



EIB World Trade Headlines

Evolutions In Business • www.eib.com • (978) 256-0438
Fax: (978) 250-4529 • P.O. Box 4008, Chelmsford, MA 01824

CELEBRATING OVER
30
YEARS

November 15, 2019 - Volume 11, Issue 22

Chinese National Pleads Guilty to Committing Theft of Trade Secrets

Department of Justice
Office of Public Affairs
FOR IMMEDIATE RELEASE
Tuesday, November 12, 2019

Hongjin Tan, a 35 year old Chinese national and U.S. legal permanent resident, pleaded guilty Tuesday in federal court to committing theft of trade secrets from his employer, a U.S. petroleum company.

Tan pleaded guilty to theft of a trade secret, unauthorized transmission of a trade secret, and unauthorized possession of a trade secret. The defendant stole the information from a U.S.-based petroleum company regarding the manufacture of a “research and development downstream energy market product” that is worth more than \$1 billion.

“Tan’s guilty plea continues to fill in the picture of China’s theft of American intellectual property,” said Assistant Attorney General for National Security John C. Demers. “The Department launched its China Initiative to battle precisely the type of behavior reflected in today’s plea — illegal behavior that costs Americans their jobs — and we will continue to do so.”

(*Continued On The Following Page)

NEWSLETTER NOTES

- * Chinese National Pleads Guilty to...
- * CUBA GUIDANCE
- * Aventura Technologies, Inc. ...
- * IoT Surveillance
- * Iran spins more centrifuges ...
- * WHITE PHOSPHORUS MELTS ...
- * Sen. Cruz Calls on USTR to Eliminate ...
- * U.S. Navy Officer, His Wife,...
- * Two Men Accused of Being Illegal ...
- * China Deal or No Deal China Says Tariffs ...
- * China wins WTO case to sanction US\$3.6 ...
- * Bolivia Senator Declares Herself President After Evo Morales Was Ousted

CUBA GUIDANCE

“China’s economic aggression poses a threat to America’s emerging high-technology industries. Industrial spies like Hongjin Tan engage in espionage to steal American trade secrets and intellectual property born out of the innovation that is innate in our free market system,” said U.S. Attorney Trent Shores for the Northern District of Oklahoma. “Thanks to a vigilant company and the investigative efforts of the FBI, Hongjin Tan was caught red handed and prosecuted. American ingenuity and know-how are the envy of the international market, and the U.S. Attorneys community will work to protect our economic infrastructure.”

"Trade secret theft is a serious crime which hurts American businesses and taxpayers. The FBI will continue to protect our country's industries from adversaries who attempt to steal valuable research and technology," said FBI Special Agent in Charge Melissa Godbold of the Oklahoma City Field Office.

Tan was employed as an associate scientist for the U.S. petroleum company starting in June 2017 until his arrest in December 2018. The defendant was assigned to work within a group at the company with the goal of developing next generation battery technologies for stationary energy storage, specifically flow batteries. In his plea agreement, Tan admitted to intentionally copying and downloading research and development materials without authorization from his employer.

On Dec. 11, 2018, Tan used a thumb drive to copy hundreds of files. He subsequently turned in his resignation and was escorted from the premises on Dec. 12, 2018. Later that day, he returned the thumb drive, claiming that he had forgotten to do so before leaving his employer’s property. Upon examination, it was discovered that there was unallocated space on the thumb drive, indicating five documents had previously been deleted. Investigators with the FBI searched Tan’s premises and found an external hard drive. They discovered that the same five missing files from the thumb drive had been downloaded to the hard drive. Tan maintained the files on a hard drive so he could access the data at a later date. Further accessing the material would have been financially advantageous for Tan but caused significant financial damage to his Oklahoma employer.

U.S. District Judge Gregory K. Frizzell presided over the plea hearing and set sentencing for Feb. 12, 2020.

The FBI conducted this investigation. Assistant U.S. Attorney Joel-lyn A. McCormick of the Northern District of Oklahoma and Trial Attorney Matthew J. McKenzie of the National Security Division’s Counterintelligence and Export Control Section (CES) are prosecuting the case, with assistance from Trial Attorney Matthew R. Walczewski and Assistant Deputy Chief Brian J. Resler of the Criminal Division’s Computer Crimes and Intellectual Property Section (CCIPS).

On October 21, 2019, the Department of Commerce’s Bureau of Industry and Security (BIS) amended the Export Administration Regulations (EAR) to support the President’s policy to hold the Cuban regime accountable for its repression of the Cuban people and its support of the Maduro regime in Venezuela. BIS established a general policy of denial for leases of aircraft to Cuban state-owned airlines; clarified that aircraft and vessels are not eligible for the License Exception Aircraft and Vessels (AVS) if they are leased to or chartered by a national of Cuba; established a general 10-percent *de minimis* level for Cuba; and revised License Exception Support for the Cuban People (SCP) to make the Cuban government and communist party ineligible for certain donations, remove an authorization for promotional items that generally benefits the Cuban government, and clarify the scope of telecommunications items that the Cuban government may receive without a license.

The United States maintains a comprehensive embargo on trade with Cuba. The export and reexport to Cuba of items subject to the Export Administration Regulations (EAR) require a BIS license unless authorized by a license exception specified in section 746.2(a)(1) of the EAR or exempted from license requirements in section 746.2(a)(2). The EAR sets forth licensing policy for exports and reexports that generally will be approved, exports and reexports that will be reviewed on a case-by-case basis, and exports and reexports that will generally be denied.

For additional information, please review the [BIS rule](#), [Department's press release](#) and BIS’s updated [Frequently Asked Questions](#). For specific questions regarding exports or reexports to Cuba, please contact the Foreign Policy Division at [\(202\) 482-4252](tel:(202)482-4252).

<https://www.bis.doc.gov/index.php/documents/pdfs/2484-bis-cuba-consolidated-faqs-1/file>

Aventura Technologies, Inc. and its Senior Management Charged with Fraud, Money Laundering and Illegal Importation of Equipment Manufactured in China

Department of Justice
U.S. Attorney's Office
Eastern District of New York
FOR IMMEDIATE RELEASE

The Long Island Company Supplied Chinese-Made Surveillance Equipment to U.S. Government and Private Customers While Falsely Claiming its Products Were "Made in U.S.A."

A criminal complaint was unsealed today in federal court in Brooklyn charging surveillance and security equipment company Aventura Technologies, Inc. (Aventura), located in Commack, New York, and seven current and former employees with selling Chinese-made equipment with known cybersecurity vulnerability to government and private customers while falsely representing that the equipment was made in the United States and concealing that the products were manufactured in the People's Republic of China (PRC). Aventura has generated more than \$88 million in sales revenue since November 2010, and the charged scheme has been ongoing since 2006.

In addition to Aventura, the individual defendants charged in the complaint are Jack Cabasso, Aventura's Managing Director and de facto owner and operator; Frances Cabasso, his wife and Aventura's purported owner and Chief Executive Officer; senior executives Jonathan Lasker, Christine Lavonne Lazarus and Eduard Matulik; current employee Wayne Marino; and recently retired employee Alan Schwartz.

