

UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA	:	Hon. Esther Salas
	:	
	:	
v.	:	Crim. No. 14-
	:	
	:	
HUI SHENG SHEN,	:	21 U.S.C. § 963
a/k/a "Charlie"	:	18 U.S.C. § 371

INFORMATION

The defendant having waived in open court prosecution by Indictment, the United States Attorney for the District of New Jersey charges:

OVERVIEW

1. From in or around June 2010 through in or around February 2012, defendant HUI SHENG SHEN and his co-conspirator Huan Ling Chang, a/k/a "Alice," together with others known and unknown, engaged in a wide-ranging pattern of global criminal activity that touched on the United States, the People's Republic of China ("PRC"), the Philippines, Taiwan, Hong Kong, and elsewhere. First, from in or about June 2010 through in or around February 2012, they conspired to, and did, import methamphetamine from the PRC to the United States. Second, between in or about September 2011 through in or about February 2012, they attempted to purchase defense articles belonging to the United States and export those items from the United States to the PRC. During the course of the conspiracy, defendant SHEN and

co-conspirator Chang claimed that they were working with a special advisor to a high-ranking PRC government official and requested information regarding American nuclear technology, Unmanned Aerial Vehicles (“UAVs,” commonly known as “drones”), and fighter jet stealth technology, among other items.

RELEVANT INDIVIDUALS AND ENTITIES

2. At all times relevant to this Information:

a. Defendant SHEN resided in Taiwan and represented that he was a logistics expert who could obtain and transmit contraband items throughout the world.

b. Co-conspirator Chang resided in Taiwan, purported to be a schoolteacher, and was fluent in English, Spanish, Mandarin, and Fukinese. Among other things, Chang served as a translator for defendant SHEN.

c. Co-conspirator Soon Ah Kow resided in Hong Kong and was an international narcotics trafficker and smuggler of counterfeit goods, who conspired with defendant SHEN and Chang to import narcotics into the United States.

d. Port Newark-Elizabeth Marine Terminal (the “Port”) was operated by the Port Authority of New York and New Jersey, and was the largest container port in the eastern United States. The Port handled more than 3,700 vessels and more than 2.5 million containers annually, with a total value of more than \$100 billion in goods passing through the Port per year.

e. Taiwan was a known source for methamphetamine shipped to the United States.

COUNT ONE
(Narcotics Importation Conspiracy)

3. From at least as early as in or around June 2010 through in or around February 2012, in Essex and Union Counties, in the District of New Jersey, and elsewhere, defendant

**HUI SHENG SHEN,
a/k/a "Charlie,"**

did knowingly and intentionally conspire and agree with Huan Ling Chang, Soon Ah Kow, and others to import into the United States from a place outside thereof, namely, the People's Republic of China, methamphetamine, its salts, isomers, and salts of its isomers, contrary to Title 21, United States Code, Sections 952(a) and 960(b)(3).

OBJECT OF THE CONSPIRACY

4. It was the object of the conspiracy for defendant SHEN and his co-conspirators to import narcotics, specifically methamphetamine, into the United States from outside the United States.

MANNER AND MEANS OF THE CONSPIRACY

5. It was part of the conspiracy that in or around June 2010, co-conspirator Kow informed undercover law enforcement agents (the "UCs") that he had several sources from whom the UCs could purchase narcotics, including heroin and methamphetamine, and that defendant SHEN represented the interests of co-conspirator Kow's associates, wealthy narcotics dealers who had been trafficking narcotics around the world for decades.

6. It was further part of the conspiracy that, in or around February 2011, the UCs met with defendant SHEN, co-conspirators Kow and Chang, and others in or around Manila, Philippines (the “Manila Meetings”).

7. It was further part of the conspiracy that, during the Manila Meetings, defendant SHEN, co-conspirator Kow, and others arranged for a sample of methamphetamine to be delivered to the UCs, which tested positive for methamphetamine. The parties agreed to continue discussions at further meetings.

8. It was further part of the conspiracy that in or around March 2011, the UCs met with defendant SHEN and co-conspirator Chang in or around Miami, Florida, and defendant SHEN told the UCs, in sum and substance, that he was a transportation expert who assisted co-conspirator Kow and others in selling and shipping narcotics throughout the world. During the meeting, defendant SHEN, co-conspirator Chang, and the UCs made arrangements to import narcotics into the United States, and engaged in negotiations regarding price, quantities, and logistics. Defendant SHEN and co-conspirator Chang then returned to Taiwan.

