

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
WASHINGTON, D.C. 20230

In the Matter of:

Leping Huang, a.k.a. Nicole Huang,
a.k.a. Nicola Huang
22730 Timbertop Lane
Diamond Bar, CA 91765

Respondent

ORDER RELATING TO
LEPING HUANG, A.K.A. NICOLE HUANG, A.K.A. NICOLA HUANG

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has notified Leping Huang, a.k.a. Nicole Huang, a.k.a. Nicola Huang, of Diamond Bar, California (“Huang”), of its intention to initiate an administrative proceeding against Huang pursuant to Section 766.3 of the Export Administration Regulations (the “Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (the “Act”),² through the issuance of a Proposed Charging Letter to Huang that alleges that Huang committed one violation of the Regulations. Specifically, the charge is:

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2011). The charged violation occurred in 2008-2009. The Regulations governing the violation at issue are found in the 2008-2009 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2011 Regulations set forth the procedures that apply to this matter.

² 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which has been extended by successive Presidential Notices, the most recent being that of August 12, 2011 (76 Fed. Reg. 50,661 (Aug. 16, 2011)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701, *et seq.*).

Charge 1 15 C.F.R. § 764.2(d) – Conspiracy

Beginning at least in or around October 2008, and continuing through at least in or around December 2009, Huang conspired or acted in concert with others, known and unknown, to violate the Regulations or to bring about an act that constitutes a violation of the Regulations. The purpose of the conspiracy was to export technologies subject to the Regulations from the United States to the People's Republic of China ("China"), without the required U.S. Government authorization. Specifically, Huang and others conspired to export the technologies required for the development, production and use of an 8-Bit 1.5 Giga Samples Per Second Analog to Digital Converter, ADC081500 ("8-Bit ADC") and a Quad Channel 14-Bit 125 Mega Samples Per Second Analog to Digital Converter, ADS6445-EP ("14-Bit ADC") from the United States to People's Republic of China ("China") without the required BIS licenses. The 8-Bit ADC and 14-Bit ADC technologies was subject to the Regulations, classified under Export Control Classification Number ("ECCN") 3E001, controlled for export to China for National Security reasons, and had a combined value of approximately \$1 million. These exports of these technologies required licenses pursuant to Section 742.4 of the Regulations.

In furtherance of the conspiracy, Huang participated in a scheme to design, sell and unlawfully export technologies for the development, production and use of the 8-Bit ADC and a 14-Bit ADC to and on behalf of the China Electronics Technology Corporation's 24th Research Institute and to provide training to the 24th Research Institute in China. Huang's role in the conspiracy was to coordinate the work of engineering consultants in the United States who were to design and test the ADCs. The engineering consultants also were to provide technical expertise and training to the 24th Research Institute personnel in China. In or around February 2009, Huang, acting in her capacity as General Manager of General Technology Systems Integration Corporation (GTSI), a company that Huang operated with her husband, York Yuan Chang, a.k.a. York Chang, a.k.a. David Zhang, a.k.a. Yuan Zhang ("Chang"), arranged for two U.S.-based engineering consultants to travel from the United States to Chongqing, China to meet with representatives from the 24th Research Institute regarding the design and specifications of the ADCs. In addition, Huang and Chang set and agreed to conditions and goals for the ADC projects. On or about May 15, 2009, Huang, again acting in her capacity as General Manager of GTSI, signed a contract with the two U.S.-based engineering consultants under the terms of which the engineering consultants were to design and test the ADCs and to provide technical expertise and training to the 24th Research Institute.

On or about May 15, 2009, Huang, acting in her capacity as General Manager of GTSI, signed a contract with a representative of the 24th Research Institute through which, in exchange for \$1 million, GTSI agreed to sell and transfer the design and testing technologies for the 8-Bit ADC and 14-Bit ADC to the 24th Research Institute and agreed to guide the 24th Research Institute to complete the system design, circuit design, and layout design of the 8-Bit ADC and 14-Bit ADC. GTSI also agreed to provide technical

guidance on test system development and satisfy the 24th Research Institute's technical parameter requirements for the ADCs. Also on or about May 15, 2009, in order to fulfill the contract with the 24th Research Institute, Huang, again acting in her capacity as General Manager of GTSI, signed a contract with the two U.S.-based engineering consultants, through which the engineering consultants were hired to develop and design the 8-Bit ADC and 14-Bit ADC and to provide technical expertise and training to the 24th Research Institute. On or about May 18, 2009, Huang arranged flights for the engineering consultants to travel from the United States to Chongqing, China, on May 19, 2009.

