

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

In the Matter of:)

Mr. Qing Chang Jiang)
10677 C Rosewood Road)
Cupertino, CA 95014)

Docket No.: 06-BIS-17

Respondent)

ORDER RELATING TO QING CHANG JIANG

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”) has initiated an administrative proceeding against Qing Chang Jiang (“Jiang”) pursuant to Section 766.3 of the Export Administration Regulations (currently codified at 15 C.F.R. Parts 730-774 (2007)) (the “Regulations”),¹ and Section 13(c) of the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the “Act”),² through issuance of a charging letter to Jiang that alleged that Jiang committed 3 violations of the Regulations. Specifically, the charges are:

Charge 1: 15 C.F.R § 764.2(d) - Conspiracy to Export Microwave Amplifiers to China without the required Department of Commerce License

Beginning in or about September 2001 and continuing into or about May 2002, Jiang conspired and acted in concert with others, known and unknown, to bring about or to do

¹ The violations alleged to have been committed occurred in 2001 and 2002. The Regulations governing the violations at issue are found in the 2001-2002 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001-2002)). The 2007 Regulations establish the procedures that apply to this matter.

² 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)), as extended by successive Presidential Notices, the most recent being that of August 3, 2006 (71 Fed. Reg. 44,551 (Aug. 7, 2006)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)).

an act that constitutes a violation of the Regulations. Specifically, Jiang conspired to export microwave amplifiers from the United States to the People's Republic of China ("China") without the required Department of Commerce license. The goal of the conspiracy was to obtain microwave amplifiers on behalf of a Chinese end-user and to export those microwave amplifiers to China. In furtherance of the conspiracy, Jiang acquired the microwave amplifiers from a U.S. company and then exported them from the United States to China. The microwave amplifiers were items subject to the Regulations and were classified under export control classification number ("ECCN") 3A001. Contrary to Section 742.4 of the Regulations, no Department of Commerce license was obtained for the export of amplifiers from the United States to China. In so doing, Jiang committed one violation of Section 764.2(d) of the Regulations.

**Charge 2: 15 C.F.R. § 764.2(a): Exporting Microwave Amplifiers
Without the Required Department of Commerce License**

On or about May 22, 2002, Jiang engaged in conduct prohibited by the Regulations by exporting microwave amplifiers, items subject to the Regulations and classified under ECCN 3A001, from the United States to China without obtaining a license from the Department of Commerce as required by Section 742.4 of the Regulations. In so doing, Jiang committed one violation of Section 764.2(a) of the Regulations.

**Charge 3: 15 C.F.R. § 764.2(e): Acting With Knowledge That a Violation
of the Regulations Would Occur**

In connection with the transaction referenced above, Jiang ordered or transferred microwave amplifiers that were to be exported from the United States with knowledge that a violation of the Regulations would occur. Specifically, Jiang had knowledge that a license was required for the export as Jiang was advised by an individual in China that the items in question were classified as ECCN 3A001 and subject to U.S. export regulations. Furthermore, Jiang had knowledge of the Regulations, as Jiang has met with officials from BIS on several occasions to discuss the Regulations and the export of microwave amplifiers to China. In addition, Jiang submitted an export application to the Department of Commerce for the microwave amplifiers described above and exported those amplifiers during the pendency of that application. As such, Jiang, at all relevant times, knew that the items required a license if exported to China and that no such license would be obtained. In so doing, Jiang committed one violation of Section 764.2(e) of the Regulations.

WHEREAS, BIS and Jiang have entered into a Settlement Agreement pursuant to Section 766.18(b) 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, that a civil penalty of \$17,000 is assessed against Jiang, of which \$500 shall be paid to the U.S. Department of Commerce not later than November 1, 2007; \$500 shall be paid to the U.S. Department of Commerce not later than February 1, 2008; \$5,000 shall be paid to the U.S. Department of Commerce not later than May 1, 2008; and the balance of \$11,000 shall be paid to the U.S. Department of Commerce not later than August 1, 2008. Payment shall be made in the manner specified in the attached instructions.

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, Jiang 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, that the timely payment of the civil penalty set forth above is hereby made a condition to the granting, restoration, or continuing validity of any export license, license exception, permission, or privilege granted, or to be granted, to Jiang. Accordingly, if Jiang should fail to pay the civil penalty in a timely manner, the undersigned may enter an Order denying all of Jiang's export privileges under the Regulations for a period of one year from the date of entry of this Order.

