

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

In the Matter of:

York Yuan Chang,  
a.k.a. York Chang, a.k.a. David Zhang,  
a.k.a. Yuan Zhang  
22730 Timbertop Lane  
Diamond Bar, CA 91765

Respondent

ORDER RELATING TO  
YORK YUAN CHANG, A.K.A. YORK CHANG, A.K.A. DAVID ZHANG, A.K.A.  
YUAN ZHANG

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

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<sup>1</sup> 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.

<sup>2</sup> 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, Chang 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, Chang 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 China without the required BIS licenses. The technologies for the 8-Bit ADC and 14-Bit ADC 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 value of approximately \$1 million. The exports of these technologies required licenses pursuant to Section 742.4 of the Regulations.

In furtherance of the conspiracy, Chang participated in a scheme to design, sell and unlawfully export technologies for the development, production and use of an 8-Bit ADC and a 14-Bit ADC to and on behalf of the China Electronics Technology Corporation's 24<sup>th</sup> Research Institute and to provide training to the 24<sup>th</sup> Research Institute in China. Chang's role in the conspiracy was to direct activities in China and the United States, including the work of two U.S.-based engineering consultants who served as technical experts on the ADCs.

On or about November 20, 2008, Chang discussed in a telephone call with Chairman Zhangfen Zhang of the 24<sup>th</sup> Research Institute a potential deal for Chang's company, General Technology Systems Integration Corporation (GTSI), to design and test the 8-Bit and 14-Bit ADCs. During the call, Chang told Chairman Zhang that the technical specifications for the ADCs were controlled for export to China.

Nonetheless, and in furtherance of the conspiracy, in or around February 2009, Chang, aided by his wife and business partner, Leping Huang, a.k.a. Nicole Huang, a.k.a. Nicola Huang ("Huang"), arranged for the two engineering consultants to travel to Chongqing, China to meet with representatives from the 24<sup>th</sup> Research Institute regarding the design and specifications of the ADCs, and set and agreed to conditions and goals for the ADC project.

In or around February 2009, Chang took questions from the 24<sup>th</sup> Research Institute for the engineering consultants, who had returned to the United States. Chang then forwarded the questions and information from the 24<sup>th</sup> Research Institute to the engineering consultants. On or about March 2, 2009, Chang informed the engineering consultants that the 24<sup>th</sup> Research Institute agreed to pay \$1 million for the 8-Bit ADC and 14-Bit

ADC technologies. On or about May 15, 2009, GTSI signed a formal contract with the 24<sup>th</sup> Research Institute. Under the terms of the contract, which was negotiated by Chang, GTSI agreed to sell and transfer the design and testing technologies for the 8-Bit ADC and 14-Bit ADC to the 24<sup>th</sup> Research Institute, and agreed to guide the 24<sup>th</sup> 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 24<sup>th</sup> Research Institute's technical parameter requirements for the ADCs.

Also on or about May 15, 2009, GTSI formally contracted with the two U.S.-based engineering consultants to develop and design the 8-BIT ADC and 14-BIT ADC for the 24<sup>th</sup> Research Institute on GTSI's behalf and to provide technical expertise and training to the 24<sup>th</sup> Research Institute. On or about June 25, 2009, Chang and Huang traveled to San Jose, California to meet with the engineering consultants and to rent office space in Milpitas, California for use by the consultants. On or about July 28, 2009, Chang and Huang spoke with the engineering consultants about the consultants' progress on the ADC project and travel to China. On or about August 3, 2009, Chang informed one of the engineering consultants that Director Ruzhang Li of the 24<sup>th</sup> Research Institute requested that Chang bring the completed ADC designs to China.

Thereafter, in furtherance of the conspiracy, on or about October 2, 2009, Chang and Huang 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, Chang and Huang advised the engineering consultants to complete the design work and leave the delivery of the ADC technologies to others. On or about October 29, 2009, during a conference call between Chang, Huang, the engineering consultants, and Director Ruzhang Li of the 24<sup>th</sup> Research Institute, Chang agreed to travel to China in November to meet with the 24<sup>th</sup> Research Institute and exchange information for the project.

Subsequently, in additional steps taken in furtherance of the conspiracy, Chang discussed with the engineering consultants ways to avoid raising the attention of U.S. federal law enforcement that may result from frequent trips to and from China. Specifically, on or about October 31, 2009, Chang told the engineering consultants that they should fly to China and work for the Chinese buyer, the 24<sup>th</sup> Research Institute, directly.

In additional acts taken in furtherance of the conspiracy, Chang thereafter continued meeting with and discussing the design of the 8-Bit ADC and 14-Bit ADC with the engineering consultants and the 24<sup>th</sup> Research Institute. For example, on or about November 1, 2009, Chang participated in a call with Huang, the engineering consultants, and representatives from the 24<sup>th</sup> Research Institute in which Director Ruzhang Li of the 24<sup>th</sup> Research Institute demanded GTSI's schedule, including completion dates of the circuit design, layout, inspection and verification for the ADCs.