Four of the individual defendants are also charged with defrauding the U.S. government by falsely claiming that Frances Cabasso was the owner and operator of the company in order to obtain access to valuable government contracts reserved for women-owned businesses when, in fact, Aventura was actually controlled by her husband, Jack Cabasso. The Cabassos are also charged with laundering the monetary proceeds of these fraudulent schemes.

Six of the defendants were arrested this morning and are scheduled to be arraigned this afternoon before United States Magistrate Judge Ramon E. Reyes, Jr. Law enforcement agents executed search warrants at Aventura's headquarters in Commack, New York, and at the home of Jack and Frances Cabasso in Northport, New York. The government has also seized the Cabassos' 70-foot luxury yacht, and has frozen approximately \$3 million in 12 financial accounts that contain proceeds from the defendants' unlawful conduct.

*(*Continued On The Following Column)*

Richard P. Donoghue, United States Attorney for the Eastern District of New York; William F. Sweeney, Jr., Assistant Director-in-Charge, Federal Bureau of Investigation, New York Field Office (FBI); Joseph P. Dattoria, Special Agent-in-Charge, U.S. General Services Administration, Office of Inspector General (GSA-OIG); Leigh-Alistair Barzey, Special Agent-in-Charge, Defense Criminal Investigative Service, Northeast Field Office (DCIS); J. Russell George, Treasury Inspector General for Tax Administration (TIGTA); Troy Miller, Director of Field Operations, U.S. Customs and Border Protection, New York Field Office (CBP); Jonathan D. Larsen, Special Agent-in-Charge, Internal Revenue Service, Criminal Investigation, New York (IRS-CI); Jason T. Hein, Special Agent-in-Charge, U.S. Air Force Office of Special Investigations, Office of Procurement Fraud Investigations, Detachment Six (AFOSI); Leo Lamont, Special Agent-in-Charge, Naval Criminal Investigative Service (NCIS); and Teri L. Donaldson, Inspector General, U.S. Department of Energy, Office of Inspector General (DOE-OIG), announced the charges.

"As alleged, the defendants falsely claimed for years that their surveillance and security equipment was manufactured on Long Island, padding their pockets with money from lucrative contracts without regard for the risk to our country's national security posed by secretly peddling made-in-China electronics with known cyber vulnerabilities," stated United States Attorney Donoghue. "With today's arrests, the defendants' brazen deceptions and fraud schemes have been exposed, and they will face serious consequences for slapping phony 'Made in the U.S.A.' labels on products that our armed forces and other sensitive government facilities depended upon." Mr. Donoghue expressed his appreciation to U.S. Army Criminal Investigation Command's Major Procurement Fraud Unit for their work on the case.

"Greed is at the heart of this scheme, a reprehensible motive when the subjects in this case allegedly put into question the security of men and women who don uniforms each day to protect our nation," stated FBI Assistant Director-in-Charge Sweeney. "There is no mistaking the cyber vulnerabilities created when this company sold electronic surveillance products made in the PRC, and then using those items in our government agencies and the branches of our armed forces. I cannot stress enough that we will do everything we can to search out and stop any other company willing to cut corners and pocket profits that endanger the lives of Americans, and make this country less safe."

"The laws in place regulating government contracts ensure both the taxpayer and government receive quality goods and services at competitive prices. In addition, they provide a fair opportunity and level playing field for all businesses seeking government contracts.

*(*Continued On The Following Page)*

The General Services Administration's Office of Inspector General will continue to work closely with our law enforcement partners to aggressively investigate allegations of fraud against the United States Government," stated GSA-OIG Special Agent-in-Charge Dattoria.

"The arrests and other enforcement operations that occurred today were the direct result of a joint investigative effort," stated DCIS Special Agent-in-Charge Barzey. "The introduction of counterfeit parts and materials into the U.S. Defense Department's supply chain poses a significant risk and impacts America's military readiness and our national security. The DCIS is committed to working with its law enforcement partners and the U.S. Attorney's Office, Eastern District of New York, to ensure that individuals and companies who engage in fraudulent activity, at the expense of the U.S. military, are investigated and prosecuted."

"TIGTA's mission includes investigating allegations of waste, fraud or abuse involving the Internal Revenue Service (IRS)," stated TIGTA Inspector General George. "Mr. Cabasso and his co-conspirators secured products from outside of the U.S. while purporting that these products were made in America. They then sold these products to the U.S. Government, including the IRS and other Government agencies. TIGTA is committed to investigating and working with our law enforcement partners to root out this type of fraud from the Government contracting and procurement process. I want to thank U.S. Attorney Donoghue for the steadfast support that he and his talented prosecutors gave to this investigation."

"U.S. Customs and Border Protection provided the critical link to an ongoing investigation that resulted in the takedown of an elaborate criminal enterprise," stated CBP Director of Field Operations Miller. "This case serves as a great example of collaborative law enforcement efforts to uncover and dismantle criminal enterprises that seek to defraud the United States government for personal gain while jeopardizing our national defense and causing economic harm to their competitors."

"In today's global economy, 'Made in the USA' is too sacred of a mark to fraudulently use for one's self interest," stated IRS-CI Special Agent-in-Charge Larsen. "IRS-Criminal Investigation works diligently with our law enforcement partners to uncover con artists devising elaborate schemes to become independently wealthy. These allegations have serious national security implications that go beyond shameless attempts at personal enrichment."

"Product substitution is a serious crime that puts our men and women in uniform at greater risk," stated NCIS Special Agent-in-Charge Lamont. "Our Sailors, Marines, and other armed services personnel deserve to have equipment that meets the highest standards for safety and performance, which will not fail them when it matters most. Substandard and counterfeit parts simply cannot be depended upon.

*(*Continued On The Following Column)*

Investigating product substitution and mitigating risks to the Department of the Navy supply chain is a top priority for the Naval Criminal Investigative Service. NCIS has a cadre of Special Agents trained in all aspects of economic crime, tirelessly fighting fraud in the procurement process."

"Ensuring the integrity of the US Air Force procurement process and the quality of the products provided to our warfighters is a top investigative priority of the Air Force Office of Special Investigations," stated AFOSI Special Agent-in-Charge Hein. "Those who seek to conduct business with the Air Force must be candid and truthful. AFOSI will aggressively investigate those who attempt to defraud the Air Force, and will work with our law enforcement partners to identify and prosecute those who would take advantage of the USAF and its interests. The victims are not just our men and women in uniform, but every American taxpayer."

"The Department of Energy's Office of Inspector General remains committed to ensuring the integrity and security of the Department's vendors, especially given the serious nature of the Department's mission," stated DOE Inspector General Donaldson. "We take allegations of conspiracy against the U.S. Government very seriously and will aggressively investigate these matters to protect the Department and the American taxpayers. We appreciate the collaborative efforts of the DOJ and our other law enforcement partners."

The Country of Origin Fraud and Unlawful Importation Scheme

As charged in the criminal complaint and in court documents filed today,[1] for over a decade Aventura lied to its customers, including the U.S. military, the federal government and private customers in the United States and abroad. Under federal government procurement laws and regulations a product's country of origin can impact a procurement officer's decision to purchase a product. A product's country of origin also matters to some private sector customers. In addition, all products imported into the United States must be marked with their country of origin. Over the past decade, Aventura made upwards of \$88 million, including over \$20 million in federal government contracts, while claiming that it was manufacturing its products at its headquarters in Commack. In fact, Aventura does not manufacture anything in the United States. Instead, since at least 2006, Aventura has been importing products primarily from the PRC, then reselling them as American-made or manufactured in a small number of other countries.

