

May 30, 2013
Brooklyn, NY

Cyber-sting nets Chinese national in attempt to export sensitive technology

BROOKLYN, N.Y. — A Chinese citizen pleaded guilty Thursday at the federal courthouse in Brooklyn to violating the International Emergency Economic Powers Act by attempting to export weapons-grade carbon fiber from the United States to China. The guilty plea follows an investigation by U.S. Immigration and Customs Enforcement's (ICE) Homeland Security Investigations (HSI), the Defense Criminal Investigative Service and the U.S. Department of Commerce Office of Export Enforcement.

Lisong Ma, 34, was arrested after attempting to close a deal to acquire and export the specialized materials, which have applications in the defense and aerospace industries and are therefore controlled for export by the United States.

"The defendant tried to circumvent laws that protect our national security by preventing specialized technologies from falling into the wrong hands. The defendant was bent on exporting to China up to five tons of weapons-grade carbon fiber -- enough carbon fiber to stretch from Brooklyn to the Pacific Ocean," stated United States Attorney Loretta E. Lynch. "Today's conviction should leave no doubt that the United States will use every available technique, including covert cyber operations, to maintain the superiority of our nation's armed forces."

"Today's conviction highlights the reality that even the most relentless of efforts to unlawfully acquire sensitive American technology will be foiled," said HSI New York Special Agent in Charge James T. Hayes. "This investigation provides a great example of how HSI and federal law enforcement are meeting the threat posed by tech savvy international smugglers head-on."

During the investigation, federal agents tasked with protecting sensitive technology maintained a covert cyber-presence on web sites related to the brokering, purchase and sale of controlled commodities. In February 2013, the defendant, using the name "Ma Li," e-mailed an undercover agent and indicated that he was interested in acquiring several different types of high-grade carbon fiber. Then, through various online communications, the defendant attempted to negotiate the purchase of five tons of carbon fiber. Based on a review of Internet Protocol log-in information, investigators discovered that the defendant was communicating from the People's Republic of China.

On March 12, 2013, the defendant and undercover agents engaged in an online video teleconference session, which was recorded. During the teleconference, the defendant and the undercover agents discussed the license requirement to export certain types of carbon fiber from the United States. One of the agents told the defendant: "We can't send this to China without an export license, otherwise we risk going to jail." The defendant then told agents that he would soon be traveling to the United States, and arranged a meeting to further discuss the terms of a deal. On March 27, 2013, the defendant met with undercover agents in the United States. During

the meeting, which was covertly recorded, the defendant requested a sample of carbon fiber, because it was "easier" and "safer" to ship, and later commented: "There is a greater chance that the authorities will arrest you if you get a third party involved. That is why it's better to go directly from the U.S. to China."

The defendant ultimately decided to ship a sample of weapons-grade, Toray-type T-800 carbon fiber from the United States to China. He paid the undercover agents and placed the material into a plain brown box. Ma falsely indicated on the waybill and invoice that the package contained "clothing." After the defendant finished packing the box and completing the shipping forms, the package was transported to a courier service, to be shipped to China. The package was thereafter intercepted by agents before it could be exported. Agents also intercepted and arrested the defendant shortly thereafter, as he transited Los Angeles International Airport on his way to Shanghai. He was then removed in custody to Brooklyn.

When sentenced, Ma faces up to 20 years in prison, as well as forfeiture and a fine of up to \$1 million.

The government's case is being prosecuted by Assistant United States Attorney Seth DuCharme, with assistance from Trial Attorney David Recker of the Department of Justice Counterespionage Section.

<http://www.ice.gov/news/releases/1305/130530brooklyn.htm>