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

WHEREAS, BIS and Chang 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, Chang 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, Chang 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, Chang 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, Chang shall complete an export compliance training on the Regulations within twelve months from the date of the Order. Before he attends a training course or program, Chang shall notify the Office of Export Enforcement, Special Agent in Charge of the Los Angeles Field Office, of the course or program he has selected to attend. No later than one month after attending the compliance course or program, Chang 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 Chang following the entry of Chang'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 Chang.

FIFTH, that for a period of twelve (12) years from the date of this Order, Chang, with a last known address of 22730 Timbertop Lane, Diamond Bar, CA 91765, and when acting for or on his behalf, his 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

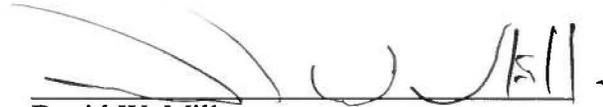
Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

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 Chang 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 Chang following the entry of Chang'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 Chang 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 Chang.

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 12<sup>th</sup> day of June, 2012.

UNITED STATES DEPARTMENT OF COMMERCE  
BUREAU OF INDUSTRY AND SECURITY  
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Respondent

SETTLEMENT AGREEMENT

This Settlement Agreement (“Agreement”) is made by and between York Yuan Chang, a.k.a. York Chang, a.k.a. David Zhang, a.k.a. Yuan Zhang, of Diamond Bar, California (“Chang”), 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”),<sup>1</sup> issued pursuant to the Export Administration Act of 1979, as amended (the “Act”).<sup>2</sup>

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

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

<sup>1</sup> 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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In additional acts taken in furtherance of the conspiracy, Chang thereafter continued meeting with and discussing the design of the 8-Bit ADC and 14-Bit ADC with the engineering consultants and the 24<sup>th</sup> Research Institute. For example, on or about November 1, 2009, Chang participated in a call with Huang, the engineering consultants, and representatives from the 24<sup>th</sup> Research Institute in which Director Ruzhang Li of the 24<sup>th</sup> Research Institute demanded GTSI's schedule, including completion dates of the circuit design, layout, inspection and verification for the ADCs.

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

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

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

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

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

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

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

WHEREAS, Chang 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 Chang, under the Regulations, in connection with the matters alleged in the Proposed Charging Letter.
2. The following sanctions shall be imposed against Chang in complete settlement of the alleged violation of the Regulations relating to the transaction specifically detailed in the Proposed Charging Letter:

a. Chang 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, Chang 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. Chang shall complete an export compliance training on the Regulations within twelve months from the date of the Order. Before he attends a training course or program, Chang shall notify the Office of Export Enforcement, Special Agent in Charge of the Los Angeles Field Office, of the course or program he has selected to attend. No later than one month after attending the compliance course or program, Chang 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 Chang following the entry of Chang'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 Chang.

d. For a period of twelve (12) years from the date of the Order, Chang, with a last known address of 22730 Timbertop Lane, Diamond Bar, CA 91765, and when acting for or on his behalf, his 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 Chang 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

Chang following the entry of Chang'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 Chang 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 Chang.

3. Subject to the approval of this Agreement pursuant to Paragraph 8 hereof, Chang 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. Chang 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 Chang 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. Chang 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 Chang's testimonial obligations in any proceeding, nor does it affect his 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 Chang following the entry of Chang's plea and conviction, BIS will not initiate any further administrative proceeding against Chang 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.

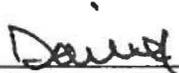
9. BIS will make the Proposed Charging Letter, this Agreement, and the Order, if issued, available to the public.

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

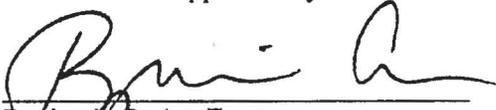
YORK YUAN CHANG

  
\_\_\_\_\_  
York Yuan Chang

Date: 6/11/12

Date: 6/5/12

Reviewed and approved by:

  
\_\_\_\_\_  
Benjamin B. Au, Esq.  
Caldwell Leslie & Proctor, PC  
Counsel for York Yuan Chang

Date: 6/5/12

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

York Yuan Chang, a.k.a. York Chang, a.k.a. David Zhang, a.k.a. Yuan Zhang  
22730 Timbertop Lane  
Diamond Bar, CA 91765

Dear Mr. Chang:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that you, York Yuan Chang, a.k.a. York Chang, a.k.a. David Zhang, a.k.a. Yuan Zhang (“Chang”), in your individual capacity, have committed one violation of the Export Administration Regulations (the Regulations),<sup>1</sup> which are issued under the authority of the Export Administration Act of 1979, as amended (the “Act”).<sup>2</sup> Specifically, BIS charges that Chang 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, Chang 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, Chang 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 China without the required BIS licenses. The technologies for the 8-Bit ADC and 14-Bit ADC 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 value of approximately \$1 million. The exports of these technologies required licenses pursuant to Section 742.4 of the Regulations.