9. It was further part of the conspiracy that in or around May 2011, defendant SHEN and co-conspirator Chang, who were overseas in Taiwan, and the UCs, who were in or around the District of New Jersey, finalized a transaction for one kilogram of methamphetamine (“the One Kilogram Methamphetamine Transaction”), with negotiations taking place over Skype (a technology that permits voice over IP communications) and e-mails.

10. It was further part of the conspiracy that in or around May 2011, defendant SHEN and co-conspirator Chang provided the UCs with account information for a bank account located in or around Taiwan.

11. It was further part of the conspiracy that on or about May 24, 2011, pursuant to the instructions of defendant SHEN and co-conspirator Chang, the UCs wired approximately \$70,000 to the Taiwanese bank account, which represented the price of the One Kilogram Methamphetamine Transaction, the shipping costs for the narcotics, and co-conspirator Kow's fee for brokering the transaction.

12. It was further part of the conspiracy that in or around July 2011, defendant SHEN and co-conspirator Chang sent the UCs a bill of lading for the shipping container that was to include the methamphetamine (the "Methamphetamine Container"), and provided the UCs with the precise location of the narcotics within the container.

13. It was further part of the conspiracy that on or about August 9, 2011, the Methamphetamine Container arrived at the Port. Inspection of the Methamphetamine Container revealed, in the location provided by defendant SHEN and co-conspirator Chang, approximately 994 grams of approximately 93.7% pure methamphetamine hidden inside three bags of tea, which were in turn placed within a metal tower-type computer.

14. It was further part of the conspiracy that in or about October 2011, defendant SHEN and co-conspirator Chang met with UCs in or around Las Vegas, Nevada and engaged in further discussions relating to the price,

quantity, and logistics of future narcotics transactions (the “Las Vegas Meetings”).

15. It was further part of the conspiracy that during the Las Vegas Meetings, the UCs provided defendant SHEN and co-conspirator Chang with money for their role in the One Kilogram Methamphetamine Transaction, and discussed future illegal activities.

In violation of Title 21, United States Code, Section 963.

COUNT TWO
(Conspiracy To Violate The Arms Export Control Act)

1. The allegations contained in paragraphs 1 and 2 of Count One of this Information are hereby realleged and incorporated as though set forth in full herein.

2. At all times relevant to Count Two of this Information:

a. Beginning in or around September 2011 and continuing through in or around February 2012, defendant SHEN, co-conspirator Chang, and others attempted to either purchase or obtain information concerning the following United States military technology, among other things, purportedly on behalf of a high-ranking PRC official:

i. E-2 Hawkeye: The E-2 Hawkeye was a reconnaissance aircraft used by the United States Armed Forces. It was borne on aircraft carriers, included an airborne radar system, and was designed to detect other aircraft at long ranges, direct fighter jet strikes, and carry out surveillance.

ii. F-22 stealth technology: The F-22 was a fighter jet used by the United States Armed Forces. The F-22 had a number of components, collectively called "stealth" components, which made it less apparent to radar systems.

iii. MQ-9 Reaper ("MQ-9"): The MQ-9 was a UAV used by the United States Armed Forces. The MQ-9 was capable of high-altitude surveillance, and could also be outfitted with various weaponry, including Hellfire missiles and laser guided bombs.

iv. RQ-4 Global Hawk (“RQ-4”): The RQ-4 was a UAV used by the United States Armed Forces. The RQ-4 was a surveillance aircraft capable of examining large swaths of territory for significant periods of flight time.

v. RQ-11B Raven (“RQ-11B”): The RQ-11B was a small, hand-launched UAV used by the United States Armed Forces. It measured approximately 36 inches in length, and weighed approximately four pounds. The RQ-11B was equipped with video and night-vision cameras, and was used to provide reconnaissance for relatively brief missions.

vi. Missile engine technology: Missiles used various types of engine technology; some, including cruise missiles, were propelled by jet engines and could break the sound barrier.