Notably, Aventura imported networked security products from PRC manufacturers with known cybersecurity vulnerabilities, and resold them to U.S. military and other government installations while claiming that they were American-made. Aventura similarly deceived private customers in the United States and abroad who paid a premium for what they believed to be American-made goods.

*(*Continued On The Following Page)*

As a result, Aventura not only defrauded its customers, but also exposed them to serious, known cybersecurity risks, and created a channel by which hostile foreign governments could have accessed some of the government's most sensitive facilities.

For this conduct, Aventura and the seven individual defendants are charged with unlawful importation and conspiracy to commit wire and bank fraud.

In the course of its investigation, the government intercepted and covertly marked numerous shipments from PRC sources to Aventura's Commack headquarters. In some cases, cameras shipped from the PRC were pre-marked with Aventura's logo and the phrase "Made in USA," accompanied by an American flag. In many instances, the items were later resold to government agencies to whom the defendants falsely represented that the products were American-made.

For example, in March 2019 the U.S. Navy ordered from Aventura a \$13,500 laser-enhanced night vision camera that was specified as American-made on Aventura's U.S. General Services Administration (GSA) price list. (In fact, no item on Aventura's GSA price list is listed as being made in the PRC.) In April 2019, at a shipping facility in Jamaica, Queens, a team led by CBP officers intercepted a shipment from a PRC manufacturer ("PRC Manufacturer-3") to Aventura that contained a camera matching the Navy's order and surreptitiously marked it for later identification using a method that would not be apparent to a casual observer.[2] Two weeks later, that same camera was delivered to Naval Submarine Base New London in Groton, Connecticut.

In another instance, in September 2018, the Department of Energy (DOE) ordered approximately \$156,000 worth of networked automated turnstiles from Aventura, to be installed at a facility in Tennessee. Aventura's GSA price list described the turnstiles as American-made. In January 2019, turnstiles matching DOE's order were intercepted in a shipment from a PRC manufacturer and marked by CBP; one month later, they arrived at the DOE facility in Tennessee. The crates shipped by Aventura to the DOE appeared identical to those that the CBP-led team had inspected, except that the shipping labels from the PRC directing the crates to Aventura had been peeled off, leaving behind visible traces of paper and glue. A special agent with the DOE-OIG placed a call to Lazarus regarding the turnstile shipment in May 2015. During the call, Lazarus falsely stated that the turnstiles were "U.S. made [in] New York."

As a third example, in 2018, Aventura sold the U.S. Air Force 25 body cameras for use by Air Force security personnel at an Air Force base. Aventura was contractually required to provide goods from a limited set of countries that did not include the PRC. In August 2018, however, an Air Force service member observed Chinese characters on the built-in screen of one of the body cameras. The body camera was sent for analysis to a specialist, who downloaded its firmware and found numerous indications that the camera was manufactured in PRC. The camera contained multiple preloaded images that were apparently designed to display on the built-in screen—including the U.S. Air Force logo, the logo of the PRC Ministry of Public Security and the logo of PRC Manufacturer-1. All three logos had been saved to the camera's firmware using the same software, on a computer that was set to a time zone in the PRC—indicating that the camera's manufacturer in the PRC had been aware that the U.S. Air Force was a likely end user of the camera.

The defendants, working with counterparts in the PRC, took extraordinary steps to conceal this scheme. In November 2018, Jack Cabasso exchanged emails with an employee of a PRC manufacturer of surveillance equipment (PRC Manufacturer-2), identifying the need to "hide" the name of PRC Manufacturer-2 from Aventura's customers. Cabasso wrote that Schwartz was "putting together a list" of steps to be taken. One week later, Cabasso stressed the need to take steps so that "they cannot trace" the product to PRC Manufacturer-2, adding, "The housings are a problem since you publish them on your website but nothing we can do about that." Cabasso added that "the biggest problem" was that PRC Manufacturer-2's initials were marked on its circuit boards, and said that he had "lost several potential customers" because of similar practices by another PRC manufacturer (PRC Manufacturer-1). The employee responded that the company's initials would be removed from all circuit boards shipped to Aventura. Lasker was copied on all of the emails in this sequence.

Similarly, in December 2018, Jack Cabasso and Marino exchanged emails with employees of another PRC-based digital video equipment manufacturer (PRC Manufacturer-4). Marino complained to the employees that "communication from the server to the client contains [PRC Manufacturer-4's name] visible in clear text. This should be changed." When one of the employees wrote that this could not be changed, Cabasso responded: "WE CANNOT HAVE CUSTOMERS ABLE TO SEE" PRC Manufacturer-4's name, later adding, "we also sent a sample to a customer and he found [PRC Manufacturer-4]. . . branding in the [operating system] which is a problem." Schwartz and Lasker, among others, were included on these communications.

(*Continued On The Following Column)

(*Continued On The Following Page)

On or about November 23, 2016, Jack Cabasso sent an email to a GSA representative accusing 12 other GSA contractors of selling products to the U.S. Government that were manufactured by a PRC manufacturer of surveillance equipment (PRC Manufacturer-1). Cabasso asserted that this was a “big problem” and “doesn’t get any worse,” because PRC Manufacturer-1 was “actually the Communist Chinese Government and ha[d] ‘significant’ cybersecurity issues aside from” compliance with U.S. laws specifying country-of-origin requirements for government purchases. Cabasso stated that PRC Manufacturer-1 “will acknowledge they manufacture no products outside of China,” and appended an article about the removal of cameras manufactured by PRC Manufacturer-1 from the U.S. Embassy in Afghanistan.

Notably, Aventura was importing security equipment from PRC Manufacturer-1 while Jack Cabasso was complaining to GSA about other contractors’ supposed dealings with the company. For example, bank records show that Aventura wired funds to PRC Manufacturer-1 in the PRC on or about October 31, 2016 and November 29, 2016. And, law enforcement records show that on or about December 13, 2016, Aventura imported from PRC Manufacturer-1 in PRC an approximately 1,800-pound shipment of goods manifested as “digital video.”

In November 2018, Jack Cabasso and Matulik communicated with a potential distributor in Qatar, who asked for assurance that Aventura’s cameras were American made. Cabasso responded: “I believe Ed confirmed that they are made in the Aventura factory here in New York and [anyone] may visit at any time.” Cabasso attached what purported to be a photograph of Aventura’s assembly line, depicting a row of seated individuals in blue lab coats and protective hairnets working at laboratory benches—a photograph that also appears on Aventura’s website. In reality, this photograph first appeared in a trade publication article recounting a reporter’s visit to PRC Manufacturer-1’s manufacturing facility in Hangzhou, PRC, and it depicts PRC Manufacturer-1’s assembly line, not Aventura’s.

The Scheme to Misrepresent Aventura as a Woman-Owned Small Business

Jack and Frances Cabasso, along with Lasker and Lazarus, falsely represented on numerous occasions that Frances Cabasso was the chief executive of Aventura. In fact, the true chief executive officer of Aventura was Jack Cabasso, and Frances Cabasso played a minimal role at the company. This misrepresentation gave Aventura access to government contracts that were set aside for women-owned small businesses, a category that is legally defined to include only those businesses owned by women, where management and daily operations are also controlled by one or more women.

