidiary companies located in Dubai, United Arab Emirates; and nine officers and individuals. They were accused of conspiring to defraud the United States and conspiring to violate the International Emergency Economic Powers Act. The original indictment and criminal complaint were made public on Dec. 19, 2012, after two alleged conspirators - Alireza Beshcari and Mikaeil Ghahramani - were arrested in Los Angeles, Calif. According to the charges, beginning in 2008, BMWW began soliciting and receiving computer goods from the United States knowing that this conduct was prohibited under U.S. law. To avoid detection and to facilitate the shipment of goods from the United States to Iran, BMWW directed the U.S. goods to be shipped to its subsidiary companies in the United Arab Emirates. These subsidiaries were created solely to illicitly transship the U.S. goods to Iran and evade the export embargo. Those charged include the following: BMWW, aka Jahan Gostar Co., the parent company operating in Iran; BMWW DWC LLC, which later changed its name to Servex DWC, LLC, a subsidiary of BMWW based in Dubai that allegedly received \$2.8 million in U.S.-origin goods for transshipment to Iran; Ariana General Trading, a subsidiary of BMWW based in Dubai that allegedly received more than \$28 million in U.S.-origin goods for transshipment to Iran; Alireza Faraj Tabrizy, aka Ali Faraji, a citizen of Iran and the managing director of BMWW, Ariana and Servex; Siyavash Aliakbar Yazdanfar, a citizen of Iran and the international affairs manager for BMWW; Ayoub Ali Ahmadi, the former lead manager at Ariana and current lead manager for Servex allegedly responsible for coordinating transshipment of U.S.-origin goods from Dubai to Iran; Michelle Liboon Diaz, the former front-line manager at Ariana and current front-line manager at Servex allegedly responsible for coordinating transshipment of U.S.-origin goods from Dubai to Iran; Esmaeil Ghahremani, an Iranian citizen with ties to the United States who allegedly relies on BMWW to unlawfully export U.S.-origin goods to Iran through Dubai; Ehsan Mahmoud Ghorbanali Barati, an Iranian citizen who allegedly relies on BMWW to unlawfully export U.S.-origin goods to Iran through Dubai; Amir Mazlomian, a naturalized U.S. citizen of Iranian descent living in Newport Coast, Calif., and an officer with D&A Trading Corp., which has allegedly shipped nearly \$300,000 in computer-related goods to Iran through BMWW and Ariana; Alirez Beshcari, a citizen of the Netherlands and a legal permanent resident in the U.S. living in Laguna Niguel, Calif., who owns ATA Trade Co., which has allegedly shipped nearly \$800,000 in electronic goods to Iran through BMWW and Ariana; and Mikaeil Ghahramani, of Santa Ana, Calif., who owns Notebook Spectrum, which has allegedly shipped nearly \$2 million in electronic equipment to Iran through BMWW and Ariana. On Aug. 27, 2013, the superseding indictment was dismissed against Alireza Beshcari, Mikaeil Ghahramani, Alireza Faraj Tabrizy, Siyavash Aliakbar Yazdanfar, Ayoub Ali Ahmadi, Michelle Liboon Diaz, Esmaeil Ghahremani, and Ehsan Mahmoud Ghorbanali Barati. This investigation was conducted by ICE and Commerce's BIS.

***Thermal Imaging Scopes and Cameras to Belarus*** - Aug. 21, 2013, Ernest Chornoletskyy was sentenced in the Eastern District of Pennsylvania to 15 months in prison for conspiring to export military-grade night vision devices to Belarus in violation of the Arms Export Control Act and the International Emergency Economic Powers Act (IEEPA). On Aug. 10, 2011, an indictment was returned charging Chornoletskyy, as well as Vitali Tsishuk, Yahor Osin, Aliaksandr Belski, Aliaksandr Stashynski, and Volha Dubouskaya with conspiracy to export defense articles without a license and conspiracy to violate IEEPA. Osin, Belski and Tsishuk were further charged with conspiracy to launder monetary instruments. According to the indictment, from Jan. 2008, to early Aug. 2011, the defendants conspired to illegally export to Belarus numerous defense articles, including ThOR 2 Thermal Imaging Scopes, AN/PAS-23 Mini Thermal Monoculars, and Thermal-Eye Renegade-320s without State Department licenses. During this period, they also allegedly conspired to illegal export Commerce-controlled items to Belarus, including L-3 x 200xp Handheld Thermal Imaging Cameras without a Commerce Department license. Belski was sentenced on Jul. 19, 2013 to 57 months in prison after pleading guilty on Dec. 6, 2012. Dubouskaya was sentenced to 6 months in prison on Feb. 6, 2013 after pleading guilty on Nov. 7, 2012. Stashynski was sentenced to 6 months in prison on Nov. 28, 2012 after pleading guilty on Feb. 28, 2013. Tsishuk was sentenced to 24 months in prison on Feb. 14, 2013 after pleading guilty on Oct. 28, 2011. Osin pleaded guilty on Feb. 29, 2012.

***Satellite Technology to Iran*** - On Aug. 16, 2013, Seyed Amin Ghorashi Sarvestani, an Iranian national, was sentenced in the Southern District of New York to 30 months in prison, a fine of \$100,000 and the forfeiture of \$54,000 for conspiring to export goods, including satellite technology and hardware, from the United States to Iran, in violation the International Emergency Economic Powers Act. Ghorashi was arrested on Oct. 3, 2012, and pleaded guilty on May 8, 2013. According to the Complaint, Ghorashi was an owner of, and served as a managing director and director of, two related companies based in the United Arab Emirates. In that capacity, he worked with others to export electronic equipment used for satellite communications and data transfer, as well as other goods, from the U.S. to Iran, without the requisite approval from OFAC. Ghorashi and others conspired to acquire satellite technology and hardware from a supplier based in the U.S., for shipment to Iran. To conceal the true destination of the goods from the U.S. supplier, Ghorashi and his co-conspirators arranged for the items to be shipped first to the United Arab Emirates and subsequently shipped to Iran. This case was investigated by the FBI, ICE, DCIS, BIS, OEE, and CBP.

***Inertial Navigation Units to the UAE & Turkey*** - On Aug. 14, 2013, Junaid Peerani, a resident of Broward County, Fla., and the owner of AEROTEK 2000, INC., was sentenced to 46 months in prison and a \$10,000 fine for knowingly and willfully attempting to export and cause to be exported from the United States to Turkey two Inertial Navigation Unit LTN-72's, without first having obtained the required authorization from the United States Department of Commerce. Peerani was indicted in the Southern District of Florida on Dec. 11, 2012 and pleaded guilty on Apr. 2, 2013 for violations of the International Emergency Economic Powers Act. According to the Indictment, in Mar. 2011, Peerani attempted to export to the United Arab Emirates an inertial navigation unit that is controlled for export by the Commerce Department for missile technology and anti-terrorism reasons. The item, which is a laser gyro replacement for the mechanical inertial navigation system used on many military transport and commercial aircraft, was seized by U.S. border authorities before departing the United States. Peerani also allegedly attempted to export two additional inertial navigation units to Turkey in Sep. 2012 without obtaining the requisite Commerce Department export license. This investigation was conducted by ICE.

***Military Night Vision Equipment to New Zealand*** - On Jul. 11, 2013, in the District of Maryland, Anthony Torresi was sentenced to 18 months in prison followed by 3 years of

supervised release for unlawfully exporting military grade night vision equipment. According to his plea agreement on Feb. 28, 2013, Torresi listed night vision goggles and night vision monoculars for sale on eBay. The items were designed to enable military ground troop personnel to conduct night operations. A license from the U.S. Department of State is required to export the items. Selling such items overseas without a license is a violation of the Arms Export Control Act. On Jan. 21, 2011, Torresi sold two of the night vision goggles for \$7,039.99 to an undercover agent he believed to be located in New Zealand, but who was in fact located in Baltimore. Torresi exported the goggles on Feb. 11, 2011 from Miami, Florida to New Zealand. The shipping label signed by Torresi falsely showed the contents as a "gift" described as a "Rangefinder" valued at \$70. Torresi never applied for a license to export these items. Similarly, on Mar. 29, 2011, Torresi sold a 6015-4 night vision monocular to the undercover agent he believed to be located in New Zealand for \$6,099.89. On Apr. 29, 2011, Torresi also exported from Miami to New Zealand what he falsely represented to the customers as a 6015-4 night vision monocular. He sold the monocular for \$6,099.98. The monocular shipped by Torresi was lower grade and purchased by Torresi for \$266. This investigation was conducted by ICE.

***Firearms to Liberia*** - On Jun. 20, 2013, McHarding Degan Galimah was sentenced in the District of Minnesota to 30 months in prison for smuggling firearms from the United States to his home country of Liberia. Galimah was indicted on Aug. 22, 2012, and convicted on Feb. 14, 2013. The evidence presented at trial proved that Galimah purchased 12 firearms from a federally licensed firearms dealer, including seven Hi-Point, nine-millimeter handguns. In Nov. 2010 and Jul. 2011, he exported those weapons to Liberia and then made several trips to that country to take possession of the firearms for resale at a profit. At no time did he possess a license to transport the firearms, as required by federal law. Moreover, federal regulations prohibit the export of firearms to Liberia. This case was investigated by ICE and ATF.

***Firearms to Colombia*** –On Jun. 13, 2013, Patrick Brewer Regan was sentenced in the Southern District of Texas to over 8 years imprisonment. His codefendant, Nicolas Ryan Alig was sentenced to 2 years of probation. Pursuant to an indictment dated Apr. 6, 2011, Regan and Alig both pleaded guilty on Jan. 19, 2012, to their respective roles in a conspiracy to provide false written statements in connection with obtaining firearms licenses. Regan also pleaded guilty to acting as a firearms dealer without having the proper federal license to do so, possession of firearms with obliterated serial numbers, and possession of an unregistered firearm. On Mar. 8, 2011, Regan, and his Colombian-born wife, Ximena del Pilar Echeverry Arias were arrested on a criminal complaint charging the couple with conspiracy, smuggling goods from the United States and possession of a firearm with an obliterated serial number. In Dec. 2010, agents saw Regan and Arias ship numerous boxes addressed to recipients in Colombia. An examination of those boxes resulted in a determination that the name of the addressee was fictitious, the shipping address was an abandoned residence in Colombia, the shipper's name and address was fictitious and the contents falsely described. The boxes contained 16 firearms and each had its serial number obliterated. Agents intercepted two subsequent firearms shipments allegedly made by Regan to Colombian addresses. Records obtained during the investigation showed Arias, while living in Colombia, had allegedly signed for 12 of the 67 similarly suspicious packages addressed to her home and wire transferred more than \$39,000 from a bank in Colombia to Regan's account in the United States. At the time of the arrests, agents seized 50 lower and 13 upper receivers for AR-15 style semi-automatic rifles, an unregistered fully assembled short-barrel AR-15 rifle, two pieces of metal working machinery and 13 AR-15 style lower receivers. The Colombian National Police arrested three individuals in Colombia and dismantled a workshop where firearms were being assembled from the lower receivers Regan and Arias allegedly supplied and other essential components. On Mar. 9, 2012, the indictment against Arias was dismissed. This investigation was conducted by ATF and ICE.

***Prohibited Exports to Iran*** - On Jun. 12, 2013, Markos Baghdasarian was sentenced in the District of South Carolina to 36 months in prison. Previously, on Dec. 4, 2012, Baghdasarian pleaded guilty to conspiracy to violate the International Emergency Economic Powers Act and to defraud the United States, violating the Iranian embargo and making false statements. On May 19, 2012, Baghdasarian was arrested in Atlanta prior to boarding a flight to the United Arab Emirates (UAE). Baghdasarian was charged by criminal complaint in the District of South Carolina with exporting goods from the United States to Iran without the required licenses and with making false statements. He was later indicted on Jun. 14, 2012. According to the charges, Baghdasarian served as the manager of Delfin Group USA, a Russian-owned producer of synthetic motor oils, located in North Charleston, South Carolina. From as early as Jun. 13, 2010, until Oct. 12, 2011, Baghdasarian is alleged to have engaged in prohibited transactions with customers in Iran, including Pars Oil, which is an oil company owned by the Government of Iran. He alleged exported to Iran aviation engine oils and polymers valued at \$850,000 and allegedly concealed that Iranian customers were the true recipients of the shipment by falsely asserting that a business entity in the UAE was the ultimate consignee for the goods. The investigation was conducted by ICE and Department of Commerce.

***Trade Secrets to India*** – On Jun. 3, 2013, Prabhu Prasad Mohapatra, an Indian citizen with a work visa and an alien registration card, was sentenced in the District of Utah to time served, 30 days supervised release, \$100 SPA and \$3,435.25 in restitution. Previously, on Apr. 11, 2012, Mohapatra was charged in a 26 count Superseding Indictment with theft of trade secrets, wire fraud and attempt, and computer-related fraud. On May 11, 2012, Mohapatra pleaded guilty to one count of unlawful access to a protected computer. The remaining 25 counts of the Superseding Indictment were dismissed on the government’s motion. On Nov. 14, 2011, Mohapatra was arrested on a criminal complaint in the District of Utah (filed on Nov. 10, 2011) charging him with stealing proprietary information from his employer, Frontier Scientific, Inc., a Utah scientific company, and providing it to a relative in India who was starting up a competing company. According to the charges, Mohapatra worked as a senior scientist for Frontier Scientific, Inc., a company that makes large pure quantities of an organic chemical, 2,2'-dipyrromethane, that has several applications, including as an ingredient in new drugs, as well as in solar cells and batteries. The complaint alleged that Mohapatra emailed proprietary information from Frontier Scientific about the chemical to his brother-in-law in India, who was setting up an unregistered, competing company called Medchemblox. The complaint further alleged that Mohapatra had a financial interest in Medchemblox. This investigation was conducted by FBI.

***Carbon Fiber to China*** – On May 29, 2013, Lisong Ma aka “Ma Li”, was sentenced in the Eastern District of New York to 46 months imprisonment after pleading guilty on May 30, 2013 to an information charging him with attempting to illegally export one or more spools of Toray T-800 carbon fiber from the United States to China without the required licenses from the Department of Commerce. According to a complaint filed on Mar. 29, 2013, Ma reached out to undercover law enforcement officers in Feb. 2013 seeking carbon fiber for export to China. Ma then traveled to the United States where he met with undercover agents about obtaining samples of carbon fiber. Ma paid \$400 for a spool of T-800 carbon fiber and allegedly arranged for it to be shipped via Federal Express from the United States to China, falsely labeled as "clothing" and without a license. The package was intercepted before leaving the United States. According to the Information, Type T-800 carbon fiber is extremely high-grade and is used primarily in aerospace and military applications. It is controlled for export by the Department of Commerce for nuclear non-proliferation and national security reasons. This investigation was conducted by the Department of Commerce and ICE.

***Military Night Vision Equipment to Ukraine*** - On May 22, 2013, in the Eastern District of New York, Ukrainian citizen Volodomyr Ponomarenko was sentenced to 24 months in prison after pleading guilty on Feb. 22, 2013 to conspiring to violate the Arms Export Control Act by attempting to export military-grade night vision equipment from the U.S. to Ukraine. Ponomarenko was arrested attempting to enter the U.S. on Mar. 23, 2011. He and others purchased military-grade night vision equipment, among other things, from dealers in the U.S. and attempted to export that equipment to Ukraine without the required State Department export licenses. As part of the scheme, Ponomarenko and his co-conspirators used straw purchasers in the U.S. to purchase the equipment. In exchange for a fee, the straw purchasers shipped the items to various freight forwarders for export to Ponomarenko in Ukraine. The night vision scopes were intercepted by law enforcement at John F. Kennedy International Airport. In their review of the shipping records, investigators learned that Ponomarenko and his co-conspirators caused the freight forwarding companies to inaccurately describe the items and to falsely state that no export license was required. The case was investigated by ICE and DCIS.

***Industrial Supplies for Iranian Petrochemical Companies*** - On May 21, 2013, Iranian national Saeed Talebi was sentenced in the Southern District of New York to 12 months imprisonment.. Previously, on Sep. 26, 2012, Talebi pleaded guilty to conspiring to violate the International Emergency Economic Powers Act (IEEPA) stemming from his work with others to ship to Iran parts and goods for use in industrial operations. The indictment against Talebi was first unsealed on Jul. 12, 2012 and charged him with conspiring to violate IEEPA and conspiring to commit money laundering. Talebi worked to ship industrial goods and parts from U.S.-based firms to Dubai and that these goods were then to be sent to various petrochemical companies located in Iran. In the course of the scheme, Talebi allegedly caused funds to be wired to the United States, including more than \$300,000 that was sent to a bank account in Manhattan. The investigation was conducted by BIS, with assistance from CBP.

***Military Aircraft Engines to Venezuela*** - On May 14, 2013, Floyd D. Stilwell of Phoenix, AZ, was sentenced in the District of Arizona to 5 years of probation and was ordered to pay a fine of \$250,000. Previously, on Oct. 29, 2012, Stilwell pleaded guilty to conspiracy to violate the Arms Export Control Act. Stilwell and Marsh Aviation Company of Mesa, Arizona, were indicted on Oct. 28, 2010, for violating the Arms Export Control Act and conspiracy. The indictment alleged that beginning in Nov. 2005 through Feb. 2008, Stilwell Marsh Aviation and others contributed to the export of T-76 military aircraft engines from the United States to Venezuela for use by the Venezuelan Air Force. The T-76 aircraft engine was designed for the OV-10 Bronco Aircraft which is a light armed reconnaissance aircraft specifically suited for counterinsurgency missions. The indictment also alleges that the defendants furnished assistance to members of the Venezuelan Air Force, including training in the assembly, testing, maintenance and use of the T-76 military aircraft engine without the required authorization from the State Department. The indictment against Marsh Aviation Company was dismissed on May 14, 2013. The investigation was conducted by the FBI, ICE, and the DCIS.

***Ammunition to Jordan*** - On May 3, 2013, Brian Keith Bishop, an employee of the U.S. Embassy in Jordan was sentenced in the Eastern District of Virginia to 2 years of probation and ordered to pay a fine of \$25,000. On Feb. 4, 2013, Bishop was convicted in a bench trial in the Eastern District of Virginia of violating the Arms Export Control Act. In Aug. 2011, federal agents discovered that Bishop had placed approximately 9,446 rounds of ammunition, including 9mm, 7.62 X 39mm, 45 caliber and 12 gauge shells in a cargo container of personal effects that he was shipping from the United States to Jordan through a U.S. government contract carrier. Bishop did not have a license to export defense articles from the United States and Jordanian law prohibits

the possession of firearms on Jordanian territory without a permit issued by the Public Security Directorate.

***Fighter Jet Components to Iran*** - On Apr. 26, 2013, Iranian citizen, Saeid Mohabat made his initial appearance in federal court in the Northern District of California after being extradited from Cyprus to face U.S. charges of conspiring to violate the Arms Export Control Act, conspiring to violate the International Emergency Economic Powers Act, and two counts of smuggling. Mohabat was charged in an indictment on Dec. 11, 2012. According to the indictment, Mohabat sent an email in Feb. 2012 to purchase Pitot Static Tubes, which are component parts of the F-5 fighter jets and classified as defense articles, for a total price of \$52,442. He later indicated via e-mail that the parts were destined for Iran, but noted that they could be transshipped through Tajikistan or China. He later sent an e-mail detailing how to ship one of the tubes by listing it as a "sample tube" on the invoice and covering it in glue for concealment purposes. In Oct. 2012, Mohabat allegedly traveled to Cyprus, where he was arrested by authorities in Cyprus. This investigation was conducted by ICE.

***GM Trade Secrets to China*** – On Apr. 20, 2013, in the Eastern District of Michigan, a former General Motors engineer, Shanshan Du, was sentenced to 12 months and one day along with a \$12,500 fine. Her husband, Yu Qin, was sentenced to 36 months on each count to be served concurrently along with a \$25,000 fine. Both defendants were found guilty by a federal jury on Nov. 30, 2012, for conspiring to steal hybrid technology trade secrets from GM with the intent to use them in a joint venture with an automotive competitor in China. Du and Qin were also convicted of unlawful possession of trade secrets after a month-long trial Nov. 2012. Qin was also convicted of wire fraud and obstruction of justice. The evidence at trial showed that from Dec. 2003 through May 2006, the defendants conspired to steal GM's trade secret information. Du, while employed with GM's hybrid vehicle technology group, provided GM trade secret information relating to hybrid vehicles to her husband, Qin, for the benefit of their private company, Millennium Technology International Inc. (MTI), which the defendants jointly owned and operated. Approximately five days after Du was offered a severance agreement by GM in Jan. 2005, she copied more than 16,000 GM files, including trade secret documents, to an external computer hard drive used for MTI business. A few months later, Qin moved forward on a business venture to provide hybrid vehicle technology to Chery Automobile, an automotive manufacturer based in China and a competitor of GM. In May 2006, during the execution of a search warrant, the FBI recovered multiple computer devices containing GM trade secret information on several computer and electronic devices located in the defendants' residence. Shortly after the FBI search team left the defendants' residence, the defendants drove to a dumpster behind a grocery store, where defendant Qin discarded plastic bags containing shredded documents, including GM trade secret information, that were responsive to federal grand jury subpoenas seeking information relating to MTI and hybrid vehicles. Based on preliminary calculations, GM estimates that the value of the stolen GM documents is more than \$40 million. This case was investigated by the FBI.

