
UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY

UNITED STATES OF AMERICA : Hon. Cathy L. Waldor
:
v. : Crim. No. 12-7062
:
HUI SHENG SHEN, a/k/a "Charlie," and : **AMENDED CRIMINAL**
HUAN LING CHANG, a/k/a "Alice" : **COMPLAINT**

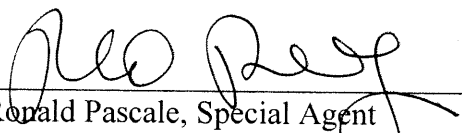
I, the undersigned complainant, being duly sworn, state the following is true and correct to the best of my knowledge and belief. On or about the dates set forth below, in Essex and Union Counties, in the District of New Jersey and elsewhere, the defendants did:

SEE ATTACHMENT A

I further state that I am a Special Agent with the Federal Bureau of Investigation, and that this complaint is based on the following facts:

SEE ATTACHMENT B

continued on the attached page and made a part hereof.




Ronald Pascale, Special Agent
Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,

April 25, 2012, at Newark, New Jersey

HONORABLE CATHY L. WALDOR
UNITED STATES MAGISTRATE JUDGE



Signature of Judicial Officer

ATTACHMENT A

Count 1

(Conspiracy to Violate the Arms Export Control Act)

From at least as early as in or around September 2011 to in or around February 2012, in Essex County, in the District of New Jersey, and elsewhere, defendants

Hui Sheng Shen, a/k/a “Charlie,” and
Huan Ling Chang, a/k/a “Alice,”

did knowingly and willfully conspire and agree with each other and with others to export and attempt to export to the People’s Republic of China defense articles, designated as “Aircraft and Associated Equipment” on the United States Munitions List, Title 22, Code of Federal Regulations, Section 121.1, Category VIII, namely, the Raven RQ-11B Unmanned Aerial Vehicle, without having first obtained from the United States Department of State, Directorate of Defense Trade Controls, a license or other written approval for such export, contrary to Title 22, United States Code, Section 2778(b)(2) & 2778(c), Title 22, Code of Federal Regulations, Section 120 et seq., and Title 18, United States Code, Section 2.

In furtherance of the conspiracy, and to effect its object, defendants committed the following overt acts in the District of New Jersey and elsewhere:

- a. On or about October 19, 2011, defendants Hui Sheng Shen and Huan Ling Chang traveled from Taiwan to the United States to conduct meetings in furtherance of the unlawful acquisition and export of defense articles from the United States.
- b. On or about October 28, 2011, defendants Hui Sheng Shen and Huang Ling Chang mailed a book to undercover law enforcement agents, which was meant to serve as a “code book” for communications between defendants and undercover law enforcement agents relating to acquisition and export of defense articles from the United States.
- c. On or about February 8, 2012, Hui Sheng Shen and Huan Ling Chang opened a bank account in or around Hong Kong. The purpose of the bank account was to receive and disburse funds to relating to the export of defense articles.
- d. On or about February 18, 2012, defendants Hui Sheng Shen and Huan Ling Chang traveled from Taiwan to the United States to conduct meetings in furtherance of the unlawful acquisition and export of defense articles, including but not limited to the Raven RQ-11B Unmanned Aerial Vehicle, from the United States.

In violation of Title 18, United States Code, Section 371.

Count 2
(Conspiracy to Import Methamphetamine)

From at least as early as in or around February 2011 to in or around February 2012, in the Philippines, in Essex and Union Counties, in the District of New Jersey, and elsewhere, defendants

Hui Sheng Shen, a/k/a “Charlie,” and
Huan Ling Chang, a/k/a “Alice,”

did knowingly and intentionally conspire and agree with S.A.K. and others to import into the United States from a place outside thereof, namely, Taiwan, 50 grams or more of methamphetamine, its salts, isomers, and salts of its isomers, contrary to Title 21, United States Code, Sections 952(a) and 960(b)(1)(H).

In violation of Title 21, United States Code, Section 963.

Count 3
(Importation of Methamphetamine)

In or about August 2011, in Essex County, in the District of New Jersey and elsewhere, defendants

Hui Sheng Shen, a/k/a “Charlie,” and
Huan Ling Chang, a/k/a “Alice,”

did knowingly and intentionally import into the United States from a place outside thereof, namely, Taiwan, 50 grams or more of methamphetamine, its salts, isomers, and salts of its isomers.