*(*Continued On The Following Column)*

In order to win these set-asides, the defendants represented to the public that Frances Cabasso controlled Aventura. Aventura’s website and its GSA webpage identify Aventura as a woman-owned business, and the defendants repeatedly certified to the GSA and stated to government procurement officers that Aventura is a woman-owned business. For example, on or about January 13, 2014, a GSA employee emailed Frances Cabasso to “verify if Aventura Technologies, Inc. is a Woman-Owned business.” She replied: “Yes we are still a certified women-owned business.” Aventura has won numerous contracts from the federal government on the strength of its status as a woman-owned business.

As Jack Cabasso repeatedly admitted, he was the true chief executive officer of Aventura. In 2017, Jack Cabasso emailed an Air Force procurement officer, stating in part, “I am the Managing Director of Aventura Technologies and the senior most person within the organization.” Similarly, in a 2018 deposition, Cabasso said that his job responsibilities were to “oversee all operations of the company.” By contrast, Frances Cabasso has worked as a bookkeeper at an unrelated accounting firm since 2011 and is rarely present at Aventura’s offices. At times, emails sent to Frances Cabasso’s email address appear to have been auto-forwarded to Jack Cabasso who sometimes signed his responses in Frances’s name. The defendants joked about the fact that Frances Cabasso did not work at Aventura. For example, in an instant message exchange on December 5, 2016 between Jack Cabasso and Lazarus, both defendants discussed moving another employee into “Fran’s” office—the office of the purported owner of the company—putting the name “Fran’s” in quotation marks.

The Money Laundering Scheme

Jack and Frances Cabasso siphoned Aventura’s illegal profits out of the company through a network of shell companies and intermediaries. The funds were then directed to investments owned by the Cabassos or controlled for their benefit.

Between 2016 and 2018, Aventura transferred approximately \$2 million to an attorney escrow account belonging to a Long Island, New York-based law firm (Law Firm-1), some of which appears to have been intended to conceal the source of the funds. For example, on or about May 24, 2016, Aventura transferred \$450,000 to Law Firm-1. On the same day, Law Firm-1 paid a total of \$435,000 towards the purchase of a new home for a relative of Jack and Frances Cabasso.

Similarly, in early 2018, Aventura transferred \$675,000 to Law Firm-1. Those funds were loaned out to a separate company for use in purchasing a house. When that company repaid the loan to Law Firm-1, the proceeds, totaling approximately \$682,000, were transferred to Frances Cabasso.

*(*Continued On The Following Page)*

In addition to the transactions through Law Firm-1, Aventura has transferred at least \$2.75 million to shell companies owned by Frances Cabasso. Those funds were then transferred to a number of accounts, including Frances Cabasso's personal bank account and the business account of a lawyer retained by Jack Cabasso. Some of these funds were returned to Aventura's bank accounts, in transactions having no discernible economic purpose.

In addition to these and other transfers, Aventura has made approximately \$1 million in payments since 2013 related to the Cabassos' 70-foot luxury yacht, known as the Tranquilo, which is moored in the gated community where the Cabassos reside. Although Aventura is the purported owner of the Tranquilo, the yacht appears to have no connection with Aventura's corporate business, and its rental income flows to the Cabassos, not to Aventura.

The defendants are presumed innocent unless and until proven guilty. If convicted, the defendants each face up to 20 years' imprisonment on each charge in the complaint.

The government's case is being handled by the Office's National Security and Cybercrime Section. Assistant United States Attorneys Ian C. Richardson, Alexander Mindlin, Kayla Bensing and Claire Kedeshian are in charge of the prosecution.

The FBI has established an email hotline for potential victims. If you have information regarding Aventura's crimes or believe that you may be a victim, please send an email to NY-AventuraVictims@fbi.gov

The Defendants:

AVENTURA TECHNOLOGIES, INC.
Commack, New York

FRANCES CABASSO
Age: 59
Northport, New York

JACK CABASSO
Age: 61
Northport, New York

JONATHAN LASKER
Age: 34
Port Jefferson Station, New York

CHRISTINE LAVONNE LAZARUS
Age: 45
Shirley, New York

WAYNE MARINO
Age: 39
Rocky Point, New York

*(*Continued On The Following Column)*

EDUARD MATULIK
Age: 42
North Massapequa, New York

ALAN SCHWARTZ
Age: 70
Smithtown, New York

E.D.N.Y. Docket No. 19-MJ-1035

IoT Surveillance

The Internet of Things (IoT) is upon us. And if it lives up to its promise it'll bring a slew of whole new conveniences and innovations into our lives. For those invested in IoT, the goal is to someday reach a point at which one trillion sensors are distributed throughout the world.

But each of those sensors will be collecting some sort of data on us and without proper regulations those trillion sensors could become a trillion Big Brothers. A world in which you can track everything has some definite possibilities for the greater good, but it also easily crosses into Minority Report territory, in which the government can track your every move.

Think it won't happen? It's already happening. In China, where privacy laws are more lenient than in the US, facial recognition technology has already been implemented into many of the nation's security and traffic cameras. China has embraced facial recognition like none other. Chinese KFC restaurants can use facial recognition to predict customers' orders and China South Airlines has used facial recognition in place of boarding passes.

Just this past September Chinese authorities were able to arrest 25 wanted criminals, all of whom were spotted via facial recognition cameras at a beer festival.

It all sounds okay when its turned on the bad guys, but imagine if more countries follow China's lead without proper legislation and cyber security in place. Thanks to the IoT we might someday be longing for a time when our social media was the biggest worry about our privacy.

Iran spins more centrifuges on anniversary of 1979 US Embassy crisis

As reported in Military Times

TEHRAN, Iran — Iran on Monday broke further away from its collapsing 2015 nuclear deal with world powers by doubling the number of advanced centrifuges it operates, linking the decision to U.S. President Donald Trump's withdrawal from the agreement over a year ago.

The announcement — which also included Iran saying it now has a prototype centrifuge that works 50 times faster than those allowed under the deal — came as demonstrators across the country marked the 40th anniversary of the 1979 U.S. Embassy takeover that started a 444-day hostage crisis.

By starting up these advanced centrifuges, Iran further cut into the one year that experts estimate Tehran would need to have enough material for building a nuclear weapon — if it chose to pursue one. Iran long has insisted its program is for peaceful purposes, though Western fears about its work led to the 2015 agreement that saw Tehran limit its enrichment of uranium in exchange for the lifting of economic sanctions.

Tehran has gone from producing some 450 grams (1 pound) of low-enriched uranium a day to 5 kilograms (11 pounds), said Ali Akbar Salehi, the head of the Atomic Energy Organization of Iran. Iran now holds over 500 kilograms (1,102 pounds) of low-enriched uranium, Salehi said. The deal had limited Iran to 300 kilograms (661 pounds).

Visiting Iran's underground Natanz enrichment facility, Salehi dramatically pushed a button on a keyboard to start a chain of 30 IR-6 centrifuges as state television cameras filmed, increasing the number of working centrifuges to 60.

"With the grace of God, I start the gas injection," the U.S.-trained scientist said.

The deal once limited Iran to using only 5,060 first-generation IR-1 centrifuges to enrich uranium by rapidly spinning uranium hexafluoride gas. An IR-6 centrifuge can produce enriched uranium 10 times faster than an IR-1, Iranian officials say.

