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FILED

Jul 28 2025

Mark B. Busby
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE DIVISION

UNITED STATES OF AMERICA,

Plaintiff,

v.

CADENCE DESIGN SYSTEMS, INC.,

Defendant.

CASE NO. **CR 25-00217-EJD (SVK)**

VIOLATIONS:
18 U.S.C. § 371 – Conspiracy to Commit Export
Control Violations;
50 U.S.C. § 4819(d), 18 U.S.C. § 981(a)(1)(C), 21
U.S.C. § 853, and 28 U.S.C. § 2461(c) – Forfeiture

SAN JOSE VENUE

I N F O R M A T I O N

The United States Attorney charges:

Introductory Allegations

At all times relevant to this Information, except where otherwise stated:

1. Defendant Cadence Design Systems, Inc (“Cadence”) was a multinational electronic design automation (“EDA”) technology company headquartered in San Jose, California with subsidiary and affiliate entities around the world. It offered EDA hardware and software, semiconductor design intellectual property (“IP”) technology, and related services. Cadence’s EDA tools supported the development of electronic chips and semiconductor devices used in a wide range of applications, including consumer devices, communications, cloud and data center equipment, personal computers, supercomputers, automotive systems, medical systems, and other devices.

2. Cadence Design Systems Management (Shanghai) Co., Ltd. (“Cadence China”) was a subsidiary of Cadence located in the People’s Republic of China (“PRC”) through which Cadence sold products and services to customers in the PRC. Cadence China was indirectly owned and wholly

controlled by Cadence through Cadence Design Systems (Ireland) Limited, a wholly owned and controlled subsidiary of Cadence that was the sole shareholder of Cadence China.

3. National University of Defense Technology (国防科技大学) or “NUDT” (国防科大) was a university in the PRC under the leadership of the PRC’s Central Military Commission. NUDT was added to the U.S. Department of Commerce’s Entity List on February 18, 2015, due to its use of “U.S.-origin multicores, boards, and (co)processors to produce the TianHe-1A and TianHe-2 supercomputers.” *See* 80 Fed. Reg. 8,524 (Feb. 18, 2015). These supercomputers were “believed to support nuclear explosive simulation and military simulation activities.” *See* 84 Fed. Reg. 29371 (June 24, 2019) (identifying “47 Deya Road” and “109 Deya Road” in “Kaifu District, Changsha City, Hunan Province, China” as NUDT’s addresses, among others). NUDT’s primary campus was in Changsha, in Hunan Province, PRC.

4. Central South CAD Center (“CSCC”) was identified as a Cadence China customer from as early as 2002. Cadence’s customer database identified CSCC at 54 Beiya Road, Changsha, PRC—which closely resembled an address on NUDT’s campus: 54 Deya Road, Changsha, PRC. Cadence sold its products and services to CSCC through Cadence China until on or about September 10, 2020.

5. On or about November 2, 2021, the U.S. Department of Commerce’s Bureau of Industry and Security (“BIS”) sent an “Is Informed” letter to Cadence, pursuant to 15 C.F.R. § 744.21(b), stating that BIS had determined that CSCC posed an unacceptable risk of acting as an agent, front, or shell company for NUDT or of otherwise assisting NUDT in circumventing the license requirements on NUDT. BIS added CSCC to the Entity List as an alias for NUDT effective June 28, 2022. *See* 87 Fed. Reg. 38,920 (June 30, 2022).

6. Phytium Technology Co. Ltd., also known as Tianjin Phytium Information Technology and as Tianjin Feiteng Information Technology (hereinafter “Phytium”), was a fabless semiconductor company in the PRC that specialized in the design of electronic chips and semiconductor devices. Phytium was a legal entity in the PRC and distinct from NUDT. In 2020, after conducting due diligence and confirming that Phytium was a legal corporate entity, distinct and separate from NUDT, Cadence consented to CSCC’s assignment to Phytium of CSCC’s contracts for Cadence hardware, software, and IP. According to public reporting available in 2020, Phytium supplied processors for the TianHe series

1 of supercomputers associated with the PRC military. Cadence stopped doing business with Phytium
2 before it was added to the Entity List in 2021 (effective April 8, 2021), as a result of Phytium's
3 involvement in "activities that support China's military actors, its destabilizing military modernization
4 efforts, and/or its weapons of mass destruction (WMD) programs." 86 Fed. Reg. 18,437 (Apr. 9, 2021).