Thereafter, on several occasions, in furtherance of the conspiracy, Huang took actions in an effort to ensure that U.S. law enforcement did not become aware of the scheme to make unlawful exports. Specifically, Huang acted to hide the nature of the items involved in the transaction, the need for a license, and the identity of the ultimate end-user, and she instructed the engineering consultants hired by GTSI on how to respond if confronted by U.S. law enforcement. For instance, on or about June 2, 2009, Huang traveled to San Jose, California, where she met with the engineering consultants and, among other things, instructed them to send her an e-mail falsely stating that the consultants no longer planned to work on the ADC project, which they did the next day. Nonetheless, and acting under Huang's directions, the engineering consultants continued to work on the GTSI project for the 24th Research Institute.

Additionally, on several occasions throughout the conspiracy, Huang took actions in an effort to hide the nature of the items involved in the transaction, the need for a license, and the identity of the ultimate end-user, and she instructed the engineering consultants hired by GTSI on how to respond if confronted by U.S. law enforcement. For instance, on or about June 9, 2009, Huang attempted to hide the existence of the transaction by directing GTSI employees to use code names to discuss the transaction. She told employees that for the purposes of daily status reports, the employees should refer to the project as "8-Pin and 14-Pin" and that the end-user should be referred to as "Cong Ru Zhang." She further directed employees to discuss the transaction on the phone or via email as rarely as possible. In addition, she told GTSI employees to use their personal email accounts, not their GTSI email accounts, when communicating about this project. On another occasion, Huang and Chang discussed the status of the project with the engineering consultants, urging them to work on the project as quickly as possible. When reminded by the engineering consultants that the 8-Bit ADC and 14-Bit ADC were controlled for export to China, Huang and Chang advised the engineering consultants to complete the design work and leave the delivery of the ADC technologies to others.

On or about June 17, 2009, Huang directed a GTSI employee to transfer \$73,000 to a bank account controlled by one of the engineering consultants as a first payment. On or about June 25, 2009, Huang and Chang traveled to San Jose, California to meet with the engineering consultants and to rent office space in Milpitas, California for use by the consultants. Huang signed the lease under the name of a business entity controlled by Huang and Chang, her husband. On or about July 28, 2009, Huang and Chang spoke

with the engineering consultants about the consultants' progress on the ADC project and prospective travel to China.

Thereafter, on or about September 8, 2009, when questioned by U.S. federal law enforcement agents about the ADC projects, Huang falsely told the agents that the transaction had been cancelled. Huang then handed the agents a copy of the false June 2009 e-mail sent to her by the engineering consultants at her instructions, stating that the engineering consultants were not going to work on the project. Later that same day, on or about September 8, 2009, Huang encouraged the engineering consultants to make false statements when questioned by federal law enforcement, and coached the engineering consultants on how to make such statements convincingly. Huang told the engineering consultants that she had anticipated being stopped by federal law enforcement officers, so was able to make it appear as if she were not nervous. Huang stated to the two engineering consultants that when questioned by U.S. federal law enforcement agents about the transaction, Huang falsely told the agents that the transaction had been cancelled. She told the consultants about the questions and answers she gave to the federal law enforcement officers, and she directed them to stick to the same story during any subsequent law enforcement interviews.

In additional acts taken in furtherance of the conspiracy, Huang continued meeting with and discussing the testing and design of the 8-Bit ADC and 14-Bit ADC with the engineering consultants and the 24th Research Institute. On multiple occasions in or around October 2009, Huang and Chang met with the engineering consultants to discuss their progress on the ADC project for the 24th Research Institute. Finally, on or about November 1, 2009, Huang participated in a call with Chang, the engineering consultants, and representatives from the 24th Research Institute in which Director Ruzhang Li of the 24th Research Institute demanded GTSI's schedule, including completion dates of the circuit design, layout, inspection and verification for the ADCs.