In violation of Title 21, United States Code, Sections 952(a) and 960(b)(1)(H) and Title 18, United States Code, Section 2.

ATTACHMENT B

I, Ronald Pascale, have been a Special Agent with the Federal Bureau of Investigation ("FBI") for approximately eight years, and I have been personally involved in the investigation of this matter. The information contained in this Complaint is based on my personal knowledge and on information obtained from other sources, including: a) statements made or reported by various witnesses with knowledge of relevant facts; b) my review of publicly available information relating to the defendants; and c) my review of business records, bank records and other documents and evidence obtained through Court orders, subpoenas and other sources. Because this Complaint is being submitted for the limited purpose of establishing probable cause, it does not include every fact that I have learned during the course of the investigation. Where the content of documents and the actions, statements, and conversations of individuals are recounted herein, they are recounted in substance and in part, except where otherwise specifically indicated. All times and dates indicated in this affidavit are approximate. Finally, the descriptions of recorded calls and meetings discussed in this affidavit are based on partial, non-verbatim summaries of the conversations based on descriptions of the conversations prepared by monitors. In these descriptions, comments enclosed in parentheses are based upon my knowledge, training, and experience, that of other law enforcement agents with whom I have spoken, discussions with confidential sources and others, and the results of the investigation to date.

SUMMARY OF THE INVESTIGATION

1. Since in or around February 2011, the FBI has been investigating defendants Hui Sheng Shen and Huan Ling Chang (the "Defendants"). The investigation has revealed that Defendants parlayed their high-level international drug trafficking into a conspiracy to obtain and export defense articles and other sensitive American military technology. As set forth more fully below, after importing approximately 1 kilogram of approximately 93.7% pure methamphetamine from Asia into the United States, and negotiating to import dozens of kilograms more, defendants attempted to purchase defense articles. Defendants purportedly acted on behalf of agents of the People's Republic of China and sought to acquire assets and information which, in their words, "would hurt America." Defendants asserted that they were working with a special advisor to a high-ranking Chinese government official and requested information regarding nuclear technology, Global Hawk drones, Reaper drones, Raven drones, control panels of aircraft engaged in advanced radar warning systems, and F-22 stealth technology, among other items. Defendants further claimed that they could smuggle sensitive material and information out of the United States through various sophisticated means.

THE DEFENDANTS

2. Defendant Shen is a resident of Taiwan and portrays himself as a logistics expert who can obtain and transmit contraband items throughout the world.
3. Defendant Chang is a resident of Taiwan and portrays herself as a schoolteacher, and is fluent in English, Spanish, Mandarin, and Fukinese.

BACKGROUND ON TECHNOLOGY SOUGHT BY THE DEFENDANTS

4. Defendants have sought several types of American military technology. These include:
- a. E-2 Hawkeye: The E-2 Hawkeye is a reconnaissance aircraft used by the United States Armed Forces. It is borne on aircraft carriers, includes an airborne radar system, and is designed to detect other aircraft at long ranges, direct fighter plane strikes, and carry out surveillance.
 - b. F-22 stealth technology: The F-22 is a fighter aircraft used by the United States Armed Forces. The F-22 has a number of components, collectively called “stealth” components, which make it less apparent to radar systems.
 - c. MQ-9 Reaper (Predator B): The MQ-9 is an Unmanned Aerial Vehicle (“UAV”) used by the United States Armed Forces. The MQ-9 replaced the earlier MQ-1 Predator, and is capable of high-altitude surveillance, and can also be outfitted with various weaponry, including Hellfire missiles and 500-pound laser guided bombs.
 - d. RQ-4 Global Hawk: The RQ-4 Global Hawk is a UAV used by the United States Armed Forces. The RQ-4 is a surveillance aircraft, and is outfitted with a variety of sensors and radar to examine large swaths of territory for significant periods of flight time.
 - e. RQ-11b Raven: The RQ-11b Raven is a small, hand-launched UAV used by the United States Armed Forces. It measures approximately 36 inches in length, and weighs just over four pounds. The Raven is equipped with video and night-vision cameras, and is used to provide reconnaissance for short (60-90 minute) missions.
 - f. Missile engine technology: Missiles use various types of engine technology; some, including cruise missiles, are propelled by jet engines and can break the sound barrier.

