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Department of Commerce Takes Action against Avnet Asia for Involvement in Illegally Transshipping Sensitive U.S. Commodities to China and Iran

Settlement resolves allegations that Avnet Asia employees illegally exported various electronic components, controlled under the Export Administration Regulations, to China and Iran via Singapore.

Today, Kevin J. Kurland, performing the non-exclusive functions and duties of the Assistant Secretary for Export Enforcement, Bureau of Industry and Security (BIS) of the U.S. Department of Commerce, announced an Administrative Settlement of \$3.2 million (partially suspended) with Singapore-based Avnet Asia Pte. Ltd. (Avnet Asia), a global distributor of electronic components and related software. BIS alleged that Avnet Asia employees illegally exported various electronic components, controlled under the Export Administration Regulations (EAR), through Singapore to China and Iran, including to a company on the BIS Entity List.

Concurrently, the Department of Justice announced the unsealing of an indictment today charging Cheng Bo, also known as Joe Cheng, a 45-year-old national of the People's Republic of China, with participating in a criminal conspiracy from 2012-2015 to violate U.S. export laws by shipping U.S. power amplifiers to China. Additionally, Cheng's former employer, Avnet Asia, agreed to pay a financial penalty to the United States of \$1,508,000 to settle criminal liability for the conduct of its former employees, including Cheng. As part of a Non-Prosecution Agreement, Avnet Asia admitted responsibility for Cheng's unlawful conspiracy to ship export controlled U.S. goods with potential military applications to China, and also for the criminal conduct of another former employee who, from 2007-2009, illegally caused U.S. goods to be shipped to China and Iran without a license. This conduct violated the International Emergency Economic Powers Act.

"The national security of the United States is, and will always be, the top priority for the Bureau of Industry and Security's Office of Export Enforcement," said Kurland. "Today's order, and related Department of Justice actions, send a strong message that export compliance matters. Individuals and companies that violate the Export Administration Regulations can be criminally prosecuted, administratively fined, or both."

The BIS settlement resolved allegations that on 53 occasions between October 2007 and January 2014, Avnet Asia ordered, sold, forwarded, and/or transferred over \$1.2 million worth of items subject to the EAR or the Iranian Transactions and Sanctions Regulations with knowledge or reason to know that a violation of the EAR was intended or about to occur in connection with the items. Most of these items, classified under Export Control Classification Number 3A001, are subject to export controls for National Security and Anti-Terrorism reasons and are prohibited from export to Iran and China without the requisite government authorization. BIS also alleged that Avnet Asia ordered, sold, forwarded and/or transferred electronic components subject to the EAR to Wing Shing Computer Components Company (H.K.) Ltd., a party on the BIS Entity List, without the required BIS licenses.

BIS's mission is to advance U.S. national security and foreign policy objectives by ensuring an effective export control and treaty compliance system and promoting continued U.S. strategic technology leadership. Among its enforcement efforts, BIS is committed to preventing U.S.-origin items from supporting Weapons of Mass Destruction (WMD) projects, terrorist activities, or destabilizing military modernization programs. For more information, please visit www.bis.doc.gov.