5 7. Employee-1 resided in the PRC and was employed by Cadence China. Employee-1 was
6 a sales account executive responsible for the CSCC and Phytium accounts for Cadence. Cadence
7 terminated Employee-1 in September 2024.

8 8. Employee-2 resided in the PRC and was employed by Cadence China. Employee-2 was
9 a regional sales director. Employee-1 reported to Employee-2, and Employee-2 oversaw Employee-1's
10 work on the CSCC and Phytium accounts during some of the relevant period. Employee-2 separated
11 from Cadence in or about September 2021.

12 9. Employee-3 resided in the PRC and was employed by Cadence China. Employee-3 was
13 a sales group director for Cadence China overseeing customer sales in the PRC. Employee-1 and
14 Employee-2 reported, directly or indirectly, to Employee-3 during some of the relevant period. Cadence
15 terminated Employee-3 in or about February 2021.

16 10. Employee-4 resided in Asia and was employed by a Cadence subsidiary based in
17 Singapore. Employee-4 was a corporate vice president of sales overseeing the Asia Pacific market
18 including the PRC. Employee-1, Employee-2, and Employee-3 reported, directly or indirectly, to
19 Employee-4. Employee-4 reported to Cadence's then Chief Revenue Officer during some of the
20 relevant time period.

21 Relevant Legal Background

22 11. Pursuant to the International Emergency Economic Powers Act ("IEEPA"), 50 U.S.C. §§
23 1701-1707, the President of the United States is granted authority to deal with unusual and extraordinary
24 threats to the national security, foreign policy, or economy of the United States. 50 U.S.C. § 1701(a).
25 Pursuant to that authority, the President may declare a national emergency through Executive Orders
26 that have the full force and effect of law.

27 12. On August 17, 2001, the President issued Executive Order 13222, which declared a
28 national emergency with respect to the unusual and extraordinary threat to the national security, foreign

1 policy, and economy of the United States in light of the expiration of the Export Administration Act
2 (“EAA”), 50 U.S.C. §§ 2401-2420, which lapsed on August 17, 2001. 66 Fed. Reg. 44,025 (Aug. 22,
3 2001). While in effect, the EAA regulated the export of goods, technology, and software from the
4 United States. Pursuant to the provisions of the EAA, BIS promulgated the EAR, which contained
5 restrictions on exports, consistent with the policies and provisions of the EAA. *See* 15 C.F.R. § 730.
6 2. In Executive Order 13222, pursuant to IEEPA, the President ordered that the EAR’s provisions
7 remain in full force and effect despite the expiration of the EAA. Presidents issued annual Executive
8 Notices extending the national emergency declared in Executive Order 13222 through at least August
9 13, 2018.

10 13. On August 13, 2018, the President signed into law the National Defense Authorization
11 Act of 2019, which includes provisions on export controls, titled the Export Control Reform Act of 2018
12 (“ECRA”), 50 U.S.C. §§ 4801-4852. Accordingly, after August 13, 2018, export control laws and
13 regulations are set forth in ECRA and the EAR. In part, ECRA provides permanent statutory authority
14 for the EAR and eliminates the need for the President to declare annually national emergencies pursuant
15 to IEEPA and Executive Order 13222.

16 14. For conduct that predates August 13, 2018, IEEPA is the controlling statute. For conduct
17 occurring after August 13, 2018, ECRA is the controlling statute. It is a crime to willfully violate,
18 attempt to violate, conspire to violate, or cause a violation of any order, license, regulation, or
19 prohibition issued pursuant to IEEPA or ECRA. 50 U.S.C. §§ 1705, 4819.

20 15. Pursuant to ECRA—and before August 13, 2018, pursuant to IEEPA—BIS reviews and
21 controls the export of certain goods, software, and technologies from the United States to foreign
22 countries through the EAR. In particular, the EAR restrict the export, reexport, or in-country transfer of
23 items that could make a significant contribution to the military potential of other nations or that could be
24 detrimental to the foreign policy or national security of the United States. The EAR impose licensing
25 and other requirements for items subject to the EAR lawfully to be exported from the United States,
26 reexported from one foreign destination to another, and transferred in-country from one end use or end
27 user to another within the same foreign country.

1 16. The most sensitive items subject to EAR controls are identified on the Commerce Control
2 List (“CCL”), published at Supplement 1 to Part 774 of the EAR. Items on the CCL are categorized by
3 an Export Control Classification Number (“ECCN”) based on their technical characteristics. Each
4 ECCN has export control requirements depending on the destination, end user, and end use.