BACKGROUND ON THE PORT

5. At all times relevant to this Complaint:
 - a. Port Newark-Elizabeth Marine Terminal (the “Port”) was operated by the Port Authority of New York and New Jersey. It was the largest container port in the eastern United States. The Port handled more than 3,700 vessels and more than 2.5 million containers annually, with a total value of more than \$100 billion in goods passing through the Port per year.
 - b. Nearly all international trade, including the shipment of goods from Taiwan to the United States, involved what was known as intermodal freight transportation. This process allowed freight to be transported using several different “modes” of transport – such as truck, rail, and ship – without the cargo being repeatedly loaded and unloaded. The standard units of intermodal freight transportation were corrugated steel containers, also known as “boxes.”
 - c. Taiwan was a known source from which methamphetamine was shipped to the United States.

LEGAL BACKGROUND: **THE ARMS EXPORT CONTROL ACT/ INTERNATIONAL TRAFFIC IN ARMS** **REGULATIONS**

6. The U.S. Arms Export Control Act (the “AECA” or the “Act”) authorized the President of the United States to control the export of defense articles and services from the United States. The AECA was implemented by regulations, known as the International Traffic in Arms Regulations (“ITAR”), 22 C.F.R. § 120 et seq.
7. The ITAR defined a “defense article” to be any item on the United States Munitions List (the “Munitions List”). In turn, the Munitions List set forth twenty-one categories of defense articles that were subject to export licensing controls by the State Department’s Directorate of Defense Trade Controls (“DDTC”). 22 C.F.R. § 121.1.
8. Also covered under the Munitions List was “technical data” relating to the listed defense articles, which included information “which is required for the design, development, production, manufacture, assembly, operation, repair, testing, maintenance or modification of defense articles.” 22 C.F.R. § 120.10.
9. Unless specifically exempted, persons engaged in the export of defense articles covered by the Munitions List had to be registered with the DDTC, and had to apply for and receive a valid license or other approval to export the defense article from the United States.

10. The DDTC's controls required any exporter to state, among other things, the nature of the defense articles to be exported, the end recipient of the defense articles, and the purpose for which the defense articles were intended. These factors and others assisted the DDTC in determining whether the export of the defense articles would affect the security and foreign policy interests of the United States.
11. Since 1990, the U.S. government maintained an arms embargo against the People's Republic of China (the "PRC") that prohibited the export, re-export, or re-transfer of any defense article to the PRC. It was the policy of the United States and the U.S. Department of State to deny license applications and any other written requests or approvals for the export, re-export, or transfer to the PRC of defense articles on the Munitions List.
12. Category VIII of the Munitions List included "Aircraft and Associated Equipment." This category included, but was not limited to, "drones . . . which are specifically designed, modified, or equipped for military purposes."
13. The DDTC has certified that the Raven RQ-11B Unmanned Aerial Vehicle is a defense article of a nature described on the Munitions List.
14. The DDTC has also certified that at no time did defendants Shen or Chang apply for, receive, or possess a license to export defense articles of any description.

THE INVESTIGATION

15. In or around August 2008, a confidential source of information ("CS"), who had been used in prior investigations and had proven reliable and credible, informed the FBI that an individual named Soon Ah Kow ("Kow") was looking for assistance in importing containers of counterfeit cigarettes into the United States.
16. Law enforcement then introduced Kow to undercover law enforcement agents (the "UCs"). The UCs posed as individuals capable of clearing counterfeit goods through customs and having the goods removed from ports in the United States.
17. Kow subsequently imported millions of dollars' worth of contraband merchandise into the United States with the UCs' "assistance." Specifically, between in or around May 2009 and in or around September 2010, Kow and the UCs arranged for the importation of several containers of counterfeit cigarettes, footwear, and other goods from China and elsewhere into the Port.¹

¹ On or about January 6, 2012, a grand jury sitting in Newark, New Jersey indicted Kow, who is currently in custody in the Philippines awaiting extradition.

