



EIB World Trade Headlines

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30
YEARS

COMMERCE IDENTIFIES EMERGING TECHNOLOGY, EXPANDS CONTROLS ON EXPORTS OF SOFTWARE CAPABLE OF CONTRIBUTING TO BIOLOGICAL WEAPONS PROLIFERATION

WASHINGTON – The Commerce Department’s Bureau of Industry and Security (BIS) has released a final rule to implement a multilateral agreement to control certain biotechnology software that could be misused for biological weapons purposes. This rule is part of the Department’s continuing work on adding emerging technologies to the Commerce Control List (CCL), pursuant to Section 1758 of the Export Control Reform Act of 2018 (ECRA). Before today, BIS issued four rules implementing controls on 37 technologies since 2018, all but one of which were implemented through the multilateral regime process.

This final rule amends the Export Administration Regulations (EAR) to implement the decision finalized by the multilateral Australia Group (AG) on August 6, 2021. This decision added controls on nucleic acid assembler and synthesizer software that is capable of designing and building functional genetic elements from digital sequence data. While this software has substantial beneficial civilian applications, it can be misused for biological weapons purposes.

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Prior to this AG decision, BIS, consistent with the interagency process described in ECRA, identified this software as a technology to be evaluated as an emerging technology. Adding this software to the Commerce Control List ensures the proper level of control to protect against its misuse, while the multilateral control provides a level playing field for US companies. In implementing this control, the Commerce Department continues to identify and implement appropriate controls on emerging technologies that are essential to the national security of the United States. By strengthening export controls on a software that could be exploited for biological weapons proliferation, this rule represents another step forward in preventing the misuse of this emerging technology by foreign adversaries and strengthening export control regimes in coordination with allies and partners.

For more information, visit www.bis.doc.gov.

Owner of Russian energy company sentenced to federal prison in scheme to evade U.S. national security trade sanctions

SAVANNAH, GA: The owner of a Russian energy company has been sentenced to federal prison for his role in a scheme to evade United States national security laws.

Oleg Vladislavovich Nikitin, 54, of St. Petersburg, Russia, was sentenced to 28 months in prison after pleading guilty to Conspiracy to Violate the International Emergency Economic Powers Act, the Export Control Reform Act and the Export Administration Regulations, said David H. Estes, Acting U.S. Attorney for the Southern District of Georgia. U.S. District Court Judge R. Stan Baker also ordered Nikitin, general director of KS Engineering (KSE), a St. Petersburg-based energy company, to pay a fine of \$5,000, and to be subject to deportation upon completion of his prison term. Judge Baker also ordered KSE and an Italian company, GVA International Oil and Gas Services (GVA), to serve five years' probation.

"The United States sent a clear message that it will enforce its sanctions against any nation state that acts against U.S. national security interests," said Acting U.S. Attorney David Estes. "Our law enforcement partners performed outstanding work in preventing these conspirators from circumventing those sanctions." As described in court documents and testimony in United States v. World Mining and Oil Supply et. al., the conspiracy began in 2016 when an unnamed, Russian government-controlled business accepted a proposal submitted by Nikitin, in which KSE would provide a power turbine from a U.S.-based manufacturer for use on a Russian arctic deepwater drilling platform for approximately \$17.3 million.

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As part of the Russian Industry Sector Sanctions, such use was expressly prohibited by the U.S. Department of Commerce unless a license was first obtained. In pleading guilty to the conspiracy charge in March 2021, Nikitin admitted that he was involved in a conspiracy with Gabrielle Villone and Villone's company GVA to obtain the turbine on behalf of KSE. Villone and GVA then employed the services of Dali Bagrou and his Dacula, Ga.-based company, World Mining and Oil Supply (WMO), to procure the turbine from a U.S.-based manufacturer and to have the turbine shipped overseas. The parties conspired to conceal the true end user of the turbine from both the U.S. manufacturer and the U.S. government by submitting false documentation that stated the turbine would be used by a U.S. company in and around Atlanta. Nikitin, Villone, and Bagrou all were arrested in Savannah, Ga., in 2019 while attempting to complete the illegal transaction. Villone currently is serving a 28-month prison sentence after pleading guilty to the same charge, and Bagrou awaits sentencing after pleading guilty in March.