***Military Gyroscopes to China*** - On Apr. 17, 2013, Kevin Zhang, aka Zhao Wei Zhang was sentenced in the Southern District of California to time served and 3 years supervised release. Previously, on Feb. 19, 2013, Zhang pleaded guilty for his role in a conspiracy to export defense articles from the United States to China without a license. On Jul. 30, 2012, Zhang was arrested as he attempted to enter the United States from Canada at a port of entry in Washington state. Zhang had been charged on Jan. 14, 2011 in a sealed indictment in the Southern District of California with one count of conspiracy to export defense articles (specifically G-200 Dynamically Tuned Gyroscopes) from the United States to China without a license or approval from the State Department. According to the indictment, these particular gyroscopes may be used

in tactical missile guidance and unmanned aircraft systems. Zhang allegedly instructed individuals in the United States to obtain and export defense articles, including the gyroscopes, to China and allegedly sought to use a courier to smuggle the gyroscopes out of the U.S. The indictment alleged that Zhang, acting on behalf of a client in China, sought to purchase three gyroscopes for \$21,000 from an individual in the United States as a prelude to future purchases of gyroscopes. This investigation was conducted by ICE.

***Carbon Fiber to Taiwan*** - On Mar. 29, 2013, Yen Ling Chen, a citizen of Taiwan, was sentenced in the Eastern District of New York to 9 months in prison for violating the International Emergency Economic Powers Act (IEEPA) by attempting to export weapons-grade carbon fiber from the United States to Taiwan. According to court filings, Chen attempted to negotiate a long-term contract for the acquisition of 5 to 10 tons of carbon fiber while evading applicable export controls. Chen was arrested after traveling to the U.S. to meet with an undercover agent in an effort to obtain a sample of the specialized fiber, which has applications in the defense and aerospace industries and is regulated by the Department of Commerce. According to court documents, Chen was retained in the spring of 2012 by a coconspirator in Taiwan to use her English language skills to assist in the acquisition of large quantities of carbon fiber on behalf of a Taiwan-based company, which were to be transhipped to a third party. On Apr. 25, 2012, Chen contacted an undercover agent in Brooklyn via the Internet and indicated that she and others were interested in purchasing several tons of high-grade carbon fiber. During this conversation, Chen discussed various methods to evade U.S. licensing controls, including mis-labeling the goods. Shortly thereafter, an accomplice wired \$1,000 to a U.S. bank account, as a deposit on a sample of carbon fiber. In furtherance of the export scheme, and in an effort to secure a source of the controlled commodity, Chen traveled from Taiwan to the United States on Jul. 5, 2012, to obtain a sample. During a secretly recorded meeting with an undercover agent the following day, the defendant and a coconspirator negotiated the deal and made arrangements for the delivery of the sample to Taiwan so that further testing could be performed to confirm its authenticity. Chen was indicted on Sep. 4, 2012 and pleaded guilty on Dec. 11, 2012 to attempting to violate IEEPA. The investigation was conducted by ICE and BIS.

***Military Technical Data and Trade Secrets to China*** - On Mar. 25, 2013, Sixing Liu, aka "Steve Liu," a native of China with a PhD in electrical engineering who worked as a senior staff engineer for Space & Navigation, a New Jersey-based division of L-3 Communications, was sentenced in the District of New Jersey to 70 months in prison for exporting sensitive U.S. military technology to China, stealing trade secrets and lying to federal agents. On Sep. 26, 2012, Liu was convicted of nine of 11 counts of an Apr. 5, 2012 second superseding indictment, specifically six counts of violating the Arms Export Control Act, one count of possessing stolen trade secrets in violation of the Economic Espionage Act, one count of transporting stolen property, and one count of lying to federal agents. The jury acquitted Liu on two counts of lying to federal agents. According to documents filed in the case and evidence presented at trial, in 2010, Liu stole thousands of electronic files from his employer, L-3 Communications, Space and Navigation Division. The stolen files detailed the performance and design of guidance systems for missiles, rockets, target locators, and unmanned aerial vehicles. Liu stole the files to position and prepare himself for future employment in China. As part of that plan, Liu delivered presentations about the technology at several Chinese universities, the Chinese Academy of Sciences, and conferences organized by Chinese government entities. However, Liu was not charged with any crimes related to those presentations. On Nov. 12, 2010, Liu boarded a flight from Newark to China. Upon his return to the United States on Nov. 29, 2010, agents found Liu in possession of a non-work-issued computer found to contain the stolen material. The following day, Liu lied to ICE agents about the extent of his work on U.S. defense technology. The State Department later verified that several of the stolen files on Liu's computer contained technical data that relates to

defense items listed on the United States Munitions List. The jury also heard testimony that Liu's company trained him about the United States' export control laws and told him that most of the company's products were covered by those laws. Liu was first arrested on Mar. 8, 2011, in Chicago on a complaint in the District of New Jersey charging him with one count of exporting defense-related technical data without a license. The investigation was conducted by the FBI, ICE and CBP.

***Aircraft and Aircraft Components to Iran*** - On Mar. 4, 2013 in the Western District of Kentucky, Hamid Asefi, an Iranian citizen, and Behzad Karimian, a U.S. citizen with a valid Iranian passport living in Kentucky, were sentenced to 23 months in prison and 46 months in prison, respectively, for charges related to the illegal export of aircraft and aircraft parts from the U.S. to Iran. On Dec. 3, 2012, both defendants pleaded guilty to conspiracy to violate and violating the International Emergency Economic Powers Act. Asefi was the principal officer of Aster Corp Ltd., an Iranian company with offices in Iran and the United Kingdom, while Karimian was employed as a Mesaba Airlines pilot. Beginning in Aug. 2007 and continuing through Apr. 2011, Asefi used the U.K. office of Aster to serve as a transshipment point to facilitate shipment of goods from the United States to Iran. Asefi sent requests on behalf of Iranian entities to Karimian for purchases of aircraft and aircraft parts in the U.S. or owned by U.S. persons. Karimian then made inquiries, placed orders and attempted to facilitate the purchase of aircraft and aircraft parts in the United States on behalf of Asefi and persons in Iran. Among other things, the defendants admitted from Sep. 2009 through Apr. 2010, they violated the embargo against Iran by exporting and causing the export of services related to the sale of a G.E. Aircraft Engine Model CF6-50C2, as well as attempting the procurement of helicopters manufactured by Bell Helicopter, from the United States to Iran. All of the aircraft and aircraft parts involved in this case were intended for civilian use. Asefi made his initial appearance in federal court in Louisville, Ky., on Jun. 1, 2012, while Karimian was arrested and made his initial appearance in federal court in Louisville on Jun. 6, 2012. This investigation was conducted by the FBI.

***Ballistic Vests and Ammunition to Mexico*** - On Feb. 27, 2013 in the Western District of Texas, Hector Ayala, former owner of Uniforms of Texas, was sentenced to 2 years in federal prison for his role in a scheme to smuggle ammunition and other prohibited items into the Republic of Mexico. Ayala was also ordered to pay a \$200,000 monetary judgment as well as forfeit to the Government 8,600 rounds of ammunition, \$103,000 in U.S. Currency as well as approximately \$1 million worth of military and law enforcement equipment seized by authorities during this investigation. In Dec. 2012, Ayala pleaded guilty to one count of facilitating the smuggling of goods from the United States. Ayala admitted that from Sep. 1, 2009, to Dec. 3, 2011, he concealed and facilitated the transportation of multiple calibers and quantities of ammunition; approximately 300 high capacity ammunition magazines and drums; and, approximately 800 ballistic vests with ceramic plates knowing that the items were intended to be exported from the United States into Mexico. This investigation was conducted by ICE and ATF.

***Trade Secrets to China*** - On Jan. 25, 2013, Ji Li Huang, a Chinese business owner and his employee, Xiao Guang Qi, pleaded guilty and were sentenced in the Western District of Missouri for conspiring to steal trade secrets from Pittsburgh Corning Corporation, that produces FOAMGLAS® insulation. Huang is the CEO of Ningbo Oriental Crafts Ltd., which employs 200 factory workers to manufacture promotional products for export to the United States and Europe. Qi was his employee. Huang was sentenced to 18 months in prison and ordered to pay a fine of \$250,000. Qi was sentenced to time served and ordered to pay a fine of \$20,000. Pittsburgh Corning, headquartered in Pittsburgh, Penn., manufactures various grades or densities of cellular glass insulation sold under the trade name FOAMGLAS®. That material is used to

insulate buildings, industrial piping systems and liquefied natural gas storage tank bases. Pittsburgh Corning considers the product formula and manufacturing process for FOAMGLAS® proprietary and trade secrets. By pleading guilty, Huang and Qi admitted that they attempted to illegally purchase trade secrets of Pittsburgh Corning for the purpose of opening a plant in China to compete with Pittsburgh Corning. The court ruled that the intended loss to Pittsburgh Corning exceeded \$7 million, based on the company's investment of time and resources to research, develop and protect the proprietary information the defendants attempted to steal. Huang and Qi were arrested when they met with an individual they believed to be an employee of Pittsburgh Corning who had stolen documents that contained trade secret information and was willing to sell it to them for \$100,000. That employee, however, was cooperating with law enforcement and the meetings in Kansas City were a sting operation that led to their arrests on Sep. 2, 2012. The case was investigated by the FBI.

***Military Lasers to Canada*** - On Jan. 23, 2013, Joel Stone was sentenced in the Western District of Texas to 24 months imprisonment. Stone previously pleaded guilty on Mar. 22, 2012, to receiving stolen property, illegal export of defense articles and money laundering. Stone illegally exported to Canada three stolen U.S. Military Advanced Target Pointer Illuminating Aiming Lasers, which are defense articles on the U.S. Munitions List. Stone was arrested on Feb. 2, 2012 after being charged in a sealed criminal information on Jan. 12, 2012.

***Sensitive Microwave Amplifiers to China and India*** - On Jan. 17, 2013, Timothy Gormley was sentenced to 42 months in prison, three years supervised release and a \$1,000 fine in Eastern District of Pennsylvania for five counts of violating the International Emergency Economic Powers Act (IEEPA). On Oct. 17, 2012, Gormley, the former export control manager of AR Worldwide/Amplifier Research in Souderton, PA, pleaded guilty in connection with the illegal export of over 57 microwave amplifiers, which are controlled for National Security reasons due to their applications in military systems, including radar jamming and weapons guidance systems. The Aug. 9, 2012, information alleged that between 2007 and 2011, Gormley failed to obtain the required licenses on behalf of the company for shipments sent to destinations requiring such licenses for the shipment of these goods. The information cited specific shipments of amplifiers from the United States to customers in India and China that Gormley caused without the required export license. This investigation was conducted by the Department of Commerce.

***Hawk Air Defense Missile Batteries to Iran*** - On Jan. 9, 2013, British businessman Christopher Tappin was sentenced in the Western District of Texas to serve 33 months in prison and ordered to pay a fine of \$11, 357 for aiding and abetting the illegal export of defense articles in connection with his efforts to export to Iran special components of the Hawk Air Defense Missile. Tappin pleaded guilty on Nov. 1, 2012, admitting that from Dec. 2005 to Jan. 2007, he aided and abetted others, including his Cyprus-based business associate Robert Gibson, and Robert Caldwell, of Portland, Ore., in an attempt to export Zinc/Silver Oxide Reserve Batteries to Iran. These particular batteries, a special component of the Hawk Air Defense Missile, are on the U.S. Munitions List and require a license for export from the United States. In Oct. 2006, Tappin wired some \$25,000 from a London financial institution to an account in the United States as payment for five of the batteries. Using false shipping documentation, Tappin arranged for the transfer of the batteries to the United Kingdom without an export license through his specifically-designated freight forwarders in violation of export control regulations. During the investigation, Tappin agreed to reimburse the undercover agent for \$5,000 in fines purportedly being assessed against him by U.S. Customs authorities after they had seized the shipment of batteries. Tappin also caused Caldwell to travel to San Antonio in Jan. 2007 to take delivery of the batteries, ensure that they were shipped to him and to pay the undercover agent \$5,000 for the current fines. Tappin was first charged in a federal indictment on Feb. 7, 2007. He was extradited from the

United Kingdom to the United States for prosecution on Feb. 24, 2012. On Nov. 9, 2007, his co-defendant Robert Caldwell was sentenced in the Western District of Texas to 20 months in prison for his role in the scheme. Robert Gibson was sentenced on Aug. 24, 2007 to a two-year prison term for his role in the scheme. The case was investigated by ICE.

***Dual-Use Programmable Logic Devices to China*** - On Dec. 18, 2012, federal prosecutors in the District of Oregon unsealed a 12-count indictment charging Wan Li Yuan, aka "Nicholas Bush," a resident of China, and another Chinese resident known as "Jason Jiang," with export and money laundering violations in connection with their alleged efforts to obtain dual-use programmable logic devices (PLDs) from the United States for export to China. According to the indictment, while operating from China, Yuan and Jiang created a sophisticated scheme to conceal their true identity and location in order to mislead U.S. companies into believing they were dealing with American customers so they could procure and send sensitive technologies to China without the required export licenses. Yuan and Jiang allegedly sought to procure PLDs made by Lattice Semiconductor Corporation in Oregon, which are designed to operate at extreme temperature ranges and which can have military applications such as in missiles and radar systems. To further his efforts, the indictment alleges that Yuan created a fake website and email addresses using the name of a legitimate New York-based company. Yuan requested U.S. companies to ship the desired parts to the address of a freight forwarder in New York, which he also falsely represented as being associated with the New York company whose business name Yuan had stolen. Through the investigation and use of an undercover operation, the FBI and Department of Commerce were able to seize approximately \$414,000 in funds sent by Yuan as down payments for the Lattice PLDs. Lattice Semiconductor cooperated with the government in the investigation, which was conducted by the FBI and Department of Commerce's BIS.

***Specialty Coatings to Pakistani Nuclear Facility*** - On Dec. 11, 2012, in the District of Columbia, China Nuclear Industry Huaxing Construction Co., Ltd. (Huaxing), a corporate entity owned by the People's Republic of China (PRC) was sentenced to the maximum criminal fine of \$2 million, \$1 million of which was stayed pending its successful completion of five years of corporate probation. Previously, on Dec. 3, 2012, Huaxing pleaded guilty to conspiracy to violate the International Emergency Economic Powers Act (IEEPA) and three unlawful exports of high performance coatings to a nuclear reactor in Pakistan. The plea marked the first time that a PRC corporate entity has entered a plea of guilty in a U.S. criminal export matter. The terms of Huaxing's probation require it to implement an export compliance and training program that recognizes Huaxing's obligation to comply with U.S. export laws. In both the criminal and administrative case, Huaxing was accused of conspiring to export, re-export, and transship high-performance epoxy coatings to the Chashma II Nuclear Power Plant in Pakistan, a nuclear reactor owned by the Pakistan Atomic Energy Commission (PAEC), an entity on the Department of Commerce's Entity List. The Huaxing guilty plea was related to the Dec. 21, 2010, guilty plea of PPG Paints Trading Co., Ltd. to a four-count information in the District of Columbia. Together, PPG Paints Trading and its parent company, PPG Industries, Inc., paid \$3,750,000 in criminal and administrative fines and over \$32,000 in restitution. The Huaxing guilty plea was also related to the Nov. 15, 2011, guilty plea by Xun Wang to conspiracy to violate IEEPA. Wang also reached a settlement with the Commerce Department on Nov. 15, 2011, in which she agreed to pay a civil penalty of \$200,000, with another \$50,000 payment suspended, and to be placed on the Commerce Department's Denied Persons List for five years, with an additional five years suspended. Wang, a former Managing Director of PPG Paints Trading, was the senior most PPG Paints Trading employee responsible for the unlawful export scheme. Wang, a Chinese national and lawful permanent resident of the United States, was arrested on Jun. 16, 2011, in Atlanta. On Jun. 7, 2011, a grand jury in the District of Columbia returned a sealed indictment against her. Wang was ultimately sentenced on Dec. 20, 2012, to one year and one day in prison in connection

with the scheme. According to Huaxing's plea documents, in Jan. 2006, PPG Industries sought an export license for the shipments of coatings to Chashma II. In Jun. 2006, the Department of Commerce denied that license application. Following that denial, Huaxing and its co-conspirators agreed upon a scheme to export, re-export and transship the high-performance epoxy coatings from the U.S. to Chashma II, via a third-party distributor in China, without first having obtained the required export license from the Department of Commerce. From Jun. 2006 through around Mar. 2007, members of the conspiracy falsely stated that the coatings were to be used at a nuclear power plant in China, the export of goods to which would not require a Commerce license. Through these means, Huaxing and its co-conspirators unlawfully exported three shipments of coatings from the U.S. to Chashma II worth approximately \$32,000. The investigation was conducted by BIS.

***Night Vision Technology Overseas*** - On Dec. 3, 2012, Sean Elias Sayegh, a retired Marine Corps staff sergeant who previously worked in the Marine Aviation Supply Office at Edwards Air Force Base in California, was sentenced in the Central District of California to 1 year of probation. Sayegh, who pleaded guilty on Aug. 27, 2012, was arrested in Mar. 2012 for allegedly lying to the government in connection with a scheme to illegally export military night vision technology overseas. Sayegh, who retired from the Marine Corps in Dec. 2011, was charged in a Mar. 2, 2012 indictment in the Central District of California with four counts of making false statements on customs declaration forms, stating that packages he was shipping contained camera lenses and other camera equipment, when the items were actually laser light interference filters (LIFs). The alleged violations, which occurred between Dec. 2009 and Feb. 2010, involved the shipment of more than 100 LIFs. LIFs, which are used with military night vision goggles, are on the U.S. Munitions List and cannot legally be exported without a license issued by the Department of State. This investigation was conducted by ICE, NCIS, DCIS, the U.S. Postal Inspection Service (USPIS) and U.S. Customs and Border Protection.

***TOW Missile Components to Iran*** – On Nov. 30, 2012, Andro Telemi, a naturalized U.S. citizen from Iran who resided in California, was sentenced in the Northern District of Illinois to five years' probation with 6 months home confinement and electronic monitoring and a \$10,000 fine. Previously, on Jul. 26, 2012, Telemi pleaded guilty to one count of attempting to illegally export defense articles in connection with his efforts to export TOW and TOW2 missile components to Iran. Telemi was indicted in Dec. 2009, along with Davoud Baniameri, an Iranian citizen who lived in Woodland Hills, Calif. A superseding indictment returned in Jul. 2010 charged Telemi, Baniameri and Syed Majid Mousavi, an Iranian citizen living in Iran. According to court documents, sometime before Oct. 2008, Mousavi, based in Iran, contacted Baniameri in California and requested that he purchase Marconi radio test sets for illegal export from the United States to Iran via Dubai. Baniameri purchased these sets from an Illinois company and later exported them to Iran via Dubai. Mousavi also requested that Baniameri purchase and export to Iran, via Dubai, ten connector adaptors for the TOW and TOW2 missile system, which are used on the U.S. Army's Bradley fighting vehicle and the U.S. Marine Corp's AH-1W Cobra attack helicopter. Baniameri later negotiated the purchase of these items from an Illinois company for \$9,450 and directed Telemi to assist him in this effort and to take possession of the items. To facilitate the export of these goods, Baniameri arranged to fly to Iran, but he was arrested before leaving the country. Baniameri conducted business via Pacific Green Valley, a firm in California, while Telemi conducted business as Oceanic Import Cars, Inc., a firm in California. On May 31, 2011, Baniameri pleaded guilty to conspiracy to illegally export goods and technology to Iran and to attempt to illegally export defense articles in connection with the TOW missile components and radio test sets. Baniameri was sentenced on Aug. 12, 2011 to 51 months in prison. Mousavi remains a fugitive. This investigation was conducted by ICE, DCIS, BIS, and IRS.

***Military Antennas to Iran*** - On Nov. 20, 2012, an indictment in the District of Columbia charging Amin Ravan and his Iranian company, IC Market Iran (IMI), with conspiracy to defraud the United States, smuggling and violating the Arms Export Control Act, was unsealed. Ravan was arrested by authorities in Malaysia on Oct. 10, 2012 and the United States is seeking his extradition. According to the indictment, which was returned under seal on Nov. 16, 2011, Ravan was based in Iran and, at various times, acted as an agent of IMI in Iran and an agent of Corezing International, Pte, Ltd, a company based Singapore that also maintained offices in Hong Kong and China. In late 2006 and early 2007, Ravan allegedly attempted to procure for shipment to Iran export-controlled antennas made by a company in Massachusetts, through an intermediary in Iran. The antennas sought by Ravan were cavity-backed spiral antennas as well as biconical antennas. After this first attempt was unsuccessful, Ravan joined with two co-conspirators at Corezing in Singapore so that Corezing would contact the Massachusetts company and obtain the antennas on behalf of Ravan for shipment to Iran. When Corezing was unable to purchase the antennas from the Massachusetts firm, Corezing then contacted another individual in the United States who was ultimately able to obtain these items from the Massachusetts firm by slightly altering the frequency range of the antennas to avoid detection by the company's export compliance officer. Ultimately, between Jul. and Sep. 2007, a total of 50 cavity-backed spiral antennas and five biconical antennas were exported from the United States to Corezing in Singapore and Hong Kong. No party to these transactions -- including Ravan or IMI -- ever applied for or received a license from the State to export any of these antennas from the United States to Singapore or Hong Kong. This investigation was conducted by ICE, FBI and BIS.