Importing Narcotics

18. In or around June 2010, Kow and the UCs began discussing the possibility of the UCs' acquiring narcotics from Kow and his associates. Kow stated, in substance and in part, that Kow had several sources from whom the UCs could purchase narcotics, including heroin and methamphetamine.
19. The UCs then arranged an in-person meeting with Kow. However, because Kow was aware of prior law enforcement operations in the United States relating to conduct in which he was involved, Kow refused to meet in the United States. Consequently, in or about February 2011, over the course of several days, Kow met with certain UCs in or around Manila, the Philippines.
20. In Manila, Kow introduced the UCs to Kow's associates – Defendants Shen and Chang.
21. Kow stated that Defendant Shen represented the interests of Kow's associates, wealthy narcotics dealers who had been trafficking drugs for over 25 years. During the meetings in Manila, Defendant Shen and Kow arranged for the delivery of a sample of crystal methamphetamine to be delivered to the UCs in the lobby of the UCs' hotel. The sample field tested positive for the presence of methamphetamine.
22. In or about March 2011, certain UCs met with Defendants in Florida. During recorded meetings, Defendant Shen told the UCs that he was a transportation expert who assisted Kow and Kow's associates in selling and shipping narcotics throughout the world. Defendants and the UCs made further arrangements to import narcotics to the United States, and engaged in negotiations regarding price, quantities, and logistics.

Communications Regarding Narcotics

23. In or about May 2011, a transaction for one kilogram of crystal methamphetamine was finalized between Defendants and the UCs ("the One Kilo Meth Transaction"). The negotiations took place over recorded telephone calls. The parties also discussed the insecurity of e-mails, which could be saved and later discovered by law enforcement. To resolve this problem, the UCs established an e-mail account (the "E-Mail Account") and gave Defendants the username and password to the E-Mail Account. Thereafter, rather than sending e-mails back and forth (which could create an incriminating paper trail), Defendants and the UCs logged into the E-Mail Account and created draft e-mail messages that Defendants and the UCs could access. Defendants and the UCs therefore could read and update the drafts without actually transmitting them.

Defendants Sell Crystal Methamphetamine to UCs

24. The One Kilo Meth Transaction was intended to be a “sample” load, to ensure that all parties were able to meet their responsibilities, and that all parties were satisfied with the results. Defendants explained that they rarely engaged in narcotics transactions of such small quantities.
25. On or about May 24, 2011, the UCs wired approximately \$70,000 to a bank account in or around Taiwan that had been provided by Defendants. This amount included the price of the narcotics in the One Kilo Meth Transaction, the shipping costs, and a payment to Kow for Kow’s role in brokering the transaction.
26. In or about July 2011, Defendants sent the UCs a bill of lading for the container (the “Meth Container”) that was to include the crystal methamphetamine. During recorded conversations, Defendants provided the UCs with the precise location of the narcotics within the Meth Container. Defendant Shen also told the UCs that he was an expert at hiding contraband within cargo containers so it would not be detected by law enforcement.
27. On or about August 9, 2011, the Meth Container arrived at the Port.
28. Law enforcement agents examined the Meth Container. Secreted within the Meth Container, in the location described by Defendants, was approximately 994 grams of crystal methamphetamine. The methamphetamine was hidden inside three closed bags of Chinese tea. These, in turn, were then placed within a metal tower-type computer, which was then placed within the packaging for such a computer.
29. The crystal methamphetamine was later analyzed, and found to be approximately 93.7% pure.

Bigger Narcotics Deals

30. After the One Kilo Meth Transaction, the UCs continued to discuss further – larger – narcotics transactions with Defendants during recorded conversations and e-mails. These discussions included:
 - a. Sending crystal methamphetamine into Japan from elsewhere in Asia, secreted in electrical generators so as to appear destined for tsunami relief;
 - b. Sending approximately 300 kilograms of liquid methamphetamine from Mexico to Japan in tequila bottles;

- c. Importing approximately 25 kilograms of crystal methamphetamine from Asia to the United States.
31. To further these discussions, the parties decided to meet in or around Las Vegas, Nevada in or around October 2011. On or about October 19, 2011, Defendants arrived in or around Las Vegas, and Defendants and UCs held a series of recorded meetings to further the conspiracy to import narcotics. During these meetings, Defendants and the UCs discussed, among other things, the price, quantity, and logistics of further methamphetamine transactions.
32. On or about February 18, 2012, Defendants arrived in New York for another series of meetings with UCs. During these recorded meetings, Defendants and UCs finalized the negotiations for a series of large-scale international narcotics transactions, which would result in more than approximately 50 kilograms of methamphetamine to be imported into the United States, and hundreds more sent to Japan and elsewhere. Defendants provided UCs with information for a bank account that Defendants had opened for these transactions.

