



Department of Justice

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THREE SENTENCED TO FEDERAL PRISON FOR ILLEGALLY EXPORTING HIGHLY SENSITIVE U.S. TECHNOLOGY TO CHINA

LOS ANGELES – In two separate cases, three men have been sentenced to federal prison for attempting to transport sensitive and advanced U.S. technology to the People's Republic of China (PRC). Two men were sentenced yesterday, and another man linked to one of the schemes was sentenced last week to five years in prison.

William Chi-Wai Tsu, 61, a Beijing resident, was sentenced yesterday to 40 months imprisonment for his role in exporting high-tech integrated circuits with military applications to the PRC.

In a separate case, Tah Wei Chao, 53, of Beijing, was sentenced yesterday to 20 months imprisonment after pleading guilty to attempting to smuggle 10 highly sensitive and advanced thermal-imaging cameras to China. Chao's co-defendant Zhi Yong Guo, 50, also of Beijing, was sentenced on July 27 to five years in federal prison for his involvement in the thermal-imaging cameras scheme.

All three defendants were sentenced by U.S. District Judge John F. Walter. The defendants in the two cases were charged under the International Emergency Economic Powers Act (IEEPA) and Export Administration Regulations (EAR) for procuring and illegal exporting sensitive technology in violation of United States export laws.

In the case involving the integrated circuits, Tsu, who was vice president of a Hacienda Heights company called Cheerway Trading, illegally shipped more than 400 sophisticated integrated circuits to China, according to court documents. Tsu was arrested on Jan. 10, 2009, and he pleaded guilty to two felony counts of March 13, 2009. Investigators said the thumbnail-size circuits that were shipped out of the country have a variety of potential applications, including use in sophisticated communications and military radar systems.

Prosecutors argued in a sentencing brief that Cheerway was nothing more than a front company that Tsu used to ship items to his Beijing-based company called Dimagit Science & Technology Co. Ltd. According to the sentencing brief, Dimagit's catalog was imprinted with images of military craft and clearly explained Tsu's business: "to

facilitate the building of the national defense of China” and to “revitalize the Chinese military industry.”

Prosecutors also argued that Tsu supplied restricted U.S. technology to several customers in China, including the “704 Research Institute,” which is known as the “Aerospace Long March Rocket Technology Company” and is affiliated with the state-owned China Aerospace Science & Technology Corporation.

Tsu was indicted on federal charges on February 6, 2009 and he pleaded guilty to two federal counts on March 13, 2009.

In the case involving the thermal-imaging cameras, Chao and Guo were arrested at Los Angeles International Airport on April 4, 2008 while attempting to board an international flight to China with 10 thermal-imaging cameras secreted in their luggage. The cameras, which were manufactured by FLIR Systems, Inc. and cost more than \$5,000 each, were stuffed inside the defendants’ shoes and concealed in their clothes.

The cameras, which are contained in two-inch cubes, are so sensitive that they can perceive a heat source on an object that is not visible to the naked human eye. In addition, the cameras can perceive the residual heat source image on an object long after the heat source has been removed. These cameras, according to the manufacturer, have a wide range of military, law enforcement and civilian applications.

Chao and Guo were indicted on federal charges on April 18, 2008. Ten days later, Chao pleaded guilty to three federal counts. In February, following a one-week jury trial, Guo was convicted of two federal counts.

Under IEEPA and EAR, the United States bars the export of sensitive technology and equipment to certain countries. The integrated circuits and the thermal-imaging cameras involved in these two cases are considered "dual-use" items, meaning they have potential military applications, as well as non-military uses. As such, their export to China is strictly controlled and would require advance permission from the U.S. Department of Commerce.

These two cases were investigated by the Export and Anti-proliferation Global Law Enforcement (EAGLE) Task Force. The counter-proliferation task force was created by the United States Attorney's Office for the Central District of California, in conjunction with federal law enforcement agencies, to jointly investigate and combat the illegal exports of arms and sensitive technologies.

Members of the EAGLE Task Force include the U.S. Department of Commerce, Bureau of Industry and Security, Office of Export and Enforcement; U.S. Immigration and Customs Enforcement (ICE); the Federal Bureau of Investigation; Defense Criminal Investigative Service; U.S. Customs and Border Protection; the Diplomatic Security Service and the Transportation Security Administration.

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