In so doing, Huang committed one violation of Section 764.2(d) of the Regulations.

WHEREAS, BIS and Huang have entered into a Settlement Agreement pursuant to Section 766.18(a) of the Regulations, whereby they agreed to settle this matter in accordance with the terms and conditions set forth therein; and

WHEREAS, I have approved of the terms of such Settlement Agreement;

IT IS THEREFORE ORDERED:

FIRST, Huang shall be assessed a civil penalty in the amount of \$300,000. The payment of \$50,000 shall be made to the U.S. Department of Commerce within 30 days of the date of the Order. Payment of the remaining \$250,000 shall be suspended for a

period of two years from the date of the Order, and thereafter shall be waived, provided that during this two-year payment probationary period under the Order, Huang has committed no violation of the Act, or any regulation, order, license or authorization issued thereunder and has made full and timely payment of \$50,000 as set forth above.

SECOND, that, pursuant to the Debt Collection Act of 1982, as amended (31 U.S.C. §§ 3701-3720E (2000)), the civil penalty owed under this Order accrues interest as more fully described in the attached Notice, and if payment is not made by the due date specified herein, Huang will be assessed, in addition to the full amount of the civil penalty and interest, a penalty charge and an administrative charge, as more fully described in the attached Notice.

THIRD, Huang shall complete an export compliance training on the Regulations within twelve months from the date of the Order. Before she attends a training course or program, Huang shall notify the Office of Export Enforcement, Special Agent in Charge of the Los Angeles Field Office, of the course or program she has selected to attend. No later than one month after attending the compliance course or program, Huang shall submit a certification of attendance from the training provider to the Office of Export Enforcement, 2601 Main Street, Suite 310, Irvine, CA 92614.

FOURTH, that the full and timely payment of the civil penalty in accordance with the payment schedule set forth above, the completion and submission of verification of attendance at an export compliance training as set forth above, and compliance with the plea agreement and any sentence imposed upon Huang following the entry of Huang's plea and conviction are hereby made conditions to the granting, restoration, or continuing

validity of any export license, license exception, permission, or privilege granted, or to be granted, to Huang.

FIFTH, that for a period of twelve (12) years from the date of this Order, Huang, with a last known address of 22730 Timbertop Lane, Diamond Bar, CA 91765, and when acting for or on her behalf, her successors, assigns, representatives, agents, or employees (hereinafter collectively referred to as “Denied Person”), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as “item”) exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- A. Applying for, obtaining, or using any license, License Exception, or export control document;
- B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or
- C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

SIXTH, that no person may, directly or indirectly, do any of the following:

- A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations;

- B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby the Denied Person acquires or attempts to acquire such ownership, possession or control;
- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States;
- D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or
- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by the Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by the Denied Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

SEVENTH, that, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any person, firm, corporation, or business organization related to the Denied Person by affiliation, ownership, control, or position of responsibility in the

conduct of trade or related services may also be made subject to the provisions of the Order.

EIGHTH, that, as authorized by Section 766.18(c) of the Regulations, the 12-year denial period set forth above shall be suspended during a probationary period of twelve years under the Order, and shall thereafter be waived, provided that Huang has made full and timely payment as set forth above, has completed and submitted verification of attendance at an export compliance training as set forth above, has complied with the plea agreement and any sentence imposed upon Huang following the entry of Huang's plea and conviction, and has committed no other violation of the Act or the Regulations or any order, license or authorization issued thereunder. If Huang does not make full and timely payment as set forth above, has not completed and submitted verification of attendance at an export compliance training as set forth above, does not comply with the plea agreement and sentence, or commits another violation of the Act or the Regulations or any order, license or authorization issued thereunder, during the 12-year probationary period under the Order, the suspension may be modified or revoked by BIS and a denial order including a 12-year denial period activated against Huang.

NINTH, that the Proposed Charging Letter, the Settlement Agreement, and this Order shall be made available to the public.

