

What happens if I violate Export Controls in the USA – 12 Dec 2013

Commerce/BIS News: "Chinese National Sentenced to Nearly 5 Years in Prison for Attempting to Illegally Export Aerospace-Grade Carbon Fiber"

(Source: http://beta-www.bis.doc.gov/index.php/forms-documents/doc_download/846-chinese-national-sentenced-to-57months-incarceration-for-attempting-to-illegally-export-aerospace-g)

10 Dec 2013. Earlier today at the federal courthouse in Brooklyn, New York, Ming Suan Zhang, a citizen of the People's Republic of China, was sentenced today to 57 months' incarceration for violating the International Emergency Economic Powers Act by attempting to export high-grade carbon fiber from the United States to China. Zhang attempted to negotiate a long-term contract for massive quantities of the controlled commodity, which he asserted was to be provided to a Chinese company involved in the development of a military aircraft. Zhang was arrested after traveling to the United States to meet with an undercover agent ("UC") in an effort to obtain a sample of the specialized fiber, which has applications in the defense and aerospace industries and is therefore closely regulated by the United States Department of Commerce.

The sentence was announced by Loretta E. Lynch, United States Attorney for the Eastern District of New York; John Carlin, Acting Assistant Attorney General for National Security; James T. Hayes, Jr., Special Agent-in-Charge, U.S. Immigration and Customs Enforcement, Homeland Security Investigations (HSI), New York; and Sidney Simon, Special Agent-in-Charge, U.S. Department of Commerce (DOC), Office of Export Enforcement, New York Field Office.

"The defendant brazenly disregarded U.S. law in an attempt to procure a highly sought after commodity and provide it to a foreign power," stated United States Attorney Lynch. "Foreign governments are willing to go to great lengths to acquire potentially dangerous materials such as specialized carbon fiber composites, which are of high value in the development of advanced weapons programs. We and our law enforcement partners will continue to use all of the tools in our arsenal to protect our technology and maintain the national security of the United States and its allies." Ms. Lynch expressed her grateful appreciation to the U.S. Immigration and Customs Enforcement, Homeland Security Investigations, New York, and the U.S. Department of Commerce, Office of Export Enforcement, New York Field Office, for their outstanding work in this investigation.

Zhang came to the attention of federal authorities last year after two Taiwanese buyers, acting on his behalf, attempted to procure several tons of specialized carbon fiber, including Toray type M60-JB-3000-50B ("M60"), via Internet marketplace forums. Zhang met with one of the buyers in mainland China and directed him to purchase a large quantity of high-grade carbon fiber, which Zhang intended to provide to a customer in China. The buyers searched for a source of the commodity and contacted the UC. The UC informed the buyers that he was willing to negotiate a deal, but that a license from the U.S. government was required to export the M60 from the United States.

When Zhang's agents failed to obtain and deliver a sample of the carbon fiber, Zhang became personally involved in the scheme. He ultimately contacted the UC and stated that he had an urgent

need for the carbon fiber. Zhang indicated that his customer, an executive at a prominent Chinese military company, was involved in the test flight of a "jet fighter plane." In an email to the UC in August 2012, Zhang explained:

"Hello! Please find time to send me an email or call me to explain the situation, because the customer over here is rushing me. . . . On the 5th, [he] is handling the site of a new fighter aircraft test flight. He will return between the 10th and the 20th of next month. That's why he requested that be done this month. . . . Thank you for your cooperation!"

Zhang then obtained a passport to travel to the United States for a meeting with the UC and take possession of a sample of M60 carbon fiber, which would be shipped to China and analyzed to verify its authenticity. Zhang's plan was obtain a steady supply of the high-grade fiber for export to China, totalling thousands of pounds. However, Zhang was placed under arrest after he arrived at the meeting. . . .