"Oleg Nikitin knowingly attempted to illegally procure U.S. origin industrial equipment on behalf of the Russian government in violation of Russia Sectoral Sanctions," said Ariel Joshua Leinwand, Special Agent in Charge of the Bureau of Industry and Security's (BIS) Office of Export Enforcement, Miami Field Office, which oversees BIS investigations in the Southeast. "This sentence holds Nikitin accountable for his illicit efforts and is a deterrent to those who would violate U.S. exports laws and act contrary to the national security and foreign policy interests of the United States."

"This defendant was part of a bold scheme to avert United States sanctions in order to put our goods in the hands of actors who are a direct threat to our national security," said Chris Hacker, Special Agent in Charge of FBI Atlanta. "These sanctions are in place to protect our technology from being used against us. The FBI and our federal partners make it a top priority to stop anyone from bypassing them, and punishing anyone who tries to do so."

"The illegal export of technology from the United States poses a significant national security threat to our citizens and warfighters," said Cynthia A. Bruce, Special Agent in Charge, Department of Defense Office of Inspector General, Defense Criminal Investigative Service (DCIS) Southeast Field Office. "This sentencing is the result of the tireless efforts of DCIS and our partner agencies in combating the circumvention of trade restrictions by prohibited nations."

The Department of Commerce, Bureau of Industry and Security, Office of Export Enforcement, as well as the Defense Criminal Investigative Service and the Federal Bureau of Investigation are investigating the case with assistance from U.S. Customs and Border Protection and the Georgia Department of Natural Resources. Assistant U.S. Attorneys Jennifer G. Solari and Steven H. Lee are prosecuting the case, with assistance from Assistant U.S. Attorney Xavier A. Cunningham, Section Chief of the Asset Recovery Unit.

"U.S. Consulate Hong Kong Presents: Regtech and Fintech Opportunities in Hong Kong" Webinar

Event: Regtech and Fintech Opportunities in Hong Kong Webinar

Date: Thursday, October 7, 2021

Time: 9:30 a.m. - 10:30 a.m. ET

Cost: There is no cost to view this webinar.

- Join this webinar virtually.
- Participation is via your computer.
- Please go to www.state.gov/directline.
- This webinar will conclude with a question and answer session.
- [Flyer](#)
Contact: Paul.Frost@trade.gov for more information.

Huawei CFO flying back to China after deal with US prosecutors

Meng Wanzhou reportedly boarded an unscheduled Air China 777 flight that departed Vancouver International Airport on Friday afternoon.

Huawei Chief Financial Officer Meng Wanzhou has reached an agreement with US prosecutors to end the bank fraud case against her, officials said. The move allows her to leave Canada, relieving a point of tension between China and the United States. A person familiar with the matter told the Reuters news agency that Meng was flying back to China on Friday night.

China frees two jailed Canadians after more than 1,000 days as Huawei CFO is allowed to return to China

Prime Minister Justin Trudeau of Canada confirmed the release of Michael Kovrig and Michael Spavor. Their detention was widely seen as retaliation for the arrest of Meng Wanzhou, who returned to China on Friday after cutting a deal with U.S. prosecutors.

Manufacturing Webinar Series Starts Next Week - Free Registration!

Get insights from exporting and manufacturing experts during a new webinar series to celebrate Manufacturing Month (October). It starts September 30th and continues every Thursday at 2pm EDT in October.

- **SEP 30 - Manufacturing Day Celebration** - manufacturers share how they effectively tapped Federal Government export assistance to achieve global market success.
- **OCT 7 - Early-stage Manufacturers** - hear about federal resources available to support the idea phase, commercialization, and global growth journey of early-stage manufacturers.
- **OCT 14 - Financing/Credit Insurance** - learn about finance challenges and solutions for manufacturers.
- **OCT 21 - Supply Chain** - find out how your company can improve operations, reduce costs, and mitigate risk through effective supply chain management.
- **OCT 28 - Celebrando el Mes de la Manufactura** - presented in Spanish, Hispanic-owned manufacturers share their export success stories. You'll also get an overview of Federal export promotion resources.

Register Now for individual sessions or the entire series.