This Order, which constitutes the final agency action in this matter, is effective immediately.



David W. Mills
Assistant Secretary of Commerce
for Export Enforcement

Issued this 12th day of June, 2012.

UNITED STATES DEPARTMENT OF COMMERCE
BUREAU OF INDUSTRY AND SECURITY
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In the Matter of:

Leping Huang, a.k.a. Nicole Huang,
a.k.a. Nicola Huang
22730 Timbertop Lane
Diamond Bar, CA 91765

Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between Leping Huang, a.k.a. Nicole Huang, a.k.a. Nicola Huang, of Diamond Bar, California ("Huang"), and the Bureau of Industry and Security, U.S. Department of Commerce ("BIS") (collectively, the "Parties"), pursuant to Section 766.18(a) of the Export Administration Regulations (the "Regulations"),¹ issued pursuant to the Export Administration Act of 1979, as amended (the "Act").²

WHEREAS, BIS has notified Huang of its intentions to initiate an administrative proceeding against Huang, pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a Proposed Charging Letter to Huang that alleges that Huang committed one violation of the Regulations, specifically:

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2011). The charged violation occurred in 2008-2009. The Regulations governing the violation at issue are found in the 2008-2009 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774). The 2011 Regulations set forth the procedures that apply to this matter.

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Charge 1 15 C.F.R. § 764.2(d) – Conspiracy

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Institute. On or about May 18, 2009, Huang arranged flights for the engineering consultants to travel from the United States to Chongqing, China, on May 19, 2009.

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Thereafter, on or about September 8, 2009, when questioned by U.S. federal law enforcement agents about the ADC projects, Huang falsely told the agents that the transaction had been cancelled. Huang then handed the agents a copy of the false June 2009 e-mail sent to her by the engineering consultants at her instructions, stating that the engineering consultants were not going to work on the project. Later that same day, on or about September 8, 2009, Huang encouraged the engineering consultants to make false statements when questioned by federal law enforcement, and coached the engineering consultants on how to make such statements convincingly. Huang told the engineering consultants that she had anticipated being stopped by

federal law enforcement officers, so was able to make it appear as if she were not nervous. Huang stated to the two engineering consultants that when questioned by U.S. federal law enforcement agents about the transaction, Huang falsely told the agents that the transaction had been cancelled. She told the consultants about the questions and answers she gave to the federal law enforcement officers, and she directed them to stick to the same story during any subsequent law enforcement interviews.

In additional acts taken in furtherance of the conspiracy, Huang continued meeting with and discussing the testing and design of the 8-Bit ADC and 14-Bit ADC with the engineering consultants and the 24th Research Institute. On multiple occasions in or around October 2009, Huang and Chang met with the engineering consultants to discuss their progress on the ADC project for the 24th Research Institute. Finally, on or about November 1, 2009, Huang participated in a call with Chang, the engineering consultants, and representatives from the 24th Research Institute in which Director Ruzhang Li of the 24th Research Institute demanded GTSI's schedule, including completion dates of the circuit design, layout, inspection and verification for the ADCs.

In so doing, Huang committed one violation of Section 764.2(d) of the Regulations.

WHEREAS, Huang has reviewed the Proposed Charging Letter and is aware of the allegations made against her and the administrative sanctions that could be imposed against her if the allegations are found to be true;

WHEREAS, Huang fully understands the terms of this Agreement and the Order ("Order") that the Assistant Secretary of Commerce for Export Enforcement will issue if he approves this Agreement as the final resolution of this matter;

WHEREAS, Huang enters into this Agreement voluntarily and with full knowledge of her rights, after having consulted with counsel;

WHEREAS, the Parties enter into this Agreement having taken into consideration a plea agreement entered between Huang and the U.S. Attorney's Office for the Central District of California;

WHEREAS, Huang states that no promises or representations have been made to her other than the agreements and considerations herein expressed;

WHEREAS, Huang neither admits nor denies the allegations contained in the Proposed Charging Letter;

WHEREAS, Huang wishes to settle and dispose of all matters alleged in the Proposed Charging Letter by entering into this Agreement; and