***Military Aircraft Parts to Iran*** - On Nov. 15, 2012, Alireza Moazami Goudarzi, an Iranian national, was charged in an indictment in the Southern District of New York in connection with a plot to illegally export military and civilian aircraft components from the United States to Iran. Goudarzi was arrested in Malaysia on Oct. 24, 2012 and the United States is seeking his extradition. According to the indictment, in 2010, Goudarzi contacted a U.S. supplier seeking to buy certain civilian aircraft parts for shipment to Iran, and, as an incentive, offered to pay more than market value because of the embargo on sending these parts to Iran. After the supplier referred the solicitation to investigating agents, an undercover agent began corresponding with Goudarzi regarding the proposed purchase, as well as other purchases of aircraft parts that he sought. Those purchases included rotor blades for a particular model of attack helicopter, and most recently, jet engine parts listed on the U.S. Munitions List. Goudarzi met with the UC in person to purchase those parts and made payments to the UC towards their purchase. The indictment charges Goudarzi with conspiracy, money laundering and violations of the Arms Export Control Act and the International Emergency Economic Powers Act. The investigation was conducted by ICE and DCIS

***Stolen Tactical Laser Illuminators Overseas*** - On Oct. 30, 2012, Fidel Ignacio Cisneros was sentenced in the Middle District of Florida to 46 months in prison followed by two years' supervised release for violating the Arms Export Control Act. Cisneros, a former master sergeant in the U.S. Army pleaded guilty to the charge on Jul. 31, 2012. According to court documents, from 2007 to 2010, Cisneros served as a soldier in the U.S. Army, where he performed various missions in that capacity, in Iraq and elsewhere. During his deployment, Cisneros stole three Acquired Tactical Illuminating Laser Aimers (Atilla 200 lasers), an ACOG rifle scope, and other items. He brought all of the items back to Orlando without first obtaining permission from the Department of Defense. Using his eBay account, Cisneros auctioned one of the Atilla 200 lasers to the highest bidder. Cisneros shipped the Atilla-200 laser from Orlando to a Japanese national in Tokyo, in exchange for \$3,200. The Atilla 200 laser requires a State Department license to be exported out of the United States, which Cisneros did not have. In Mar. 2010, Cisneros also

auctioned a PEQ AN/PEQ-14 night vision pointer illuminator, which was shipped to California; a Thuraya Hughes 7101 Satellite phone GSM+GPS, which was shipped to Kuwait; a Thuraya Satellite phone docker FDU 2500, which was shipped to California; and a PEQ/Atilla 200 rail mounted laser, which was shipped to Nevada. On Jan. 26, 2011, Cisneros admitted to ICE agents that he knew it was probably wrong to sell the items and that civilians probably were not allowed to possess the items. That same day, agents recovered the remaining Atilla 200 lasers that Cisneros stole from the Army. Federal law enforcement agents in the United States and in Japan subsequently recovered all of the items Cisneros sold. Cisneros was charged in a May 16, 2012 indictment. This investigation was conducted by ICE and DCIS.

***Restricted Microwave Amplifier Technology to China*** - On Oct. 29, 2012, Fu-Tain Lu was sentenced in the Northern District of California to 15 months in prison, 3 years supervised release \$100 special assessment and a \$5,000 fine. Previously, on Nov. 17, 2011, Lu pleaded guilty to selling sensitive microwave amplifiers to the People's Republic of China without the required license. Lu was the owner and founder of Fushine Technology, Inc., corporation formerly located in Cupertino, Calif. Fushine was an exporter of electronic components used in communications, radar and other applications. At the time of the offense, Fushine had a sales representative agreement with Miteq Components, Inc., a New York-based manufacturer of microwave and satellite communications components and subsystems. Lu admitted that, on Mar. 1, 2004, Fushine submitted a purchase order to Miteq for one microwave amplifier and requested that Miteq notify Fushine immediately if an export license was required. Miteq responded that the part was controlled for export to China. Nonetheless, on Apr. 2, 2004, Fushine exported the amplifier to co-defendant Everjet Science and Technology Corporation (Everjet), located in China, without a license from the Department of Commerce. Lu further admitted that the amplifier he shipped was restricted for export to China for reasons of national security. Lu, along with the two corporate defendants, Fushine and Everjet, were first indicted on Apr. 1, 2009. A superseding indictment was returned on Feb. 17, 2010. In addition to the count of conviction, the indictment also charged him with conspiring to violate U.S. export regulations, and lying to federal agents who were investigating that conduct. The superseding indictment quoted from an internal company e-mail in which an Everjet employee told a Fushine employee, "Since these products are a little bit sensitive, in case the maker ask [sic] you where the location of the end user is, please do not mention it is in China." As part of the plea agreement, Lu also agreed to forfeit 36 additional microwave amplifiers seized on Mar. 24, 2010, but that were not included in the superseding indictment. On Oct. 29, 2012, the government moved to dismiss all charges against co-defendant Fushine Technology. This investigation was conducted by the Department of Commerce (BIS), the FBI, ICE, and U.S. Customs and Border Protection.

***Military Aircraft Engines and Components to Venezuelan Air Force*** - On Oct. 29, 2012, Kirk Drellich, the owner of SkyHigh Accessories, Inc., an aircraft parts company in Florida, was sentenced in the Southern District of Florida to one year and one day in prison and was fined \$50,000, after pleading guilty earlier in the year to conspiracy to violate the Arms Export Control Act (AECA). On Jul. 30, 2012, Victor Brown, an aircraft parts broker in Florida, pleaded guilty in the Southern District of Florida to conspiracy to violate the AECA. On Jul. 27, 2012, Freddy Arguelles, a former Venezuelan Air Force pilot living in the U.S., pleaded guilty to conspiracy to violate the AECA. On Jul. 13, 2012, Alberto Pichardo, an officer of the Venezuelan Air Force who was responsible for control of the Venezuelan Military Acquisitions Office in Doral, Fla., pleaded guilty to conspiracy to violate the AECA. Each of these four defendants was charged on Jun. 25, 2012, with conspiring to violate the AECA in connection with their efforts to export to Venezuela U.S.-origin military aircraft engines and components from Nov. 2008 through Aug. 2010. According to the charges, co-conspirators residing in Venezuela and Spain advised the defendants and other members of the conspiracy of specific defense articles that the Venezuelan

Air Force wanted to purchase. Some of the co-conspirators, including Pichardo and Brown, also met with officials of the Venezuelan Air Force regarding these defense articles. The defendants allegedly purchased and obtained the requested defense articles from various U.S. suppliers. The defendants then made arrangements for the shipment of the defense articles to Venezuela. These items included T56 military aircraft engines and components for other military aircraft, including the F-16 fighter jet. Co-conspirators residing in foreign countries paid the defendants and other co-conspirators for their assistance in obtaining the defense articles. This investigation was conducted by the FBI.

***Military-Sensitive Parts to Iran*** - On Oct. 29, 2012, Susan Yip, a citizen of Taiwan, was sentenced in the Western District of Texas to two years in federal prison for her role in a conspiracy to obtain and illegally export dual-use parts with military applications to Iran. A 17-count indictment, returned on Jun. 15, 2012 and later unsealed, charged Yip, Mehrdad Foomanie of Iran, and Merdad Ansari of the United Arab Emirates, with conspiracy to violate the Iranian Trade Regulations, conspiracy to launder money and conspiracy to commit wire fraud. On Jul. 20, 2012, Yip pleaded guilty to one count of conspiracy to violate the Iranian Trade Regulations. By pleading guilty, Yip admitted that from 2007 to 2011, she acted as a broker and conduit for Foomanie to buy items in the United States and have them unlawfully shipped to Iran. According to the indictment, Foomanie bought or attempted to buy items in the United States and arranged to have them unlawfully shipped to Iran through his companies in Iran, Hong Kong and China. Ansari allegedly attempted to transship and transshipped cargo obtained from the United States by Yip and Foomanie using Ansari's company in Dubai. Foomanie and Ansari remain fugitives. In her plea, Yip admitted to primarily using her companies in Taiwan and in Hong Kong to carry out the fraudulent scheme. The parts Yip obtained and attempted to obtain for Iran were worth millions of dollars, and could be used in such military systems as nuclear weaponry, missile guidance and development, secure tactical radio communication, offensive electronic warfare, military electronic countermeasures and radar warning and surveillance systems. From Oct. 9, 2007, to Jun. 15, 2011, the defendants obtained or attempted to obtain from companies worldwide over 105,000 parts valued at some \$2,630,800 involving more than 1,250 transactions. The defendants conducted 599 transactions with 63 different U.S. companies where they obtained or attempted to obtain parts from U.S. companies without notifying these companies the parts were being shipped to Iran or getting the required U.S. licenses to ship these parts to Iran. The case was investigated by ICE, FBI, DCIS and the Department of Commerce.

***Military Flight Helmets and Night Vision Goggles to Panama*** - On Oct. 23, 2012, Martyn Caulfield, a British national illegally present in the United States, was sentenced in the Northern District of Florida to two years in prison after pleading guilty on Jun. 27, 2012 to a five-count information charging him with illegally exporting defense articles, being an alien in possession of a firearm, and money laundering. Caulfield purchased new and used military equipment, including military flight helmets and advanced night vision goggles, and then resold these restricted defense articles over an eBay auction site for export without the required State Department licenses. During online discussions with undercover law enforcement agents, Caulfield agreed to export military flight helmets and night vision goggles to agents posing as buyers from Panama. The shipments were intercepted before they departed the United States. More than \$81,000 was seized and forfeited from Caulfield in connection with the investigation. This investigation was conducted by ICE.

***Sensitive Military Encryption Technology to China*** – On Oct. 19, 2012, Chi Tong Kuok, a resident of Macau, China, was sentenced in the Southern District of California to time served. Previously, on Jul. 31, 2012, Kuok pleaded guilty to one count of conspiracy to illegally export defense articles and to smuggle goods from the United States. According to the plea agreement,

Kuok and others conspired to purchase and export from the United States defense articles, including communication, precision location and cryptographic equipment, without a license from the State Department. Kuok also caused \$1,700 to be sent to the United States for the purchase and unlicensed export of a KG-175 Taclane Encryptor. According to court documents, the KG-175 Taclane Encryptor was developed by General Dynamics under a contract with the National Security Agency for use by the U.S. military to encrypt Internet Protocol communications. Kuok was first arrested on Jun. 17, 2009 in Atlanta, Ga., after he arrived from Paris to catch a connecting flight to Panama in order to meet with undercover federal agents to take possession of controlled U.S. technology. A criminal complaint was filed on Jun. 23, 2009 and an indictment returned on Jul. 7, 2009. On May 11, 2010, Kuok was convicted at trial of conspiracy to export defense articles without a license and smuggling goods to Macau and Hong Kong, China; smuggling goods; attempting to export defense articles without a license; and money laundering. On Sep. 13, 2010, Kuok was sentenced to 96 months in prison. Kuok appealed and on Jul. 2, 2012, the 9th U.S. Circuit Court of Appeals vacated Kuok's convictions on counts three and four and remanded to the district court for a new trial on counts one and two. The appeals court ruled that Kuok should have been allowed to put on a defense that he was forced into trying to procure the equipment by the Chinese government. Kuok pleaded guilty prior to the second trial. This investigation was conducted by ICE and DCIS.

***Computers and Related Equipment to Iran*** - On Oct. 18, 2012, in the Middle District of Florida, Mohammad Reza Hajian, a resident of Tampa, was sentenced to four years in prison and ordered to forfeit \$10 million for conspiracy to violate the Iranian Transaction Regulations. On Jul. 11, 2012, Hajian pleaded guilty to conspiracy to export roughly \$10 million worth of computers and related equipment from the United States to Iran through the United Arab Emirates without first obtaining an export license from the Treasury Department. Additionally, Hajian as Chief Executive Officer of his computer companies, Nexiant LLC, RH International LLC, and P & P Computers LLC, pleaded guilty on behalf of the companies to count two of the information, charging these companies with conspiracy to export computers and related equipment to Iran without first obtaining an export license from the Treasury Department. On Oct. 18, 2012, Nexiant LLC, P&P Computers, and RH International LLC each received a sentence of 24 months' probation. The case was investigated by ICE and the Department of Commerce.

***Theft of Trade Secrets for Potential Use in China*** - On Sep. 19, 2012, Chunlai Yang, a former senior software engineer for Chicago-based CME Group, Inc., pleaded guilty in the Northern District of Illinois to two counts of theft of trade secrets for stealing source code and other proprietary information while at the same time pursuing plans to improve an electronic trading exchange in China. Yang admitted that he downloaded more than 10,000 files containing CME computer source code that made up a substantial part of the operating systems for the Globex electronic trading platform. The government maintains that the potential loss was between \$50 million and \$100 million. Yang began working for CME Group in 2000 and was a senior software engineer at the time of his arrest. Between late 2010, and Jun. 30, 2011, Yang downloaded more than 10,000 computer files containing CME computer source code from CME's secure internal computer system to his CME-issued work computer. He then transferred many of these files from his work computer to his personal USB flash drives, and then transferred many of these files from his flash drives to his personal computers and hard drives at his home. Yang also admitted that he downloaded thousands of others CME files. Yang admitted that he and two unnamed business partners developed plans to form a business referred to as the Tongmei (Gateway to America) Futures Exchange Software Technology Company (Gateway), whose purpose was to increase the trading volume at the Zhangjiagang, China, chemical electronic trading exchange (the Zhangjiagang Exchange.) The Zhangjiagang Exchange was to become a transfer station to China for advanced technologies companies around the world. Yang expected

that Gateway would provide the exchange with technology through written source code to allow for high trading volume, high trading speeds, and multiple trading functions. Yang was indicted on Sep. 28, 2011. This investigation was conducted by the FBI.

***Motorola Trade Secrets to China*** - On Aug. 29, 2012, Hanjuan Jin, a former software engineer for Motorola, was sentenced in the Northern District of Illinois to four years in prison for stealing trade secrets from Motorola, specifically Motorola's proprietary iDEN telecommunications technology, for herself and for Sun Kaisens, a company that developed products for the Chinese military. According to court documents filed in the case, Motorola spent more than \$400 million researching and developing iDEN technology in just a matter of years. On Feb. 8, 2012, Jin was found guilty of three counts of stealing trade secrets. Jin, a naturalized U.S. citizen born in China, possessed more than 1,000 electronic and paper Motorola proprietary documents when she was stopped by U.S. authorities at Chicago's O'Hare International Airport as she attempted to travel to China on Feb. 28, 2007. The judge presiding over the case found her not guilty of three counts of economic espionage for the benefit of the government of China and its military. According to the evidence at trial, Jin began working for Motorola in 1998, and took medical leave in Feb. 2006. Between Jun. and Nov. 2006, while still on sick leave, Jin pursued employment in China with Sun Kaisens, a Chinese telecommunications firm that developed products for the Chinese military. Between Nov. 2006 and Feb. 2007, Jin returned to China and did work for Sun Kaisens on projects for the Chinese military. On Feb. 15, 2007, Jin returned to the United States from China and reserved a flight to China scheduled to depart on Feb. 28, 2007. Jin advised Motorola that she was ready to return to work at Motorola, without informing Motorola that she planned to return to China to work for Sun Kaisens. On Feb. 26, 2007, she returned to Motorola, and accessed hundreds of technical documents belonging to Motorola on its secure internal computer network. As she attempted to depart from Chicago to China, authorities seized numerous materials, some of which provided a description of communication feature that Motorola incorporates into its telecommunications products. Authorities also recovered classified Chinese documents describing telecommunication projects for the Chinese military. Jin was charged with theft of trade secrets in an Apr. 1, 2008 indictment. A superseding indictment returned on Dec. 9, 2008 charged her with economic espionage. The investigation was conducted by the FBI, with assistance from U.S Customs and Border Protection.

***Firearms to Haiti*** - On Aug. 23, 2012, Jean Gordy Gedeon, a national of Haiti, was sentenced in the Middle District of Florida to 46 months imprisonment. Previously, on Jun. 5, 2012, Gedeon pleaded guilty to a criminal information which charged the defendant with attempting to purchase and smuggle firearms from the United States to Haiti. Gedeon arranged with an undercover agent to purchase eleven firearms that he said he intended to smuggle to Haiti. He was arrested on May 30, 2012 after paying \$1,100 to the undercover agent for four pistols and a machine gun. The case was investigated by ATF.

***Anti-Aircraft Missile, Anti-Tank Weapons and Machine Guns to Mexican Drug Cartel*** - On Aug. 22, 2012, Mexican national David Diaz-Sosa was sentenced in the District of Arizona to 25 years in prison after pleading guilty on Apr. 19, 2011, to several violations related to his efforts to acquire military-grade weaponry in the United States for export to Mexico for use by a Mexican drug trafficking organization. Diaz-Sosa pleaded guilty to conspiracy to acquire and export an anti-aircraft missile, conspiracy to possess machine guns and transfer guns for use in a drug trafficking crime as well as methamphetamine violations. In 2009, Diaz-Sosa began negotiating with undercover agents for the purchase of weapons for the Sinaloa Drug Cartel in Mexico, including a Stinger missile, several anti-tank weapons, grenade launchers, grenades, and machine guns. Diaz-Sosa and his associates agreed to exchange cash and methamphetamine as payment for the weapons. On Feb. 17, 2010, Diaz-Sosa and Jorge DeJesus-Casteneda were arrested as

they sought to finalize the weapons exchange with undercover agents. Diaz-Sosa, DeJesus-Castaneda, and an additional defendant, Emilia Palomino-Robles, were charged in a sealed indictment on Mar. 16, 2010. Palomino-Robles pleaded guilty on Apr. 13, 2011 to one drug violation, stemming from her role as a money and drug courier in the weapons-for-drugs transaction. On Apr. 27, 2011, DeJesus-Castaneda was convicted of one count of possession with intent to distribute over 500 grams of methamphetamine, but was acquitted of other charges. DeJesus-Castaneda was sentenced on Aug. 3, 2011 to 146 months in prison and five years' supervised release. Palomino-Robles was sentenced on Mar. 5, 2012 to 10 years in prison and 5 years supervised release for her role in the scheme. This investigation was conducted by the ATF and the DEA.

***Defense Services, Training, Technical Data, Body Armor and Ammunition to Foreign Nations***

- On Aug. 7, 2012, a criminal information was unsealed in the Eastern District of North Carolina charging Academi LLC, formerly known as Blackwater Worldwide and Xe Services, LLC, with violating the Arms Export Control Act, the International Emergency Economic Powers Act (IEEPA), as well as federal firearms laws and other violations. A deferred prosecution agreement (DPA) was also unsealed on the same day, in which the company admitted to certain facts set forth in the bill of information and agreed to pay \$7.5 million a fine. The DPA also acknowledged and referenced a \$42 million settlement between the company and the State Department to settle civil violations of the Arms Export Control Act. The criminal information alleged the company violated IEEPA by exporting satellite phones to the Sudan in Nov. 2005 without a license from the Treasury Department. The information also alleged that the company violated arms export laws by proposing to provide security services and a threat assessment to the government of the Sudan; by providing military training to Canadian military and law enforcement officials between 2006 and 2008; by providing technical data related to the construction of armored personnel carriers to individuals from Sweden and Denmark between 2006 and 2008; and by exporting ammunition and body armor to Iraq and Afghanistan between 2004 and 2006 - all without the required State Department export licenses. The information also alleged that Academi possessed automatic weapons without registration or permission and that it falsely represented to the ATF that five firearms were owned by certain individuals, when the weapons had been given as a gift to the King of Jordan and his traveling entourage in Jun. 2005. This case was investigated by the FBI, IRS, ATF, DCIS and ICE.

***Tactical SUVs Armed with M 134 Mini-guns to Turkmenistan*** – On Jul. 31, 2012, in the District of Arizona, Victor Dobrogaiev was sentenced to 21 months imprisonment (time served), three years supervised release, and \$100 special assessment after his plea of guilty on Apr. 24, 2012 to conspiracy to violate the Arms Export Control Act. Previously, on Feb. 4, 2011, his codefendant, Ruslan Gilchenko, was sentenced to 18 months in prison and three years' supervised release after his plea of guilty on Sept. 29, 2010 for his role in the conspiracy. Both defendants were ordered to forfeit any interest in the \$610,000 paid in furtherance of the conspiracy. A Feb. 24, 2010 indictment charged Gilchenko and Victor Dobrogaiev with conspiracy to violate the Arms Export Control Act, money laundering and fraud charges. According to the charges, Gilchenko and Dobrogaiev attempted to obtain three sport utility vehicles outfitted with M134 Mini-guns, which are fully automatic defense suppression weapons that fire at a rate of 3,000 rounds per minute, for illegal export to Turkmenistan. As part of the conspiracy, the defendants allegedly agreed to pay \$1.2 million to purchase three armed vehicles and forwarded \$340,000 to sellers in the U.S. as a down payment. In connection with the transaction, Gilchenko, who represents a company in Slovenia called MG CZ Group, allegedly sought to defraud the government of Turkmenistan of by causing the price of the transaction to be inflated. Gilchenko pleaded guilty to the conspiracy count on Sep. 29, 2010. The investigation was conducted by ICE.

***Military-Grade Riflescopes Overseas*** - On Jul. 13, 2012, Geoffrey Roose was sentenced in the Western District of Washington to 10 months in prison and two years' supervised release for his efforts to sell military-grade riflescopes overseas via eBay. Roose was arrested on a complaint on Dec. 6, 2011, indicted on Feb. 22, 2012 and pleaded guilty Mar. 28, 2012 to attempting to violate the Arms Export Control Act. Federal agents learned that Roose had sold export-restricted rifle scopes to individuals overseas without the required license and warned him that such exports were restricted. Despite the warning, Roose continued to offer the items for sale on eBay with no limitation on their export. He later sold one of the military scopes to an undercover agent who requested that it be sent to Europe. This case was investigated by ICE.