Salehi also announced that scientists were working on a prototype he called the IR-9, which worked 50-times faster than the IR-1.

As of now, Iran is enriching uranium up to 4.5 percent, in violation of the accord's limit of 3.67 percent. Enriched uranium at the 3.67 percent level is enough for peaceful pursuits but is far below weapons-grade levels of 90 percent. At the 4.5 percent level, it is enough to help power Iran's Bushehr reactor, the country's only nuclear power plant. Prior to the atomic deal, Iran only reached up to 20 percent.

Iranian President Hassan Rouhani will announce further steps away from the accord sometime soon, government spokesman Ali Rabiei separately said Monday, suggesting Salehi's comments could be followed by additional violations of the nuclear deal. An announcement had been expected this week.

Iran has threatened in the past to push enrichment back up to 20 percent. That would worry nuclear nonproliferation experts because 20 percent is a short technical step away from reaching weapons-grade levels of 90 percent. It also has said it could ban inspectors from the United Nations' nuclear watchdog, the International Atomic Energy Agency.

The Vienna-based IAEA declined to comment on Iran's announcement. The IAEA previously said Iran planned to build two cascades, one with 164 IR-2M centrifuges and another with 164 IR-5 centrifuges. A cascade is a group of centrifuges working together to more quickly enrich uranium.

Iran broke through its stockpile and enrichment limitations to try to pressure Europe to offer it a new deal, more than a year since Trump unilaterally withdrew America from the accord. But so far, European nations have been unable to offer Iran a way to help it sell its oil abroad as it faces strict U.S. sanctions.

Salehi again expressed Iran's ability to step back if a deal is made.

"If they return to their commitments, we also will go back to our commitments," he said.

U.N. Secretary-General Antonio Guterres called on the Iranians to implement the 2015 nuclear deal, a spokesman said.

"It was a very significant diplomatic achievement," U.N. deputy spokesman Farhan Haq said. "He regrets any steps away from that agreement by any of the parties."

Maja Kocijancic, a spokeswoman for the European Commission, urged Iran "to reverse such steps without delay and to refrain from any further measures that would undermine the nuclear deal."

*(*Continued On The Following Column)*

*(*Continued On The Following Page)*

The White House in a statement, noting the 40th anniversary of the hostage crisis, said the U.S. "will continue to impose crippling sanctions" until Iran changes its behavior. The U.S. also imposed new sanctions Monday on members of Supreme Leader Ayatollah Ali Khamenei's inner circle.

Meanwhile Monday, demonstrators gathered in front of the former U.S. Embassy in downtown Tehran to mark the takeover. The resulting hostage crisis saw Islamist students seize the post in response to U.S. President Jimmy Carter allowing Iran's autocratic leader, Shah Mohammad Reza Pahlavi, to receive medical care in the U.S. While some hostages found freedom amid the crisis, 52 Americans were held for 444 days until U.S. President Ronald Reagan's inauguration in Jan. 1981.

"Thanks to God, today the revolution's seedlings have evolved into a fruitful and huge tree that its shadow has covered the entire" Middle East, said Gen. Abdolrahim Mousavi, the commander of the Iranian army.

However, this year's commemoration of the embassy seizure comes as Iran's regional allies in Iraq and Lebanon face widespread protests. The Iranian Consulate in Karbala, Iraq, a holy city for Shiites, saw a mob attack it overnight. Violence there killed three people and wounded 19, Iraqi officials said.

Trump retweeted posts by Saudi-linked media showing the chaos outside the consulate. The violence comes after the hard-line Keyhan newspaper in Iran reiterated a call for demonstrators to seize U.S. and Saudi diplomatic posts in Iraq in response to the unrest.

The collapse of the nuclear deal coincided with a tense summer of mysterious attacks on oil tankers and Saudi oil facilities that the U.S. blamed on Iran. Tehran denied the allegation, though it did seize oil tankers and shoot down a U.S. military surveillance drone.

The U.S. has increased its military presence across the Mideast, including basing troops in Saudi Arabia for the first time since the aftermath of the Sept. 11, 2001, terror attacks. Both Saudi Arabia and the neighboring United Arab Emirates are believed to be talking to Tehran through back channels to ease tensions. Rouhani recently sent a letter to both Bahraini and Saudi leaders on regional peace and security, said Rabiei, the Iranian government spokesman.

Gambrell reported from Dubai, United Arab Emirates. Associated Press writers Deb Riechmann in Washington and Samuel Petrequin in Paris contributed to this report.

WHITE PHOSPHORUS MELTS CHILDREN'S FLESH BUT NO GOVERNMENT WANTS TO INVESTIGATE, THE US USES IT TOO (Excerpted from Newsweek)

BY TAREQ HADDAD ON 11/4/19 AT 7:17 AM EST

A Human Rights Watch (HRW) paper on the effects of the incendiary said: "Victims who survive their initial injuries may suffer from intense pain, severe infections, organ failure and lowered resistance to disease ... They may also suffer severe disfigurement and lifelong disability, psychological trauma, and an inability to reintegrate into society."

And yet, although the use of white phosphorus may be considered a war crime if used against civilians, typically it is not. This is because internationally accepted rules on warfare were drawn up by diplomatic representatives of militaries and, often as not, laws on the use of weapons have tended to prioritize military objectives

White phosphorus laws mean Turkey is not alone

The chemical's ability to burn at extreme heat also makes it extremely effective at both illuminating the battlefield (when used in flares) and in disseminating smoke to obscure the movement of ground forces (when used in smoke munitions.) Because of its usefulness for a variety of purposes other than anti-personnel weapons, the accepted rules of war have largely protected its use.

"Typically, white phosphorus is not classified as a chemical agent under the Chemical Weapons Convention (CWC)," Tollefsen explained to Newsweek.

"It's typically used in most conventional arms stores in militaries across the world and its usually used to provide a smoke screen, typically to extract or recover forces in the battlefield," he said. "And because white phosphorus generates so much heat when ignited, it can also be used to disturb the weapons of enemies who rely on infrared sights.

"It is also used in the targeting process so that you can illuminate the battlefield in day or night. In the daytime, you can see the smoke as a signaling device and in the night time, you can see areas more clearly because of the heat generated through to night vision goggles."

As a result, white phosphorus use typically falls into the remit of Protocol III of the Convention on Conventional Weapons (CCW), as opposed to the CWC. Protocol III narrowly prohibits targeting civilian populations with incendiary weapons specifically designed to cause burn injuries.

(*Continued On The Following Page)

It does not explicitly disallow devices like flares and smoke grenades that can cause the same injuries, but ostensibly unintentionally.

This is why more than ninety years on since the first Geneva Conventions were adopted, white phosphorus remains in surprisingly widespread use.

The U.S. has acknowledged using white phosphorus in Fallujah, Iraq, in 2004 and a 2010 study found that the effect on infant mortality, cancer and leukaemia was worse than those experienced by the survivors of the Hiroshima and Nagasaki atomic bombs.

Israel used white phosphorus-loaded munitions during its 2008-2009 Operation Cast Lead—burning and maiming numerous Palestinian civilians as they took shelter in schools, hospitals and community centers. HRW later concluded that the indiscriminate firing of the incendiary into densely packed civilian areas constituted war crimes, a conclusion that Israel—which argued it used the munitions only in order to create smoke screens—continues to reject.