CT-based Sikorsky Aircraft's new CH- 53K helicopters 'might as well be a space ship'

The new Sikorsky CH-53K looks similar to its predecessors that have been in service with the U.S. Marine Corps since the Vietnam War-era. But the similarities are only skin deep, according to Lt. General Mark Wise.

The CH-53K is the successor to the CH-53E Super Stallion, which first flew in 1974. But the advance of technology means that it is essentially a brand new aircraft, Wise said. Wise was among a group of elected officials and Sikorsky management that introduced the new helicopter at an official event Friday. Company President Paul Lemmo agreed that the new K-series, nicknamed the King Stallion, represented a huge advance in aviation technology.

The King Stallion is expected to fill the heavy-lift and cargo-carrying role for the Marines for the next 30 years.

<https://www.ctpost.com/news/article/CT-based-Sikorsky-Aircraft-s-new-CH-53K-16485860.php>

Publication of Updated Ransomware Advisory; Cyber-related Designation

09/21/2021

Body

The U.S. Department of the Treasury's Office of Foreign Assets Control (OFAC) has issued an updated advisory to highlight the sanctions risks associated with ransomware payments in connection with malicious cyber-enabled activities and the proactive steps companies can take to mitigate such risks, including actions that OFAC would consider to be "mitigating factors" in any related enforcement action.

In addition, the following entity has been added to OFAC's list of Specially Designated Nationals:

SPECIALLY DESIGNATED NATIONALS LIST UPDATE

The following entity has been added to OFAC's SDN List:

SUEX OTC, S.R.O. (a.k.a. "SUCCESSFUL EXCHANGE"), Presnenskaya Embankment, 12, Federation East Tower, Floor 31, Suite Q, Moscow 123317, Russia; Skorepka 1058/8 Stare Mesto, Prague 110 00, Czech Republic (Latin: Skořepka 1058/8 Staré Město, Praha 110 00, Czech Republic); Website suex.io;

Digital Currency Address - XBT
12HQDsicffSBaYdJ6BhnE22sfjTESmmzKx; alt.

Digital Currency Address - XBT
1L4ncif9hh9TnUveqWq77HfWWt6CJWtrnb; alt.

Digital Currency Address - XBT
13mnk8SvDGqsQTHbiGiHBXqtaQCUKfcsnP; alt.

Digital Currency Address - XBT
1Edu8XZCWNoDBNZgnQkCCivDyr9GEo4x6; alt.

Digital Currency Address - XBT
1ECeZBxCVJ8Wm2J5N3Cyc6rge2gnvD3W5K; alt.

Digital Currency Address - XBT
1J9oGoAiHeRfeMZeUnJ9W7RpV55CdKtgYE; alt.

Digital Currency Address - XBT
1295rkVyNfFpqZpXvKGhDqwhP1jZcNNDMV; alt.

Digital Currency Address - XBT
1LiNmTUPSJEd92ZgVjJAV3RT9BzUjvUCkx; alt.

Digital Currency Address - XBT
1LrxsRd7zNuxPJcl5rttnoeJFy1y4AffYY; alt.

Digital Currency Address - XBT
1KUUIJPKyDhamZXgpsyXqNGc3x1QPXtdhgZ; alt.

Digital Currency Address - XBT
1CF46Rfbp97absrs7zb7dFfZS6qBXUm9EP; alt.

Digital Currency Address - XBT
1Df883c96LVauVsx9FEgnsourD8DELwCUQ; alt.

Digital Currency Address - XBT
bc1qdt3gml5z5n50y5hm04u2yjdphfkm0fl2zdj68; alt.

Digital Currency Address - XBT
1B64QRxfaa35MVkf7sDjuGUYAP5izQt7Qj;

Digital Currency Address -
ETH0x2f389ce8bd8ff92de3402ffce4691d17fc4f6535; alt.

Digital Currency Address - ETH
0x19aa5fe80d33a56d56c78e82ea5e50e5d80b4dff; alt.

Digital Currency Address - ETH
0xe7aa314c77f4233c18c6cc84384a9247c0cf367b; alt.