***Materials for Gas Centrifuges and Other Nuclear-Related Goods to Iran*** – On Jul. 12, 2012, a grand jury in the District of Columbia returned a superseding indictment charging Parviz Khaki, a citizen of Iran, and Zongcheng Yi, a resident of China, for their alleged efforts to obtain and illegally export to Iran U.S.-origin materials used to construct, operate and maintain gas centrifuges to enrich uranium, including maraging steel, aluminum alloys, mass spectrometers, vacuum pumps and other items. Khaki was also accused of conspiring to procure radioactive source materials from the United States for customers in Iran. The indictment charges Khaki and Yi each with conspiracy to violate the International Emergency Economic Powers Act (IEEPA), conspiracy to defraud the United States, smuggling, illegally exporting U.S. goods to Iran in violation of IEEPA; and conspiracy to commit money laundering. Khaki was arrested on May 24, 2012, by authorities in the Philippines in connection with a U.S. provisional arrest request stemming from a Mar. 8, 2012 indictment in the District of Columbia. Yi, who is purported to be the managing director of Monalila Co. LTD, a toy company in Guangzhou City, China, remains at large. From around Oct. 2008 through Jan. 2011, Khaki, Yi and others allegedly conspired to cause the export of goods from the United States to Iran without a Treasury Department license. In carrying out the conspiracy, Khaki directed Yi and others to contact U.S. companies about purchasing U.S.-origin goods. Yi and other conspirators then purchased goods from various U.S. companies and had the goods exported from the United States through China and Hong Kong to Khaki and others in Iran. Yi and others made false statements to U.S. companies on behalf of Khaki to conceal that Iran was the final destination and end-user of the goods. For example, the indictment alleges that Khaki reached out to an individual in China, as well as to Yi, and to an undercover agent in the United States to obtain 20 tons of C-350 maraging steel from the United States for Khaki's customer in Iran. In late 2008, Khaki also reached out to an individual in China about procuring 20 tons of 7075-O aluminum alloy 80mm rods and 20 tons of 7075-T6 aluminum alloy 150 mm rods from the United States or Europe. Khaki also allegedly sought to obtain mass spectrometers from the United States, including a magnetic mass spectrometer for the isotopic analysis of gaseous uranium hexafluoride, which is used in the gas centrifuge process to enrich uranium. Khaki and Yi also conspired to obtain other items from U.S. companies that can be used for gas centrifuges, including measuring instruments, MKS Baratron pressure transducers, vacuum pumps and other accessories, according to the charge. Khaki also allegedly sought to obtain radioactive source materials from the United States, including barium-133 source, europium-152 source, cobalt-57 source, and cadmium-109 source. Finally, the indictment alleges the defendants were able to successfully cause the illegal export of two Twister Speed Lathes as well as nickel alloy 120 wire from the U.S. through China to Iran. On Oct. 1, 2014, a Suggestion of Death Order was signed by the Court regarding Khaki. Yi remains a fugitive. This investigation was conducted by ICE.

***Carbon Fiber Material to Iran*** - On Jun. 21, 2012, Richard Phillips, a resident of the Bronx, N.Y. was sentenced in the Eastern District of New York to 92 months in prison for attempting to export carbon fiber material to Iran in violation of the International Emergency Economic Powers Act. Phillips pleaded guilty to this charge on Jan. 18, 2012. According to court filings, in Oct.

2011, Phillips offered his services and expertise in exporting a spool of carbon fiber to Tehran, Iran, via the Philippines. The two main applications of carbon fiber in specialized technology, including aerospace and nuclear technology, and in general engineering and transportation. After a series of communications with an undercover federal agent in which he was warned of the law regarding exports of carbon fiber to Iran, Phillips insisted on moving forward with the export. He took possession of a spool of carbon fiber which was placed into a shipping container and affixed a label to the container addressed to the Philippines, where it was to be forwarded to Iran. Phillips was first charged by criminal complaint on Oct. 21, 2011. This investigation was conducted by ICE and the DCIS.

***\$619 Million Fine Against ING Bank for Transactions with Iran and Cuba*** - On Jun. 12, 2012, ING Bank, N.V., a global bank based in Amsterdam, agreed to forfeit \$619 million to the Justice Department and the New York County District Attorney's Office for conspiring to violate U.S. sanctions on Iran and Cuba as well as New York state laws by illegally moving more than \$2 billion (via more than 20,000 transactions) through the U.S. financial system on behalf of sanctioned entities in Iran and Cuba. This conduct caused unaffiliated U.S. banks to unwittingly process transactions that should have been blocked or stopped pursuant to Treasury Department regulations. On Jun. 12, 2012, a criminal information was filed in the District of Columbia charging ING Bank with one count of conspiring to violate the International Emergency Economic Powers Act and the Trading with the Enemy Act. ING Bank waived the federal indictment, agreed to the filing of the information, accepted responsibility for its criminal conduct and that of its employees, and agreed to pay \$619 million to the Justice Department and the New York County District Attorney's office under deferred prosecution agreements with each. The fine represented the largest against a financial institution in connection with an investigation into U.S. sanctions and related offenses. The Justice Department's case against ING Bank arose out of ongoing investigations by the National Security Division and U.S. Attorney's Office for the District of Columbia into the illegal export of goods from the United States to sanctioned countries, including Iran. For instance, ING processed payments on behalf of one customer, Aviation Services International B.V. (ASI), a Dutch aviation company which was the subject of a U.S. Commerce Department-initiated criminal investigation, through the United States for trade services relating to the procurement by ASI of dual-use U.S. aviation parts for ASI's Iranian clients. The ING Bank investigation also resulted in part from a criminal referral from OFAC, which was conducting its own probe of ING Bank. The ING Bank investigation was conducted by the FBI, IRS, with assistance from OFAC and the Commerce Department.

***Aircraft Components and Other Materials to Iran*** - On May 15, 2012, Ulrich Davis, a former manager of a Netherlands-based freight forwarding company, was sentenced in the District of New Jersey to six months in prison after pleading guilty on Feb. 6, 2012 to conspiracy to defraud the United States by facilitating the illegal export of goods to Iran. Davis was first arrested on Aug. 6, 2011. In Oct. 2007, the Commerce Department issued a Temporary Denial Order (TDO) denying export privileges to the company of a co-conspirator of Davis. The TDO prohibited any person, including Davis, from directly or indirectly exporting or re-exporting to or on behalf of the co-conspirator. The co-conspirator located in another country, purchased U.S. origin goods from a New Jersey firm for businesses and governmental agencies of Iran. The New Jersey firm was in the business of reselling chemicals, lubricants, sealants and other products used in the aircraft industry. As part of the conspiracy, Davis and his coconspirator directed a New York freight forwarding company to arrange for a trucking company to pick up commodities from the New Jersey company and transport them to New York on behalf of the coconspirator's company. Davis admitted that in Nov. 2007, he completed an air waybill that represented certain acrylic adhesives and spray paint coatings obtained from a New Jersey company were to be forwarded on behalf of the co-conspirator's company to Iran after issuance of the TDO. Davis acknowledged

that at no time was any relief, exception, or other authorization sought from the TDO. The investigation was conducted by BIS, ICE, and DCIS.

***Laboratory and Radiation Detection Equipment to Iran*** – On May 15, 2012, Majid Saboni was sentenced in the Southern District of California to 12 months and 1 day in prison and \$100 special assessment. Previously, on Dec. 15, 2011, Majid Saboni pleaded guilty to a one-count information charging him with conspiracy to export laboratory equipment, radiation detection equipment, and radon detection equipment from the United States to Iran in violation of the embargo on Iran. Saboni was first charged in a criminal complaint on Oct. 14, 2011 and was later arrested on Oct. 24, 2011. The information against him was filed on Nov. 21, 2011. This investigation was conducted by ICE.

***Military-Grade Thermal Weapon Sight and Rifle Scopes to Eastern Europe*** – On May 11, 2012, Igor Bobel of Brooklyn, N.Y. was sentenced in the Eastern District of Pennsylvania to 30 months imprisonment, 3 years supervised release, and \$200 special assessment stemming from his plea of guilty on Feb. 1, 2012 to a two count criminal information. The criminal information, dated Dec. 22, 2011, charged the defendant with one count of smuggling and one count of attempting to illegally export defense articles. Bobel attempted to export a thermal weapon sight and two rifle scopes -- which are classified as defense articles -- to an Eastern European nation on May 16, 2011, without the required export license from the State Department. Bobel was first arrested on a sealed criminal complaint on Jul. 1, 2011. This investigation was conducted by ICE.

***Trade Secrets to U.S. Subsidiary of Chinese Company*** – On May 7, 2012, Yuan Li, a former research chemist with the global pharmaceutical company Sanofi-Aventis, was sentenced in the District of New Jersey to 18 months imprisonment, 2 years of supervised release, \$100 special assessment and restitution in the amount of \$131,000. Previously, on Jan. 17, 2012, Li pleaded guilty to stealing Sanofi's trade secrets and making them available for sale through Abby Pharmatech, Inc., the U.S. subsidiary of a Chinese chemicals company. According to court documents, Li worked at Sanofi headquarters in Bridgewater, N.J., from Aug. 2006 through Jun. 2011, where she assisted in the development of several compounds (trade secrets) that Sanofi viewed as potential building blocks for future drugs. While employed at Sanofi, Li was a 50 percent partner in Abby, which sells and distributes pharmaceuticals. Li admitted that between Oct. 2008 and Jun. 2011, she accessed internal Sanofi databases and downloaded information on Sanofi compounds and transferred this information to her personal home computer. She also admitted that she made the stolen compounds available for sale on Abby's website. This investigation was conducted by the FBI.

***Thermal Imaging Cameras to China*** - On May 7, 2012, Hing Shing Lau, also known as Victor Lau, a foreign national living in Hong Kong, Peoples Republic of China, was sentenced in the Southern District of Ohio to 10 months in prison followed by 2 years supervised release. Previously, on May 3, 2012, Lau pleaded guilty to two counts of violating export control laws. On Jun. 9, 2009, a federal grand jury in the Southern District of Ohio indicted Lau on charges of trying to buy 12 infrared thermal imaging cameras from a Dayton-area company in order to illegally export the cameras to Hong Kong and China. The indictment alleges that Lau tried to buy 12 thermal imaging cameras manufactured in Texas by contacting a company in the Dayton area. On three occasions, he wire transferred a total of \$39,514 from Hong Kong to the U.S. as partial payment for the cameras. The indictment charges Lau with two counts of violating export control laws and four counts of money laundering. Canadian authorities arrested Lau on Jun. 3, 2009, at the Toronto International Airport pursuant to a provisional arrest warrant issued by U.S.

authorities. The investigation was conducted by the FBI, and BIS, with the assistance of the U.S. Department of State.

***Firearms to Nigeria*** - On May 3, 2012, Olamide Ogunyale was sentenced in the Northern District of Georgia to 8 months in prison, followed by two years of supervised release, for attempting to smuggle firearms to Nigeria. Ogunyale pleaded guilty on Dec. 1, 2012. According to court documents, in Apr. 2011, Ogunyale agreed to help an individual ship 12 firearms and vehicles from the Port of Savannah, Ga., to Nigeria and completed export paperwork without declaring the hidden shipment of weapons. The case was investigated by the ATF and ICE.

***Thermal Imaging Cameras to China*** - On Apr. 23, 2012, Jason Jian Liang, the owner and operator of Sanwave International Corporation in Huntington Beach, Calif., was sentenced to 46 months in prison and three years' supervised release after pleading guilty on Jul. 18, 2011, in the Central District of California to violations stemming from his illegal exports of thermal imaging cameras to Hong Kong and China. Liang was first indicted on Jun. 2, 2010. An Aug. 18, 2010 superseding indictment charged Liang with illegally exporting more thermal imaging cameras to China without first having obtained the required licenses. The cameras in question were manufactured by L-3 Communications Infrared Products and were designated by the Commerce Department as an export-controlled item that could not be exported to China for national security and regional stability reasons. Ultimately Liang admitted making seven illegal exports of 300-D thermal imaging cameras over a 31-month period. All told, he exported 63 cameras.

***Ammunition and Night Vision Devices to Mexico*** - On Apr. 10, 2012, Enrique Gustavo Gonzalez was sentenced in the Southern District of Texas to 36 months in prison and two years' supervised release after pleading guilty on Sep. 8, 2010 to arms export violations. In Jun. 2010, officers with the Roma, TX, police department conducted a traffic stop of Gonzalez, where a search of his car revealed 7,260 rounds of ammunition, military night vision goggles, military night vision rifle scopes, infrared illuminators, as well as two .30-06 rifles - all of which are on the U.S. Munitions List. Gonzalez later admitted he was taking the materials to a ranch along the border, where the items would be crossed into Mexico. The investigation was conducted by ICE.

***Arms to Colombian Terrorists to Kill Americans*** - On Apr. 5, 2012, international arms dealer Viktor Bout was sentenced in the Southern District of New York to 25 years in prison, five years of supervised release and ordered to forfeit \$15 million after being convicted on Nov. 2, 2011 of conspiracy to kill U.S. nationals; conspiracy to kill U.S. officers and employees; conspiracy to acquire and use an anti-aircraft missile; and conspiracy to provide material support to the Revolutionary Armed Forces of Colombia (FARC), a designated terrorist organization. Bout was first arrested on Mar. 5, 2008 by Thai authorities in Bangkok, Thailand. On Nov. 17, 2010, after more than two years of legal proceedings in Thailand, Bout was extradited from Thailand to the United States to stand trial on the charges. According to court documents and evidence introduced at trial, between Nov. 2007 and Mar. 2008, Bout agreed to sell to the FARC millions of dollars' worth of weapons - including 700 - 800 surface-to-air missiles (SAMs), more than 20,000 AK-47 firearms, 10 million rounds of ammunition, five tons of C-4 plastic explosives, "ultralight" airplanes outfitted with grenade launchers, and unmanned aerial vehicles. Bout agreed to sell the weapons to two confidential sources working with the DEA (the "CSs"), who represented that they were acquiring them for the FARC, with the specific understanding that the weapons were to be used to attack U.S. helicopters in Colombia. During a covertly recorded meeting in Thailand in 2008, Bout stated to the CSs that he could arrange to airdrop the arms to the FARC in Colombia, and offered to sell two cargo planes to the FARC that could be used for arms deliveries. Bout said that he understood that the CSs wanted the arms to use against American personnel in Colombia, and advised that, "we have the same enemy," referring to the

United States. During the meeting, he also offered to provide people to train the FARC in the use of the arms. The investigation was conducted by the DEA.

***\$4 Million Arms Shipment to Cote d'Ivoire*** - On Mar. 26, 2012, Michael Barry Shor, of Alexandria, Va., was sentenced in the Northern District of California to 18 months in prison, after pleading guilty on Aug. 1, 2010 to one count of conspiracy to violate the Arms Export Control Act. In pleading guilty, Shor admitted that, beginning in Jul. 2009 until about Apr. 21, 2010, he conspired with others to illegally export 4,000 Gluck 9mm handguns, 200,000 rounds of ammunition, and 50,000 tear gas grenades from the United States to the Cote d'Ivoire on behalf of the Cote d'Ivoire Defense Ministry, purportedly for use in the 2010 elections in that country. According to court documents filed in the case, federal agents learned in 2009 that Shor, located in the United States, was working to broker the export of arms and ammunition to Cote d'Ivoire. During investigation that ensued, Shor revealed to undercover agents that he was brokering the deal on behalf of the Defense Minister of Cote d'Ivoire. In Apr. 2010, officials in Cote d'Ivoire wire transferred \$1.9 million from a bank in New York to an undercover bank account in San Jose, Calif., as a 50 percent down payment for the shipment of arms and ammunition. Shor was then arrested by ICE agents. After his arrest, ICE agents were provided with information on the identity of several individuals from the Cote d'Ivoire who were assigned to conduct an inspection of a sample of the weapons to be shipped from the United States. On Aug. 31, 2010, Nguessan Yao, a citizen of the Cote d'Ivoire and other co-conspirators were picked up from a location in New York City and were shown 500 9mm pistols, 1,000 tear gas grenades and 100,000 rounds of 9mm ammunition by the agents at a location in New Jersey. A few days later, these conspirators arranged for another \$1.9 million to be wire transferred to a government controlled bank account. Yao was subsequently arrested. On Sep. 22, 2010, both Shor and Yao were charged in a superseding indictment in the Northern District of California with one count of conspiracy to export arms in violation of a United Nations Security Council Arms Embargo, and in violation of a U.S. law and regulation; and one count of attempting to export defense articles. Yao pleaded guilty on Oct. 4, 2011 to conspiracy to violate the Arms Export Control Act and was sentenced on Nov. 22, 2011 to one year and one day in prison. The investigation was conducted by ICE.

***Military Gyroscopes and Other Technology to Iran*** - On Feb. 29, 2012, a federal grand jury in the District of Columbia returned an indictment charging David Levick, an Australian national, and his company, ICM Components Inc., located in Thorleigh, Australia, with conspiring to export sensitive military and other technology from the United States to Iran, including components with applications in missiles, drones, torpedoes and helicopters. The indictment charged Levick and ICM each with one count of conspiracy to defraud the United States and to violate the International Emergency Economic Powers Act (IEEPA) and the Arms Export Control Act; as well as four counts of illegally exporting goods to an embargoed nation in violation of IEEPA; and forfeiture of at least \$199,227.41. Levick and ICM allegedly solicited orders from an Iranian representative of a trading company in Iran. Levick and ICM then placed orders with U.S. companies on behalf of the Iranian representative for U.S. aircraft parts and other goods. Among the items they allegedly sought to procure from the United States were military-grade VG-34 Series Miniature Vertical Gyroscopes - which are used in applications such as helicopter flight systems, target drones, missiles, torpedoes and remotely piloted vehicles -- as well as military-grade K2000 Series Servo Actuators designed for use on aircraft. The defendants also sought precision pressure transducers, emergency floatation system kits -- for use on helicopters - and shock mounted light assemblies. Levick and ICM often used a broker in Florida to place orders for these goods and allegedly concealed the final end-use and end-users of the goods from the U.S. In addition to the conspiracy allegations, the indictment charges the defendants with exporting to Iran four specific shipments involving shock mounted lighted assemblies, precision

pressure transducers and an emergency floatation system kit. Levick remains at large. The investigation was conducted by BIS, FBI, DCIS and ICE.

***Defense Items to the United Arab Emirates*** - On Feb. 24, 2012, Andrew Silcox was sentenced to 24 months in prison after pleading guilty on Dec. 15, 2011 in the Western District of Texas to one count of violating the Arms Export Control Act. Silcox was in the business of purchasing surplus Defense Department equipment and reselling it. According to court documents, Silcox sold a Naval Radar Control Unit part (also known as a Sensitivity time Control Generator Assembly) and attempted to sell three others to an undercover agent posing as a broker for a purchaser in the United Arab Emirates. The units Silcox attempted to sell are defense articles that require a State Department license for export. Silcox was arrested in San Antonio on Oct. 21, 2011. This investigation was conducted by ICE and DCIS.

***Computer-Related Technology to Iran*** - On Feb. 17, 2012, Jeng "Jay" Shih, was sentenced in the District of Columbia to 18 months in prison, while his Queens, N.Y., company, Sunrise Technologies and Trading Corporation, was sentenced to 24 months corporate probation for conspiracy to illegally export U.S.-origin computers from the United States to Iran through the United Arab Emirates (UAE). Both Shih and his company were also ordered to forfeit \$1.25 million, for which they are jointly liable. Shih and Sunrise pleaded guilty on Oct. 7, 2011. Three related defendants have also pleaded guilty in the case. On Feb. 16, 2012, Massoud Habibion and his Costa Mesa, Calif., company, Online Micro LLC, pleaded guilty in the District of Columbia to conspiracy to illegally export computers from the United States to Iran through the (UAE). Mohsen Motamedian, a co-owner of Online Micro, pleaded guilty to obstruction of justice. Under the terms of the plea and related civil settlements with BIS and OFAC, Habibion and his company agreed to forfeit \$1.9 million, while Motamedian separately agreed to a \$50,000 monetary penalty. On May 16, 2012, Habibion was sentenced to 13 months in prison, while Motamedian was sentenced to three years supervised release. On Apr. 21, 2011, two separate indictments were returned in the District of Columbia charging Shih and Sunrise, as well as Habibion, Motamedian and Online Micro. The indictments alleged that each of the defendants sold millions worth of laptop computers to a company in Dubai, knowing full well that the computers were ultimately destined for Iran. According to court documents, Shih exported roughly \$700,000 worth of computers per month to Iran through Dubai, while Habibion and Motamedian exported roughly \$300,000 worth of computers per month to Iran through Dubai, by using fake invoices and other concealment techniques. The investigation was conducted by ICE, with assistance from the Department of Commerce and U.S. Customs and Border Protection.

***Military Antennae to Hong Kong & Singapore*** - On Jan. 20, 2012, Rudolf L. Cheung, the head of research and development at a company in Massachusetts that manufactures antennae, pleaded guilty in the District of Columbia to one count of conspiracy to violate the Arms Export Control Act in connection with the illegal export of 55 military antennae from the United States to Hong Kong and Singapore. Cheung was charged in a criminal information on Dec. 2, 2011. According to court documents, Cheung's company received a query in 2006 from a firm in Singapore seeking two types of military antennae. After the Singapore firm refused to fill out the necessary end-user forms, the export compliance officer at Cheung's company stopped the transaction. Cheung then conspired with an associate at another U.S. company to bypass the export compliance officer at Cheung's company by having the associate purchase the antennae from Cheung's firm and then export them separately to Singapore without a State Department license. The conspiracy resulted in the illegal export, between Jul. and Sep. 2007 of 55 military antennae from the United States to the Hong Kong and Singapore addresses of a company called Corezing International. Corezing, based in Singapore, has been charged in a separate indictment for its role in this particular antennae transaction. Corezing has also been charged for its role in a separate

conspiracy involving the illegal export of radio frequency modules from the U.S. to Iran, some of which later ended up in Improvised Explosive Devices in Iraq. This investigation was conducted by ICE, FBI and BIS

***Dow Trade Secrets to China*** - On Jan. 12, 2012, Wen Chyu Liu, aka David W. Liou, a former research scientist at Dow Chemical Company in Louisiana, was sentenced in the Middle District of Louisiana to 60 months in prison, two years supervised release, a \$25,000 fine and was ordered to pay \$600,000 in restitution. Liu was convicted on Feb. 7, 2011 of one count of conspiracy to commit trade secret theft for stealing trade secrets from Dow and selling them to companies in China, and he was also convicted of one count of perjury. According to the evidence presented in court, Liu came to the United States from China for graduate work. He began working for Dow in 1965 and retired in 1992. Dow is a leading producer of the elastomeric polymer, chlorinated polyethylene (CPE). Dow's Tyrin CPE is used in a number of applications worldwide, such as automotive and industrial hoses, electrical cable jackets and vinyl siding. While employed at Dow, Liu worked as a research scientist on various aspects of the development and manufacture of Dow elastomers, including Tyrin CPE. The evidence at trial established that Liu conspired with at least four current and former employees of Dow's facilities in Plaquemine, Louisiana, and in Stade, Germany, who had worked in Tyrin CPE production, to misappropriate those trade secrets in an effort to develop and market CPE process design packages to Chinese companies. Liou traveled throughout China to market the stolen information, and he paid current and former Dow employees for Dow's CPE-related material and information. In one instance, Liou bribed a then-employee at the Plaquemine facility with \$50,000 in cash to provide Dow's process manual and other CPE-related information. The investigation was conducted by the FBI.