b. The export of the United States military technology that defendant SHEN, co-conspirator Chang, and others sought to obtain and export from the United States was governed by the Arms Export Control Act (the “AECA” or the “Act”), which authorized the President of the United States to control the export of defense articles and services from the United States (“Defense Articles”). The AECA was implemented by regulations, known as the International Traffic in Arms Regulations (“ITAR”), 22 C.F.R. § 120 et seq.

c. The ITAR defined a “Defense Article” to be any item on the United States Munitions List (the “Munitions List”). In turn, the Munitions List set forth twenty-one categories of Defense Articles that were subject to export

licensing controls by the State Department's Directorate of Defense Trade Controls ("DDTC"). 22 C.F.R. § 121.1.

d. Also covered under the Munitions List was "technical data" relating to the listed Defense Articles, which included information "which is required for the design, development, production, manufacture, assembly, operation, repair, testing, maintenance or modification of Defense Articles." 22 C.F.R. § 120.10.

e. Unless specifically exempted, persons engaged in the export of Defense Articles covered by the Munitions List had to be registered with the DDTC, and had to apply for and receive a valid license or other approval to export the defense article from the United States.

f. The DDTC's controls required any exporter to state, among other things, the nature of the Defense Articles to be exported, the end recipient of the Defense Articles, and the purpose for which the Defense Articles were intended. These factors and others assisted the DDTC in determining whether the export of the Defense Articles would affect the security and foreign policy interests of the United States.

g. Since 1990, however, the United States government has maintained an arms embargo against the PRC that prohibited the export, re-export, or re-transfer of any defense article to the PRC. It was the policy of the United States and the U.S. Department of State to deny license applications and any other written requests or approvals for the export, re-export, or transfer to the PRC of Defense Articles on the Munitions List.

h. Category VIII of the Munitions List included “Aircraft and Associated Equipment.” This category included, but was not limited to, “drones . . . which are specifically designed, modified, or equipped for military purposes.”

i. The DDTC certified that the RQ-11B and RQ-4, together with manuals and other information relating to these items, were Defense Articles of a nature described on the Munitions List.

j. The DDTC also certified that at no time did defendant SHEN or Chang apply for, receive, or possess a license to export Defense Articles of any description.

3. From at least as early as in or around September 2011 through in or around February 2012, in Essex County, in the District of New Jersey, and elsewhere, defendant

**HUI SHENG SHEN,
a/k/a “Charlie,”**

did knowingly and willfully conspire and agree with Huan Ling Chang and others to export and attempt to export to the PRC Defense Articles, designated as “Aircraft and Associated Equipment” on the United States Munitions List, Title 22, Code of Federal Regulations, Section 121.1, Category VIII, namely, the Raven RQ-11B Unmanned Aerial Vehicle, the RQ-4 Unmanned Aerial Vehicle, and associated manuals, without having first obtained from the DDTC, a license or other written approval for such export, contrary to Title 22, United States Code, Sections 2778(b)(2) and 2778(c), Title 22, Code of Federal Regulations, Section 120 et seq., and Title 18, United States Code, Section 2.

OBJECT OF THE CONSPIRACY

4. It was the object of the conspiracy for defendant SHEN, co-conspirator Chang, and others to export certain Defense Articles from the United States to the PRC, an embargoed country, without having first obtained from the DDTC a license or other written approval for such export.

MANNER AND MEANS OF THE CONSPIRACY

5. It was part of the conspiracy that in or around September 2011, shortly before the meetings in or around Las Vegas, Nevada (the “Las Vegas Meetings”), defendant SHEN and co-conspirator Chang asked the UCs whether they could obtain and pass along highly sensitive American military technology, including Defense Articles, for the benefit of individuals and organizations operating on behalf of the PRC. Specifically, on or about September 16, 2011, defendant SHEN told a UC that an associate of defendant SHEN’s wanted to “buy a plane.” Further conversation revealed that defendant SHEN was referring to the E-2 Hawkeye. Defendant SHEN and co-conspirator Chang thereafter referred to the E-2 Hawkeye as the “Big Toy.” When the UCs expressed disbelief that defendant SHEN and co-conspirator Chang actually wanted such an item, co-conspirator Chang clarified that their buyer was a “secret assistant” to a well-known and high-ranking official in the PRC. Defendant SHEN stated that he knew this individual well, and co-conspirator Chang added, “We know that this is big stuff.” Defendant SHEN then stated, in English, that “Big Toy is big trouble!”