Defendants Shift to Exporting Controlled Military Technology

33. In or around September 2011, shortly before the Las Vegas meetings, Defendants introduced a new topic of discussion: they asked whether the UCs could obtain and pass along highly sensitive American military technology, including defense articles, for the benefit of individuals and organizations operating on behalf of the Chinese government.

The E-2 Hawkeye Conversations

34. On or about September 16, 2011, a UC engaged in a recorded conversation with Defendants. Defendant Shen began the call by stating, "I got a message for you: A guy want[s] to buy a plane." The UC replied, "A plane?" Defendant Shen confirmed, and said, "Sierra, S, two, Echo." Defendant Chang added, "It's a, uh, early warning craft." (Defendant Shen was misstating the model number – E-2C – that describes an E-2 Hawkeye early warning aircraft used by the United States armed forces.)
35. The UC asked, "That's the kind of plane they want, an early warning craft?" Defendants confirmed that, indeed, their buyer wanted to purchase an early warning military aircraft. The UC asked, "Is this a friend of yours?" Defendant Shen exclaimed, "Yes! When he tell me this [U/I], I say, oh my God!" Later in the conversation, Defendant Chang stated, "The aircraft we just mentioned, we're gonna [call it] the big toy. When are we gonna hear from you [about it]?" The UC asked, "How serious is Charlie's friend about this?" Defendant Chang responded, "The guy is serious about this, and about the payment, that's no problem." The UC pushed back, stating, "That's no problem? Because this isn't a small thing, you know what I mean?" Defendant Chang then clarified on whose behalf

the Defendants were operating. She asked, "If you guys are going to get the big toy, are you guys going to be in danger or anything? . . . Because this aircraft, this big toy, . . . the buyer is not from Taiwan." The UC asked, "Where is the buyer from? Defendant Shen replied – in English – "China." The UC then stated, slowly, "O . . . K. . . uh," to which Defendant Shen exclaimed, "Big toy is a big trouble!"

The Purported Buyer: "Secret Assistant" to High-Ranking Chinese Official

36. Still later in the same conversation, Defendants told the UC that their buyer was a "secret assistant" to a well-known and high-ranking Chinese official. The UC asked, "Does Charlie know this assistant guy pretty well?" Defendant Shen replied – in English – "Yes." Defendant Chang added, "We know that this is big stuff."
37. On or about September 30, 2011, a UC engaged in another recorded conversation with Defendants. As part of the discussions about obtaining American military technology, the UC warned that the proposals made by defendants were illegal, and could result in serious legal consequences for the parties involved: "Now we're moving into really, really big and dangerous areas." Defendant Chang replied that the Defendants' client's "organization is really close to – with a lot of money – and connections to government." The UC asked whether the Defendants' client wanted to purchase an entire plane, which the UC indicated was probably impossible. Defendant Chang replied, "He would like the whole thing but if we cannot do the whole thing, then can we do the research for the components." The UC sought to determine if Defendants knew the nature of the request they were making: "Do you guys realize what this thing is? . . . This thing is like a um 757 plane – it's on aircraft carriers. Those things don't just disappear." Defendant Chang replied that Defendants' clients were connected to the Chinese government, and that the parties must be careful to avoid apprehension by law enforcement agents: "They got some people in the government area So . . . if it's a safe, if it's a safe deal, then we have to discuss the details and then of course we have to make sure that all sides are safe." Later, the UC reiterated the risks of such a venture: "This is why we really need to sit down and talk to you guys. Because this is, if we were to move forward with this for you guys, we gotta make sure, we can't just jump right into this, because, this is, if something happened on our end over here, it's not gonna, you know, the penalties are severe." The UC continued, "If this guy's serious, and is able to pay, and we're able to give him what he wants, all this other stuff we're talking about doesn't really matter that much." (The UC is stating that if a transaction relating to military technology is consummated, the co-conspirators would make a tremendous amount of money, and would not have to engage in other narcotics transactions or other illegal transactions.) Defendant Chang replied, "Of course," and stated, "Charlie's more concerned like the safetiness [sic] for all of us." The UC replied, "Absolutely. I mean, this is no joke."

