



United States Department of State

*Bureau of Political-Military Affairs
Office of Defense Trade Controls*

Washington, D.C. 20520-0602

PROPOSED CHARGING LETTER

CERTIFIED MAIL - RETURN RECEIPT REQUESTED

Paul Christian, Esq.
Counsel for Sheng-Mao Yeh
637 Cherry Street
Macon, Ga. 31201-2623

Reference: Case No. RR-98-097

Mr. Christian:

The Department of State (the Department) charges that Sheng-Mao Yeh has committed five (5) violations of the Arms Export Control Act (AECA) and the International Traffic in Arms Regulations (the ITAR).¹

At all times relevant to the charges and transactions contained herein, the Department alleges that:

1. Eddie Chen, Sheng-Mao Yeh, and Hui-Shen Lin purchased certain equipment from the Defense Logistics Agency's, Defense Reutilization and Marketing Service (DRMS) for the purpose of exporting these articles to Hong Kong. The articles purchased have been designated category IX, XI, and XII defense articles on the United States Munitions List (USML), 22 C.F.R. 121.1. These defense articles are further described in Attachment A, which is incorporated herein by this reference.
2. Eddie Chen, Sheng-Mao Yeh, and Hui-Shen Lin purchased the ITAR-controlled defense articles described in Attachment A at DRMS locations throughout the United States.

¹ The International Traffic in Arms Regulations (22 C.F.R. Parts 120-130) implement the Arms Export Control Act (22 U.S.C. § 2778).

Accordingly, with regard to the allegations set forth below, the Department has jurisdiction over Eddie Chen, Sheng-Mao Yeh, and Hui-Shen Lin pursuant to ITAR § 120.1.

BACKGROUND

3. Between September 16, 1992 and June, 1993, Eddie Chen, Sheng-Mao Yeh, Hui-Shen Lin, and their agents bid on, purchased, and removed 610,682 pounds of items from the DRMS location at Robins Air Force Base, Georgia. Included among the items removed from DRMS were chaff dispenser simulators that can be used in the F-14 aircraft, as well as other USML defense articles described in Attachment A.
4. On or about March 11, 1993, Eddie Chen, Sheng-Mao Yeh, Hui-Shen Lin, and their agents loaded onto seagoing container INBU4677196, BB4310 the USML defense articles described in Attachment A. Container INBU4677196, BB4310 was subsequently shipped to the port of Savannah, Georgia, where it was loaded onto the Merchant Vessel Hamburg Senator by agents of Eddie Chen, Sheng-Mao Yeh, Hui-Shen Lin.

EXPORT ATTEMPT THROUGH LONG BEACH

5. On or about March 18, 1993, the M/V Hamburg Senator left the port of Savannah, Georgia, with container INBU4677196, BB4310, to be exported to Hong Kong.
6. On or about April 4, 1993, at an intermediate stop at the Port of Long Beach, California, the USML defense articles described in Attachment A were discovered by United States Customs officers in an inspection of container INBU4677196, BB4310 aboard the M/V Hamburg Senator, and detained.

EXPORT ATTEMPT THROUGH SEATTLE

7. On or about August 9, 1993, agents for Eddie Chen, Sheng-Mao Yeh, and Hui-Shen Lin loaded onto Seagoing containers the defense articles described in Attachment A.

8. On or about August 31, 1993, four (4) seagoing containers, HDMU6025610, HDMU6027248, HDMU6011405, and KTMU6001492, were loaded in Seattle, Washington with the defense articles described in Attachment A, which were purchased by Eddie Chen, Sheng-Mao Yeh, and Hui-Shen Lin to be shipped to Hong Kong.

VIOLATIONS

9. Eddie Chen, Sheng-Mao Yeh, and Hui-Shen Lin attempted to export the USML defense articles described in Attachment A to Hong Kong on two (2) occasions without first obtaining a license or other approval from the Office of Defense Trade Controls. Under ITAR § 127.1(a)(1), it is unlawful to attempt to export any ITAR-controlled defense article for which a license or other approval is required without first obtaining that license or other approval from the Office of Defense Trade Controls. The Department therefore charges Sheng-Mao Yeh with two (2) violations of ITAR § 127.1(a)(1).
10. Eddie Chen, Sheng-Mao Yeh, and Hui-Shen Lin conspired to export the USML defense articles in Attachment A to Hong Kong without first obtaining a license or other approval from the Office of Defense Trade Controls. Under ITAR § 127.1(a)(3), it is unlawful to conspire to export any ITAR-controlled defense article for which a license or other approval is required without first obtaining that license or other approval from the Office of Defense Trade Controls. The Department therefore charges Sheng-Mao Yeh with one (1) violation of ITAR § 127.1(a)(3).
11. Eddie Chen, Sheng-Mao Yeh, and Hui-Shen Lin aided, abetted, counseled, and caused one another to attempt to export the USML defense articles in Attachment A to Hong Kong without first obtaining a license or other approval from the Office of Defense Trade Controls. Under ITAR § 127.1(d), no person may willfully cause, aid, abet, or counsel the commission of any act prohibited by, or the omission of any act required by, the AECA. The Department therefore charges Sheng-Mao Yeh with two (2) violations of ITAR § 127.1(d).

Therefore, administrative proceedings are instituted against Sheng-Mao Yeh pursuant to Part 128 of the ITAR for the purpose of obtaining an ORDER imposing administrative sanctions. Administrative sanctions under the ITAR may include any or all of the following:

- Prohibition from participating directly or indirectly in the export of any defense article or technical data or the furnishing of any defense service, for which a license or approval is required by the ITAR, under Section 127.7(a);
- Administrative Debarment under Section 127.7(b), and applicability of such debarment to any other person for the purpose of preventing evasion, as appropriate, under Section 127.9;
- Denial of applications for export licenses or other requests for written approvals by, for or to CWP under Section 127.7(a);
- Imposition of a civil penalty not to exceed \$500,000 per violation as set forth in Section 127.10.

If Sheng-Mao Yeh fails to answer the allegations contained in this letter within thirty (30) days after service, as provided in Section 128.5, such failure to answer the charges will be taken as an admission of the truth of the charges and may be treated as a default under Section 128.4.

Sheng-Mao Yeh is entitled to a hearing on the record as provided in Section 128.8. If Sheng-Mao Yeh wishes to have a hearing on the record, he must file a written demand for it with your answer.

Sheng-Mao Yeh is entitled to be represented by counsel, and to seek a consent agreement. As provided in Section 128.2, the Department is referring this matter to the Presiding Official. As provided in Section 128.5, please mail or deliver your answer, written demand for oral hearings (if any) and supporting evidence to Director, Office of Administrative Law Judges, U.S. Office of Personnel Management, 1900 E Street, N.W., Room 2469, Washington, DC 20415. Additionally, mail or deliver a copy of the same to the Director, Office of Defense Trade Controls, Department of State, Room 200, State Annex 6, Washington, D.C. 20522-0602.

Any questions should be directed to Melanie Khanna,
Esq., at the Office of Legal Adviser, (202) 647-9288.

Sincerely,

William J. Lowell
Director