WHEREAS, Huang agrees to be bound by the Order, if issued;

NOW THEREFORE, the Parties hereby agree, for purposes of this Settlement Agreement, as follows:

1. BIS has jurisdiction over Huang, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.

2. The following sanctions shall be imposed against Huang in complete settlement of the alleged violation of the Regulations relating to the transaction specifically detailed in the Proposed Charging Letter:

a. Huang shall be assessed a civil penalty in the amount of \$300,000. The payment of \$50,000 shall be made to the U.S. Department of Commerce within 30 days of the date of the Order. Payment shall be made in the manner specified in the attached instructions. Payment of the remaining \$250,000 shall be suspended for a period of two years from the date of the Order, and thereafter shall be waived, provided that during this two-year payment probationary period under the Order, Huang has committed no violation of the Act, or any regulation, order, license or authorization issued thereunder and has made full and timely payment of \$50,000 as set forth above.

b. Huang shall complete an export compliance training on the Regulations within twelve months from the date of the Order. Before she attends a training course or program, Huang shall notify the Office of Export Enforcement, Special Agent in Charge

of the Los Angeles Field Office, of the course or program she has selected to attend. No later than one month after attending the compliance course or program, Huang shall submit a certification of attendance from the training provider to the Office of Export Enforcement, 2601 Main Street, Suite 310, Irvine, CA 92614 ("BIS Los Angeles Field Office").

c. The full and timely payment of the civil penalty agreed to in Paragraph 2.a, the timely completion and submission of verification of attendance at an export compliance training in Paragraph 2.b, and compliance with the plea agreement and any sentence imposed upon Huang following the entry of Huang's plea and conviction are hereby made conditions to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Huang.

d. For a period of twelve (12) years from the date of the Order, Huang, with a last known address of 22730 Timbertop Lane, Diamond Bar, CA 91765, and when acting for or on her behalf, her successors, assigns, representatives, agents, or employees (hereinafter collectively referred to as "Denied Person"), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations, including, but not limited to:

- i. Applying for, obtaining, or using any license, License Exception, or export control document;
- ii. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding,

transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations; or

iii. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or in any other activity subject to the Regulations.

e. BIS agrees that, as authorized by Section 766.18(c) of the Regulations, the 12-year denial period set forth in Paragraph 2.d shall be suspended during a probationary period of twelve years under the Order, and shall thereafter be waived, provided that Huang has made full and timely payment in accordance with Paragraph 2.a above, has completed and submitted verification of attendance at an export compliance training in Paragraph 2.b, has complied with the plea agreement and any sentence imposed upon Huang following the entry of Huang's plea and conviction, and has committed no other violation of the Act or the Regulations or any order, license or authorization issued thereunder. If Huang does not make full and timely payment in accordance with Paragraph 2.a above, has not completed and submitted verification of attendance at an annual export compliance training in Paragraph 2.b, does not comply with the plea agreement and sentence, or commits another violation of the Act or the Regulations or any order, license or authorization issued thereunder, during the 12-year probationary period under the Order, the suspension may be modified or revoked by BIS and a denial order including a 12-year denial period activated against Huang.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, Huang hereby waives all rights to further procedural steps in this matter (except with respect to any

alleged violations of this Agreement or the Order, if issued), including, without limitation, any right to: (a) an administrative hearing regarding the allegations in any charging letter; (b) request a refund of any civil penalty paid pursuant to this Agreement and the Order, if issued; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if issued.

Huang also waives and will not assert any Statute of Limitations defense, and the Statute of Limitations will be tolled, in connection with any violation of the Act or the Regulations arising out of the transactions identified in the Proposed Charging Letter or in connection with collection of the civil penalty or enforcement of this Agreement and the Order, if issued, from the date of the Order until the later of the date Huang pays in full the civil penalty agreed to in Paragraph 2.a of this Agreement, or has completed and submitted verification of attendance at an export compliance training in Paragraph 2.b.

4. Huang shall not take any action or make or permit to be made any public statement, directly or indirectly, denying the allegations in the Proposed Charging Letter or the Order. The foregoing does not affect Huang's testimonial obligations in any proceeding, nor does it affect her right to take legal or factual positions in civil litigation or other civil proceedings in which the U.S. Department of Commerce is not a party.