***Handguns to the United Kingdom*** - On Jan. 10, 2012, Steven Neal Greenoe was sentenced in the Eastern District of North Carolina to serve 10 years in prison in connection with the illegal export of firearms from the United States to the United Kingdom, after pleading guilty on Mar. 2, 2011. Greenoe was first charged by criminal complaint with Arms Export Control Act violations and other charges on Jul. 26, 2010. A 50-count superseding indictment returned on Feb. 2, 2011, alleged that Greenoe, and at least two other individuals he recruited obtained pistol purchase permits, completed the necessary ATF forms and purchased firearms. Greenoe then took the firearms apart and concealed them in his checked luggage. On nine occasions, from Feb. 22, 2010, to Jul. 25, 2010, he allegedly concealed a total of 63 pistols in his checked luggage and traveled from Raleigh, N.C., to the United Kingdom. In total, Greenoe smuggled at least 79 firearms to co-conspirators in the United Kingdom. According to court documents in the case, firearms purchased by Greenoe in the United States and illegally smuggled to the United Kingdom were used in a shooting in Manchester, England, in Oct. 2010; as well as in the murder of Ian Langford, a father of four children, in Scotland on Apr. 29, 2011; and in an attempted shooting of a cab driver near Liverpool. The investigation was conducted by ICE and ATF, with assistance from the Northwest Regional Organized Crime Unit from Liverpool.

***U.S. Technology to Pakistani Nuclear Facilities*** - On Jan. 6, 2012, Nadeem Akhtar, a Pakistan citizen and U.S. lawful permanent resident, was sentenced in the District of Maryland to 37 months in prison followed by 2 years of supervised release. Previously, on Sep. 9, 2011, Akhtar pleaded guilty to conspiring to commit export violations and to defraud the United States in connection with a scheme to illegally export nuclear-related materials to Pakistan. Akhtar, who owned a company called Computer Communication USA (CC-USA), was originally indicted on Mar. 11, 2010. According to his plea agreement, from Oct. 2005 through Mar. 11, 2010, Akhtar and his conspirators used CC-USA to obtain or attempt to obtain radiation detection devices; resins for coolant water purification; calibration and switching equipment; attenuators; and surface refinishing abrasives for export to several restricted nuclear entities in Pakistan. Other

items that Akhtar unlawfully procured or exported, or attempted to procure or export, to restricted entities in Pakistan include mechanical and electrical valves, cranes and scissor lifts. The total value of all of these items exceeded \$400,000. The restricted entities in Pakistan included: Pakistan's Space and Upper Atmosphere Research Commission; and the Pakistan Atomic Energy Commission (PAEC) and its subordinate entities, such as the Chasma Nuclear Power Plant I in Kundian, Pakistan, and the research reactor maintained by the Pakistan Institute of Engineering and Applied Sciences, a constituent institution of the PAEC in Nilare, Pakistan, specializing in nuclear-related research and development. Akhtar attempted to evade export regulations and licensing requirements by: undervaluing and falsely describing the items being exported; failing to reveal the true end-user by using third parties and/or real and fake business entities/locations in Pakistan, Dubai and the United States; using individuals in Illinois and California to procure items for him under false pretenses; shipping items to his residences in Maryland so it would appear as though his company was the actual purchaser/end-user of the items; and transshipping the items from the U.S. through the United Arab Emirates (UAE). Akhtar took direction from the owner of a trading company located in Karachi, Pakistan, who had business relationships with governmental entities in Pakistan. This individual would obtain orders for nuclear-related and other commodities from Pakistani government entities identified above, and then direct Akhtar as to what commodities to purchase in the United States for export to Pakistan. Akhtar would then negotiate prices with manufacturers and suppliers of commodities sought in the U.S. and arrange for shipment of the commodities. Akhtar's co-conspirators included individuals in Pakistan, Dubai, UAE and New York associated with the owner of the Pakistani trading company. The owner usually paid Akhtar a commission of five to seven and a half percent of the cost of each item Akhtar obtained for export from the U.S. This investigation was conducted by BIS and FBI.

***Wire Fraud in Trade Secrets Case Involving China*** - On Jan. 5, 2012, Yan Zhu, a Chinese citizen in the U.S. on a work visa, was sentenced in the District of New Jersey to 3 years of probation and a special assessment of \$700. Previously, on Apr. 6, 2011, Zhu was convicted in the District of New Jersey on 7 counts of wire fraud in connection with his scheme to steal confidential and proprietary business information relating to computer systems and software with environmental applications from his New Jersey employer. He was acquitted on the charge of conspiracy to steal trade secrets and two counts of unauthorized transmission of trade secrets in interstate or foreign commerce. On Apr. 10, 2009, Zhu was arrested on charges of theft of trade secrets, conspiracy, wire fraud, and theft of honest services fraud in connection with a plot to steal software from his former U.S. employer and sell a modified version to the Chinese government after he was fired. Zhu was employed as a senior environmental engineer from May of 2006 until his termination in Jul. of 2008. Zhu worked for a comprehensive multi-media environmental information management portal that developed a proprietary software program for the Chinese market which allows users to manage air emissions, ambient water quality, and ground water quality. This investigation was conducted by the FBI

***Dow and Cargill Trade Secrets to China*** - On Dec. 21, 2011, in the Southern District of Indiana, Kexue Huang, a Chinese national and former resident of Indiana, was sentenced to 87 months imprisonment and three years' supervised release stemming from his plea of guilty on Oct. 18, 2011 to charges of economic espionage to benefit a foreign university tied to the People's Republic of China (PRC) and theft of trade secrets. Huang also pleaded guilty on Sep. 19, 2011 to one count of an indictment filed in the District of Minnesota for stealing a trade secret from a second company, Cargill Inc. Previously, on Jun. 16, 2010, Huang was charged in the Southern District of Indiana with misappropriating and transporting trade secrets to the PRC while working as a research scientist at Dow AgroSciences LLC. On Oct. 18, 2011, a separate indictment in the District of Minnesota charging Huang with stealing a trade secret from company, Cargill Inc., was unsealed. According to court documents, from Jan. 2003 until Feb. 2008, Huang was

employed as a research scientist at Dow. In 2005, he became a research leader for Dow in strain development related to unique, proprietary organic insecticides marketed worldwide. Huang admitted that during his employment at Dow, he misappropriated several Dow trade secrets. According to plea documents, from 2007 to 2010, Huang transferred and delivered the stolen Dow trade secrets to individuals in Germany and the PRC. With the assistance of these individuals, Huang used the stolen materials to conduct unauthorized research to benefit foreign universities tied to the PRC. Huang also admitted that he pursued steps to develop and produce the misappropriated Dow trade secrets in the PRC. After Huang left Dow, he was hired in Mar. 2008 by Cargill, an international producer and marketer of food, agricultural, financial and industrial products and services. Huang worked as a biotechnologist for Cargill until Jul. 2009. Huang admitted that during his employment with Cargill, he stole one of the company's trade secrets - a key component in the manufacture of a new food product, which he later disseminated to another person, specifically a student at Hunan Normal University in the PRC. According to the plea agreement, the aggregated loss from Huang's conduct exceeds \$7 million but is less than \$20 million. On Dec. 27, 2011, Huang received a sentence in the District of Minnesota case of 87 months imprisonment and three years, to be served concurrently with the term imposed in the defendant's case in the Southern District of Indiana. This investigation was conducted by the FBI.

***Infrared Military Technology to South Korea*** - On Dec. 20, 2011, EO System Company, Ltd, located in Incheon, South Korea, and defendants Seok Hwan Lee, Tae Young Kim and Won Seung Lee, all citizens and residents of South Korea, were indicted in the Northern District of Ohio on five counts of illegally exporting defense articles to South Korea. According to the indictment, on Nov. 4, 2005, the defendants caused to be exported five infrared focal plane array detectors and infrared camera engines, which are classified as defense articles on the U.S. munitions list, from the United States to South Korea without the required State Department license. As part of the same investigation, on Jan. 20, 2011, Kue Sang Chun, a former longtime employee at the NASA Glenn Research Center in Ohio and resident of Avon Lake, Ohio, pleaded guilty in the Northern District of Ohio to one count of violating the Arms Export Control Act and one count of filing false tax returns. Chun was sentenced on Nov. 10, 2011 to 14 months in prison. Chun was charged in a criminal information on Jan. 10, 2011. According to court documents, while working as an electrical engineer for NASA, Chun also operated a business out of his home through which he illegally exported U.S. munitions to the South Korea and performed consulting services for Korean businesses. Chun illegally exported several infrared focal plane array detectors and infrared camera engines to South Korea for use in Korean government projects between Mar. 2000 and Nov. 2005. Chun entered into a contract with a Korean company to design, build and test electronics to support the items he was exporting. On occasion, Chun used his NASA e-mail address to order sensitive items from U.S. manufacturers, falsely asserting that they would be used for NASA projects in the United States, when in fact, they were to be exported to South Korea. The investigation was conducted by the FBI and IRS.

***Trade Secrets to Foreign Government*** - On Dec. 19, 2011, Elliot Doxer, of Brookline, Mass., was sentenced in the District of Massachusetts to 6 months in prison and 2 years supervised release. Previously, on Aug. 30, 2011, Doxer pleaded guilty to one count of foreign economic espionage for providing trade secrets over an 18-month period to an undercover FBI agent posing as an Israeli intelligence officer. Neither the government of Israel nor anyone acting on its behalf committed any offense under U.S. laws in this case. Doxer was a former employee of Akamai Technologies, Inc., who in Jun. 2006 sent an e-mail to the Israeli consulate in Boston stating that he worked in Akamai's finance department and was willing to provide information that might help Israel. In Sep. 2007, an undercover FBI agent posing as an Israeli intelligence officer spoke to Doxer and established a "dead drop" where the agent and Doxer could exchange information.

From Sep. 2007 through Mar. 2009, Doxer visited the dead drop at least 62 times to leave information, retrieve communications or check for new communications. Doxer provided the undercover agent with Akamai customer lists, employee lists, contract information and other trade secrets. He was arrested on Oct. 6, 2010 on a complaint charging him with wire fraud. That charge was dismissed as part of the plea agreement. The case was investigated by the FBI.

***Fighter Jet Engines to Iran*** - On Dec. 16, 2011, defendants Amparo Echeverri and Carlos Alfredo Pantoja-Coral were both sentenced in the Southern District of Florida to 24 months in prison; 2 years supervised release and \$100 special assessment. On Sep. 2, 2011, these two defendants pleaded guilty to one count each of conspiring with others to fraudulently attempt to export J-85 fighter jet engines from the United States to Iran. Their co-defendant Diego M. Echeverri pleaded guilty to the same charge on Aug. 3, 2011 and was later sentenced on Oct. 24, 2011 to 24 months in prison and two years' supervised release. On Mar. 22, 2011, Pantoja-Coral, Amparo Echeverri, Diego Echeverri and an additional family member, Felipe Echeverry, were charged in an indictment with conspiring to illegally export to Iran 22 J-85 jet engines, which are primarily used in the F-5 fighter jet aircraft. All the defendants except Felipe Echeverry were arrested. According to the indictment and a Mar. 9, 2011 criminal complaint, undercover ICE agents responded to an ad on the Internet that was listing the engines for sale. In subsequent conversations, Felipe Echeverry allegedly told undercover agents he had 22 of the engines stored at a warehouse in Miami and allowed undercover agents to inspect the engines as part of a potential sale. Undercover agents indicated that they were purchasing the engines on behalf of customers in Iran. Ultimately, in Mar. 2011, several of the defendants met with the ICE undercover agents to sign the sales document and accept a 50 percent down payment for the 22 engines. The defendants allegedly plotted to ship the items to Panama, knowing that they were ultimately bound for Iran. Felipe Echeverry remains a fugitive. The investigation was conducted by ICE and DCIS.

***Defense Items to the Philippines*** - On Dec. 13, 2011, John Dennis Tan Ong was sentenced in the Northern District of Georgia to 21 months in prison for conspiracy to violate the Arms Export Control Act in connection with the illegal export of M-4 rifle parts and accessories. On May 5, 2011, Ong pleaded guilty to this violation. Ong was first indicted on Aug. 17, 2010 on charges of conspiracy to violate and attempt to violate the Arms Export Control Act. According to court documents, Ong agreed to ship the rifle parts to the Philippines, wired funds to undercover agents in connection with items, and provided undercover agents with instructions on how to ship the items in manner to avoid detection. The investigation was conducted by ICE

***Stolen U.S. Military Night Vision & Optics to China and England*** - On Nov. 4, 2011, in the Southern District of California, Phillip Andro Jamison, a former Gunner's Mate Petty Officer First Class in the U.S. Navy stationed aboard Naval Amphibious Base Coronado, was sentenced to serve 30 months in prison for violating the Arms Export Control Act. Jamison pleaded guilty on Apr. 28, 2011. On Sep. 9, 2010, he was indicted for trafficking in stolen government property, interstate transportation of stolen goods and exporting defense articles without a license. The indictment alleged that Jamison, while assigned to work at his unit's armory, stole more than 280 items from the U.S. Navy between Oct. 2008 and Sep. 2009 and then sold these items to customers via eBay, an Internet auction and shopping website. The indictment further alleged that Jameson illegally exported to Hong Kong and England combat-grade night vision devices, riflescopes and laser aiming devices without first obtaining the required export licenses from the State Department. Jamison admitted stealing the items and illegally exporting some of the technology to Hong Kong. The investigation was conducted by ICE and NCIS.

***Radiation-Hardened Defense and Aerospace Technology to China*** - On Oct. 27, 2011, Lian Yang, a resident of Woodinville, Washington, was sentenced in the Western District of Washington to 18 months in prison and a \$10,000 fine. On Mar. 24, 2011, Yang pleaded guilty to conspiring to violate the Arms Export Control Act by trying to sell radiation hardened military and aerospace technology to China. Yang was arrested on Dec. 3, 2010, pursuant to a criminal complaint filed charging him with conspiracy to violate the Arms Export Control Act. According to the complaint, Yang attempted to purchase and export from the United States to China 300 radiation-hardened, programmable semiconductor devices that are used in satellites and are also classified as defense articles under the U.S. Munitions List. The complaint alleges that Yang contemplated creating a shell company in the United States that would appear to be purchasing the parts, concealing the fact that the parts were to be shipped to China. Yang allegedly planned that false purchasing orders would be created indicating that parts that could be legally exported were being purchased, not restricted parts. Yang and his co-conspirators allegedly wire-transferred \$60,000 to undercover agents as partial payment for a sample of five devices. As part of the conspiracy, Yang allegedly negotiated a payment schedule with the undercover agents for the purchase and delivery of the remaining 300 devices in exchange for a total of \$620,000. This investigation was conducted by the FBI, ICE and CBP.

***Military Night Vision Scopes to Russia*** - On Oct. 24, 2011, Anna Fermanova was sentenced in the Eastern District of New York to four months in prison, three years supervised release and a \$1,000 fine. Fermanova pleaded guilty on Jan. 14, 2011 to one count of violating the Arms Export Control Act. In Mar. 2010, U.S. Customs and Border Protection officers searched Fermanova's checked luggage in New York as she was preparing to board a flight to Moscow and identified three night vision items they suspected of being export controlled. ICE agents detained the items and permitted Fermanova to board her flight to Moscow. ICE agents later determined that the items consisted of a Raptor night vision weapon sight and two advanced rifle sights, which are designated as defense articles. On Jul. 15, 2010, Fermanova was arrested (pursuant to a Jul. 9, 2010 complaint) at JFK upon her return from Russia and she was charged with attempting to export the military night vision scopes. This investigation was conducted by ICE.

***Radiation-Hardened Aerospace Technology to China*** - On Sep. 30, 2011, defendants Hong Wei Xian, aka "Harry Zan," and Li Li, aka "Lea Li," were sentenced in the Eastern District of Virginia to 24 months in prison for conspiracy to violate the Arms Export Control Act and conspiracy to smuggle goods unlawfully from the United States, in connection with their efforts to export to China radiation-hardened microchips that are used in satellite systems and are classified as defense articles. Both defendants pleaded guilty to the charges on Jun. 1, 2011. The defendants were arrested on Sep. 1, 2010 in Budapest by Hungarian authorities pursuant to a U.S. provisional arrest warrant. On Apr. 4, 2011, they made their initial court appearances in federal court in the Eastern District of Virginia after being extradited from Hungary. According to court documents, Zan and Li operated a company in China called Beijing Starcreates Space Science and Technology Development Company Limited. This firm was allegedly in the business of selling technology to China Aerospace and Technology Corporation, a Chinese government-controlled entity involved in the production and design of missile systems and launch vehicles. According to court documents, from Apr. 2009 to Sep. 1, 2010, the defendants contacted a Virginia company seeking to purchase and export thousands of Programmable Read-Only Microchips (PROMs). The defendants ultimately attempted to purchase 40 PROMs from the Virginia firm and indicated to undercover agents that the PROMs were intended for China Aerospace and Technology Corporation. The investigation was conducted by ICE and DCIS.

***Military Flight Simulation Technology to Iran*** - On Sep. 26, 2011, Chan Hok Shek was sentenced in the District of Massachusetts to 3 ½ years in prison for conspiring to obtain

components for C-130 military flight simulators from the United States for delivery to Iran. On Mar. 25, 2010, an indictment was unsealed in federal court charging Shek and two Malaysian nationals, Wong Fook Loy and Ngo Tek Chai, with conspiring to and attempting to illegally export munitions without the required licenses. According to the Oct. 2008 indictment, Shek, a Hong Kong citizen, conspired with Loy and Chai, and others to cause the export of 10 indicators servo tachometers used in C-130 military flight simulators from the United States for use in Iran. Shek was extradited from Hong Kong to face the charges against him in Boston. The case was investigated by ICE, BIS, and DCIS.

***Outsourced Manufacture of Military Items to China*** - On Sep. 13, 2011, Staff Gasket Manufacturing Corporation, a defense contracting company in New Jersey, was sentenced in the District of New Jersey to five years' probation and ordered to pay \$751,091 in restitution and an \$800 special assessment. Eric Helf, Staff Gasket's president was sentenced to three years' probation, a \$500 fine and a final order of forfeiture was entered for \$49,926. On Apr. 19, 2011, Staff Gasket pleaded guilty to Arms Export Control Act and wire fraud violations, while Helf pleaded guilty to one count of wire fraud. From Aug. 2004 to Mar. 2006, Staff Gasket entered into contracts with the Department of Defense to provide replacement parts for use in military operations. Many of the parts to be supplied were critical application items and were thus required to be manufactured in the United States. Nonetheless, Staff Gasket contracted with foreign manufacturers, including in China, and many of the parts ultimately supplied to the Defense Department, including lock pins for helicopters, were made overseas, substandard, and failed in the field. As a result, Staff Gasket caused the Defense Department to sustain losses of some \$751,091 in connection with the fraudulent contracts. This investigation was conducted by DCIS and ICE.

***F-5 Fighter Jet and Other Military Items to Iran*** - On Sep. 12, 2011, Marc Knapp, of Simi Valley, California, was sentenced in the District of Delaware to 46 months in prison for plotting to illegally export fighter jet components and other materials to Iran. Knapp pleaded guilty on Jan. 13, 2011, to a two-count information charging him with violating the Arms Export Control Act and the International Emergency Economic Powers Act. The information, filed on Nov. 22, 2010, charged that Knapp engaged in a seven-month course of criminal conduct involving illegal exports to Hungary and attempted exports to Iran during negotiations with undercover agents posing as Iranian purchasers. Among other things, Knapp attempted to export a complete F-5 Tiger II fighter jet, as well as F-14 flight ejection seats, anti-gravity flight suits, search and rescue beacons and emergency manuals for U.S. fighter jets. On two occasions, Knapp illegally exported items, including anti-gravity flight suits, to Hungary believing they were destined for Iran. The investigation was conducted by ICE and DCIS.

***Military Night Vision Overseas*** - On Aug. 24, 2011, in the District of Maryland, Connor Kraegel was sentenced to 8 months imprisonment and three years' supervised release. On Jul. 8, 2011, Kraegel plead guilty to one count of unlawful export of a defense article. According to documents filed in the case, Kraegel sold and exported a set of Aviator's Night Vision Imaging System (AN/AVS-6) goggles to a conspirator located outside the United States without first having obtained a license from the U.S. Department of State, Directorate of Defense Trade Controls. This case was investigated by ICE.

***Fighter Jet Parts to Singapore*** - On Aug. 22, 2011, Russell Marshall was sentenced in the Southern District of Florida to three years' probation, while his Boynton Beach, Fla., company, Universal Industries Limited, Inc., was sentenced to one year probation and a \$1,000 fine in connection with an effort to illegally export J-85 engine blades for F-5 fighter jets to Singapore. Both defendants pleaded guilty on Jun. 3, 2011. On Apr. 21, 2011, a criminal information was

filed charging Marshall and Universal Industries Limited, Inc., with making false statements and violating the Arms Export Control Act. According to court documents, Marshall illegally attempted to export 200 J-85 engine blades for F-5 fighter jets to Singapore. Marshall allegedly failed to obtain the required State Department license for such exports and recorded the value of the parts as \$2,000 in invoices, when in fact the shipment of military parts was valued at more than \$105,000. On Apr. 24, 2015, Marshall's probation was revoked. He was resentenced to six months imprisonment. This investigation was conducted by ICE.

