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RESIDENT OF CHINA SENTENCED TO 96 MONTHS IN PRISON FOR CONSPIRACY TO ILLEGALLY OBTAIN U.S. MILITARY ENCRYPTION TECHNOLOGY

SAN DIEGO - U.S. Attorney Laura E. Duffy announced that Chi Tong Kuok, a resident of Macau, China, was sentenced to serve 96 months in prison based on his conviction for offenses arising from his efforts to obtain defense articles on the U.S. Munitions List and have them exported to Macau and Hong Kong. During today's proceedings, U.S. District Judge Roger T. Benitez noted that the defendant, "chose to surreptitiously damage national security for this country by his actions."

A federal jury convicted Kuok on May 11, 2010, of four counts of conspiracy to export defense articles without a license and smuggle goods from the United States, smuggling goods from the United States, attempting to export defense articles without a license, and money laundering. The articles consisted generally of communications, encryption and global positioning system (GPS) equipment used by the U.S. and NATO militaries. Federal law prohibits the exportation of such items without a license from the U.S. Department of State.

According to evidence presented at trial and court documents, in late 2006, Kuok contacted a company in the United Kingdom (U.K.). Kuok sought to obtain various components related to the VDC-300 data controller, a device manufactured and sold by Viasat Inc., a defense contractor based in Carlsbad, California. The controller is used by the U.S. and NATO militaries to route communications data to and from tactical radios. The U.K. company referred Kuok to an undercover agent with U.S. Immigration and Customs Enforcement (ICE). The undercover agent subsequently negotiated with Kuok for more than two years, mainly through e-mails, as Kuok sought to obtain the VDC-300 peripherals, an AN/CYZ-10, and a PSN-13, among other items. The CYZ-10 is a portable fill or data transfer device used by the U.S. and NATO militaries to load encryption software into communication devices, such as tactical radios. The encryption software, in turn, allows the radios to communicate securely. The PSN-13 is a GPS device, also used by the U.S. and NATO militaries.

During the more than two years that Kuok negotiated with the undercover agent, he also sought to obtain the same and other items from individuals in Los Angeles; Hanover, Mass.; and Phoenix. A second undercover ICE agent thereafter assumed the role of the individual in Arizona. On April 29, 2009, Kuok wired \$1,700 to Imperial County, Calif., to pay for a KG-175 Taclane Encryptor. The Taclane, manufactured by General Dynamics C4 under a contract with the National Security Agency for use by the U.S. military, encrypts Internet Protocol communications. Kuok also negotiated with the undercover agent to purchase additional items, including the PSN-13, CYZ-10, and PRC-148 radios. The PRC-148 is a multi-band handheld radio system manufactured by Thales Communications that was originally designed for, and used by, the U.S. Special Operations Command. In June 2009, the undercover agent arranged to meet Kuok in Panama to complete the transaction. On June 27, 2009, federal agents arrested Kuok at Hartsfield-Jackson Atlanta International Airport after he arrived from Paris to catch a connecting flight to Panama.

The investigation was conducted by ICE and the Defense Criminal Investigative Service. The case was prosecuted in San Diego federal court by Assistant U.S. Attorneys Peter Ko and Alana W. Robinson.

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