FOURTH, that for a period of five years from the date of entry of this Order, Qing Chang Jiang, 10677 C Rosewood Road, Cupertino, CA 95014, and, when acting for or on behalf of Jiang, his representatives, agents, assigns, or employees, ("Denied Person") may not participate, directly or indirectly, 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. Benefiting 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.

FIFTH, 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.

SIXTH, 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 Jiang 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.

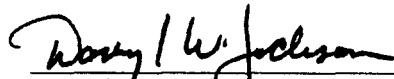
SEVENTH, that this Order does not prohibit any export, reexport, or other transaction subject to the Regulations where the only items involved that are subject to the Regulations are the foreign-produced direct product of U.S.-origin technology.

EIGHTH, that the charging letter, the Settlement Agreement, this Order, and the record of this case as defined by Section 766.20 of the Regulations shall be made available to the public.

NINTH, that the administrative law judge shall be notified that this case is withdrawn from adjudication.

TENTH, that this Order shall be served on the Denied Person and on BIS, and shall be published in the Federal Register.

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



Darryl W. Jackson
Assistant Secretary of Commerce
for Export Enforcement

Entered this 6th day of August, 2007.

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

In the Matter of:)
)
Mr. Qing Chang Jiang)
10677 C Rosewood Road)
Cupertino, CA 95014)
)
Respondent)

Docket No.: 06-BIS-17

SETTLEMENT AGREEMENT

This Settlement Agreement ("Agreement") is made by and between Qing Chang Jiang (referred to hereinafter as "Jiang") 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 (currently codified at 15 C.F.R. Parts 730-774 (2007)) (the "Regulations"),¹ issued pursuant to the Export Administration Act of 1979, as amended (50 U.S.C. app. §§ 2401-2420 (2000)) (the "Act"),²

WHEREAS, BIS has initiated an administrative proceeding against Jiang, pursuant to the Act and the Regulations;

WHEREAS, BIS has issued a charging letter to Jiang that alleged that Jiang committed 3 violations of the Regulations, specifically:

¹ The violations alleged to have been committed occurred in 2001 and 2002. The Regulations governing the violations at issue are found in the 2001-2002 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001-2002)). The 2007 Regulations establish the procedures that apply to this matter.

² 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 2, 2006 (71 Fed. Reg. 44,551 (Aug. 7, 2006)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)) ("IEEPA").

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Qing Chang Jiang
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Charge 1: 15 C.F.R § 764.2(d) - Conspiracy to Export Microwave Amplifiers to China without the required Department of Commerce License

Beginning in or about September 2001 and continuing into or about May 2002, Jiang conspired and acted in concert with others, known and unknown, to bring about or to do an act that constitutes a violation of the Regulations. Specifically, Jiang conspired to export microwave amplifiers from the United States to the People's Republic of China ("China") without the required Department of Commerce license. The goal of the conspiracy was to obtain microwave amplifiers on behalf of a Chinese end-user and to export those microwave amplifiers to China. In furtherance of the conspiracy, Jiang acquired the microwave amplifiers from a U.S. company and then exported them from the United States to China. The microwave amplifiers were items subject to the Regulations and were classified under export control classification number ("ECCN") 3A001. Contrary to Section 742.4 of the Regulations, no Department of Commerce license was obtained for the export of amplifiers from the United States to China. In so doing, Jiang committed one violation of Section 764.2(d) of the Regulations.

Charge 2: 15 C.F.R. § 764.2(a): Exporting Microwave Amplifiers Without the Required Department of Commerce License

On or about May 22, 2002, Jiang engaged in conduct prohibited by the Regulations by exporting microwave amplifiers, items subject to the Regulations and classified under ECCN 3A001, from the United States to China without obtaining a license from the Department of Commerce as required by Section 742.4 of the Regulations. In so doing, Jiang committed one violation of Section 764.2(a) of the Regulations.