Digital Currency Address - ETH
0x308ed4b7b49797e1a98d3818bff6fe5385410370;
Organization Established Date 25 Sep 2018;

Digital Currency Address - USDT
0x2f389ce8bd8ff92de3402ffce4691d17fc4f6535; alt.

Digital Currency Address - USDT
0x19aa5fe80d33a56d56c78e82ea5e50e5d80b4dff; alt.

Digital Currency Address - USDT
1KUUIJPKyDhamZXgpsyXqNGc3x1QPXtdhgZ; alt.

Digital Currency Address - USDT
1CF46Rfbp97absrs7zb7dFfZS6qBXUm9EP; alt.

Digital Currency Address - USDT
1LrxsRd7zNuxPJcl5rttnoeJFy1y4AffYY; alt.

Digital Currency Address - USDT
1Df883c96LVauVsx9FEgnsourD8DELwCUQ; alt.

Digital Currency Address - USDT
16iWn2J1McqjToYLHsSsAyS6En3QA8YQ91H; Company Number
07486049 (Czech Republic); Legal Entity Number
5299007NTWCC3U23WM81 (Czech Republic) [CYBER2].

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America created the semiconductor industry.

20 years ago, we produced nearly 40% of all chips.

Today, we account for only 12% of global production and we produce 0% of the most advanced chips.

This presents both an economic and national security problem.

But we have an opportunity to lead again – if we act now.

And we continue to advocate on the Hill for a robust supply chain resiliency office that resides within the Department of Commerce and address all manufacturing sectors – so we can get ahead of future economic disruptions.

Most critically, I'm pressing Congress to fund the CHIPS Act, which would invest \$52 billion in domestic semiconductor production.

These are critical investments that the President has proposed to strengthen our manufacturing economy and protect Americans from similar supply chain disruptions in the future.

Forecasts indicate that if we strengthen American supply chains and manufacturing, we'll boost GDP by up to \$460 billion dollars and add 1.5 million jobs.

But as we create more jobs, we must ensure that Americans have the skills they need to get those jobs.

Which is why our second area of focus is America's workforce.

We must prepare our workers to meet the demands of our modern, tech-driven economy.

The U.S. has under-invested in our workers for decades.

We spend a fraction of what other advanced economies do on workforce programs.

As Governor of Rhode Island, I worked directly with companies and shifted the paradigm from "train and pray" to "train and hire," resulting in the state's lowest unemployment rate in a generation.

With the right investments, as part of the Build Back Better Act, we can scale that success across the nation.

Previously, the Commerce, Labor and Education Departments have worked in silos.

But we're changing that model by creating a new partnership to design training programs that benefit employers and workers.

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And for the first time in Department of Commerce history, we launched our own grant program that invests in industry-led workforce training and registered apprenticeships – focusing on women, people of color, and underserved communities.

But to create pathways to real job opportunities for all Americans – we also need your leadership.

Changing traditional hiring norms requires your leadership within your businesses.

It's not enough for business to be at the table – we need you at the center of the table, helping us design effective workforce training and committing to hire people from these training programs – even if they don't check all the boxes.

If people take the risk of getting trained in a new career, they deserve assurances that it'll lead to a job.

70% of Americans don't have a four-year college degree.

We need employers to look beyond diplomas and focus on applicant skills and competencies so everyone can get a job in industries of the future.

Our third objective at Commerce is building an innovation economy.

We have the world's best universities, research centers, and entrepreneurs – attracting top talent from around the world.

But over the last few decades, we've underinvested in the fundamental building blocks of innovation.

We're no longer leading the world on important indicators of research, development, and scientific progress.

China's growth rate in R&D spending is more than three times ours, and we've fallen to 10th place in R&D as a percentage of our GDP.

If we want to remain at the forefront of science and technology, we have to expand R&D investments and move innovations from the lab to the marketplace at 21st century speed.

That's why the Build Back Better Act invests in the National Science Foundation, upgrades labs across the country and expands our climate science innovation.

Yet today, 30 million Americans lack reliable broadband – that's especially true for those who are non-white and low-income.

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If we want to unleash the full potential of American innovation, we must close the digital divide.

We must also get capital and resources to American entrepreneurs with the best ideas – regardless of their race, gender or location.