***Automatic Rifles and Plastic Explosives to the FARC*** - On Aug. 5, 2011, Hector Antonio Guillen-Martinez of El Salvador, was sentenced in the Eastern District of Virginia to 31 years in prison after pleading guilty on May 11, 2011 to one count of attempting to provide material support to the Revolutionary Armed Forces of Colombia (FARC), a designated terrorist organization, and one count of carrying an explosive during a commission of a crime. On Feb. 24, 2011, Guillen-Martinez was indicted on charges of attempting to provide material support to the FARC, carrying an explosive during the commission of a felony, transferring explosive materials knowing that they will be used to commit a crime of violence, carrying a destructive device in relation to a crime of violence, and a drug violation. Guillen-Martinez sold several automatic rifles, more than 20 pounds of plastic explosives, and other explosives to an individual whom he believed to be a member of the FARC. Guillen-Martinez believed that these weapons and explosives were to be used by the FARC in Colombia to eradicate Americans from Colombia, dead or alive. Guillen-Martinez was apprehended in the Eastern District of Virginia when he traveled to the District in order to transfer a load of 20 kilograms of cocaine to New York City on behalf of the FARC. This case was investigated by the DEA.

***Holographic Weapons Sights and Firearms Parts to China and Japan*** - On Aug. 3, 2011, Andrew Vincent ODonnell, of Georgia, was sentenced in the Northern District of Georgia to 37 months in prison, three years supervised release and ordered to pay a fine of \$2500 for his role in a conspiracy to violate and violating the Arms Export Control Act and possessing short barrel rifles. ODonnell pleaded guilty on Feb. 25, 2011. ODonnell operated an eBay online store called "LRA Tactical Gear" through which he sold various weapons parts and accessories, including military holographic weapons sights and gun parts. ODonnell sold more than 50 export-controlled military holographic weapons sights to a customer in Hong Kong without the required export license, falsely labeling the shipments as toys. He also sold gun parts used to assemble an AR15 / M16 / M4 rifle to a customer in Japan after routing the parts through a third country to conceal the illegal nature of the exports. Co-defendant Ho Yueng Barry Tang remains a fugitive. This investigation was conducted by ICE.

***Export/Import of Unmanned Aerial Vehicle*** - On Jul. 28, 2011 in the Middle District of Florida, Henson Chua, a citizen of the Philippines, pleaded guilty to one count of causing the temporary import of a defense article, specifically, an unmanned aerial vehicle (UAV), without authorization, in violation of the Arms Export Control Act. He was sentenced on Nov. 8, 2011 to time served. Hua was first charged on Feb. 10, 2011, by criminal complaint with illegally conspiring to temporarily import into the U.S. and then to export a defense article. According to court documents, ICE agents were contacted by the U.S. military in May 2010 about a "Raven" UAV that was posted for sale on eBay.com. The Raven is a U.S.-made UAV manufactured by AeroVironment Inc. for the U.S. Army. Chua was attempting to sell the UAV for \$13,000 on eBay. Undercover ICE agents posing as buyers were able to identify the UAV and confirm that it was U.S. government property. Agents purchased the nose cone for the UAV from Chua and then later arrested Chua on Feb. 10, 2011 after he arrived at the Los Angeles airport. He was later indicted on Mar. 10, 2011, on charges of smuggling and Arms Export Control Act violations. The investigation was conducted by ICE.

***Machine Gun Specifications and Components to China*** - On Jul. 12, 2011, Swiss Technology (Swiss Tech), Inc., a company in Clifton, N.J. that makes equipment for the U.S. military, pleaded guilty in the District of New Jersey to a one count criminal information charging the firm with conspiracy to violate the Arms Export Control Act from Aug. 2004 to about Jul. 2009. On Nov. 15, 2011, Swiss Tech was sentenced to two years' probation and ordered to pay restitution in the amount of \$1.1 million to the Defense Department in connection with fraudulent contracts. Swiss Tech was under contract with the Department of Defense to manufacture components for the M249 machine gun. In order to lower its manufacturing costs, Swiss Tech sent defense articles, including specification drawings and parts samples, to a company in the People's Republic of China so that the Chinese company could make these machine gun components for Swiss Tech. Swiss Tech did not have the required State Department license for exports of these munitions to China. After receiving the components from the Chinese company, Swiss Tech then shipped the defense articles and other parts to the Department of Defense, purporting that the defense articles were made by Swiss Tech in conformance with its contract. Among other things, Swiss Tech illegally exported to China specifications for the production of M249 machine gun parts, as well as components for the M249 machine gun, and M16 or M4 rifle. This investigation was conducted by DCIS and ICE.

***Firearms to Nigeria*** - On Jul. 11, 2011, Boniface Ibe was sentenced in the District of Maryland to five months in prison followed by 10 months of supervised release for illegally exporting shotguns, a handgun and ammunition to Nigeria without a license, and for delivering a firearm to a common carrier without notice. Ibe attempted to export these items to Nigeria concealed in a vehicle that was in a shipping container. The container and weapons were intercepted at the Port of Baltimore on Sep. 22, 2010. The investigation was conducted by ICE, CBP, and ATF.

***Vacuum Pumps With Potential Sensitive Applications to Iran*** - On Jul. 6, 2011, in the Central District of California, Jirair Avnessian, of Glendale, California, was sentenced to serve 18 months in prison in connection with his role in a conspiracy to violate International Emergency Economic Powers Act and the Iranian trade embargo, including smuggling, money laundering and other crimes. Avnessian also must pay a \$10,000 fine and forfeit the proceeds of his criminal activity. Avnessian was indicted on Dec. 30, 2009 and arrested in Jan. 2010. He pled guilty in Jul. 2010. Another individual involved in the conspiracy, Amirhossein Sairafi, of Iran, was arrested in Jan. 2010 in Frankfurt, Germany by German law enforcement authorities based on a provisional arrest warrant from the United States. Sairafi was later extradited to the United States in Sep. 2010, pled guilty on Nov. 30, 2010, and was sentenced to 41 months in Mar. of this year in connection with the scheme. Sairafi was first charged in a Jan. 4, 2010 criminal complaint. Avnessian, who was born in Iran, is the owner and operator of XVAC, a company located in California. Avnessian corresponded with Sairafi and another individual in Iran, Farhad Masoumian, via e-mail over several years to arrange the export of high-dollar vacuum pumps and pump-related equipment to Iran through a free trade zone located in the United Arab Emirates. The vacuum pumps and related equipment at issue have a number of applications, including in the enrichment of uranium. Avnessian purchased and arranged to ship the goods ordered by Masoumian to the United Arab Emirates, making it appear that the U.A.E. was the ultimate destination. Sairafi would then send the same goods from the location in the U.A.E. to Iran. As part of the conspiracy, Masoumian, Avnessian and Sairafi re-labeled and undervalued the contents of the shipments in order to mask the true contents and to avoid interception by U.S. officials. In most cases, Avnessian prepared air waybills indicating his shipments contained "spare parts" and that no shipper's export declaration was needed. Between Dec. 2007 and Nov. 2008, there were at least seven shipments containing vacuum pump equipment purchased and exported by Avnessian at Masoumian's request. The investigation continues as Masoumian

remains at large and is believed to be in Iran. This case was the product of an investigation by the Export and Anti-proliferation Global Law Enforcement (EAGLE) Task Force in the Central District of California, which includes the FBI, ICE, BIS, CBP, Diplomatic Security Service and the Transportation Security Administration.

***Military Aircraft Components to Iran*** - On Jun. 23, 2011, federal prosecutors in the Middle District of Georgia announced charges against 12 defendants (seven individuals and five corporate entities) based in the U.S., France, the United Arab Emirates and Iran for their alleged roles in a conspiracy to illegally export military components for F-4 and F-5 fighter jets and AH-1 and UH-1 Huey attack helicopters from the United States to Iran. Prosecutors unsealed a Jun. 16, 2011 superseding indictment charging the eight foreign defendants with conspiring to violate and violating the Arms Export Control Act and the International Emergency Economic Powers Act, as well as conspiracy to defraud the United States, money laundering and false statement violations. Charges against four other defendants, who are based in the United States and have pleaded guilty in the case, were contained in the original indictment filed in 2010. The U.S.-based defendants are The Parts Guys LLC, and its president, Michael Edward Todd, as well as Galaxy Aviation Services and its president, Hamid Seifi, also known as Hank Seifi. Todd and his company pleaded guilty to conspiracy to violate the AECA on May 9, 2011. Todd was sentenced on Oct. 26, 2011 to 46 months in prison, a \$10,000 fine and ordered to forfeit \$160,362. He was resentenced on Oct. 24, 2012 decreasing his time in prison to 35 months. Seifi and his company pleaded guilty on Feb. 24, 2011, to conspiracy to violate the AECA and violating the IEEPA. On Jun. 22, 2011, Seifi was sentenced to 56 months in prison followed by three years of supervised release, a fine of \$12,500 and forfeiture of \$153,950, while Galaxy Aviation, which is now defunct, received a \$400 special assessment. Three defendants based in France have also been indicted as part of the investigation. They are Aerotechnic, a company in Pinsaguel, France, and its president, Philippe Sanchez, as well as Luc Teuly, the sales manager of Aerotechnic. Each of these defendants remains a fugitive. Two defendants based in the U.A.E. have also been indicted in the case. They are Aletra General Trading, a company in Dubai doing business as "Erman & Sultan Trading Co," and Syed Amir Ahmed Najfi, a purchaser for Aletra. Najfi remains a fugitive. Three defendants based in Iran have also been charged in the case. They are Sabanic Company, a company in Tehran, and its president, Hassan Seifi as well as Reza Seifi, the managing director of Sabanic Company. Each of these defendants remains at large. As part of the U.S. government's coordinated action against this procurement network, the Commerce Department announced on Jun. 23, 2011 that it would add the eight defendants in France, Iran and the U.A.E. to its "Entity List." The investigation was conducted by ICE, FBI, and BIS.

***Centrifuge and Dual-Use Scientific Technology to Iran*** - On Jun. 3, 2011, Mohammad Reza Vaghari was sentenced in the Eastern District of Pennsylvania to 33 months in prison for his participation in illegal business transactions with Iran between 2002 and 2005 involving scientific research equipment and computer software. Vaghari was convicted on Feb. 24, 2011 of one count of conspiracy to violate the International Emergency Economic Powers Act (IEEPA); two substantive counts of violating IEEPA; and one count of naturalization fraud stemming from his attempt to procure U.S. citizenship. Vaghari's co-conspirator, Mir Hossein Ghaemi, pleaded guilty on Nov. 30, 2010. Ghaemi was sentenced on Jun. 14, 2011 to time served, 6 months supervised release, \$25 special assessment and ordered to pay \$680.80 in restitution. Vaghari operated in the U.S. through a Pennsylvania corporation called Saamen Company, purchasing items from American companies and illegally exporting them to Iran through the United Arab Emirates. Among the items Vaghari caused to be delivered or attempted to deliver to Iran were a centrifuge, computers, fuel cell systems, ultrasonic liquid processors, ultrasound machines, and other laboratory equipment. Among the recipients of some of these goods was the Pasteur Institute of Iran, which has been listed as an entity of concern for biological and chemical

weapons development by several foreign governments. Agents unraveled Vaghari's efforts in 2005 after receiving a complaint from a vendor at Beckman-Coulter, a nationwide manufacturer of medical equipment, asserting that Vaghari was attempting to purchase a \$100,000 centrifuge from the company, which weighed some 1,000 pounds, for delivery to his apartment and that Vaghari was seeking to pay in cash and did not request a warranty or installation. The investigation was conducted by FBI, BIS, and ICE.

***Anti-Aircraft Missiles and Machine Guns to Syria*** – On May 20, 2011, Dani Nemr Tarraf pleaded guilty in the Eastern District of Pennsylvania. On Sep. 16, 2010, Hussein Ali Asfour also pleaded guilty. Previously, on Nov. 24, 2009, a grand jury returned an indictment charging Dani Nemr Tarraf and Douri Nemr Tarraf, with conspiring to illegally export anti-aircraft missiles (FIM-92 Stingers) machine guns (approximately 10,000 Colt M4 Carbines), as well as M72 Light anti-armor weapons, Glock pistols, as well night vision equipment, from Philadelphia to the Port of Latakia, Syria. In addition, these two defendants and Hassan Mohamad Komeiha, and Hussein Ali Asfour - were charged with conspiring to transport stolen goods. Dani Nemr Tarraf and Ali Fadel Yahfoufi were also charged with conspiring to commit passport fraud. According to a criminal complaint filed in the case, in or about mid-Jun. 2009, Dani Tarraf asked whether an undercover law enforcement official (UC) could supply guided missiles and told the UC that he (Tarraf) wanted the UC to export approximately 10,000 "commando" machine guns [Colt M4 Carbines with short barrels] from the United States. On or about Jul. 28, 2009, in Philadelphia, Tarraf paid the UC a deposit of approximately \$20,000 toward the cost of purchasing FIM-92 Stinger missiles and approximately 10,000 Colt M4 Carbines and shipping these items outside the United States to the Port of Latakia, Syria. Dani Tarraf was arrested on Nov. 21, 2009. The investigation was conducted by the FBI's Joint Terrorism Task Force, ICE, IRS, Secret Service, DCIS, ATF, and other law enforcement agencies.

***U.S. Aircraft Components to Iran*** - On May 17, 2011, a grand jury in the Southern District of California returned a superseding indictment charging Belgian citizens Willy A.E. De Greef and Frederic Depelchin, as well as their Belgium-based companies, Meca Airways LTD and Meca Overseas Airways LTD, with 15 felony counts arising from the smuggling of helicopter and fixed-wing aircraft components from the United States to Iran. De Greef was also charged with two counts of making false statements to the U.S. government concerning the smuggling ring. De Greef was arrested in the United Kingdom pursuant to a Mar. 18, 2011 prior indictment in the Southern District of California charging he and his co-defendants with fraudulently procuring millions of dollars-worth of helicopter and airplane components from U.S. suppliers by indicating to the suppliers that the destination of the parts was Belgium or another non-prohibited location. After the parts were exported from the United States to Belgium, De Greef and Depelchin allegedly promptly transshipped them to Iran, typically via France, the indictment alleges. This investigation was conducted by ICE and DCIS.

***Controlled Technology to Libya*** – On May 16, 2011, Mohammed El-Gamal was sentenced in the District of Columbia to 24 months' probation, \$5,000 fine, and \$100 special assessment stemming from his plea of guilty on Feb. 9, 2011 to a superseding information charging him with making a false statement to a federal agent. Previously, on May 13, 2010, El-Gamal, was indicted and subsequently arrested on federal charges of illegally exporting controlled technology to Libya. The indictment charged El-Gamal with three counts of violating the International Emergency Economic Powers Act and one count of making a material false statement. According to the indictment, El-Gamal did business as Applied Technology Inc. ("ATI") located in Kenansville, North Carolina. El-Gamal held himself out to be ATI's President and CEO. The indictment alleges that several times in 2006, the defendant exported or attempted to export various computer equipment, including items controlled for national security and antiterrorism

reasons, to Libya. In one instance, El-Gamal attempted to export integrated circuit boards containing strong encryption software by allegedly instructing an employee to smuggle them in his suitcase. According to the indictment, the defendant did not obtain any export licenses for any of the shipments to Libya. This case was investigated by the Department of Commerce.

***Military Technical Data to South Korea*** - On May 16, 2011, Young Su Kim, a former Vice President at Rocky Mountain Instrument Company (RMI), based in Colorado, pleaded guilty in the District of Colorado to violating the Arms Export Control Act. Kim was first charged on Apr. 21, 2011. Kim caused the illegal export to South Korea of technical data related to prisms that are useful in guidance or targeting systems in Unmanned Aerial Vehicles, AC-130 gunships, tanks and missile systems. On Aug. 17, 2011, Kim was sentenced to five years' probation and ordered to pay a \$36,000 civil forfeiture judgment. RMI, the company, pleaded guilty on Jun. 22, 2010, to one count of violating the Arms Export Control Act and was immediately sentenced to five years' probation and ordered to forfeit \$1 million. The case was investigated by ICE and DCIS.

***Ford Motor Company Trade Secrets to China*** - On Apr. 13, 2011, Xiang Dong Yu, aka Mike Yu, was sentenced in the Eastern District of Michigan to 70 months in prison. Previously, on Nov. 17, 2010, Dong, a product engineer with Ford Motor Company pleaded guilty in the Eastern District of Michigan to 2 counts of theft of trade secrets. According to the plea agreement, Yu was a Product Engineer for Ford from 1997 to 2007 and had access to Ford trade secrets, including Ford design documents. In Dec. 2006, Yu accepted a job at the China branch of a U.S. company. On the eve of his departure from Ford and before he told Ford of his new job, Yu copied some 4,000 Ford documents onto an external hard drive, including sensitive Ford design documents. Ford spent millions of dollars and decades on research, development, and testing to develop and improve the design specifications set forth in these documents. On Dec. 20, 2006, Yu traveled to the location of his new employer in Shenzhen, China, taking the Ford trade secrets with him. On Jan. 2, 2007, Yu emailed his Ford supervisor from China and informed him that he was leaving Ford's employ. In Nov. 2008, Yu began working for Beijing Automotive Company, a direct competitor of Ford. On Oct. 19, 2009, Yu returned to the U.S. Upon his arrival, he was arrested. At that time, Yu had in his possession his Beijing Automotive Company laptop computer. During an examination of that computer, the FBI discovered that 41 Ford system design specifications documents had been copied to the defendant's Beijing Automotive Company work computer. The FBI also discovered that each of those design documents had been accessed by Yu during the time of his employment with Beijing Automotive Company. This case was investigated by the FBI.

***Military Night Vision Technology to China, Singapore & U.K.*** - On Mar. 27, 2007, ITT Corporation pleaded guilty in the Western District of Virginia to two criminal counts of violating the Arms Export Control act stemming from its illegal exports of restricted military night vision data to China, Singapore, and the United Kingdom and omission of statements of material fact in required arms exports reports. As part of the plea agreement, ITT Corporation agreed to invest \$50 million toward the development of the most advanced night vision systems in the world for the U.S. Armed Forces. On Apr. 12, 2011, the Justice Department announced that a government motion to dismiss the remaining deferred criminal charge against ITT Corporation, the leading manufacturer of military night vision equipment for the U.S. Armed Forces, was granted by the court. The Justice Department agreed to dismiss the remaining criminal charge against ITT Corporation after ITT Corporation implemented an extensive remedial plan overseen by an independent monitor to prevent future Arms Export Control Act violations. ITT Corporation and the Justice Department will continue to work together to utilize resources set aside by the

deferred prosecution agreement to further the development and fielding of the most advanced night vision technology. This investigation was conducted by DCIS and ICE.

***Firearms Components to the United Kingdom*** - On Mar. 28, 2011, defendants Charles Shearon, Elmer Hill, Michael Curlett and Arnold See, Jr., pleaded guilty in the Middle District of Tennessee to conspiracy and violations of the Arms Export Control Act. On Feb. 8, 2011, a grand jury an indictment charging these defendants, another individual and a Nashville, Tenn., arms manufacturer with conspiracy to violate the Arms Export Control Act and other offenses in connection with the illegal export and import of firearms and firearms components. The indictment charged Guy Savage, of the United Kingdom, Sabre Defence Industries, LLC, a Nashville-based arms manufacturing company owned by Savage, as well as four officers of Sabre: Charles Shearon, Elmer Hill, Michael Curlett, and Arnold See, Jr. The indictment alleged that the defendants conspired to cause firearm components on the U.S. Munitions List to be exported from the United States without first obtaining authorization from the Department of State, by falsifying shipping records, concealing components in false bottoms of shipping cartons, and mislabeling and undervaluing shipments of firearm components. Sentencing hearings for Shearon, Hill, See and Curlett are scheduled for Aug. 2016. The investigation was conducted by the ATF and ICE.

***Assault Rifles and Explosives For Export*** - On Mar. 22, 2011, Yanny Aguila Urbay was sentenced in the Southern District of Florida to 60 months in prison and his co-defendant, Abdalaziz Aziz Hamayel, was sentenced to 48 months in prison. On Jan. 27, 2011, Urbay was convicted of conspiracy to possess stolen, fully-automatic M-16s, AK-47s and silencers, and receiving grenades and improvised explosive devices. On Dec. 16, 2010 Hamayel, pleaded guilty to conspiracy to possess stolen machine guns and to transport grenades and improvised explosive devices. Urbay and Hamayel were first charged by complaint on Aug. 31, 2010. The charges resulted from an undercover operation in which Hamayel and Urbay met with an undercover agent and discussed the purchase price of between 200-300 stolen automatic assault rifles, 150 grenades and remotely detonated explosives. According to the court documents, Hamayel indicated that the arms would be destined for abroad. During negotiations, the defendants were shown two M-16s, an AK-47, two grenades, and two improvised explosive devices for an unknown purchaser. Hamayel later requested a picture of the weapons to show his money supplier as proof that the weapons and explosives were available. Hamayel then traveled to the West Bank. Hamayel was arrested upon his return to Miami from Jordan on Aug. 30, 2010. Urbay was arrested on Sep. 6, 2010 in Miami. The investigation was conducted by the FBI.