Even in Syria, Turkey is far from the only state to have been blamed for indiscriminate white phosphorus use. Syrian and Russian government forces are also accused of using the substance on multiple occasions and the U.S. also used it on civilians in Raqqa, during the battle against Islamic State militants (ISIS), as recently as 2017.

The United Nations is refusing to investigate

Turkey has so far denied all allegations of using white phosphorus in its recent northern Syria offensive and has released several statements claiming that the attacks were staged by terrorists to discredit the "sensitivity and success" of the Turkish army.

None of the images of the Ras al-Ayn attack published by Newsweek or the The Times of London have been specifically contested, but Turkish President Recep Tayyip Erdogan broadly asserted that reports of white phosphorus use are "false news." The same talking points were repeated by several of his ministers in government-aligned newspapers and on cable news. Many pro-nationalist Twitter accounts also deny the allegations when pictures of alleged evidence are posted online, claiming that Turkey has no access to chemical weapons. The White House, the Department of Defense, Britain and France's foreign ministries and European Union officials did not respond to Newsweek requests for comment.

The U.N.-backed Organization for the Prohibition of Chemical Weapons (OPCW) previously confirmed it was aware of the allegations against Turkey and said it was "collecting information with regard to possible use of chemical weapons."

*(*Continued On The Following Column)*

However, a spokesperson since told Newsweek it was not investigating, but merely "monitoring the situation." And The Times of London reported on Sunday that investigators from the OPCW are not only not investigating, but are also refusing to take skin samples taken from civilian casualties suspected of being burned by white phosphorus, arguing the cases fall beyond their remit.

It means that the tissue samples taken by Kurdish medical teams and transferred to Ibril in northern Iraq for analysis will be left to denigrate in refrigerators.

"Nobody wants this to be investigated"

Specialists at the OPCW told the London newspaper, on condition of anonymity, that they were approached by a number of embassies from NATO countries to not get involved.

"Nobody wants this to be investigated because of the answers that might come out," Bretton-Gordon told Newsweek. After 23 years in the British Army's chemical warfare division, he has spent the last eight years working with groups such as the OPCW, the ICRC and HRW, among others in Syria, helping medics treat victims of chemical weapons attacks. He has also helped these agencies develop new mechanisms for collecting evidence.

"I think one of the things people are worried about is that Turkey is responsible for this and Turkey is a NATO ally," he said.

Meanwhile, The Times revealed that U.K. ministers approved upwards of 70 export licences for weapons containing the incendiary phosphorus in the last twenty years.

The U.S. State Department has approved \$373.2m of arms sales to Turkey in 2019 alone and after the Ras al-Ayn attack, a number of senators—both Democratic and Republican—have written to Secretary of State Mike Pompeo to share their concerns.

The letter, seen by Foreign Policy, said: "The volume and nature of direct commercial sales to Turkey raise significant concerns that U.S.-origin defense articles may be in use in the Turkish offensive in northern Syria, potentially in connection with the use of chemical weapons and in violation of the applicable end-use agreements and U.S. and international law."

It was signed by Sens. Chris Van Hollen (D-MD), Patrick Leahy (D-VT), and Richard Blumenthal (D-CT) and Marsha Blackburn (R-TN).

*(*Continued On The Following Page)*

Despite the efforts of senators for further scrutiny, in cases like these, the OPCW can fall back on Protocol III. When asked by Newsweek why it was not investigating the attacks, a spokesperson for the OPCW simply reiterated an explanation of the protocol.

Because of continuing alleged attacks like these that go unpunished, organizations like HRW have tried to beef up Protocol III in the last several years; arguing it is inadequate for the purposes of defending civilians from the use of white phosphorus. The protocol—which focuses on incendiary weapons in general—states that weapons "primarily designed to set fire to objects or to cause burn injury to persons through the action of flame, heat, or combination thereof," are banned against civilian populations. However, because many white phosphorus munitions, and indeed the substance itself, are not "primarily designed" for incendiary purposes, the regulation typically allows its use to slide.

"Regulating a weapon under Protocol III depends on how the developer, manufacturer, and/or user describe its purpose," a recent HRW report, *From Condemnation To Concrete Action*, said.

"Under this definition, the nature or magnitude of impact is not taken into account, as long as the incendiary weapon is found to have a primary purpose that is beyond the scope of the protocol.

"This 'primarily designed' language allows certain munitions that produce incendiary effects, such as white phosphorus, to escape regulation.

"The protocol could be read to allow states to use white phosphorus munitions despite their cruel effects," it added

The paper calls for a more comprehensive definition of incendiary weapons to be taken up; one that focuses more on the destruction to civilians caused, regardless of the purpose for which weapons are primarily designed.

HRW presented these conclusions, among others, to a meeting of the contracting parties to the CCW at the United Nations in Geneva, Switzerland, in 2018, but only a handful of countries attended the relevant panel discussion on Protocol III. Those included Australia, Austria, Chile, Croatia, Mexico, New Zealand, the Russian Federation and Switzerland, in addition to representatives from ICRC. Major players like the U.S., U.K., France, Germany and Israel declined to weigh in. As such, the HRW initiative is yet to receive the backing needed to proceed. Bretton-Gordon told Newsweek that the world's most powerful countries need to start speaking out so that these types of attacks stop happening.

"Some of the things I've seen have been indescribable and you just think, crikey, when are we as a government and people going to do something about this?"

Sen. Cruz Calls on USTR to Eliminate Inclusion of Special Protections for Big Tech in U.S. Trade Deals

Dear Ambassador Lighthizer:

I appreciate the progress President Trump has made in ensuring our trade deals benefit American workers, ranchers, and farmers, and further strengthen our economy. American trade deals should reflect settled American law, values, and customs. They should not contain provisions that are the subject of ongoing debate. That is why I ask that you remove Article 19.17—an Article that mirrors Section 230 of the Communications Decency Act—from the United States-Mexico-Canada Agreement (USMCA). I also ask that you remove similar language: Article 18, Section 2 and 3 in the U.S.-Japan Trade Agreement, and refrain from including such language in future trade agreements. With members of both the Senate and House of Representatives seriously considering whether to amend or eliminate Section 230's grant of immunity because big tech is not living up to its end of the legislative bargain, I believe that enshrining it in our trade agreements would be a mistake.

Section 230 of the Communications Decency Act provides technology companies with immunity enjoyed by no other industry: a near-blanket legal immunity for the third-party content that they host on their platforms. Congress granted this immunity when the internet was still young and as part of a bargain to aid the developing industry. In exchange for this immunity, however, Congress expected that tech companies would carry others' speech without favor to any specific viewpoint, and would keep defamatory and other unlawful speech off their platforms.

That bargain no longer seems to hold. Big tech companies have become some of the most powerful censors the world has ever seen. They routinely censor lawful-overwhelmingly conservative-speech with which they disagree. From Twitter locking the account of Senate Majority Leader Mitch McConnell's campaign to YouTube demonetizing a conservative comedian's account following pressure from the left, the examples of censorship are as disturbing as they are numerous.