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<sup>1</sup> 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.

<sup>2</sup> 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, Chang participated in a scheme to design, sell and unlawfully export technologies for the development, production and use of an 8-Bit ADC and a 14-Bit ADC to and on behalf of the China Electronics Technology Corporation's 24<sup>th</sup> Research Institute and to provide training to the 24<sup>th</sup> Research Institute in China. Chang's role in the conspiracy was to direct activities in China and the United States, including the work of two U.S.-based engineering consultants who served as technical experts on the ADCs.

On or about November 20, 2008, Chang discussed in a telephone call with Chairman Zhangfen Zhang of the 24<sup>th</sup> Research Institute a potential deal for Chang's company, General Technology Systems Integration Corporation (GTSI), to design and test the 8-Bit and 14-Bit ADCs. During the call, Chang told Chairman Zhang that the technical specifications for the ADCs were controlled for export to China.

Nonetheless, and in furtherance of the conspiracy, in or around February 2009, Chang, aided by his wife and business partner, Leping Huang, a.k.a. Nicole Huang, a.k.a. Nicola Huang ("Huang"), arranged for the two engineering consultants to travel to Chongqing, China to meet with representatives from the 24<sup>th</sup> Research Institute regarding the design and specifications of the ADCs, and set and agreed to conditions and goals for the ADC project.

In or around February 2009, Chang took questions from the 24<sup>th</sup> Research Institute for the engineering consultants, who had returned to the United States. Chang then forwarded the questions and information from the 24<sup>th</sup> Research Institute to the engineering consultants. On or about March 2, 2009, Chang informed the engineering consultants that the 24<sup>th</sup> Research Institute agreed to pay \$1 million for the 8-Bit ADC and 14-Bit ADC technologies. On or about May 15, 2009, GTSI signed a formal contract with the 24<sup>th</sup> Research Institute. Under the terms of the contract, which was negotiated by Chang, GTSI agreed to sell and transfer the design and testing technologies for the 8-Bit ADC and 14-Bit ADC to the 24<sup>th</sup> Research Institute, and agreed to guide the 24<sup>th</sup> 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 24<sup>th</sup> Research Institute's technical parameter requirements for the ADCs.

Also on or about May 15, 2009, GTSI formally contracted with the two U.S.-based engineering consultants to develop and design the 8-BIT ADC and 14-BIT ADC for the 24<sup>th</sup> Research Institute on GTSI's behalf and to provide technical expertise and training to the 24<sup>th</sup> Research Institute. On or about June 25, 2009, Chang and Huang traveled to San Jose, California to meet with the engineering consultants and to rent office space in Milpitas, California for use by the consultants. On or about July 28, 2009, Chang and Huang spoke with the engineering consultants about the consultants' progress on the ADC project and travel to China. On or about August 3, 2009, Chang informed one of the engineering consultants that Director Ruzhang Li of the 24<sup>th</sup> Research Institute requested that Chang bring the completed ADC designs to China.

Thereafter, in furtherance of the conspiracy, on or about October 2, 2009, Chang and Huang 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, Chang and Huang advised the engineering consultants to complete the design work and leave the delivery of the ADC technologies to others. On or about October 29, 2009, during a conference call between Chang, Huang, the engineering consultants, and Director Ruzhang Li of the 24th Research Institute, Chang agreed to travel to China in November to meet with the 24<sup>th</sup> Research Institute and exchange information for the project.

Subsequently, in additional steps taken in furtherance of the conspiracy, Chang discussed with the engineering consultants ways to avoid raising the attention of U.S. federal law enforcement that may result from frequent trips to and from China. Specifically, on or about October 31, 2009, Chang told the engineering consultants that they should fly to China and work for the Chinese buyer, the 24<sup>th</sup> Research Institute, directly.

In additional acts taken in furtherance of the conspiracy, Chang thereafter continued meeting with and discussing the design of the 8-Bit ADC and 14-Bit ADC with the engineering consultants and the 24<sup>th</sup> Research Institute. For example, on or about November 1, 2009, Chang participated in a call with Huang, the engineering consultants, and representatives from the 24<sup>th</sup> 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, Chang committed one violation of Section 764.2(d) of the Regulations.

\* \* \* \* \*

Accordingly, Chang 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 up to the greater of \$250,000 per violation or twice the value of the transaction that is the basis of the violation;<sup>3</sup>
- Denial of export privileges; and/or
- Exclusion from practice before BIS.

If Chang 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 Chang defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to Chang. The Under Secretary of

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

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Commerce for Industry and Security may then impose up to the maximum penalty for the charges in this letter.

Chang is further notified that he is entitled to an agency hearing on the record if he files a written demand for one with its answer. *See* 15 C.F.R. § 766.6. Chang 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 Chang have a proposal to settle this case, Chang or his representative should transmit it to the attorney representing BIS named below.

Chang is further notified that under the Small Business Regulatory Enforcement Flexibility Act, Chang 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/>.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Chang'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 Chang'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 Chang 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