6. It was further part of the conspiracy that on or about September 30, 2011, during a conversation with the UCs, co-conspirator Chang stated that their clients' "organization is really close to – with a lot of money – and connections to [the PRC] government." In response, a UC stated that "we're moving into really, really big and dangerous areas," and made clear that the purchase of an entire plane was probably impossible. Co-conspirator Chang replied that her clients "would like the whole thing, but if we cannot do the whole thing, then can we do the research for the components." Later, the UC reiterated the risks of such a venture and that the penalties were "severe." Co-conspirator Chang replied, "of course," and stated that defendant SHEN was "more concerned like the safetiness [sic] for all of us." The UC replied, "Absolutely. I mean, this is no joke."

7. It was further part of the conspiracy that during communications with the UCs, defendant SHEN and co-conspirator Chang indicated that their clients were interested in a whole range of American military technology, beyond the E-2 Hawkeye. Defendant SHEN, co-conspirator Chang, and the UCs agreed that they needed to meet in person to further negotiate for these items, and agreed to conduct the Las Vegas Meetings.

8. It was further part of the conspiracy that during the Las Vegas Meetings, defendant SHEN, co-conspirator Chang, and the UCs discussed the export of United States military technology, including a number of different Defense Articles. During these discussions, defendant SHEN and co-conspirator Chang reiterated that their clients were connected to the PRC

government, and provided the UCs with a list of specific items that their clients wanted. One of the UCs then stated, “I would prefer not to make money on something that would hurt the United States.” Defendant SHEN replied, in English, “I think that all [these] items would hurt America.”

9. It was further part of the conspiracy that during the Las Vegas Meetings, defendant SHEN and co-conspirator Chang once again stated that any Defense Articles provided by the UCs would be going to the PRC. Co-conspirator Chang stated that her clients “work for [a high-ranking official] in China – right now, presently. And um, he asked Charlie about this Big Toy because he said, if we can get the high technology for them, they can pay.” The UCs then asked, “This is not a man who wants this item, it’s a government?” Defendant SHEN confirmed, in English, “Government, yes. . . . The people we met, they come from Beijing. . . . They work for Beijing government. . . . Some kind of intelligence company for Chinese government – like C.I.A.” The UCs clarified, “Like Chinese CIA?” Defendant SHEN confirmed, “Yes.”

10. It was further part of the conspiracy that during the Las Vegas Meetings, co-conspirator Chang showed the UCs a notebook, in which she had written the exact items sought, including:

- a. “Missile engine – latest type,” “Navy – lesser [sic] guide,” and “Army – wire guide,” as well as “Training/Maintenance/Manual”;
- b. “F22”: “fly control panel,” “stealth technology,” and “radar reflector”;

- c. “Global Hawk RQ4A”: “inferrate [sic] mounting system technology”;
- d. “MQ9 Predator”: “fly control panel” and “Training/Maintenance Manual”;
- e. “Nuclear Information”; and
- f. “S2E Early Warning Aircraft [sic].”

11. It was further part of the conspiracy that during the Las Vegas Meetings, defendant SHEN and co-conspirator Chang told the UCs that, because of the sensitivity of the topics being discussed, they would like to communicate with the UCs in code, and described the code to the UCs, which would involve the parties decoding messages by using a particular book, which defendant SHEN and co-conspirator Chang would send to the UCs.

12. It was further part of the conspiracy that on or about November 4, 2011, the UCs received the book described by defendant SHEN and co-conspirator Chang.

13. It was further part of the conspiracy that during subsequent conversations, defendant SHEN, co-conspirator Chang, and the UCs discussed the code and practiced using it.

14. It was further part of the conspiracy that in or around November 2011, the UCs asked why defendant SHEN and co-conspirator Chang’s clients could not travel to the United States to meet with the UCs. Co-conspirator Chang replied, “These people are high level, but the money belongs to the Government.” The UC replied, “I understand that, but I am, I am a little

disappointed if these high level people aren't even able to . . . travel and meet with us to discuss these types of things." Co-conspirator Chang then stated, "Because their status is a bit special, so in order to travel to [the] United States, all developed countries, for them it's hard for them to . . ." Defendant SHEN interrupted and stated in English, "They are spies. They, they, they are very hard to get a visa. They cannot go to U.S."