That is why elected officials are increasingly advocating for Section 230's revision or repeal. I have repeatedly explained that the American people should not have to subsidize the biggest companies on earth to operate platforms that exclude the views of their fellow citizens. Senator Hawley has similarly pushed for changes to this law.

*(*Continued On The Following Page)*

Even Speaker Pelosi has said that Section 230 is "a gift to [big tech companies] and I don't think that they are treating it with the respect that they should, and so I think that that could be a question mark and in jeopardy. . . . I do think that for the privilege of 230, there has to be a bigger sense of responsibility on it. And it is not out of the question that that could be removed."

Given this growing willingness to hold big tech companies to the same standards as other content publishers, it is inappropriate to commit the United States in the USMCA, the U.S.-Japan Trade Agreement, or any other trade agreement, to continuing to provide special protections to big tech. Yet that is exactly what the inclusion of language mirroring Section 230 does. It commits the United States to staying the course with a policy that is not working for the American people. Indeed, if this language remains in these trade agreements, elected officials will face a terrible dilemma: either abandon efforts to hold big tech companies accountable, or revise Section 230 and put the United States in breach.

There is a better way. I request that you remove Article 19.17 from the USMCA, remove Article 18, Section 2 and 3 in the U.S.-Japan Trade Agreement, and refrain from including similar language in future trade agreements.

U.S. Navy Officer, His Wife, and Two Chinese Nationals Charged with Conspiring to Smuggle Military Style Inflatable Boats and Evinrude Military Outboard Motors to China

Department of Justice
Office of Public Affairs
FOR IMMEDIATE RELEASE
Friday, November 1, 2019

Assistant Attorney General John C. Demers and U.S. Attorney Maria Chapa Lopez for the Middle District of Florida announces the return of an indictment today of four individuals, including two Chinese nationals, an active-duty United States Navy officer, and his wife, on charges relating to a conspiracy to unlawfully smuggle military-style inflatable boats, with Evinrude MFE military outboard motors, to the People's Republic of China. The Navy officer and two other defendants have also been charged with conspiring to violate firearms law, and the Navy officer has been charged with an additional firearms-related offense and with making false official statements.

*(*Continued On The Following Column)*

The four defendants charged in the indictment are:

Fan Yang, 34, a naturalized citizen of the United States and Lieutenant in the United States Navy residing in Jacksonville, Florida; Yang Yang, 33, wife of Fan Yang, and a naturalized citizen of the United States residing in Jacksonville, Florida; Ge Songtao, 49, a citizen and resident of the People's Republic of China; and Zheng Yan, 27, a citizen and resident of the People's Republic of China.

The defendants were arrested on Oct. 17, 2019, and are currently detained.

All four defendants have been charged with conspiring to submit false export information and to fraudulently attempt to export articles from the United States. Additionally, Yang Yang, Ge Songtao, and Zheng Yan have been charged with causing the submission of false and misleading information into the U.S. Automated Export System, and fraudulently attempting to export seven vessels and eight engines. If convicted for conspiracy or for the submission of false export information, the charged defendants each face a maximum penalty of five years in federal prison. If convicted on the attempted-smuggling charge, the defendants each face a maximum sentence of 10 years in federal prison.

Fan Yang, Yang Yang, and Ge Songtao are charged with other offenses as well. All three have been charged with conspiring to violate laws prohibiting an alien admitted under a nonimmigrant visa from possessing a firearm and prohibiting the transfer of a firearm to a nonresident. Fan Yang has also been charged with making a false statement to a firearms dealer, which carries a maximum penalty of 10 years' imprisonment, and with making false official statements in his application for a security clearance, which carries a maximum penalty of five years' imprisonment.

An indictment is merely a formal charge that a defendant has committed one or more violations of federal criminal law, and every defendant is presumed innocent unless, and until, proven guilty.

This case was investigated by the FBI, the U.S. Naval Criminal Investigative Service, the U.S. Department of Commerce, Bureau of Industry and Security; and the U.S. Bureau of Alcohol, Tobacco, Firearms and Explosives. It will be prosecuted by Assistant United States Attorney Michael Coolican and Heather Schmidt, Senior Trial Attorney, Counterintelligence and Export Section, U.S. Department of Justice.

Two Men Accused of Being Illegal Iranian Agents and Surveilling Americans Plead Guilty

Julia Arciga: Reporter
Published 11.05.19 9:43PM ET

Two men have pleaded guilty to acting as illegal agents for the government of Iran after they were accused of surveilling Jewish centers in Chicago and U.S.-based members of an Iranian exile group, The Washington Post reports. Majid Ghorbani, a 60-year-old U.S. permanent resident residing in California, pleaded guilty Monday to one count of violating U.S. sanctions. Ahmadreza Mohammadi-Doostdar, a 39-year-old dual citizen reportedly nicknamed “Chubby,” pleaded guilty to one count of conspiracy and one count of acting as an undeclared agent of the Iranian government last month. Both men reportedly pleaded guilty in exchange for reduced charges, and are slated to be sentenced in December and January.

According to the Los Angeles Times, the two men allegedly took pictures of Chicago Jewish centers and collected information on Americans involved in Mujahideen-e Khalq, an Iranian exile group that seeks regime change in the country. Both Ghorbani and Doostdar are accused of assembling “target packages” that would “enable an intelligence or military unit to find, fix, track and neutralize a threat,” according to court documents.

China Deal or No Deal China Says Tariffs Will Go, But U.S. Doubts Remain

By Josh Zumbrun and William Mauldin in Washington and Chao Deng in Beijing
Updated Nov. 7, 2019 10:53 pm ET
WASHINGTON—Beijing’s announcement Thursday that the U.S. and China have mutually agreed to roll back tariffs as part of a “phase one” trade accord lifted financial markets, but questions remained over how much ground—if any—the Trump administration had agreed to give.

Optimism that the trade war was finally nearing an end was raised by comments from a Chinese Commerce Ministry spokesman in Beijing on Thursday.

“If the phase-one deal is signed, China and the U.S. should remove the same proportion of tariffs simultaneously based on the content of the deal,” Chinese Commerce Ministry spokesman Gao Feng said at a regular press briefing.

*(*Continued On The Following Column)*

“This is what [the two sides] agreed on following careful and constructive negotiations over the past two weeks,” he said.

But there were conflicting reports from within the Trump administration as to whether there was a firm commitment to reduce tariffs.

One U.S. official concurred that the two sides plan to roll back tariffs as part of an initial trade pact—which would indicate that reports this week that such a rollback was under consideration had progressed.

Others disputed that a formal rollback plan had been agreed on.

“There is no agreement at this time to remove any of the existing tariffs as a condition of the phase one deal,” said President Trump’s senior trade adviser, Peter Navarro in an interview on Fox Business Network. “The only person who can make that decision is President Donald J. Trump, and it’s as simple as that,” he said.

The Dow Jones Industrial Average rose 0.7%, to 27674.80, on Thursday, while the S&P 500 advanced 0.3%, to 3085.18.

Michael Pillsbury, a Hudson Institute expert who advises the Trump administration, said he believed the statement from China’s Commerce Ministry “may represent wishful thinking on the Chinese side more than a specific agreement.”

Former White House chief strategist Steve Bannon said China has mounted a “sophisticated influence operation” to make tariff rollbacks part of any deal.

Still, there is growing pressure on the Trump administration to reach a concession with China as President Trump faces possible impeachment by the House and a 2020 re-election campaign.