***Fighter Jet Components to Iran*** - On Mar. 11, 2011, Omid Khalili a.k.a. Saeid Kamyari, an Iranian national, was sentenced in the Southern District of Alabama to 30 months in prison. Previously, on Jun. 17, 2010, Khalili pleaded guilty to attempting to illegally export U.S. fighter jet parts from the United States to Iran. Khalili, along with defendant "Masun," whose last name is unknown, were charged in a nine-count indictment on Jan. 28, 2010, with conspiracy, money laundering, smuggling, as well as violations of the Arms Export Control Act and the International Emergency Economic Powers Act. Khalili was arrested by federal agents in Mar. 2010 upon his arrival in Miami. Khalili and Masun have been actively working with the Iranian government to procure military items for the Iranian government. In Nov. 2009, Khalili reached out to an undercover federal agent requesting pricing for a list of military aircraft parts to be sent to Iran. Thereafter, he sent four separate payments totaling more than \$70,000 to a bank in Alabama as a down payment for the parts. The investigation was conducted by ICE and DCIS.

***Specialized Metals For Iranian Missile Program*** - On Feb. 1, 2011, an indictment returned on Jul. 21, 2010, was unsealed in the District of Columbia charging Milad Jafari, an Iranian citizen

and resident, with illegally exporting and attempting to export specialized metals from the United States through companies in Turkey to several entities in Iran -- including entities that have been sanctioned for their involvement in Iran's ballistic missile activities. The Treasury Department also designated Jafari, several of his family members, associates, and corporate entities in Iran and Turkey, under Executive Order 13382, which targets for sanctions the proliferators of weapons of mass destruction and their supporters - thereby isolating them from the U.S. financial and commercial systems. According to the Treasury designation, Jafari and his associates operate a procurement network that provides direct support to Iran's missile program by securing metal products, including steel and aluminum alloys, for subordinates of Iran's Aerospace Industries Organization (AIO). The indictment alleges that Jafari and others operated Macpar and STEP, businesses with locations in Istanbul and Tehran. From Feb. 2004 through Aug. 2007, Jafari and his conspirators solicited orders from customers in Iran and purchased goods from U.S. companies on behalf of these Iranian customers. Jafari and others allegedly wired money to the U.S. companies as payment, concealed from the U.S. companies the end-use of the goods, and caused the goods to be shipped to Turkey and later to Iran. For instance, the indictment alleges that in Jul. 2006, Sanam Industrial Group - an entity in Iran that is controlled by Iran's AIO and has since been sanctioned by the U.S. and United Nations for involvement in nuclear and ballistic missile activities -- issued to Jafari's company, STEP, a request for quote for 660 pounds of a specialized steel welding wire with aerospace applications in rocket/missile casings. Jafari caused an order to be placed for 660 pounds of this welding wire with a Nevada company. The following month, the Nevada firm received more than \$38,000 from Jafari's company, Macpar. According to the indictment, Jafari made arrangements for the welding wire to be picked up from the Nevada company. In response to questions from the Nevada company about the end-use of the welding wire, Jafari told the company that the materials "will not be exported from Turkey and will not be used for any nuclear, missile or chemical/biological weapons related applications," the indictment alleges. The shipment was detained by the Commerce Department in 2007 before it left the country. The indictment alleges that Jafari and his conspirators were successful in causing several shipments of other materials to be exported from the United States to Iran via Turkey, including: three kilograms of custom-made brazing alloy, 1,366 pounds of commercial bronze bars, electronic testing equipment, U.S. fiber-optic equipment and aerosol generators for fire suppression systems. The investigation was conducted by BIS and FBI.

***Stealth Missile Exhaust Designs and Military Technical Data to China*** - On Jan. 24, 2011, a federal judge in the District of Hawaii sentenced Noshir Gowadia, 66, of Maui to 32 years in prison for communicating classified national defense information to the People's Republic of China (PRC), illegally exporting military technical data, as well as money laundering, filing false tax returns and other offenses. On Aug. 9, 2010, a federal jury in the District of Hawaii found Gowadia guilty of 14 criminal violations after six days of deliberation and a 40-day trial. These included five criminal offenses relating to his design for the PRC of a low-signature cruise missile exhaust system capable of rendering a PRC cruise missile resistant to detection by infrared missiles. The jury also convicted Gowadia of three counts of illegally communicating classified information regarding lock-on range for infrared missiles against the U.S. B-2 bomber to persons not authorized to receive such information. Gowadia was also convicted of unlawfully exporting classified information about the B-2, illegally retaining information related to U.S. national defense at his home, money laundering and filing false tax returns for the years 2001 and 2002. Gowadia was an engineer with Northrop Grumman Corporation from 1968 to 1986, during which time he contributed to the development of the unique propulsion system and low observable capabilities of the B-2 bomber. Gowadia continued to work on classified matters as a contractor with the U.S. government until 1997, when his security clearance was terminated. Evidence at trial revealed that from Jul. 2003 to Jun. 2005, Gowadia took six trips to the PRC to provide defense services in the form of design, test support and test data analysis of technologies

for the purpose of assisting the PRC with its cruise missile system by developing a stealthy exhaust nozzle and was paid at least \$110,000 by the PRC. The jury convicted Gowadia of two specific transmissions of classified information: a PowerPoint presentation on the exhaust nozzle of a PRC cruise missile project and an evaluation of the effectiveness of a redesigned nozzle, and a computer file providing his signature prediction of a PRC cruise missile outfitted with his modified exhaust nozzle and associated predictions in relation to a U.S. air-to-air missile. The prosecution also produced evidence which documented Gowadia's use of three foreign entities he controlled, including a Liechtenstein charity purportedly for the benefit of children, to disguise the income he received from foreign countries. This case was investigated by FBI, the U.S. Air Force Office of Special Investigations, the IRS, U.S. Customs and Border Protection, and ICE.

***Ammunition Primers to Jamaica*** - On Jan. 24, 2011, Orville Andrew Braham, of Brockton, Mass., was indicted in the Southern District of Florida in connection with the transportation in his luggage of ammunition primers, which caused an explosion at the Miami International Airport on Dec. 28, 2010. Braham boarded a flight in Boston ultimately bound for Jamaica with hundreds of .45 caliber ammunition primers concealed in his luggage. The primers exploded when a baggage handler at the Miami airport placed the luggage on the ground. On Feb. 22, 2011, Braham pleaded guilty to charges in the case. He was later sentenced on May 10, 2011 to six months in prison followed by 6 months supervised release, but later received an amended sentence changing his supervised release to three years. The investigation was conducted by FBI, ATF and Department of Transportation.

***AK-47s Assault Rifles to Somalia*** - On Jan. 17, 2011, Chanoch Miller, an Israeli national, was sentenced to 18 months in prison and 36 months supervised release, while his co-defendant Joseph O'Toole, a former U.S. Air Force Colonel F-4 fighter pilot, was sentenced on Dec. 14, 2010 to 12 months and a day in prison followed by 24 months of supervised release. On Oct. 5, 2010, Miller and O'Toole pleaded guilty in the Southern District of Florida to charges of knowingly and willfully conspiring to export AK-47 assault rifles from the U.S. to Somalia without a license from the Department of State. According to the indictment and statements made during the plea hearing, beginning in Apr. 2010, Miller contacted O'Toole to arrange for the transportation of approximately 6,000 fully automatic AK-47 assault rifles from Bosnia to Somalia. To facilitate the transportation of the AK-47 assault rifles, O'Toole contacted an individual who, unbeknownst to O'Toole, was working undercover for ICE and the DCIS. Miller agreed to purchase 700 fully automatic AK-47 assault rifles from the undercover individual. These assault rifles were to be shipped from the United States through Panama and then to Somalia. Miller paid \$116,000 to the undercover individual as partial payment of the transportation costs and commissions to O'Toole for the shipment of the 700 assault rifles. Both defendants were charged in a Jun. 17, 2010 indictment with conspiring and attempting to illegally export defense articles, money laundering and money laundering conspiracy. The investigation was conducted by ICE and DCIS.

***Bullet-Proof Vest Inserts to Colombia*** - On Jan. 13, 2011, Jerome Stewart Pendzich, of Hampton, Tenn., pleaded guilty in the Eastern District of Tennessee to violating the Arms Export Control Act. According to court documents, ICE agents became aware that Pendzich was attempting to sell a bullet-proof vest on E-bay. In May and Jun. 2009, Pendzich attempted to export military-grade, small-arms protective inserts to purchasers in Colombia, who were undercover agents. Pendzich was sentenced to 46 months in prison and three years' supervised release on Oct. 12, 2011. The investigation was conducted by ICE.

***Iran Embargo Violations*** - On Jan. 10, 2011, the Child Foundation, a charity in Oregon, and its founder and CEO, Mehrdad Yasrebi, pleaded guilty in the District of Oregon to conspiracy to

defraud the United States by concealing violations of the U.S.-embargo on Iran. Yasrebi and the charity admitted that they used several different methods to facilitate money transfers to Iran through the Child Foundation. Using a series of money transmitters and the Swiss bank account of a related charity, the defendants arranged for claimed embargo-exempt food commodities transactions from Dubai designed to disguise what were, in reality, significant cash transfers to Iran. On Mar. 6, 2012, Yasrebi was sentenced to five years' probation with a year of home detention, and a \$50,000 fine. In addition, the Child Foundation was sentenced to two years' probation on the condition that it receives OFAC approval for any continuing activities, on their behalf, involving cash or in kind goods transfers into Iran. Child Foundation was also ordered to pay a \$50,000 fine. This investigation was conducted by the FBI, IRS, and ICE.

***U.S. Military Equipment to Yemen*** - On Jan. 7, 2011, Amen Ahmed Ali was sentenced in the Eastern District of California to five years in prison followed by three years supervised release for conspiracy to act as an illegal agent of a foreign government, to possess stolen government property, and to unlawfully export defense materials. Ali pleaded guilty to these violations on Oct. 7, 2010. Beginning in 1987, Ali conspired with others to act as an unregistered agent of the Government of Yemen, and received instructions and acted on behalf of the Armed Forces Department of the Republic of Yemen. Ali admitted that he took official actions on behalf of the Yemeni Government and that, among other things, he issued documents in 2002 ordering the arrest of a person upon his return to Yemen. Ali also admitted that in 2003 he had conspired with another person to cause various defense articles to be exported to Yemen without a license, including bullet proof vests and chemical protective suits. Finally, Ali admitted in his plea agreement that in late 2005 and early 2006, he negotiated with an undercover FBI agent to obtain and ship to Yemen materials that he believed were stolen U.S. military equipment, including night vision goggles, satellite telephones and laptop computers. On Feb. 2, 2011, co-defendant Ibrahim A. Omer received a judgment of acquittal for his alleged role in the conspiracy. Co-defendant Mohamed Al-Rahimi remains a fugitive. The investigation was conducted by the Joint Terrorism Task Force, including FBI and ICE.

***Weapons and Ammunition to Nigeria*** - On Jan. 3, 2011, Emenike Charles Nwankwoala, of Laurel, Md., was sentenced in the District of Maryland to 37 months in prison followed by two years' supervised release in connection with a scheme to export guns, including shotguns and pistols, and ammunition to Nigeria. According to the charges, Nwankwoala illegally shipped weapons and ammunition to Nigeria for a decade, while employed as a state probation officer. He concealed the weapons and ammunition in shipping containers and lied about the contents and destination of these items. The investigation was conducted by ICE, ATF, and BIS.

***Arms Exports to Russia*** - On Dec. 13, 2010, in the Middle District of Pennsylvania, Sergey Korznikov, a Russian citizen, pleaded guilty to a superseding information charging him with conspiracy to smuggle military articles from the United States to Russia. Korznikov was later sentenced to 6 months in prison and two years' supervised release on Jul. 21, 2011. On Jul. 29, 2010, Korznikov's co-defendant Mark Komoroski was sentenced to 32 months in prison and ordered to pay \$10,000 after pleading guilty to conspiring to smuggle military equipment to Russia. Komoroski, of Nanticoke, Pa.; Korznikov, of Moscow, and two companies, D&R Sports Center and Tactica Limited, were charged in a 2008 superseding indictment with conspiring to smuggle military equipment, including rifle scopes, magazines for firearms, face shields, and other military equipment from the United States to Russian to be resold to unknown persons. The government later dismissed the charges against the corporate defendants, D&R Sports Center and Tactica Limited. The case was investigated by ICE, IRS, ATF, U.S. Postal Service, Department of Commerce and DCIS.

***Valspar Trade Secrets to China*** - On Dec. 8, 2010, David Yen Lee, a former chemist for Valspar Corporation, a Chicago paint manufacturing company, was sentenced in the Northern District of Illinois to 15 months in prison for stealing trade secrets involving numerous formulas and other proprietary information valued up to \$20 million as he prepared to go to work for a competitor in China. Lee, formerly a technical director in Valspar Corp's architectural coatings group since 2006, pleaded guilty in Sep. 2010 to using his access to Valspar's secure internal computer network to download approximately 160 original batch tickets, or secret formulas for paints and coatings. Lee also obtained raw materials information, chemical formulas and calculations, sales and cost data, and other internal memoranda, product research, marketing data, and other materials from Valspar. Lee admitted that between Sep. 2008 and Feb. 2009, he had negotiated employment with Nippon Paint, in Shanghai, China and accepted employment with Nippon as vice president of technology and administrator of research and development. Lee was scheduled to fly from Chicago to Shanghai on Mar. 27, 2009. He did not inform Valspar that he had accepted a job at Nippon until he resigned on Mar. 16, 2009. Between Nov. 2008 and Mar. 2009, Lee downloaded technical documents and materials belonging to Valspar, including the paint formula batch tickets. He further copied certain downloaded files to external thumb drives to store the data, knowing that he intended to use the confidential information belong to Valspar for his own benefit. There was no evidence that he actually disclosed any of the stolen trade secrets. This investigation was conducted by the FBI.

***Digital Microwave Radios to Iran*** - On Nov. 23, 2010, Vikramaditya Singh, a resident of Fountain Hills, Arizona, and the owner of Orion Telecom Networks, Inc., pleaded guilty in the District of Delaware to a one count information alleging that he caused and attempted to cause the illegal export of digital microwave radios to Iran between Sep. 2008 and May 2010. On Mar. 3, 2011, he was sentenced to a fine of \$100,000 and three years' probation. This case was investigated by ICE.

***Firearms to Kosovo & Austria*** - On Nov. 5, 2010, Ramadan Rama, a native of Kosovo, was charged by criminal complaint in the Eastern District of North Carolina with unlawfully shipping firearms on a common carrier and illegally exporting firearms. Rama allegedly transported two semi-automatic pistols on a flight from North Carolina to Kosovo and later transported a semi-automatic pistol on a flight from North Carolina to Austria. He was later indicted in Dec. 2010 on charges that included violations of the Arms Export Control Act. Rama pleaded guilty on Mar. 9, 2011 to failure to notify a commercial carrier of a firearm and exporting defense articles without a license. He was sentenced on Jul. 21, 2011 to 18 months in prison. This investigation was conducted by ICE.

***DuPont Trade Secrets to China*** - On Oct. 26, 2010, Hong Meng, a former research chemist for DuPont, was sentenced in the District of Delaware to 14 months in prison and \$58,621 in restitution for theft of trade secrets. Meng pleaded guilty on Jun. 8, 2010. Meng was involved in researching Organic Light Emitting Diodes (OLED) during his tenure at DuPont. In early 2009, DuPont's OLED research efforts resulted in the development of a breakthrough chemical process (trade secret) that increased the performance and longevity of OLED displays. In the Spring of 2009, while still employed at DuPont and without DuPont's permission or knowledge, Meng accepted employment as a faculty member at Peking University (PKU) College of Engineering, Department of Nanotechnology in Beijing, China, and thereafter began soliciting funding to commercialize his OLED research at PKU. In Jun. 2009, he emailed to his PKU account the protected chemical process from DuPont. He also downloaded the chemical process from his DuPont work computer to a thumb drive which he uploaded to his personal computer. In Aug. 2009, he mailed a package containing 109 samples of DuPont intermediate chemical compounds to a colleague at Northwestern University and instructed his colleague at Northwestern to forward

the materials to Meng's office at PKU. Eight of the 109 samples were trade secret chemical compounds. Meng also made false statements to the FBI when questioned about these samples. This investigation was conducted by the FBI.

***Rocket Propulsion Systems, Engines and Technology to South Korea*** - On Oct. 20, 2010, Juwhan Yun, a.k.a. JW Yun, a naturalized U.S. citizen of Korean origin, was sentenced in the Southern District of Florida to 57 months in prison and 3 years supervised release. On May 14, 2010, Yun pleaded guilty to attempting to illegally export defense articles to South Korea, including components for a 20 mm gun, known as the M61 Vulcan; components for a SU-27 Russian fighter jet; and RD-180 rocket propulsion systems, and related technology without the required State Department licenses. Yun was arrested on Apr. 15, 2009, in Fort Lauderdale, Fla., and subsequently indicted on Apr. 29, 2009 for attempting to purchase rocket materials for a company working on the Korean Satellite Launch Vehicle project and which was previously involved in developing Korea's KOMPSAT-1 satellite. Yun was previously convicted in May 1989 of conspiracy to violate the Arms Export Control Act in connection with an effort to export 500 quarter-ton bombs of sarin nerve gas to Iran. None of the bombs ultimately made it to Iran. He was sentenced to 39 months in federal prison in 1989. He was released from federal prison in Mar. 1991 and was debarred by the State Department as a result of his conviction. This investigation was conducted by ICE and DCIS.

***Missiles, Grenade Launchers & Other Weapons to Sri Lankan Terrorists*** - On Oct. 18, 2010, a federal jury in the District of Maryland convicted Balraj Naidu, a citizen of Singapore, of conspiracy to provide material support to a foreign terrorist organization stemming from his efforts to supply the Liberation Tigers of Tamil Eelam (Tamil Tigers) with advanced American weaponry. He was later sentenced to 57 months in prison on Dec. 16, 2010. Beginning in Feb. 2006, Naidu and his co-conspirators attempted to purchase state of the art weaponry from China, Thailand, North Korea, the Philippines and Indonesia for the Tamil Tigers operating within Sri Lanka, to be used to fight against Sri Lankan government forces. Several arms merchants refused to supply the Tamil Tigers with weaponry once the destination for the arms had been disclosed by Naidu and his associates. In Apr. 2006, Naidu's Indonesian sources for weapons unwittingly introduced Naidu and his associates to an agent for an undercover business in Maryland that purported to sell military weapons. In the subsequent months, the conspirators' negotiations with the undercover agent centered on the acquisition of American made weaponry. Terms of the sale included delivery of the weapons to locations in international waters off the coast of Sri Lanka. The weaponry was to be off-loaded by the Sea Tigers, the naval branch of the Tamil Tigers. Charged under a separate indictment, co-conspirator Haniffa Bin Osman visited Baltimore in the summer of 2006, where he examined and test-fired much of the weaponry. As a result of the trip, Tamil Tiger representatives wire transferred \$250,000 into the undercover business' accounts as down payment on a \$900,000 weapons deal. Approximately 28 tons of weapons and ammunition, which the conspirators believed they were purchasing, was air-lifted to the U.S. territory of Guam. On Sep. 29, 2006, after inspecting the weapons and transferring an additional \$450,000 into the undercover business' accounts, co-conspirators Osman, Haji Subandi, Erick Wotulo and Thirunavukarasu Varatharasa were arrested and indicted. The investigation continued and led to the indictment of Naidu and an alleged Tamil Tigers financier, Thulasitharan Santhirajah, on charges of conspiracy to provide material support to the Tamil Tigers and related offenses. Varatharasa, a citizen of the Democratic Socialist Republic of Sri Lanka; Subandi and retired Indonesian Marine Corps General Wotulo, both citizens of the Republic of Indonesia; and Osman, a citizen of the Republic of Singapore, pleaded guilty to their participation in the conspiracy and were sentenced to 57 months, 37 months, 30 months and 37 months in prison, respectively, in 2007 and 2008. Santhirajah remains a fugitive. Three additional defendants charged under a separate indictment, Haji Subandi, Reinhard Rusli and Helmi Soedirdja,

pleaded guilty to export and money laundering violations in Jan. 2007 for their participation in a related plot to provide military night vision devices to the Indonesian military. Rusli and Soedirdja were both sentenced in Apr. 2007 to 12 months and 1 day in prison. Subandi was later sentenced in Dec. 2007 to 37 months in prison. The case was investigated by ICE, FBI, and DCIS.

***U.S. Fighter Jet Engines and Parts to Iran*** - On Sept 22, 2010, Jacques Monsieur, a Belgian national and resident of France suspected of international arms dealing for decades, was sentenced by a judge in the Southern District of Alabama to 23 months imprisonment. On Nov. 23, 2009, Monsieur pleaded guilty to conspiracy to illegally export F-5 fighter jet engines and parts from the United States to Iran. He and co-conspirator Dara Fatouhi were first charged by indictment on Aug. 27, 2009, with conspiring to illegally export F-5 fighter jet engines and parts from the United States to Iran, as well as money laundering, smuggling, and Iran embargo violations. Monsieur was arrested on Aug. 28, 2009 after arriving in New York aboard a flight from Panama. Fatouhi, an Iranian national living in France who allegedly worked with the Iranian government to procure military items, remains at large. During a series of e-mails and meetings in Paris and London with undercover federal agents, Monsieur requested engines and parts for the F-5 fighter jet for export to Iran. Monsieur requested that the items be routed through Colombia and the United Arab Emirates on their way to Iran. He also arranged for a wire transfer of \$110,000 as payment for F-5 fighter jet parts and indicated to undercover agents that a deposit of \$300,000 would be forthcoming as payment for two F-5 fighter jet engines. The investigation was conducted by ICE and DCIS.