5. BIS agrees that upon full and timely payment of the civil penalty as set forth in Paragraph 2.a above, completion and submission of the audit in Paragraph 2.b, completion and submission of verification of attendance at an annual export compliance training in Paragraph 2.c, and compliance with the plea agreement and any sentence imposed upon Huang following the entry of Huang's plea and conviction, BIS will not initiate any further administrative proceeding against Huang in connection with any violation of the Act or the Regulations arising out of the transactions specifically detailed in the Proposed Charging Letter.

6. This Agreement is for settlement purposes only. Therefore, if this Agreement is not accepted and the Order is not issued by the Assistant Secretary of Commerce for Export Enforcement pursuant to Section 766.18(a) of the Regulations, no Party may use this Agreement in any administrative or judicial proceeding and the Parties shall not be bound by the terms contained in this Agreement in any subsequent administrative or judicial proceeding.

7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if issued; nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department of the U.S. Government with respect to the facts and circumstances addressed herein.

8. This Agreement shall become binding on the Parties only if the Assistant Secretary of Commerce for Export Enforcement approves it by issuing the Order, which will have the same force and effect as a decision and order issued after a full administrative hearing on the record.

9. BIS will make the Proposed Charging Letter, this Agreement, and the Order, if issued, available to the public.

10. Each signatory affirms that he has authority to enter into this Settlement Agreement and to bind his respective party to the terms and conditions set forth herein.

BUREAU OF INDUSTRY AND
SECURITY
U.S. DEPARTMENT OF COMMERCE



Douglas R. Hassebrock
Director of Export Enforcement

Date: 6/11/12

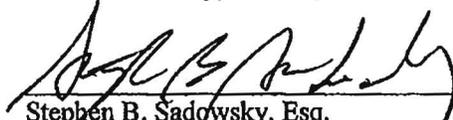
LEPING HUANG



Leping Huang

Date: 5-22-12

Reviewed and approved by:



Stephen B. Sadowsky, Esq.
Lightfoot Steingard & Sadowsky, LLP
Counsel for Leping Huang

Date: 5-28-12

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Leping Huang, a.k.a. Nicole Huang, a.k.a. Nicola Huang
22730 Timbertop Lane
Diamond Bar, CA 91765

Dear Ms. Huang:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that you, Leping Huang, a.k.a. Nicole Huang, a.k.a. Nicola Huang (“Huang”), in your individual capacity, have committed one violation of the Export Administration Regulations (the Regulations”),¹ which are issued under the authority of the Export Administration Act of 1979, as amended (the “Act”).² Specifically, BIS charges that Huang committed the following violation:

Charge 1 15 C.F.R. § 764.2(d) – Conspiracy

Beginning at least in or around October 2008, and continuing through at least in or around December 2009, Huang conspired or acted in concert with others, known and unknown, to violate the Regulations or to bring about an act that constitutes a violation of the Regulations. The purpose of the conspiracy was to export technologies subject to the Regulations from the United States to the People’s Republic of China (“China”), without the required U.S. Government authorization. Specifically, Huang and others conspired to export the technologies required for the development, production and use of an 8-Bit 1.5 Giga Samples Per Second Analog to Digital Converter, ADC081500 (“8-Bit ADC”) and a Quad Channel 14-Bit 125 Mega Samples Per Second Analog to Digital Converter, ADS6445-EP (“14-Bit ADC”) from the United States to People’s Republic of China (“China”) without the required BIS licenses. The 8-Bit ADC and 14-Bit ADC technologies was subject to the Regulations, classified under Export Control Classification Number (“ECCN”) 3E001, controlled for export to China for National Security reasons, and had a combined value of approximately \$1 million. These exports of these technologies required licenses pursuant to Section 742.4 of the Regulations.

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2011). The charged violation occurred in 2008 and 2009. The Regulations governing the violation at issue are found in the 2008 through 2009 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2008-09)). The 2011 Regulations set forth the procedures that apply to this matter.