That’s why the Commerce Department is preparing to invest \$10 billion in regional tech hubs across the country when the House passes its version of the U.S. Innovation and Competition Act.

Through these tech hubs, we’ll unleash the next generation of innovation in critical areas, including AI, robotics, quantum computing, cybersecurity, biotechnology, and more.

Bolstered by private sector investment, we can scale our technological innovation to every corner of the country, including the heartland.

Innovation also means leading the world toward a clean energy future that doesn’t just address the climate risks of today – but also creates millions of jobs for tomorrow.

The only open question is whether those jobs will be in America or somewhere else.

To reach net zero emission by 2050, we’ll need technologies that don’t even exist yet – which means we better get moving.

Underpinning all three priorities I just described, is equity.

Our economy cannot fully recover unless all Americans can fully participate.

That means expanding innovation beyond Silicon Valley, Boston, and New York.

It means creating more economic opportunity for women, people of color, and people in overlooked communities.

And for businesses, it means ensuring that diversity and inclusion efforts are not just an HR function – they’re core to your business strategy.

Studies show that racial and gender diversity improve a company’s bottom line.

Cash flows for diverse companies are more than double that of companies with less diverse workforces. They also have higher rates of innovation and recruitment among young workers.

Companies with women in leadership roles perform better, make wiser decisions, and have been found to increase profit margins by almost 50%.

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Yet women are still excluded from executive roles. They earn 82 cents for every dollar men earn – it’s even less for women of color. And when women start a business, they have less access to seed funding.

During the pandemic, more than 2 million women dropped out of the workforce – mostly due to lack of affordable childcare.

If we want to tap into the full productivity of America, we must provide childcare for our children, elderly and disabled loved ones.

America’s diversity is a competitive advantage for our economy, but only if we give everyone an opportunity to fulfill their potential and fully participate.

That leads to my final point – ensuring America’s businesses can compete globally.

When American businesses have fair access to global markets and receive fair treatment from foreign governments, our economy is enhanced – not threatened – by competition with foreign businesses.

But what our businesses shouldn’t have to do, is compete against foreign governments.

We all know China undercuts American firms by engaging in anti-competitive and coercive activities – including denying us access to their market and dumping products into our market.

We also know China, Iran, Russia and North Korea misuse American technologies and direct cyber-attacks against our companies.

These actions threaten our economic and national security.

At Commerce, we use a range of tools to level the global playing field and advocate for American businesses.

We enforce export controls, set cybersecurity standards, and protect IP.

We use trade agreements and export promotion to advocate for our businesses.

And we work closely with allies to protect open data flows and create standards for critical and emerging technology – consistent with our democratic values.

For the first time since WWII, the GDP of autocracies has outpaced the GDP of democracies.

That’s why partnerships with countries that share our values are critical to demonstrating that democracies can deliver.

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I'll conclude with this.

We're at an inflection point as a nation.

If we tap into America's greatest strengths — our unrivaled innovation, diversity of talent, universities, entrepreneurs, and strong relationships with allies who share our values — we'll out-compete everyone.

Our work is essential to rebuilding America — American people, American communities, and American industries that have been left behind.

I believe that so many of our problems as a country have been created and exacerbated by inequality.

If we don't meet the demands of this moment, that inequality will get worse and the divisions we face will deepen.

As we recover from the pandemic, now is the time for business and government to work hand in hand to rebuild the American economy.

Now is the time to prioritize investments in our supply chains, workforce, and innovation ecosystem — while ensuring equity.

If we make these investments, our democracy will be stronger, and our economy will be more competitive.

If we don't, both will decline at a time when democracy and capitalism are being challenged around the world.

So I ask you, our business community, to partner with us at the Department of Commerce as we make these critical investments in America's future.

Thank you.

U.S. DEPARTMENTS OF COMMERCE, ENERGY, AND STATE PARTNER WITH SINGAPORE AND JAPAN TO DELIVER THE 9TH ANNUAL JOINT INDUSTRY OUTREACH SEMINAR IN SINGAPORE SINGAPORE

— On September 28-29, 2021

FOR IMMEDIATE RELEASE BUREAU OF INDUSTRY AND SECURITY September 29, 2021 Office of Congressional and Public Affairs www.bis.doc.gov (202) 482-1069

Officials from the Department of Commerce's Bureau of Industry and Security (BIS), the Department of Energy's National Nuclear Security Administration (DOE/NNSA), and the Department of State's Export Control and Related Border Security (EXBS) partnered with Singapore Customs and Japan's Ministry of Economy, Trade, and Industry (METI) to organize the 9th annual Joint Industry Outreach (JIO) seminar in Singapore. The event attracted over 900 virtual attendees, the largest in the history of the JIO, and achieved its objective of connecting government, industry, and academia representatives to share strategic trade control (STC) best practices and highlight updates to export control laws and regulations across the region. Senior officials from Singapore, Japan, the Netherlands, Germany, South Korea, Philippines, Malaysia, as well as regional business leaders, provided presentations and participated in engaged panel discussions. In addition, the U.S. interagency contributed significantly to the event, with speakers and panelists from the U.S. Embassy in Singapore, the Department of Treasury, the U.S. Cybersecurity and Infrastructure Security Agency, the Federal Bureau of Investigation, and the U.S. Patent and Trademark Office. Key topics discussed throughout the seminar included the intersection of export controls and sanctions, controlling emerging technologies, cyber threats to export controlled data and the supply chain, intangible transfers of technology and intellectual property, export controls for academic and research environments, and tools for internal compliance planning.

During the keynote presentation for the event, Kevin Kurland, Acting Assistant Secretary for Export Enforcement at BIS, noted: *"Partnership with industry is a critical element of an effective strategic trade control system. Working hand-in-hand, export control authorities and industry partners can prevent, detect, and deter violations that threaten international peace and stability."* **The United States has collaborated with the Government of Singapore for nearly 20 years to share best practices on effectively managing the flow of proliferation-sensitive goods and technologies. The U.S. Departments of Commerce, Energy, and State are committed to continuing this tradition and furthering progress on effective and efficient STC implementation in the future.**

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Huawei CFO Wanzhou Meng Admits to Misleading Global Financial Institution

Meng Enters into Deferred Prosecution Agreement to Resolve Fraud Charges

Earlier today, Wanzhou Meng, Chief Financial Officer of Huawei Technologies Co., Ltd. (Huawei), appeared before U.S. District Judge Ann M. Donnelly in federal district court in Brooklyn, New York, for an arraignment on charges of conspiracy to commit bank fraud, conspiracy to commit wire fraud, bank fraud, and wire fraud, after she entered into a deferred prosecution agreement (DPA) with the United States Attorney's Office for the Eastern District of New York, the Counterintelligence and Export Control Section of the Justice Department's National Security Division (CES), and the Money Laundering and Asset Recovery Section of the Justice Department's Criminal Division (MLARS) to resolve those charges. Nicole Boeckmann, Acting United States Attorney for the Eastern District of New York, Acting Assistant Attorney General Mark J. Lesko of the Justice Department's National Security Division, Assistant Attorney General Kenneth A. Polite Jr. of the Justice Department's Criminal Division, and Alan Kohler, Assistant Director, Federal Bureau of Investigation, Counterintelligence Division (FBI), announced the deferred prosecution agreement.

"In entering into the deferred prosecution agreement, Meng has taken responsibility for her principal role in perpetrating a scheme to defraud a global financial institution," stated Acting U.S. Attorney Boeckmann. "Her admissions in the statement of facts confirm that, while acting as the Chief Financial Officer for Huawei, Meng made multiple material misrepresentations to a senior executive of a financial institution regarding Huawei's business operations in Iran in an effort to preserve Huawei's banking relationship with the financial institution. The truth about Huawei's business in Iran, which Meng concealed, would have been important to the financial institution's decision to continue its banking relationship with Huawei. Meng's admissions confirm the crux of the government's allegations in the prosecution of this financial fraud—that Meng and her fellow Huawei employees engaged in a concerted effort to deceive global financial institutions, the U.S. government, and the public about Huawei's activities in Iran."

"This Deferred Prosecution Agreement will lead to the end of the ongoing extradition proceedings in Canada, which otherwise could have continued for many months, if not years," stated Acting Assistant Attorney General Lesko for the Justice Department's National Security Division. "We are enormously grateful to Canada's Department of Justice for its dedicated work on this extradition and for its steadfast adherence to the rule of law."

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"Financial institutions are our first line of defense in maintaining the safety and security of the U.S. financial system," said Assistant Attorney General Polite of the Justice Department's Criminal Division. "That is why the law requires that companies who avail themselves of the U.S. financial system provide financial institutions with truthful information about their business operations. Meng Wanzhou, CFO of Huawei Technologies, admitted today that she failed to tell the truth about Huawei's operations in Iran, and as a result the financial institution continued to do business with Huawei in violation of U.S. law. Our prosecution team continues to prepare for trial against Huawei, and we look forward to proving our case against the company in court."

"Meng's admissions are evidence of a consistent pattern of deception to violate U.S. law. The FBI will continue to aggressively investigate companies doing business in the United States when there are signs they behave with contempt for our laws," stated FBI Assistant Director Kohler.

The Scheme to Defraud Financial Institutions

According to court filings, and as agreed to by Meng in the DPA's statement of facts, Skycom Tech. Co. Ltd. ("Skycom") was a Hong Kong company that primarily operated in Iran. As of February 2007, Skycom was wholly owned by a subsidiary of Huawei Technologies Co., Ltd. ("Huawei"), Hua Ying Management ("Hua Ying"). In November 2007, Hua Ying transferred its shares of Skycom to another entity that Huawei controlled, Canicula Holdings ("Canicula"). At the time Hua Ying transferred its Skycom shares to Canicula, Meng was the Secretary of Hua Ying.

In February 2008, after Huawei transferred ownership of Skycom from Hua Ying to Canicula, Meng joined Skycom's Board of Directors, which was comprised of Huawei employees. She served on the Board until April 2009. After Meng departed from Skycom's Board, Skycom's Board members continued to be Huawei employees, Canicula continued to own Skycom, and Canicula continued to be controlled by Huawei. As of August 2012, Huawei included Skycom among a list of "other Huawei subsidiaries" in Huawei corporate documents written in English.

Between 2010 and 2014, Huawei controlled Skycom's business operations in Iran, and Skycom was owned by an entity controlled by Huawei. All significant Skycom business decisions were made by Huawei. Moreover, Skycom's country manager—the head of the business—was a Huawei employee. Individuals employed by Skycom believed they worked for Huawei.

During the same time period, Huawei employees engaged with a U.K. staffing company to provide engineers in Iran to support Skycom's work with Iranian telecommunications service providers. Negotiations and contracting on behalf of Skycom were conducted by Huawei employees.

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To pay for these contractors, Huawei sent at least \$7.5 million to the U.K. staffing company in a series of approximately 80 payments from Skycom's bank accounts in Asia, including at a multinational financial institution ("Financial Institution 1"), to the U.K. staffing company's account in the United Kingdom. The transactions were denominated in U.S. dollars and cleared through the United States.

In December 2012 and January 2013, various news organizations, including Reuters, reported that Skycom offered to sell "embargoed" equipment from a U.S. computer equipment manufacturer in Iran in potential violation of U.S. export controls law, and that Huawei had close ties with Skycom. In a statement to Reuters published in a December 2012 article, Huawei claimed that Skycom was one of its "major local partners" in Iran. Reuters reported that Huawei had further stated that "Huawei's business in Iran is in full compliance with all applicable laws and regulations including those of the U.N., U.S. and E.U. This commitment has been carried out and followed strictly by our company. Further, we also require our partners to follow the same commitment and strictly abide by the relevant laws and regulations."

In January 2013, a subsequent Reuters article reported that Meng had served on the Board of Directors of Skycom between February 2008 and April 2009 and identified other connections between Skycom directors and Huawei. The article also quoted the following statement from Huawei: "The relationship between Huawei and Skycom is a normal business partnership. Huawei has established a trade compliance system which is in line with industry best practices and our business in Iran is in full compliance with all applicable laws and regulations including those of the UN. We also require our partners, such as Skycom, to make the same commitments." This statement was incorrect, as Huawei operated and controlled Skycom; Skycom was therefore not Huawei's business "partner."

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"Never stop doing your best just because someone doesn't give you credit."