***U.S. Missile Components to Iran*** - On Aug. 27, 2010, in the Southern District of Florida, Yi-Lan Chen, aka Kevin Chen, of Taiwan, was sentenced to 42 months in prison, while his Taiwan corporation, Landstar Tech Company Limited, was sentenced to 1 year probation. On Sep. 9, 2011, an amended sentence was issued for Yi-Lan Chan, sentencing him to time served, 2 years supervised release and a \$300 special assessment. Previously, on May 13, 2010, Chen and Landstar Tech Company Limited, pleaded guilty to a 3-count criminal information charging them with illegally exporting dual-use commodities to Iran that have potential military applications. Chen was arrested in Guam on Feb. 3, 2010. According to court documents in the case, customers in Iran affiliated with that nation's missile program sent orders by e-mail to Chen for specific goods. Chen then requested quotes, usually by e-mail, from U.S. businesses and made arrangements for the sale or shipment of the goods to one of several freight forwarders in Hong Kong and Taiwan. Once in Hong Kong or Taiwan, the goods were then shipped to Iran. Among the customers in Iran were buyers for Electro SANAM Industries, which serves as a front company for Aerospace Industries Organization in Iran and has been linked to Iranian ballistic missile programs. Another Iranian customer was the owner of the Noavaran Sooyab Sanat, Co., which is a division of Jihad Engineering Research Center. Jihad Engineering Research Center has been linked to chemical research and development facilities and has been listed as an entity of concern by the British government for the procurement of weapons of mass destruction. In one e-mail with an Iranian customer, Chen stated, "As you know we cannot tell USA this connector is for you. So we have to tell a white lie to USA that this is for our factory in Hong Kong." Among the dual-use items that Chen caused to be shipped to Iran were 120 circular hermetic connectors and 8,500 glass-to-metal seals. While the goods have commercial applications, they also can make a significant contribution to the military or nuclear potential of other nations. Agents learned of Chen's efforts after he attempted to obtain and export to Iran some 2,000 detonators from a California company. The investigation was conducted by BIS and ICE.

***Nuclear-Related Equipment to Iran*** - On Jul. 29, 2010, Mahmoud Yadegari was sentenced in a Canadian court in Toronto to four years and three months in prison for attempting to export

pressure transducers that he had purchased in the United States to Iran, via Canada. Yadegari purchased pressure transducers from a company in Massachusetts and transported them to Canada. From there, he attempted to export the items to the United Arab Emirates, and ultimately to Iran in Mar. 2009. Pressure transducers have applications in the production of enriched uranium. The Massachusetts company alerted ICE to the purchases, which, in turn worked with Canadian authorities. Yadegari was found guilty on Jul. 6, 2010 of nine charges, including the Customs Act, the United Nations Act, the Export Import Permits Act, and the Nuclear Safety and Control Act. He was originally arrested by Canadian authorities in 2009 after a joint investigation by BIS, ICE and Canadian authorities.

***Combat Riflescopes Overseas*** - On Jul. 29, 2010, Chou-Fu Ho pleaded guilty in the Southern District of California to Arms Export Control Act violations and other charges. He was later sentenced on Sep. 20, 2011 to five years supervised release and a \$10,000 fine. Chou-Fu Ho was arrested on Jun. 25, 2010, after being indicted on charges of smuggling and illegally exporting military night vision systems to various locations overseas without the required State Department licenses. According to the indictment, Ho illegally exported to Hong Kong and Japan combat riflescopes listed on the U.S. Munitions List without obtaining the required export licenses. Ho also allegedly attempted to illegally export combat riflescopes to Ireland, Austria and the United Arab Emirates. The investigation was conducted by ICE and DCIS.

***F-5 Fighter Jet Components to Iran*** - On Jul. 7, 2010, a superseding indictment was returned in the District of Columbia charging Mac Aviation Group, an Irish trading company, and its officers Thomas and Sean McGuinn of Sligo, Ireland, with purchasing F-5 fighter aircraft parts from U.S. firms and illegally exporting them to Iran. The defendants were previously charged in Jul. 2008 in connection with illegally exporting helicopter engines and other aircraft components to Iran. The new charges allege that, from 2005 and continuing until 2006, the defendants caused canopy panels designed for the F-5 fighter jet, valued at \$44,500 to be exported from the United States to Iran and that the defendants falsely stated that the end-user for the panels was Nigeria. The transaction with Iran was allegedly arranged through the Iran Aircraft Manufacturing Industrial Company, known as HESA, which has been designated by the United States as an entity involved weapons mass destruction proliferation. The investigation was conducted by ICE and DCIS.

***Oil Field Equipment to the Sudan*** - On Jun. 22, 2010, Agar Corporation Inc., a company in Houston, pleaded guilty in the Southern District of Texas to violating the International Emergency Economic Powers Act and agreed to pay \$2 million in criminal fines and forfeiture as well as civil penalties to the U.S. Treasury's Office of Foreign Assets Control. The company was sentenced two days later to four years' probation and a \$760,000 fine. Agar Corporation illegally facilitated the export of multi-phase flow meters by an affiliate in Venezuela to the Sudan for use in the Melut Basin oilfield in violation of the embargo on the Sudan. The investigation was conducted by ICE.

***Military Optics Technology to China, Russia, Turkey and South Korea*** - On Jun. 22, 2010, in U.S. District Court for the District of Colorado, Rocky Mountain Instrument Company (RMI), a Colorado corporation located in Lafayette, Colorado, pled guilty to one count of knowingly and willfully exporting defense articles without a license in violation of the Arms Export Control Act. The company was then immediately sentenced to five years of probation and ordered to forfeit \$1,000,000. Between Apr. 2005 and Oct. 2007, RMI exported from the United States to Turkey, South Korea, the People's Republic of China, and Russia, prisms and technical data related to various optics used in military applications, which were designated as defense articles on the U.S. Munitions List, without having first obtained the required export licenses. The military technology that RMI illegally exported consisted of guidance or targeting systems used in such

military items as unmanned aerial vehicles, AC-130 gunships, Abrams tanks, TOW missile systems, and Bradley fighting vehicles. RMI was originally charged by criminal information on Mar. 17, 2010. The case was investigated by ICE and DCIS.

***Illegal Oil Transaction with Iraq*** - On Jun. 21, 2010, Muthanna Al-Hanooti pleaded guilty in the Eastern District of Michigan to one count of violating the International Emergency Economic Powers Act (IEEPA) for unlawfully accepting an allocation of two million barrels of Iraqi oil from the Government of Iraq in Dec. 2002 without the required U.S. government license. Al-Hanooti was previously charged in a Feb. 13, 2008, indictment with conspiracy to act as an unregistered agent of the Government of Iraq, an IEEPA violation, and making false statements in connection with his alleged work on behalf of the Iraqi Intelligence Service. In Mar. 2011, Al-Hanooti was sentenced to one year and one day in prison. This investigation was conducted by the FBI.

***Thermal Imaging Cameras to China*** - On May 14, 2010, Sam Ching Sheng Lee, part-owner and chief operations manager of Multimillion Business Associate Corporation ("MBA"), pleaded guilty in the Central District of California to conspiracy to violate the International Emergency Economic Powers for illegally exporting national security-controlled thermal imaging cameras to China. His nephew, Charles Yu Hsu Lee, pleaded guilty the same day to misprision of a felony for the same activity. Sam Lee was sentenced on Feb. 18, 2011 to 12 months in prison and a \$10,000 fine, while Charles Lee was sentenced on Dec. 15, 2010 to 6 days in prison and a \$3,000 fine. The Lees were arrested on Dec. 30, 2008 in Hacienda Heights, Ca, pursuant to a Dec. 16, 2008 indictment charging them with conspiracy to export and exporting national security-controlled items without a license in violation of the IEEPA. The indictment alleged that the defendants, doing business as MBA, an import/export business located in Hacienda Heights, assisted persons in China illegally procure export controlled thermal-imaging cameras. During the period between Apr. 2002 and Jul. 2007, defendants allegedly exported a total of ten thermal-imaging cameras to China in circumvention of export laws. After being advised of strict export restrictions, Charles Lee allegedly purchased the cameras from U.S. suppliers for approximately \$9,500 a piece by withholding the fact that the devices were destined to China. His uncle, Sam Lee, then received the devices and, through his company, arranged for their shipment to Shanghai, China without obtaining proper licenses. One of the recipients is alleged to be an employee of a company in Shanghai engaged in the development of infrared technology. The thermal-imaging cameras are controlled for export to China by the Department of Commerce for national security and regional stability reasons because of their use in a wide variety of military and civilian applications. This investigation was conducted by the EAGLE Task Force in the Central District of California.

***Commercial 747 Aircraft to Iran*** - On May 11, 2010, Balli Aviation Ltd., a subsidiary of the U.K.-based Balli Group PLC, was sentenced in the District of Columbia to pay a \$2 million fine and to serve a five-year corporate period of probation after pleading guilty on Feb. 5, 2010, to a two-count criminal information in connection with its illegal export of commercial Boeing 747 aircraft from the United States to Iran. The \$2 million fine, combined with a related \$15 million civil settlement among Balli Group PLC, Balli Aviation Ltd., the U.S. Department of Commerce's Bureau of Industry and Security (BIS), and the U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC), represented one of the largest fines for an export violation in BIS history. Balli Aviation Ltd. conspired to export three 747 aircraft from the U.S. to Iran without the required export licenses. According to the criminal information, Balli Aviation Ltd., through its subsidiaries, the Blue Sky Companies, purchased U.S.-origin aircraft with financing obtained from an Iranian airline and caused these aircraft to be exported to Iran without obtaining the required U.S. government licenses. Further, Balli Aviation Ltd. entered

into lease arrangements that permitted the Iranian airline to use the U.S.-origin aircraft for flights in and out of Iran. In addition, Balli Aviation Ltd. violated a Temporary Denial Order issued by BIS that prohibited the company from conducting any transaction involving any item subject to the Export Administration Regulations. The investigation was conducted by BIS and OFAC.

***\$500 Million Forfeiture for Iran Embargo Violations and Other Charges*** - On May, 10, 2010, the former ABN AMRO Bank N.V., now named the Royal Bank of Scotland N.V., agreed to forfeit \$500 million in connection with a conspiracy to defraud the United States, to violate the International Emergency Economic Powers Act and to violate the Trading with the Enemy Act, as well as a violation of the Bank Secrecy Act. A criminal information was filed in the District of Columbia. The bank waived indictment, agreed to the filing of the information, and accepted and acknowledged responsibility for its conduct. ABN AMRO agreed to forfeit \$500 million as part of a deferred prosecution agreement. From 1995 through Dec. 2005, ABN AMRO assisted sanctioned countries and entities in Iran, Libya, Sudan, Cuba and elsewhere in evading U.S. laws by facilitating hundreds of millions of U.S. dollar transactions. The IEEPA and TWEA violations relate to ABN AMRO conspiring to facilitate illegal dollar transactions on behalf of financial institutions, including Bank Markazi and Bank Melli of Iran as well as other customers from Iran, Libya, the Sudan, Cuba and other sanctioned nations. ABN AMRO Bank offices and employees in the Netherlands, the UAE, Saudi Arabia, and elsewhere stripped mention of Iranian and Sudanese banks from international funds transfer instructions sent to the New York branch of the bank thereby causing and facilitating financial transactions for the benefit of the Iranian and Sudanese financial institutions. The investigation was conducted by the IRS and FBI.

***Russian Attack Helicopters to Zimbabwe*** - On Mar. 19, 2010, Peter Spitz, a resident of Hallandale, Fla., and the owner of Russian Aircraft Services LLC, received an amended sentence in the Southern District of Florida, of 42 months in prison followed by 2 years of supervised release. Previously, on Apr. 8, 2008, Spitz was arrested in Miami pursuant to a criminal complaint alleging that he conspired to sell seven MI-24 Russian attack helicopters and three MI-8T Russian military transport helicopters to undercover law enforcement officials who represented that the helicopters would be going to a Cabinet member of the government of Zimbabwe. On Aug. 14, 2008, Spitz was charged by a superseding indictment with illegal arms brokering activities. Spitz pleaded guilty to count one of the superseding indictment on Sep. 12, 2008. The investigation was conducted by ICE and DCIS.

***U.S. - Origin Tools to Libya*** - On Mar. 9, 2010, Uni-Arab Engineering and Oil Field Services, a firm incorporated in the United Arab Emirates and operated in part by two naturalized U.S. citizens, Jaime Radi Mustafa and Nureddin Shariff Sehweil, pleaded guilty in the Eastern District of Louisiana to a superseding information changing the firm with violating U.S. sanctions against Libya and was sentenced to one year inactive probation, a \$60,000 fine, and \$400 special assessment. According to the plea agreement, Uni-Arab caused goods to be shipped from Texas to the Netherlands in 2001 and 2002, where they were repackaged and illegally shipped to Libya. The government dismissed the indictment against Mustafa and Sehweil.

***BAE Systems PLC Pleads Guilty and Ordered to Pay \$400 Million*** - On Mar. 1, 2010, BAE Systems PLC (BAES), a multinational defense contractor with headquarters in the United Kingdom, pleaded guilty in the District of Columbia to conspiracy to defraud the United States, conspiracy to make false statements about its Foreign Corrupt Practices Act compliance program, and conspiracy to violate the Arms Export Control Act (AECA) and International Traffic in Arms Regulations (ITAR). BAES was sentenced on Mar. 1, 2010 to a \$400 million fine, 36 months' probation, and a \$400 assessment. With respect to the conspiracy to violate AECA, BAES admitted to making false statements and failing to make required disclosures to the U.S.

government in connection with the administration of certain regulatory functions, including statements and disclosures related to applications for arms export licenses, as required by the AECA and ITAR. As part of the licensing scheme, applicants are required to identify associated commissions to the State Department- whether they are legitimate commissions or bribes - paid to anyone who helps secure the sales of defense materials. BAES admitted that, as part of the conspiracy, it knowingly and willfully failed to identify commissions paid to third parties for assistance in soliciting, promoting or otherwise securing sales of defense items in violation of the AECA and ITAR. In one instance, BAES caused the filing of false applications for export licenses for Gripen fighter jets to the Czech Republic and Hungary by failing to tell the export license applicant or the State Department of £19 million BAES paid to an intermediary with the high probability that it would be used to influence that tender process to favor BAES. The case was investigated by the FBI and ICE, with assistance by DCIS and the General Services Administration, Office of Inspector General.

***Semi-Automatic Pistols to Cayman Islands*** - On Feb. 23, 2010, a grand jury in the Southern District of Florida returned an indictment charging Junior Estiven with conspiracy to smuggle firearms, making false statements in connection with the acquisition of firearms, and possession of firearms with obliterated serial numbers. On Jun. 15, 2010, Estiven pled guilty to conspiracy to smuggle firearms and was sentenced on Aug. 25, 2010 to 30 months imprisonment, 3 years supervised release and \$100 special assessment. Estiven and others allegedly conspired to smuggle semi-automatic pistols to the Cayman Islands. Several other individuals were charged and previously pleaded guilty in connection with the scheme. David Gilbert Lyons, Anthony Mitchell Brown and Brittanio Jermie Walton were all indicted in the Southern District of Florida on May 5, 2009 in connection with the attempted illegal export of firearms to the Cayman Islands and other charges. Lyons was sentenced to 57 months in prison, while Brown was sentenced to 37 months in prison, and Walton was sentenced to 51 months in prison. In addition, Sheila Caraballo Madrigal was charged on Sep. 14, 2009 with conspiracy to smuggle firearms, conceal shipment of firearms and acquire firearms by making false statements. She later pleaded guilty and was sentenced to three years' probation. The investigation was conducted by ICE and ATF.

***Electronics to Designated Terror Entity in Paraguay*** - On Feb. 19, 2010, federal authorities in the Southern District of Florida announced the indictment of four individuals and three Miami businesses on charges involving the illegal export of electronics to a U.S. designated terrorist entity in Paraguay. The defendants charged were Samer Mehdi, of Paraguay, Khaled T. Safadi, of Miami, Ulises Talavera, of Miami, Emilio Jacinto Gonzalez-Neira, of Paraguay, Cedar Distributors, Inc. (Cedar), a Miami-based firm owned by defendant Safadi, Transamerica Express of Miami, Inc. (Transamerica), a Miami-based firm owned by defendant Talavera, and Jumbo Cargo, Inc. (Jumbo), a Miami-based firm owned by defendant Gonzalez-Neira. All were indicted on charges of conspiracy, violating the International Emergency Economic Powers Act and smuggling electronic goods from the United States to Paraguay. According to the indictment, from Mar. 2007 through Jan. 2008, freight-forwarders Talavera, through Transamerica, and Gonzalez-Neira, through Jumbo, exported Sony brand electronics, including Play station 2 consoles and digital cameras, to Samer Mehdi, owner of Jomana Import Export, an electronics business located within the Galeria Page, a shopping center in Ciudad del Este, Paraguay. Safadi, through Cedar, was a distributor of the electronics to the freight-forwarders. Since Dec. 6, 2006, the shopping center known as Galeria Page in Ciudad del Este, Paraguay, has been designated as a Specially Designated Global Terrorist entity by the U.S. Treasury Department, on grounds that it serves as a source of fundraising for Hizballah in the Tri-Border Area and is managed and owned by Hizballah members in the Tri-Border Area. Consequently, any transaction or dealing by a U.S. person with Galeria Page is prohibited. The OFAC designation banned trade with Galeria Page and all tenants located therein. Gonzalez-Neira and Jumbo Cargo, Inc. pleaded

guilty on Sep. 15, 2010 to conspiracy violations and were later sentenced to 1 year probation and 1 year non-reporting probation, respectively. Defendants Safadi and Cedar Distributors, Inc. pleaded guilty on Oct. 1, 2010 to conspiracy violations. Talavera and Transamerica Express of Miami pleaded guilty to conspiracy violations on Oct. 20, 2010. On Jan. 24, 2011, Safadi, Cedar Distributors, Inc., Talavera and Transamerica Express of Miami were each sentenced. Safadi was sentenced to 6 months' probation. Talavera was sentenced to 1 year probation. Cedar Distributors and Transamerica Express were each sentenced to 3 years' probation. Mehdi pleaded guilty to conspiracy violations on Aug. 19, 2014 and was sentenced the next day to 1 year of probation. The investigation was conducted by ICE FBI, CBP, BIS, OFAC, and U.S. Secret Service.

***Economic Espionage / Theft of Space Shuttle and Rocket Secrets for China*** - On Feb. 11, 2010 former Rockwell and Boeing engineer Dongfan "Greg" Chung was sentenced to 188 months imprisonment and three years' supervised release after his Jul. 16, 2009 conviction in the Central District of California. Chung was convicted of charges of economic espionage and acting as an illegal agent of the People's Republic of China (PRC), for whom he stole restricted technology and Boeing trade secrets, including information related to the Space Shuttle program and the Delta IV rocket. According to the judge's ruling, Chung served as an illegal agent of China for more than 30 years and kept more than 300,000 pages of documents reflecting Boeing trade secrets stashed in his home as part of his mission of steal aerospace and military trade secrets from Boeing to assist the Chinese government. Chung sent Boeing trade secrets to the PRC via the mail, via sea freight, via the Chinese consulate in San Francisco, and via a Chinese agent named Chi Mak. On several occasions, Chung also used the trade secrets that he misappropriated from Boeing to prepare detailed briefings that he later presented to Chinese officials in the PRC. Chung was originally arrested on Feb. 11, 2008, in Southern California after being indicted on eight counts of economic espionage, one count of conspiracy to commit economic espionage, one count of acting as an unregistered foreign agent, one count of obstruction of justice, and three counts of making false statements to the FBI. The investigation was conducted by the FBI and NASA.

***Chemical Purchasing Software to Iran*** - On Jan. 11, 2010, Ali Amirnazmi, of Berwyn, PA, was sentenced in the Eastern District of Pennsylvania to 48 months in prison for his Feb. 13, 2009 conviction on one count of conspiracy to violate the International Emergency Economic Powers Act (IEEPA); three counts of violating IEEPA, three counts of making false statements; and three counts of bank fraud. Amirnazmi was also ordered to forfeit \$64,000 and to pay \$17,277 restitution to Penn Liberty Bank. Amirnazmi, the owner of Trantech Consultants, Inc., in Pa., was charged by superseding indictment in Oct. 2008 with crimes relating to his participation from 1996 to Jul. 2008 in illegal business transactions and investments with companies located in Iran, including companies controlled in whole or in part by the government of Iran, as well as lying to federal officials about those transactions, and bank fraud. Evidence at trial revealed that Amirnazmi worked at the express direction of the highest echelons of the Iranian government, specifically President Mahmoud Ahmadinejad and his close advisors, to advance the Iranian petrochemical industry. Amirnazmi is a chemical engineer who, among other things, licensed to Iranian companies the use of a proprietary database and software system that he had developed. The software was designed to help buyers around the globe locate the best prices for various chemicals. Amirnazmi, a citizen of both the United States and Iran, was first indicted on Jul. 25, 2008. The case was investigated by the FBI and IRS.

***Military Equipment to Yemen, Libya & Other Locations*** - On Jan. 7, 2010, Ioannis Papatthanassiou, of Vienna, Va., entered a guilty plea on behalf of his company, Taipan Enterprises, Ltd., in the Eastern District of Virginia for attempting to illegally broker the sale of

weapons, night vision goggles and other military equipment to purchasers in Yemen, Libya, Chile and other nations. Taipan Enterprises was ordered to pay a fine of \$15,000. Court records indicate that Papathanassiou attempted to arrange the sale of Swiss-made machine pistols to a purchaser in Yemen, attempted to arrange the sale of Canadian night vision technology from Canada to Libya, attempted to arrange the sale of Canadian armored vehicles to the Chilean marine corps, attempted to arrange the sale of M4 rifles, gas grenades, armored vehicles and other military equipment to Chile, and attempted to arrange the sale of a number of military armored vehicles from a Belgian defense manufacturer to a Missouri-based company for final use in Vietnam. The investigation was conducted by ICE and CBP.

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