² 50 U.S.C. app. §§ 2401-2420 (2000). Since August 21, 2001, the Act has been in lapse and the President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), as extended most recently by the Notice of August 12, 2011 (76 Fed. Reg. 50661 (Aug. 16, 2011)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. § 1701 *et seq.* (2000)).

In furtherance of the conspiracy, Huang participated in a scheme to design, sell and unlawfully export technologies for the development, production and use of the 8-Bit ADC and a 14-Bit ADC to and on behalf of the China Electronics Technology Corporation's 24th Research Institute and to provide training to the 24th Research Institute in China. Huang's role in the conspiracy was to coordinate the work of engineering consultants in the United States who were to design and test the ADCs. The engineering consultants also were to provide technical expertise and training to the 24th Research Institute personnel in China. In or around February 2009, Huang, acting in her capacity as General Manager of General Technology Systems Integration Corporation (GTSI), a company that Huang operated with her husband, York Yuan Chang, a.k.a. York Chang, a.k.a. David Zhang, a.k.a. Yuan Zhang ("Chang"), arranged for two U.S.-based engineering consultants to travel from the United States to Chongqing, China to meet with representatives from the 24th Research Institute regarding the design and specifications of the ADCs. In addition, Huang and Chang set and agreed to conditions and goals for the ADC projects. On or about May 15, 2009, Huang, again acting in her capacity as General Manager of GTSI, signed a contract with the two U.S.-based engineering consultants under the terms of which the engineering consultants were to design and test the ADCs and to provide technical expertise and training to the 24th Research Institute.

On or about May 15, 2009, Huang, acting in her capacity as General Manager of GTSI, signed a contract with a representative of the 24th Research Institute through which, in exchange for \$1 million, GTSI agreed to sell and transfer the design and testing technologies for the 8-Bit ADC and 14-Bit ADC to the 24th Research Institute and agreed to guide the 24th Research Institute to complete the system design, circuit design, and layout design of the 8-Bit ADC and 14-Bit ADC. GTSI also agreed to provide technical guidance on test system development and satisfy the 24th Research Institute's technical parameter requirements for the ADCs. Also on or about May 15, 2009, in order to fulfill the contract with the 24th Research Institute, Huang, again acting in her capacity as General Manager of GTSI, signed a contract with the two U.S.-based engineering consultants, through which the engineering consultants were hired to develop and design the 8-Bit ADC and 14-Bit ADC and to provide technical expertise and training to the 24th Research Institute. On or about May 18, 2009, Huang arranged flights for the engineering consultants to travel from the United States to Chongqing, China, on May 19, 2009.

Thereafter, on several occasions, in furtherance of the conspiracy, Huang took actions in an effort to ensure that U.S. law enforcement did not become aware of the scheme to make unlawful exports. Specifically, Huang acted to hide the nature of the items involved in the transaction, the need for a license, and the identity of the ultimate end-user, and she instructed the engineering consultants hired by GTSI on how to respond if confronted by U.S. law enforcement. For instance, on or about June 2, 2009, Huang traveled to San Jose, California, where she met with the engineering consultants and, among other things, instructed them to send her an e-mail falsely stating that the consultants no longer planned to work on the ADC project, which they did the next day. Nonetheless, and acting under Huang's directions, the engineering consultants continued to work on the GTSI project for the 24th Research Institute.

Additionally, on several occasions throughout the conspiracy, Huang took actions in an effort to hide the nature of the items involved in the transaction, the need for a license, and the identity of

the ultimate end-user, and she instructed the engineering consultants hired by GTSI on how to respond if confronted by U.S. law enforcement. For instance, on or about June 9, 2009, Huang attempted to hide the existence of the transaction by directing GTSI employees to use code names to discuss the transaction. She told employees that for the purposes of daily status reports, the employees should refer to the project as "8-Pin and 14-Pin" and that the end-user should be referred to as "Cong Ru Zhang." She further directed employees to discuss the transaction on the phone or via email as rarely as possible. In addition, she told GTSI employees to use their personal email accounts, not their GTSI email accounts, when communicating about this project. On another occasion, Huang and Chang discussed the status of the project with the engineering consultants, urging them to work on the project as quickly as possible. When reminded by the engineering consultants that the 8-Bit ADC and 14-Bit ADC were controlled for export to China, Huang and Chang advised the engineering consultants to complete the design work and leave the delivery of the ADC technologies to others.