15. It was further part of the conspiracy that in or around December 2011, the UCs told defendant SHEN and co-conspirator Chang that the UCs could obtain the RQ-11B and a manual for the RQ-4, and asked defendant SHEN and Chang to find out if their clients were interested in these items.

16. It was further part of the conspiracy that on or about December 30, 2011, defendant SHEN and co-conspirator Chang e-mailed the UCs that their clients were interested in the RQ-11B (as well as the RQ-4 and related manuals), and asked how much each would cost.

17. It was further part of the conspiracy that on or about February 18, 2012, defendant SHEN and co-conspirator Chang arrived in New York for another series of meetings with the UCs to further discuss the export of Defense Articles, including the RQ-11B and RQ-4.

18. It was further part of the conspiracy that on or about February 19, 2012, defendant SHEN and co-conspirator Chang told a UC that they purchased cameras (the "Cameras") for the express purpose of taking pictures of military technology, including Defense Articles. According to

defendant SHEN and co-conspirator Chang, they intended to take pictures on the Cameras, delete the pictures from the Cameras' memory cards, and then use one of their contacts in the PRC to retrieve the deleted photographs from the Cameras' memory, thereby avoiding detection by law enforcement.

19. It was further part of the conspiracy that at another meeting, also on or about February 20, 2012, defendant SHEN and co-conspirator Chang examined the RQ-11B, as well as manuals relating to the RQ-4. During the meeting, a UC explained again to defendant SHEN and co-conspirator Chang that it was illegal to export any of the items being discussed, and pointed out the warnings to that effect affixed to each of the items.

20. It was further part of the Conspiracy that defendant SHEN then told the UCs how he and co-conspirator Chang planned to remove the RQ-11B from the United States, and stated that he could use techniques that he had learned from narcotics trafficking, such as using scuba divers to swim out to a ship docked offshore with parts from the RQ-11B, or load the parts onto a remote controlled semi-submersible vehicle, and rendezvous with a ship.

21. It was further part of the conspiracy that on or about February 24, 2012, defendant SHEN and co-conspirator Chang were shown manuals for the RQ-4 and the RQ-11B, and defendant SHEN and co-conspirator Chang took photographs of both manuals on the Cameras. Before defendant SHEN or co-conspirator Chang could delete the photographs, law enforcement officers arrested them.

OVERT ACTS

22. In furtherance of the conspiracy and to effect its unlawful object, defendant SHEN, co-conspirator Chang, and others committed and caused to be committed the following overt acts, among others:

- a. In or around October 2011, defendant SHEN and co-conspirator Chang traveled to in or around Las Vegas, Nevada, and showed the UCs a notebook containing a list of various types of military technology, including Defense Articles that they and their clients sought.
- b. In or around October 2011, defendant SHEN and co-conspirator Chang sent the UCs a book that would allow defendant SHEN, co-conspirator Chang, and the UCs to communicate in code.
- c. In or around February 2012, defendant SHEN and co-conspirator Chang told a UC that they purchased the Cameras for the express purpose of taking pictures of military technology, including Defense Articles.

In violation of Title 18, United States Code, Section 371.

FORFEITURE ALLEGATION


The allegations contained in this Information are hereby realleged and incorporated by reference for the purpose of noticing forfeiture pursuant to Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c).

The United States hereby gives notice to the defendant that, upon his conviction of the offenses alleged in the Information, the government will seek forfeiture in accordance with Title 18, United States Code, Section 981(a)(1)(C) and Title 28, United States Code, Section 2461(c), which require any person convicted of such offenses to forfeit any property constituting or derived from proceeds obtained directly or indirectly as a result of such offenses.

If any of the above-described forfeitable property, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty;

it is the intent of the United States, pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 28, United States Code, Section 2461(c), to seek forfeiture of any other property of such defendant up to the value of the forfeitable property described above.



PAUL J. FISHMAN
United States Attorney

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UNITED STATES OF AMERICA

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a/k/a "Charlie"

INFORMATION FOR

18 U.S.C. § 371; 21 U.S.C. § 963

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(Ed. 1/97)