Charge 3: 15 C.F.R. § 764.2(e): Acting With Knowledge That a Violation of the Regulations Would Occur

In connection with the transaction referenced above, Jiang ordered or transferred microwave amplifiers that were to be exported from the United States with knowledge that a violation of the Regulations would occur. Specifically, Jiang had knowledge that a license was required for the export as Jiang was advised by an individual in China that the items in question were classified as ECCN 3A001 and subject to U.S. export regulations. Furthermore, Jiang had knowledge of the Regulations, as Jiang has met with officials from BIS on several occasions to discuss the Regulations and the export of microwave amplifiers to China. In addition, Jiang submitted an export application to the Department of Commerce for the microwave amplifiers described above and exported those amplifiers during the pendency of that application. As such, Jiang, at all relevant times, knew that the items required a license if exported to China and that no such license would be obtained. In so doing, Jiang committed one violation of Section 764.2(e) of the Regulations.

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Qing Chang Jiang
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WHEREAS, Jiang has reviewed the charging letter and is aware of the allegations made against him and the administrative sanctions which could be imposed against Jiang if the allegations are found to be true;

WHEREAS, Jiang 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, Jiang enters into this Agreement voluntarily and with full knowledge of his rights;

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

WHEREAS, Jiang neither admits nor denies the allegations contained in the proposed charging letter;

WHEREAS, Jiang wishes to settle and dispose of all matters alleged in the proposed charging letter by entering into this Agreement; and

WHEREAS, Jiang agrees to be bound by the Order, if entered;

NOW THEREFORE, the Parties hereby agree as follows:

1. BIS has jurisdiction over Jiang, under the Regulations, in connection with the matters alleged in the charging letter.
2. The following sanction shall be imposed against Jiang in complete settlement of the alleged violations of the Regulations relating to the transactions specifically detailed in the charging letter:
 - a. Jiang shall be assessed a civil penalty in the amount of \$17,000, of which \$500 shall be paid to the U.S. Department of Commerce not later than November 1, 2007; \$500 shall be paid to the U.S.

Settlement Agreement
Qing Chang Jiang
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Department of Commerce not later than February 1, 2008; \$5,000 shall be paid to the U.S. Department of Commerce not later than May 1, 2008; and the balance of \$11,000 shall be paid to the U.S. Department of Commerce not later than August 1, 2008.

- b. For a period of five years from the date of entry of the Order, Jiang, and, when acting for or on behalf of Jiang, his representatives, assigns, or agents ("Denied Person") may not participate, directly or indirectly, 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 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; or

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Qing Chang Jiang
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- iii. Benefiting 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.

3. Subject to the approval of this Agreement pursuant to paragraph 8 hereof, Jiang 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 entered), 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 entered; and (c) seek judicial review or otherwise contest the validity of this Agreement or the Order, if entered.

4. Upon entry of the Order and timely payment of the \$17,000 civil penalty, BIS will not initiate any further administrative proceeding against Jiang in connection with any violation of the Act or the Regulations arising out of the transactions identified in the charging letter.

5. BIS will make the proposed charging letter, this Agreement, and the Order, if entered, available to the public.

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.

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Qing Chang Jiang
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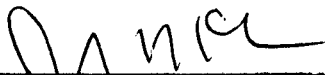
7. No agreement, understanding, representation or interpretation not contained in this Agreement may be used to vary or otherwise affect the terms of this Agreement or the Order, if entered, nor shall this Agreement serve to bind, constrain, or otherwise limit any action by any other agency or department 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 entering 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. 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

QING CHANG JIANG



John McKenna
Acting Director
Office of Export Enforcement



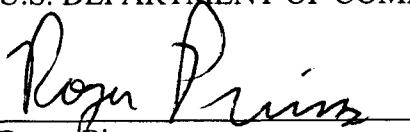
Qing Chang Jiang

Date: 7/30/07

Date: 07/25/2007

Settlement Agreement
Qing Chang Jiang
Addendum

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



Roger Pincus
Acting Chief Counsel
Office of the Chief Counsel
for Industry and Security

Date: 8/8/07

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Mr. Qing Chang Jiang
EHI Group USA, Inc.
10677-C Rosewood Road
Cupertino, CA 95014

Attn: *Qing Chang Jiang*
President

Dear Mr. Jiang:

The Bureau of Industry and Security, U.S. Department of Commerce ("BIS"), has reason to believe that you, Qing Chang Jiang, as President of EHI Group USA, Inc. ("EHI"), of Cupertino, California, in your individual capacity ("Jiang"), have committed three violations 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 Jiang committed the following violations:

Charge 1: 15 C.F.R § 764.2(d) - Conspiracy to Export Microwave Amplifiers to China without the required Department of Commerce License:

Beginning in or about September 2001 and continuing into or about May 2002, Jiang conspired and acted in concert with others, known and unknown, to bring about or to do an act that constitutes a violation of the Regulations. Specifically, Jiang conspired to export microwave amplifiers from the United States to the People's Republic of China ("China") without the required Department of Commerce license. The goal of the conspiracy was to obtain microwave amplifiers on behalf of a Chinese end-user and to export those microwave amplifiers to China. In furtherance of the conspiracy, Jiang acquired the microwave amplifiers from a U.S. company and then exported them from the United States to China. The microwave amplifiers were items subject to the Regulations and were classified under export control classification number ("ECCN") 3A001. Contrary to Section 742.4 of the Regulations, no Department of Commerce

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2006). The charged violations occurred between 2001 and 2002. The Regulations governing the violations at issue are found in the 2001 through 2002 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2001 – 2002)). The 2006 Regulations set forth the procedures that apply to this matter.

² 50 U.S.C. app. §§ 2401-2420 (2000). The Act lapsed on August 21, 2001, 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 3, 2006 (71 Fed. Reg. 44,551 (August 7, 2006)), has continued the Regulations in effect under the International Emergency Economic Powers Act (50 U.S.C. §§ 1701-1706 (2000)).

license was obtained for the export of amplifiers from the United States to China. In so doing, Jiang committed one violation of Section 764.2(d) of the Regulations.

Charge 2: 15 C.F.R. § 764.2(a): Exporting Microwave Amplifiers Without the Required Department of Commerce License:

On or about May 22, 2002, Jiang engaged in conduct prohibited by the Regulations by exporting microwave amplifiers, items subject to the Regulations and classified under ECCN 3A001, from the United States to China without obtaining a license from the Department of Commerce as required by Section 742.4 of the Regulations. In so doing, Jiang committed one violation of Section 764.2(a) of the Regulations.

Charge 3: 15 C.F.R. § 764.2(e): Acting With Knowledge That a Violation of the Regulations Would Occur:

In connection with the transaction referenced above, Jiang ordered or transferred microwave amplifiers that were to be exported from the United States with knowledge that a violation of the Regulations would occur. Specifically, Jiang had knowledge that a license was required for the export as Jiang was advised by an individual in China that the items in question were classified as ECCN 3A001 and subject to U.S. export regulations. Furthermore, Jiang had knowledge of the Regulations, as Jiang has met with officials from BIS on several occasions to discuss the Regulations and the export of microwave amplifiers to China. In addition, Jiang submitted an export application to the Department of Commerce for the microwave amplifiers described above and exported those amplifiers during the pendency of that application. As such, Jiang, at all relevant times, knew that the items required a license if exported to China and that no such license would be obtained. In so doing, Jiang committed one violation of Section 764.2(e) of the Regulations.

* * * *

Accordingly, Jiang is hereby notified that an administrative proceeding is instituted against him 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 \$11,000 per violation;³

Denial of export privileges; and/or

³ 15 C.F.R. § 6.4 (2001 - 2002), *as supplemented by* 68 Fed. Reg. 4,380 (Jan. 29, 2003), *and* 68 Fed. Reg. 69,001 (Dec. 11, 2003).

Exclusion from practice before BIS.

If Jiang 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 Jiang defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to Jiang. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for each charge in this letter.

Jiang is further notified that he is entitled to an agency hearing on the record if he files a written demand for one with his answer. *See* 15 C.F.R. § 766.6. Jiang is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent him. *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 Jiang have a proposal to settle this case, Jiang or his representative should transmit it to the attorneys representing BIS named below.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Jiang'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 Jiang's answer must be served on BIS at the following address:

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

Jiang
Charging Letter
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James C. Pelletier and Eric Clark are the attorneys representing BIS in this case; any communications that Jiang may wish to have concerning this matter should occur through them. Mr. Pelletier and Mr. Clark may be contacted by telephone at (202) 482-5301.

Sincerely,

Michael D. Turner
Director
Office of Export Enforcement