5 17. Further, the Entity List, which is set forth in Supplement 4 to Part 744 of the EAR,
6 identifies entities that are subject to additional export, reexport, and in-country transfer restrictions
7 because there is reasonable cause to believe, based on specific and articulable facts, that the entity has
8 been involved, is involved, or poses a significant risk of being or becoming involved in activities that are
9 contrary to the national security or foreign policy interests of the United States. 15 C.F.R. §
10 744.11(c)(3). The EAR require a prior license from BIS to export, reexport, or transfer in-country items
11 subject to the EAR to entities on the Entity List.

12 18. The EAR prohibit, *inter alia*, engaging in any transaction or taking any other action
13 prohibited by or contrary to the EAR, including the export, reexport, or in-country transfer of items
14 subject to the EAR to an entity on the Entity List without a license from BIS. 15 C.F.R. § 764.2(a); *see*
15 *also* 50 U.S.C. § 4819(a)(2)(A). The EAR further prohibit ordering, buying, removing, concealing,
16 storing, using, selling, loaning, disposing of, transferring, transporting, financing, forwarding, or
17 otherwise servicing, in whole or in part, or conducting negotiations to facilitate such activities with
18 respect to, any item that has been, is being, or is about to be exported, reexported, or transferred in-
19 country, or that is otherwise subject to the EAR, with knowledge that a violation of the EAR, or any
20 order, license, or authorization issued thereunder, has occurred, is about to occur, or is intended to occur
21 in connection with the item. 15 C.F.R. § 764.2(e); *see also* 50 U.S.C. § 4819(a)(2)(E). The EAR also
22 prohibit engaging in any transaction or taking any other action with intent to evade the provisions of the
23 EAR. 15 C.F.R. § 764.2(h); *see also* 50 U.S.C. § 4819(a)(2)(G).

24 The Scheme to Commit Export Control Violations

25 19. From in or about February 2015 through in or about April 2021 (the “relevant time
26 period”), certain Cadence China employees, Cadence China through its employees, and Cadence
27 through its subsidiary Cadence China acting on behalf of Cadence, engaged in a conspiracy to commit
28 export violations in connection with the provision of EDA tools that were subject to the EAR to NUDT

1 through CSCC, an alias for NUDT, and Phytium, without seeking or obtaining the requisite licenses
2 from BIS.

3 Manner and Means

4 20. During the relevant time period, Cadence through its subsidiary Cadence China, Cadence
5 China, and certain of their employees exported, reexported, and transferred in-country EDA tools
6 subject to the EAR to CSCC, despite having knowledge that CSCC was an alias for NUDT.
7 Specifically, certain Cadence China employees installed EDA hardware on NUDT's Changsha campus,
8 and certain NUDT personnel downloaded EDA software and IP technology from Cadence's download
9 portals. Certain now-former employees of Cadence China did not disclose to and/or concealed from
10 other Cadence personnel, including Cadence's export compliance personnel, that exports to CSCC were
11 in fact intended for delivery to NUDT and/or the PRC military. Certain employees of Cadence's
12 subsidiaries, including employees of Cadence China involved in sales to CSCC, also received sales
13 commissions that incentivized achieving certain sales quotas as part of their compensation packages.

14 21. As a result, Cadence and Cadence China exported and caused to be exported at least 56
15 unlawful exports of EDA tools from in or about February 2015 until in or about September 2020, when
16 Cadence terminated Cadence China's business relationship with CSCC due to CSCC's association with
17 NUDT.

18 22. Further, in or about October 2020, Cadence and Cadence China had knowledge that items
19 previously sold and exported to CSCC had in fact been exported to NUDT in violation of the EAR.
20 Nevertheless, Cadence consented to CSCC's assignment to Phytium of CSCC's contracts for Cadence
21 EDA tools. Between in or about November 2020 through in or about February 2021, Cadence, having
22 knowledge that a violation of the EAR had occurred, transferred EDA software and IP technology
23 subject to the EAR. On March 31, 2021, Cadence placed Phytium on export hold as a result of its
24 internal compliance review and discontinued transactions with Phytium without completing all the
25 originally anticipated transfers, including any hardware transfers. Phytium was later designated on the
26 Entity List on April 8, 2021.