There are also signs that the tariffs—paid by U.S. businesses and ultimately passed on to consumers—are becoming a drag on U.S. economic growth.

U.S. importers paid a record \$7 billion in duties in September, the last figures available. Economic growth slowed below 2% in the third quarter after rising almost 3% for most of 2017 and 2018.

Though the unemployment rate has remained low, job growth has stalled in the manufacturing sector this year.

Myron Brilliant, executive vice president and head of international affairs at the U.S. Chamber of Commerce, welcomed reports that tariffs would be phased out.

*(*Continued On The Following Page)*

“We’re giving up tariffs that hurt our economy, that hurt manufacturers and farmers and consumers and retailers,” Mr. Brilliant said. “In return we’re asking China to make concrete commitments in specific areas—ag purchases, financial services, financial markets—as well as making additional concessions in other areas.”

The U.S. has hit about \$360 billion of Chinese imports with tariffs, in four tranches, and it was unclear Thursday as to how many of these tariffs could be affected or under what timeline. There were also no details as to whether the U.S. would reduce the tariff rate, or remove tariffs entirely.

Mr. Brilliant said one option would be to unwind the 15% tariffs imposed Sept. 1 on about \$111 billion in goods and agree to refrain from moving forward with a tariff increase planned for Dec. 15 that would hit major categories of Chinese consumer goods and electronics.

The removal of tariffs has been a recurring sticking point in the negotiations. Beijing has pressed the U.S. to end all the tariffs, describing that as one of its bottom lines when talks fell apart earlier this year. Washington has discussed removing tariffs as part of a compliance mechanism, under which tariffs would come off gradually if China fulfills its commitments under a trade deal.

It was unclear whether what the Chinese officials described could be considered that compliance mechanism.

Chinese officials have typically declined to characterize the amount of progress in the trade talks, but the officials on Thursday depicted the phasing out of tariffs as a hard-won result. Their statements could be a sign of China’s confidence that it has leverage in closing out the first phase of their deal.

“The Chinese have decided that Trump needs this more than they do, and they’re trying to do what they always do, which is pushing their advantages,” said William Reinsch, a senior adviser at the Center for Strategic & International Studies in Washington. “They’ve been more aggressive on pushing [for removal of] the tariffs than before, and they’ve pushed pretty hard on that.”

As Mr. Trump has expanded and increased tariffs, China has retaliated to each move with tariffs of its own. Last month, he agreed to cancel plans to boost tariffs on some goods—but the U.S. has yet to lower any tariffs already in place.

A phase-one deal is widely expected to deter Mr. Trump from imposing new tariffs on Dec. 15 as planned.

*(*Continued On The Following Column)*

The top U.S. negotiator, Trade Representative Robert Lighthizer, has pushed Beijing to let the U.S. establish enforcement offices as part of a deal. When the U.S. said in October that the two countries would try to resolve the trade dispute in stages, Mr. Lighthizer said the sides agreed to have a “workable dispute-settlement mechanism.”

The Chinese Commerce Ministry’s Mr. Gao reiterated China’s longtime stance that the U.S. is the instigator of the dispute and should take responsibility for de-escalating tensions. “The trade war started with increasing tariffs and should end in removing all tariffs,” he said.

Nick Marro, a trade analyst at the Economist Intelligence Unit, said Mr. Gao’s statement may reflect growing confidence by China that Mr. Trump is eager for a deal. “China may pick up on this and start playing hardball because they know that—at least politically—they have the upper hand,” he said.

In Beijing, people following the talks say it makes sense for Chinese negotiators not to give in to U.S. demands, including that China buy about \$50 billion of American farm goods within two years.

“Does China even have this big of a demand?” said Shi Yinhong, international studies professor at Renmin University and an adviser to the State Council, China’s cabinet.

Mr. Shi also expressed skepticism whether negotiators had completed terms for a phase-one deal: U.S. deliberations on rolling back existing tariffs, for example, are probably an effort to extract additional concessions from Beijing, he said.

At a conference in Beijing last weekend, several Chinese speakers, including former government officials, said they expect disputes of different types between the U.S. and China to stretch on for decades, whatever the prospects for a near-term agreement.

“The frictions are not just about trade,” said Liu Shijin, deputy director of economic affairs at China’s legislative body. “A lot of areas [for disagreement] haven’t even started yet.”

—Grace Zhu in Beijing and Alex Leary in Washington contributed to this article.

China wins WTO case to sanction US\$3.6 billion in US products following anti-dumping dispute

The decision marks the first time the WTO has authorised China to impose tariffs in a trade dispute.

GENEVA, SWITZERLAND: A World Trade Organization arbitrator on Friday authorised China to slap tariffs on US imports worth up to \$3.58 billion annually in a years-long dispute over US anti-dumping practices, a trade official said. China had asked the WTO for permission to hit the US with more than \$7 billion in tariffs in the case.

But the WTO ruling said it had determined that the illegal US anti-dumping practices had caused "nullification or impairment of benefits accruing to China" to the tune of \$3,579.128 million, and that Beijing could impose tariffs on goods not exceeding that amount per year.

The decision marks the first time the WTO has authorised China to impose tariffs in a trade dispute.

Beijing still needs to formally request the right to impose that or a lesser sum in tariffs, but it would take opposition from every WTO member to block such a request.

China initially filed its case against the United States back in December 2013, taking issue with the way Washington assesses whether exports have been "dumped" at unfairly low prices onto the US market.

The use of anti-dumping duties are permitted under international trade rules as long as they adhere to strict conditions, and disputes over their use are often brought before the WTO's Dispute Settlement Body.

Web Notice: The Directorate of Defense Trade Controls (DDTC) is currently in the process of modernizing its IT systems. During this time period, we anticipate there may be delays in response times and time to resolve IT related incidents and requests. We apologize for any inconvenience, and appreciate your patience while we work to improve DDTC services. If you need assistance, please contact the DDTC Service Desk at (202) 663-2838, or email at DtradeHelpDesk@state.gov (06.28.16)

"The harder you work for something, the greater you'll feel when you achieve it."

Bolivia Senator Declares Herself President After Evo Morales Was Ousted

Jamie Ross

Reporter

Updated 11.13.19 6:39AM ET /

Published 11.13.19 5:59AM ET

A leading Bolivian lawmaker has stepped forward to claim the presidency after ousted President Evo Morales was forced to resign and then fled to Mexico. "I assume the presidency immediately and will do everything necessary to pacify the country," Sen. Jeanine Añez Chavez told fellow lawmakers Tuesday. Bolivia's highest constitutional court backed her assumption of power on the basis that she's the highest-ranking politician in the line of succession. Morales, Bolivia's first indigenous president, resigned Sunday after the country's army chief urged him to go. Morales denounced Añez's move as illegitimate, saying she had acted "without legislative quorum, surrounded by a group of accomplices, and supported by the armed forces and the police, which repress the people." He urged his remaining supporters in the legislature to battle on, and congratulated his allies for refusing to show up at the session at which his resignation would have been formally accepted, and Añez was recognized as the country's interim leader.

NOTE: In accordance with Title 17 U.S.C. Section 107, this material is distributed without profit or payment for non-profit news reporting and educational purposes only.

Reproduction for private use or gain is subject to original copyright restrictions.