

## What happens if I violate export controls in the US? 02 Jan 2013

(28<sup>th</sup> December 2012) Justice: Former Director of PPG Paints Trading Co., LTD., Sentenced to Jail for Conspiring to Illegally Export Chemical Coatings to Pakistan

(Source: <http://www.bis.doc.gov/news/2012/doj12202012.htm>)

WASHINGTON - Xun Wang, a former Managing Director of PPG Paints Trading (Shanghai) Co., Ltd., a wholly-owned Chinese subsidiary of United States-based PPG Industries, Inc., was sentenced today to a year in prison for conspiring to violate the International Emergency Economic Powers Act.

The sentence was announced by Ronald C. Machen Jr., U.S. Attorney for the District of Columbia, and Eric L. Hirschhorn, U.S. Department of Commerce Under Secretary for Industry and Security.

Wang was sentenced by the Honorable Emmet G. Sullivan of the U.S. District Court for the District of Columbia. In addition to the prison time, Judge Sullivan ordered Wang to pay a \$100,000 fine and to perform 500 hours of community service.

Wang pled guilty to the conspiracy in November 2011, and agreed, as part of her plea, to cooperate with the government's investigation. Her cooperation led to the Dec. 3, 2012, guilty plea by the China Nuclear Industry Hoaxing Construction Co., Ltd. That plea is believed to have marked the first time that a People's Republic of China corporate entity has entered a plea of guilty in a U.S. criminal export matter. As part of its plea agreement, Hoaxing agreed to the maximum criminal fine of \$2 million, \$1 million of which will be stayed pending its successful completion of five years of corporate probation.

"Xun Wang was the most senior PPG Paints Trading corporate executive involved in this unlawful export scheme," said U.S. Attorney Machen. "This prosecution has already held corporations accountable for their violations of U.S. export laws, but today's prison sentence shows our determination to hold corporate executives personally responsible when they compromise our nation's security in the pursuit of corporate profits."

The investigation was led by the Department of Commerce's Bureau of Industry and Security (BIS). In November 2011, Wang also settled an administrative proceeding brought by the Department of Commerce regarding the same subject matter as her criminal case. As part of her settlement agreement, Wang has agreed to pay a civil penalty of \$200,000 with another \$50,000 payment suspended, and to be placed on the Department of Commerce's Denied Persons' list for a period of five years with an additional five years suspended. As a Denied Person, Wang will be prohibited from directly or indirectly participating in any transaction involving a commodity, software or technology exported, or to be exported, from the United States that is subject to Department of Commerce regulations.

"This case clearly demonstrates our resolve to hold individuals responsible for violations of our export control laws," said Under Secretary Hirschhorn. "Individuals can no longer hide behind a corporate veil. BIS Special Agents

will continue to leverage our unique authorities to pursue violators anywhere in the world.”

In both the criminal and administrative cases, Wang is accused of conspiring to export, reexport, and transship high-performance epoxy coatings to the Chesham II Nuclear Power Plant (Chesham II) in Pakistan, a nuclear reactor owned and/or operated by the Pakistan Atomic Energy Commission, an entity on the Department of Commerce’s Entity List.

The Pakistan Atomic Energy Commission is the science and technology organization in Pakistan responsible for Pakistan’s nuclear program, including the development and operation of nuclear power plants in Pakistan. In November 1998, following Pakistan’s first successful detonation of a nuclear device, the Commerce Department’s Bureau of Industry and Security added the Pakistan Atomic Energy Commission, as well as its subordinate nuclear reactors and power plants, to the list of prohibited end users under the Export Administration Regulations.

As a restricted end-user, a United States manufacturer seeking to export, reexport or transship any items subject to the Export Administration Regulations to the Pakistan Atomic Energy Commission, or its nuclear power plants or reactors, would first need to obtain a license from the Department of Commerce in the District of Columbia.

Wang’s conviction is related to the Dec. 21, 2010, guilty plea of PPG Paints Trading to a four-count information in the U.S. District Court for the District of Columbia. Together, PPG Paints Trading and its parent company, PPG Industries, paid \$3.75 million in criminal and administrative fines and more than \$32,000 in restitution. The combined amount of criminal and civil fines represented one of the largest monetary penalties for export violations in the history of the Bureau of Industry and Security.

According to Wang’s plea documents, in January 2006, PPG Industries sought an export license for the shipments of coatings to Chesham II. In June 2006, the Department of Commerce denied that license application. Following that denial, Wang and her co-conspirators agreed upon a scheme to export, reexport and transship PPG Industries’ high-performance epoxy coatings from the United States to Chesham II, via a third-party distributor in People’s Republic of China, without first having obtained the required export license from the Department of Commerce.

The plea documents further allege that from around June 2006 through around March 2007, Wang and her co-conspirators intentionally concealed from PPG Industries that the coatings would continue to be delivered to Chesham II. Further, members of the conspiracy stated, or caused to be stated, that the coatings were to be used at a nuclear power plant in China, the export of goods to which did not require a license from the Department of Commerce. Through these means, Wang and her co-conspirators allegedly exported three shipments of coatings from the United States to Chesham II without the required Commerce Department license.

In announcing the sentence, U.S. Attorney Machen and Under Secretary Hirschhorn commended Special Agents James Fuller and Donald Pearce, who worked under the direction of Special Agent in Charge Sidney M. Simon and Assistant Special Agent in Charge Jonathan Carson, as well as Attorney Advisor R. Elizabeth Abraham, all of the Department of Commerce’s Bureau of Industry and

Security. They also thanked Assistant U.S. Attorney G. Michael Harvey of the U.S. Attorney's Office for the District of Columbia, who prosecuted this matter.

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(20<sup>th</sup> December 2012) Commerce/BIS: Temrex Corp, Selmer, TN, Ethan Levander, President of Temrex Corp, and Jackie Prather, VP of Sales of Temrex Corp, Settle Charges of Unlawful Attempted Exports to Iran and Making False Statements to OEE Officer

(Source:

<http://efoia.bis.doc.gov/exportcontrolviolations/toexportviolations.htm>)

\* Respondents: Temrex Corp., Selmer, TN, its President, Ethan Levander, and its VP of Sales, Jackie Prather

\* Charges: Respectively, 15 CFR 764.2(b), Causing, Aiding or Abetting the unlawful export of EAR99 Tofflemire matrix bands to Iran; 15 764.2(e), Acting with Knowledge, and 15 CFR 764.2(g), False Statements in the Course of an Investigation

\* Fine or Civil Settlement: \$8, 750 to be paid by Temrex Corp, \$5,250 each to be paid by Levander and Prather

\* Debarred or Suspended from Export Transactions: Not if penalty is paid as agreed.

\* Result of Voluntary Self-Disclosure: No

\* Date of Order: 20 Dec 2012