Overt Acts

23. Cadence and Cadence China exported and caused the export of U.S.-origin EDA hardware, software, and semiconductor design IP technology to NUDT without a license or other authorization from BIS during the relevant time period. These exports or reexports included the following transactions between 2015 and 2020:

a) Ten (10) sales and exports of EDA hardware, including items classified under ECCN 3B991b.2.c;

b) Seventeen (17) sales and exports or reexports of EDA software, including items classified under ECCN 3D991 or designated EAR99;

c) Seven (7) sales and exports or reexports of semiconductor design technology, specifically IP, including items classified under ECCN 3E991; and

d) Twenty-Two (22) loans and exports of EDA hardware, including items classified under ECCN 3B991b.2.c and items designated EAR99.

24. The value of the items delivered to CSCC totaled approximately \$45,305,317.41. This amount included: (i) the revenue that Cadence recognized (on a consolidated basis) for EDA and semiconductor design tools delivered to CSCC in the relevant time period; (ii) the market value of EDA and semiconductor design tools that Cadence delivered to CSCC in the relevant time period for which Cadence did not recognize revenue; and (iii) the market value of the Cadence loaner hardware delivered to CSCC.

25. During the relevant time period, the aforementioned EDA and semiconductor design tools were controlled for export to NUDT pursuant to the EAR. Cadence and Cadence China did not obtain the requisite license or other authorization from BIS before the export, reexport, or in-country transfer of those items to NUDT or Phytium.

COUNT 1: (18 U.S.C. § 371 – Conspiracy to Commit Export Control Violations)

26. Paragraphs 1 through 25 of this Information are re-alleged and incorporated herein.

27. Beginning no later than in or about February 2015 and continuing through in or about April 2021, both dates being approximate and inclusive, in the Northern District of California and elsewhere, the defendant,

CADENCE DESIGN SYSTEMS, INC.,

did unlawfully and knowingly conspire with Cadence China, and with others known and unknown, to willfully export, reexport, and transfer in-country, and cause the export, reexport, and transfer in-country, of items that were controlled for export under the EAR, that is, U.S. semiconductor Electronic Design Automation (“EDA”) hardware, software, and technology, without the requisite license or other authorization from the U.S. Department of Commerce, in violation of 50 U.S.C. § 4819, 50 U.S.C. § 1705, and 15 C.F.R. § 764.2.

FORFEITURE ALLEGATION: (50 U.S.C. § 4819(d), 18 U.S.C. § 981(a)(1)(C), 21 U.S.C. § 853, and 28 U.S.C. § 2461(c))

28. The allegations contained in this Information are re-alleged and incorporated by reference for the purpose of alleging forfeiture pursuant to Title 50, United States Code, Section 4819(d), Title 18, United States Code, Section 981(a)(1)(C), Title 21, United States Code, Section 853, and Title 28, United States Code, Section 2461(c).

29. Upon conviction for the offense set forth in this Information, the defendant,

CADENCE DESIGN SYSTEMS, INC.,

shall forfeit to the United States, pursuant to Title 50, United States Code, Section 4819(d), any property (a) used or intended to be used, in any manner, to commit or facilitate the offense, (b) constituting or traceable to the gross proceeds taken, obtained, or retained, in connection with or as a result of the offense; or (c) constituting an item or technology that is exported or intended to be exported in violation of Title 50, Chapter 58, Subchapter I; and/or shall forfeit to the United States pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), all property, real or personal, involved in such violations, or any property traceable to such property, including, but not limited to, a forfeiture money judgment.

1 30. If any of the property described above, as a result of any act or omission of the defendant:

2 a) cannot be located upon exercise of due diligence;

3 b) has been transferred or sold to, or deposited with, a third party;

4 c) has been placed beyond the jurisdiction of the court;

5 d) has been substantially diminished in value; or

6 e) has been commingled with other property which cannot be divided without
7 difficulty,

8 the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21,
9 United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c).

10 31. All pursuant to Title 50, United States Code, Section 4819(d), Title 18, United States
11 Code, Section 981(a)(1)(C), Title 21, United States Code, Section 853, and Title 28, United States Code,
12 Section 2461(c), and Federal Rule of Criminal Procedure 32.2.

