



**U.S. Department of Justice**

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**TAIWANESE BUSINESSMAN PLEADS GUILTY TO CONSPIRING TO VIOLATE U.S. LAWS PREVENTING PROLIFERATION OF WEAPONS OF MASS DESTRUCTION**

CHICAGO — A former resident of Taiwan, who the United States has linked to the supply of weapons manufacturing machinery to North Korea, pleaded guilty today to conspiracy to violate U.S. regulations regarding the proliferation of weapons of mass destruction. The defendant, HSIEN TAI TSAI, admitted that he engaged in illegal business transactions involving the export of U.S. origin goods and machinery.

Tsai, 69, also known as “Alex Tsai,” was arrested in May 2013 in Tallinn, Estonia, and later was extradited to the United States, where he remains in federal custody.

Tsai pleaded guilty to conspiracy to defraud the United States in its enforcement of regulations targeting proliferators of weapons of mass destruction before U.S. District Judge Charles Norgle in Federal Court in Chicago. A sentencing status hearing was set for Dec. 5. Tsai faces a maximum sentence of five years in prison and a \$250,000 fine. Under the terms of his plea agreement, the government will recommend a sentence of approximately 30 months in prison provided Tsai continues to fully cooperate with the United States.

According to court documents, Tsai was associated with at least three companies based in Taiwan – Global Interface Company, Inc., Trans Merits Co., Ltd., and Trans Multi Mechanics Co., Ltd. – that purchased and then exported, and attempted to purchase and then export, from the United States and other countries machinery used to fabricate metals and other materials with a high degree of precision.

In January 2009, under Executive Order 13382 which sanctions proliferators of weapons of mass destruction and their supporters, the Treasury Department’s Office of Foreign Assets Control (OFAC) designated Tsai, Global Interface, and Trans Merits as proliferators of weapons of mass destruction, isolating them from the U.S. financial and commercial systems and prohibiting any person or company in the United States from knowingly engaging in any transaction or dealing with them.

The Treasury Department said at the time that Tsai was designated for providing, or attempting to provide, financial, technological, or other support for, or goods or services in support of the Korea Mining Development Trading Corporation (KOMID), which was designated as a proliferator by President George W. Bush in June 2005. The Treasury Department asserted that Tsai “has been supplying goods with weapons production capabilities to KOMID and its subordinates since the late 1990s, and he has been involved in shipping items to North Korea that could be used to support North Korea’s advanced weapons program.” The Treasury Department further said that Global Interface was designated “for being owned or controlled by Tsai,” who was a shareholder of the company and acted as its president. Tsai was also the general manager of Trans Merits Co. Ltd., which was designated for being a subsidiary owned or controlled by Global Interface Company Inc. <http://www.treasury.gov/press-center/press-releases/Pages/hp1359.aspx>

After the OFAC designations, Tsai and others allegedly continued to conduct business together, but attempted to hide Tsai's and Trans Merit's involvement in those transactions by conducting business under different company names, including Trans Multi Mechanics. For example, by August 2009 – approximately eight months after the OFAC designations –Tsai and others allegedly began using Trans Multi Mechanics to purchase and export machinery on behalf of Trans Merits and Tsai.

In pleading guilty, Tsai admitted that in September 2009 he was involved in the purchase of a Bryant center hole grinder from a U.S. company based in suburban Chicago, and exported it to Taiwan using the company Trans Multi Mechanics. A Bryant center hole grinder is a machine tool used to grind a center hole, with precisely smooth sides, through the length of a material. Tsai also admitted a role in Trans Merits' transaction involving LED road lights and an oil pump.

Charges remain pending against Tsai's son, YUEH-HSUN TSAI, 37, of Glenview, Ill., also known as "Gary" Tsai. He was released on bond after he was arrested in May 2013 and has pleaded not guilty.

The guilty plea was announced by Zachary T. Fardon, United States Attorney for the Northern District of Illinois; Robert J. Holley, Special Agent-in-Charge of the Chicago Office of the Federal Bureau of Investigation; Gary Hartwig, Special Agent-in-Charge of U.S. Immigration and Customs Enforcement (ICE) Homeland Security Investigations (HSI) in Chicago; and Ronald B. Orzel, Special Agent-in-Charge for the Chicago Field Office of the U.S. Department of Commerce, Bureau of Industry and Security, Office of Export Enforcement. The Justice Department's National Security Division and Office International Affairs assisted with the investigation. The Estonian Internal Security Service and the Estonian Prosecutor's Office cooperated with the United States.

The government is being represented by Assistant U.S. Attorney Brian Hayes and Justice Department Trial Attorney Brandon L. Van Grack.

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