On or about June 17, 2009, Huang directed a GTSI employee to transfer \$73,000 to a bank account controlled by one of the engineering consultants as a first payment. On or about June 25, 2009, Huang and Chang traveled to San Jose, California to meet with the engineering consultants and to rent office space in Milpitas, California for use by the consultants. Huang signed the lease under the name of a business entity controlled by Huang and Chang, her husband. On or about July 28, 2009, Huang and Chang spoke with the engineering consultants about the consultants' progress on the ADC project and prospective travel to China.

Thereafter, on or about September 8, 2009, when questioned by U.S. federal law enforcement agents about the ADC projects, Huang falsely told the agents that the transaction had been cancelled. Huang then handed the agents a copy of the false June 2009 e-mail sent to her by the engineering consultants at her instructions, stating that the engineering consultants were not going to work on the project. Later that same day, on or about September 8, 2009, Huang encouraged the engineering consultants to make false statements when questioned by federal law enforcement, and coached the engineering consultants on how to make such statements convincingly. Huang told the engineering consultants that she had anticipated being stopped by federal law enforcement officers, so was able to make it appear as if she were not nervous. Huang stated to the two engineering consultants that when questioned by U.S. federal law enforcement agents about the transaction, Huang falsely told the agents that the transaction had been cancelled. She told the consultants about the questions and answers she gave to the federal law enforcement officers, and she directed them to stick to the same story during any subsequent law enforcement interviews.

In additional acts taken in furtherance of the conspiracy, Huang continued meeting with and discussing the testing and design of the 8-Bit ADC and 14-Bit ADC with the engineering consultants and the 24th Research Institute. On multiple occasions in or around October 2009, Huang and Chang met with the engineering consultants to discuss their progress on the ADC project for the 24th Research Institute. Finally, on or about November 1, 2009, Huang participated in a call with Chang, the engineering consultants, and representatives from the 24th Research Institute in which Director Ruzhang Li of the 24th Research Institute demanded

GTSI's schedule, including completion dates of the circuit design, layout, inspection and verification for the ADCs.

In so doing, Huang committed one violation of Section 764.2(d) of the Regulations.

* * * * *

Accordingly, Huang is hereby notified that an administrative proceeding is instituted against her pursuant to Section 13(c) of the Act and Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions, including any or all of the following:

- The maximum civil penalty allowed by law of up to the greater of \$250,000 per violation or twice the value of the transaction that is the basis of the violation;³
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

If Huang fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. *See* 15 C.F.R. §§ 766.6 and 766.7. If Huang defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to Huang. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charges in this letter.

Huang is further notified that she is entitled to an agency hearing on the record if she files a written demand for one with her answer. *See* 15 C.F.R. § 766.6. Huang is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent her. *See* 15 C.F.R. §§ 766.3(a) and 766.4.

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should Huang have a proposal to settle this case, Huang or her representative should transmit it to the attorney representing BIS named below.

Huang is further notified that under the Small Business Regulatory Enforcement Flexibility Act, she may be eligible for assistance from the Office of the National Ombudsman of the Small Business Administration in this matter. To determine eligibility and get more information, please see: <http://www.sba.gov/ombudsman/>.

³ International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

Leping Huang
Proposed Charging Letter
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The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Huang's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center
40 S. Gay Street
Baltimore, Maryland 21202-4022

In addition, a copy of Huang's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security
Attention: Adrienne Frazier, Esq.
Room H-3839
United States Department of Commerce
14th Street and Constitution Avenue, N.W.
Washington, D.C. 20230

Adrienne Frazier is the attorney representing BIS in this case; any communications that Huang may wish to have concerning this matter should occur through her. Ms. Frazier may be contacted by telephone at (202) 482-5301.

Sincerely,

Douglas R. Hassebrock
Director
Office of Export Enforcement