13
14 DATED: 7/28/2025

CRAIG H. MISSAKIAN
United States Attorney

15
16 
17 ERIC CHENG
Assistant United States Attorney

18
19 SCOTT E. BRADFORD
Acting Chief
Counterintelligence and Export Control Section
20 National Security Division
U.S. Department of Justice

21
22 DATED: July 28, 2025

23 
24 IAN C. RICHARDSON, Chief Counsel
CHRISTIAN J. NAUVEL, Deputy Chief Counsel
EMMA DINAN ELLENRIEDER, Trial Attorney

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT
 BY: ☐ COMPLAINT ☒ INFORMATION ☐ INDICTMENT
☐ SUPERSEDING
OFFENSE CHARGED

18 U.S.C. § 371 – Conspiracy to Commit Export Control Violations

- ☐
- Petty
-
- ☐
- Minor
-
- ☐
- Misdemeanor
-
- ☒
- Felony

PENALTY: Maximum penalties: 5 year term of probation; fine of \$500,000 or twice the gross gain to any person resulting from the offense, whichever is greater; \$400 mandatory special assessment; forfeiture

Name of District Court, and/or Judge/Magistrate Location

NORTHERN DISTRICT OF CALIFORNIA

SAN JOSE DIVISION

DEFENDANT - U.S.

Cadence Design Systems, Inc.

DISTRICT COURT NUMBER

CR 25-00217-EJD (SVK)**FILED**

Jul 28 2025

 Mark B. Busby
 CLERK, U.S. DISTRICT COURT
 NORTHERN DISTRICT OF CALIFORNIA
 SAN JOSE
PROCEEDING

Name of Complainant Agency, or Person (& Title, if any)

U.S. Dept. of Commerce, Bureau of Industry & Security; FBI

☐ person is awaiting trial in another Federal or State Court, give name of court

☐ this person/proceeding is transferred from another district per (circle one) FRCrP 20, 21, or 40. Show District

☐ this is a reprosecution of charges previously dismissed which were dismissed on motion of:

☐ U.S. ATTORNEY ☐ DEFENSE
SHOW
DOCKET NO.
☐ this prosecution relates to a pending case involving this same defendant
MAGISTRATE
CASE NO.
☐ prior proceedings or appearance(s) before U.S. Magistrate regarding this defendant were recorded under

Name and Office of Person

Furnishing Information on this form CRAIG H. MISSAKIAN

☒ U.S. Attorney ☐ Other U.S. Agency

Name of Assistant U.S.

Attorney (if assigned)

Eric Cheng

DEFENDANT**IS NOT IN CUSTODY**

Has not been arrested, pending outcome this proceeding.

 1) ☒ If not detained give date any prior summons was served on above charges

 2) ☐ Is a Fugitive

 3) ☐ Is on Bail or Release from (show District)
IS IN CUSTODY
 4) ☐ On this charge

 5) ☐ On another conviction

☐ Federal ☐ State

 6) ☐ Awaiting trial on other charges

If answer to (6) is "Yes", show name of institution

 Has detainer been filed? ☐ Yes ☐ No

If "Yes" give date filed

DATE OF
ARREST

Month/Day/Year

Or... if Arresting Agency & Warrant were not

DATE TRANSFERRED
TO U.S. CUSTODY

Month/Day/Year

☐ This report amends AO 257 previously submitted
ADDITIONAL INFORMATION OR COMMENTS**PROCESS:**
☐ SUMMONS ☒ NO PROCESS* ☐ WARRANT

Bail Amount: _____

If Summons, complete following:

☐ Arraignment ☐ Initial Appearance

Defendant Address:

* Where defendant previously apprehended on complaint, no new summons or warrant needed, since Magistrate has scheduled arraignment

Date/Time: _____ Before Judge: _____

Comments:

UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

FILED

Jul 28 2025

Mark B. Busby
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA
SAN JOSE

CRIMINAL COVER SHEET

Instructions: Effective November 1, 2016, this Criminal Cover Sheet must be completed and submitted, along with the Defendant Information Form, for each new criminal case.

CASE NAME:

USA v. Cadence Design Systems, Inc.

CASE NUMBER:

CR **CR 25-00217-EJD (SVK)**

Is This Case Under Seal?

Yes

No ☒

Total Number of Defendants:

1 ☒

2-7

8 or more

Does this case involve ONLY charges under 8 U.S.C. § 1325 and/or 1326?

Yes

No ☒

Venue (Per Crim. L.R. 18-1):

SF

OAK

SJ ☒

Is this a potential high-cost case?

Yes

No ☒

Is any defendant charged with a death-penalty-eligible crime?

Yes

No ☒

Is this a RICO Act gang case?

Yes

No ☒

Assigned AUSA
(Lead Attorney): Eric Cheng

Date Submitted: 7/28/2025

Comments: