



U.S. Department of Commerce Bureau of Industry & Security (BIS) Office of Export Enforcement (OEE)

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OEE MISSION

- “Keeping the most sensitive goods out of the most dangerous hands”
- Prevent and deter exports of the most sensitive **dual-use** items and technology to illicit end-users and end-uses, or to embargoed/sanctioned destinations.





How do we accomplish our mission?

- OEE investigations are initiated on information and intelligence obtained from a variety of sources, including information from industry and **academia**.
- OEE investigates both export violations from the US and the unauthorized re-export or in-country transfer of items subject to the EAR to prohibited end users or destinations, or for prohibited end-use.
- OEE works closely with the Inter-Agency, industry, and **academia** to identify and act on new schemes and to raise awareness of compliance best practices and “red flag” indicators of potential illicit activities.



Unique Tools

- **Administrative Subpoenas**
- **Temporary Denial Orders**
- **Detentions and seizures**
- **End-Use Checks (PLCs and PSVs)**
- **Redelivery Orders**
- **Warning Letters**
- **Search Warrants**
- **Arrest Warrants**
- **Computer forensic evidence recovery**
- **Civil penalties - Civil fines, Denial of export privileges**
- **Criminal penalties - Criminal fines, Imprisonment**



Outreach To Industry/Academia

- **Why is Export Control Important?**

Protects National Security, Prevents Spread of WMD, Combats Terrorism, and Helps Protect Intellectual Property

- **Why does compliance make good business sense?**

Avoid potential criminal and/or civil sanctions. Avoids Damage to business and/or personal reputation.

- **What do we learn from each other?**

New schemes, lead generation, how export controls are working, emerging technologies, new business entities.



Case Examples

- A US defense contractor filed a VSD with DOJ regarding a suspected dirty sales employee who had a huge volume of sales of controlled pathogens, chemicals, narcotics, and explosives to a Florida university. When management at the contractor tried to contact the professors who were placing the orders they found that they had not been employed at the university for a few years. DOJ referred the case to OEE, DCIS, and HSI, who launched an investigation. It was found that the an employee was working with a US citizen with ties to a lab in China and a university employee to utilize e-mail addresses of departed staff. They also paid foreign students who were not associated with research to order items via their university email accounts. Search warrants on two residences were executed and shipments in the stream of export were recovered. Nine Target letters were served and the salesman and university employee were terminated. Three individuals have already pled guilty and additional pleas and/or indictments are pending.



Case Examples

- On June 24, 2024, as part of a settlement agreement, BIS issued an order imposing an administrative penalty on ***** University (IU) related to exports by that University.
- This settlement resolves the allegations set forth in a Proposed Charging Letter (PCL) regarding 42 violations related to the export of fruit flies genetically modified to produce a subunit of a controlled toxin. These exports went to numerous research institutions and universities worldwide without the required export licenses. The U.S. University voluntarily disclosed the conduct to BIS, cooperated with the investigation by BIS's OEE, and took remedial measures after discovering the conduct at issue, which resulted in a significant reduction in the penalty.
- “Researchers should take note: even the smallest items, like a genetically modified fruit fly, can implicate chemical and biological weapons controls,” said **Assistant Secretary for Export Enforcement Matthew S. Axelrod**. “At the end of the day, ***** University’s voluntary self-disclosure and extensive cooperation throughout the investigation resulted in a non-monetary resolution, which demonstrates the value for academia of disclosure and cooperation when violations of our export rules are discovered.”
- As part of the BIS settlement, the University admitted to the conduct set forth in the PCL, which alleged 42 violations related to the export of a strain of *Drosophila melanogaster* (fruit flies) containing transgenes carrying *ricin A* sequences to research locations in 16 countries. The alleged violations included engaging in prohibited conduct by exporting various strains of genetically modified fruit flies containing transgenes of the A subunit of the ricin toxin without the required export license. Modified fruit flies are used frequently in basic research of fruit fly development. The transgenes are not, by themselves, toxins, and did not at any time pose a danger to public health.



Case Examples

- On May 22, 2024, the Justice Department today announced that Pen Yu, also known as Ben Yu, 51, of Gibsonton, Florida, and Gregory Muñoz, 45, of Minneola, Florida, have each pleaded guilty to one count of wire fraud conspiracy for their roles in a scheme to fraudulently procure deeply discounted products from Massachusetts biochemical company Sigma-Aldrich Inc., doing business as MilliporeSigma, and export them to China using falsified export documents.
- According to court documents, beginning in at least July 2016 and continuing through at least May 2023, Yu ordered biochemical products from MilliporeSigma, a subsidiary of multinational science and technology company Merck KGaA, Darmstadt, Germany, with help from Muñoz, a MilliporeSigma salesperson, by falsely representing that Yu was affiliated with a biology research lab at a large Florida university. This fictitious affiliation led MilliporeSigma to provide Yu over \$4.9 million worth of discounts and other benefits, such as free overnight shipping, not available to the public. Yu gave Muñoz thousands of dollars in gift cards for facilitating these fraudulent discounted orders. When the products arrived at the university stockroom, a stockroom employee diverted the products to Yu, who repackaged them and shipped them to China. To avoid scrutiny, Yu made false statements about the value and contents of these shipments in export documents.



Resources

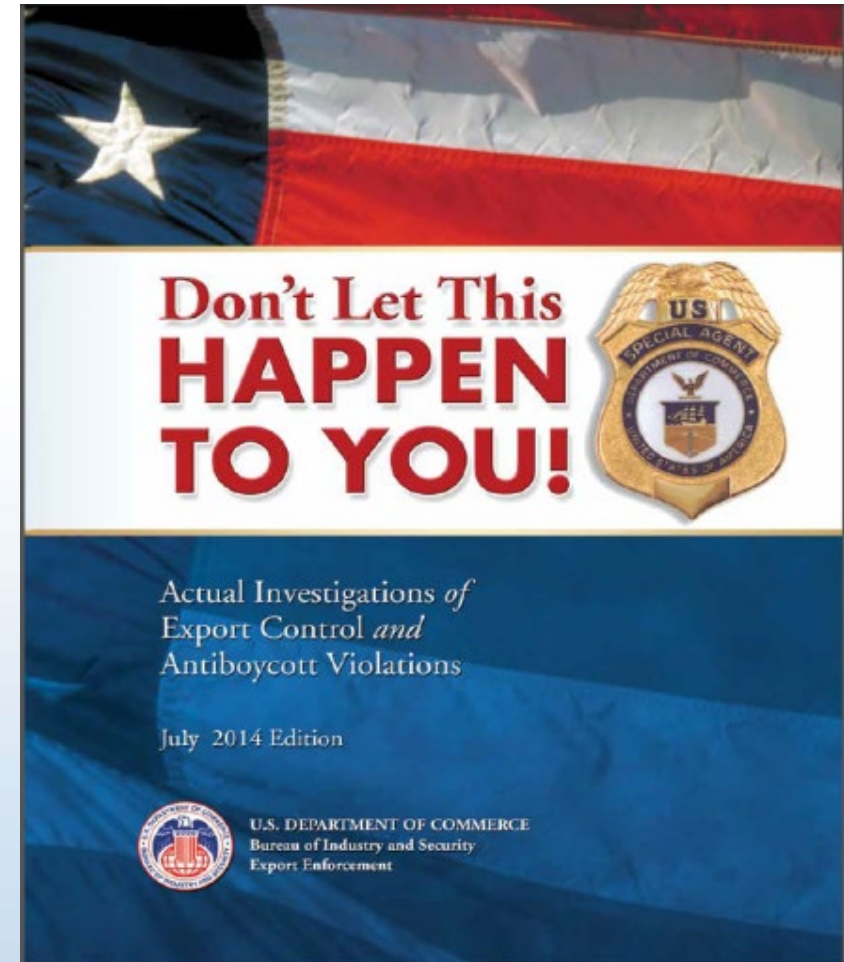
- **BIS's Export Control Compliance Resources for the Academic Community**
- **NSC Safeguarding Science Toolkit**
- **Association of American Universities (AAU)**
- **Association of University Export Control Officers (AUECO)**
- **Academic Security and Counter Exploitations (ASCE) Program**
- **Consolidated Screening List**

<https://www.trade.gov/consolidated-screening-list>



Violation Reporting Mechanisms

- **Confidential Enforcement Lead/Tip Form**
<https://www.bis.doc.gov>
- **Export Enforcement Hotline:** 1 - (800) 424-2980
- **Voluntary Self Disclosures**
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Q&A

- QUESTIONS?

