



Department of Justice

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Chinese National Arrested for Illegally Attempting to Export High-Grade Carbon Fiber to China

Fuyi Sun, aka Frank, 52, a citizen of the People's Republic of China, was arrested yesterday in connection with a scheme to illegally export to China, without a license, high-grade carbon fiber that is used primarily in aerospace and military applications.

The arrest was announced by Assistant Attorney General for National Security John P. Carlin, U.S. Attorney Preet Bharara of the Southern District of New York, Special Agent in Charge Angel M. Melendez of the U.S. Immigration and Customs Enforcement's Homeland Security Investigations (ICE-HSI) New York Field Office, Special Agent in Charge Jonathan Carson of the U.S. Department of Commerce (DOC) Bureau of Industry and Security's Office of Export Enforcement New York Field Office and Special Agent in Charge Craig Rupert of the Department of Defense's Defense Criminal Investigative Service (DCIS) Northeast Field Office.

The complaint charges Sun with one count of attempting to violate the International Emergency Economic Powers Act (IEEPA), one count of conspiracy to violate IEEPA and one count of attempting to smuggle goods from the United States. Sun was arrested yesterday after traveling to the United States to meet with undercover agents (UCs) in an effort to obtain the specialized fiber which, due to its military and aerospace applications, requires an export license for export to China. Sun was presented last night before U.S. Magistrate Judge James L. Cott of the Southern District of New York.

"Sun allegedly attempted to procure high grade carbon fiber for a source he repeatedly identified as the Chinese military," said Assistant Attorney General Carlin. "The carbon fiber – which has many aerospace and defense applications – is strictly controlled, and Sun expressed a willingness to pay a premium to skirt U.S. export laws. The National Security Division will continue to work to identify and hold accountable those who seek to violate IEEPA and other laws designed to protect our strategic commodities from those who may wish us harm."

"As alleged, Fuyi Sun attempted for years to acquire high-grade carbon fiber for illegal export to China," said U.S. Attorney Bharara. "Earlier this week, after traveling to New York from China to finalize the deal, Sun allegedly told undercover agents that the carbon fiber he sought was headed for the Chinese military, and then paid tens of thousands of dollars in cash to purchase two cases of it. And to avoid law enforcement detection, Sun allegedly directed the undercover agents to ship the carbon fiber in unmarked boxes and to falsify the shipping documents regarding the contents of the boxes."

"Keeping items such as this high grade carbon fiber, which can be used for military applications, from falling into the wrong hands possibly endangering national security, is a job HSI takes very seriously," said Special Agent in Charge Melendez. "Through this investigation, we have disrupted an alleged attempt to knowingly circumvent export controls and ensured this material will not be used for nefarious purposes."

"A top priority of the Office of Export Enforcement is identifying and disrupting the illicit export of items for unauthorized military end-uses and users in China," said Special Agent in Charge Carson. "Carbon fiber has military, missile and nuclear applications. In this case, working with our law enforcement partners we thwarted an alleged attempt to illegally export carbon fiber to China."

“The recent arrest reinforces the commitment of the Defense Criminal Investigative Service (DCIS) to halting the spread of Defense technology to restricted nations,” said Special Agent in Charge Rupert. “The ongoing partnership with other law enforcement agencies is essential to shielding America's investment in defense.”

According to the allegations in the complaint that was filed yesterday in the Southern District of New York:

Since approximately 2011, Sun has attempted to acquire extremely high-grade carbon fiber, including Toray type M60JB-3000-50B carbon fiber (M60 Carbon Fiber). M60 Carbon Fiber has applications in aerospace technologies, unmanned aerial vehicles (commonly known as drones) and other government defense applications. Accordingly, M60 Carbon Fiber is strictly controlled – including that it requires a license for export to China – for nuclear non-proliferation and anti-terrorism reasons.

In furtherance of his attempts to illegally export M60 Carbon Fiber from the United States to China without a license, Sun contacted what he believed was a distributor of carbon fiber, but which was, in fact, an undercover entity created by HSI and staffed by HSI UCs. Sun inquired about purchasing the M60 Carbon Fiber without the required license. In the course of his years-long communications with the UCs, Sun repeatedly suggested various security measures that he believed would protect them from U.S. intelligence. Among other such measures, at one point, Sun instructed the undercover agents to use the term “banana” instead of “carbon fiber” in their communications. Consequently, soon thereafter he inquired about purchasing 450 kilograms of “banana” for more than \$62,000. In order to avoid detection, Sun also suggested removing the identifying barcodes for the M60 Carbon Fiber prior to transshipment and further suggested that they identify the M60 Carbon Fiber as “acrylic fiber” in customs documents.

During meetings with the UCs, on or about April 11 and 12, 2016, among other things, Sun repeatedly suggested that the Chinese military was the ultimate end-user for the M60 Carbon Fiber he sought to acquire; claimed to have personally worked in the Chinese missile program; and asserted that he maintained a close relationship with the Chinese military, had a sophisticated understanding of the Chinese military's need for carbon fiber and suggested that he would be supplying the M60 Carbon Fiber to the Chinese military or to institutions closely associated with it.

On or about April 12, 2016, Sun agreed to purchase two cases of M60 Carbon Fiber from the UCs and paid \$23,000 in cash. He paid an additional \$2,000 to the UCs as compensation for the risk he believed they were taking to illegally export the carbon fiber to China without a license.

Attempting to violate IEEPA and conspiracy to violate IEEPA each carry a maximum sentence of 20 years in prison. Attempting to smuggle goods from the United States carries a maximum sentence of 10 years in prison. The maximum potential sentences in this case are prescribed by Congress and are provided here for informational purposes only, as any sentencing of the defendant will be determined by the judge.

The charges contained in the complaint are merely accusations and the defendant is presumed innocent unless and until proven guilty.

Assistant Attorney General Carlin joined U.S. Attorney Bharara in praising the extraordinary investigative work of the HSI's New York Field Office, DOC's Bureau of Industry and Security's Office of Export Enforcement and DCIS New York Office.

The case is being prosecuted Assistant U.S. Attorneys Matthew Podolsky, Patrick Egan, Sean Buckley and Nick Lewin of the Southern District of New York, with assistance from Trial Attorney David Recker of the National Security Division's Counterintelligence and Export Control Section.

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