Defendants Seek Additional Military Technology

38. During other recorded conversations, Defendants Chang and Shen indicated that their clients were interested in a whole range of American military technology, beyond the E-2 Hawkeye. The Defendants and the UCs agreed that they needed to meet in person to further negotiate for these items.
39. Therefore, during the meetings in Las Vegas, Nevada in or around October 2011, the UCs and Defendants conducted further negotiations regarding the export of military technology. Defendants again told the UCs that their associates were connected to the Chinese government. Defendant Chang provided the UCs with a list of specific items that the Defendants' clients wanted.
40. The UCs reiterated that the business of exporting military technology was illegal, and that such exportation carried significant risks for them. For example, one UC stated, "I have to make sure when I ask the question I ask the question once, to the correct person. I don't want to ask ten people, then the whole world knows what I'm doing." Another UC stated, "Obviously, everybody knows that these things are pretty sensitive, so we have to be careful, we have to be safe." As another example, a UC stated, "For me, the business is very risky. I am very willing to assume this risk, but I have to know a little bit about what we are talking about here, because I don't want to attract attention So before you tell me exactly, the items, I would like to know what we are talking about. The potential [is] for this to come back to me. This is one part of my operation, but if this comes back to me, it destroys the potential for the rest of my operation."

Hurting the United States

41. The UCs then asked what purposes the Defendants had for any military technology that was obtained. A UC stated, "I would prefer not to make money on something that would hurt the United States." Defendant Shen replied, "I think that all items would hurt America."
42. The UCs asked for more information about how the requests for military technology came about. Defendant Shen replied – in English – that "I met my friend. I said, do you want to buy some weapons – pistols or automatic machine guns. They say no – we need a big weapon." The UCs asked, "What is this weapon?" Defendant Shen replied, "It is an airplane that has radar."
43. The Defendants also reiterated who, exactly, their clients were. The UCs asked, "This is going to China, right, not Taiwan?" Defendant Chang replied in the affirmative. Defendant Chang continued, "This guy, he works for [a high-ranking official] in China – right now, presently. And um, he asked Charlie about this big toy because he said, if we can get the high technology for them, they can pay." The UCs then asked, "This is not a

man who wants this item, it's a government?" Defendant Shen confirmed, "Government, yes. . . . The people we met, they come from Beijing. . . . They work for Beijing government. . . . Some kind of intelligence company for Chinese government – like C.I.A." The UCs clarified, "Like Chinese CIA?" Defendant Shen confirmed, "Yes."

44. During a subsequent call, in or around November 2011, the parties discussed whether the Defendants' clients could travel to the United States or to the United Kingdom to meet with the UCs. A UC wondered why, if the Defendants' clients were serious businesspeople, they could not travel to the West to discuss the transactions. The UC asked, "I'm assuming that these guys are pretty high level people, am I right?" Defendant Chang replied, "These people are high level, but the money belongs to the Government." The UC replied, "I understand that, but I am, I am a little disappointed if these high level people aren't even able to . . . travel and meet with us to discuss these types of things." Defendant Chang then stated, "Because their status is a bit special, so in order to travel to U.K. or United States, all developed countries, for them it's hard for them to" Defendant Shen interrupted, "They are spies. They, they, they are very hard to get a visa. They cannot go to U.S. or U.K."
45. At one point during the meetings in Las Vegas, Defendant Chang showed UCs a notebook, in which she had written the exact items which Defendants' clients sought. These items included:
 - a. "Missile engine – latest type," "Navy – lesser [laser] guide," and "Army – wire guide," as well as "Training/Maintenance/Manual";
 - b. "F22": "fly control panel," "stealth technology," and "radar reflector";
 - c. "Global Hawk RQ4A": "infrerate [infrared] mounting system technology";
 - d. "MQ9 Predator": "fly control panel" and "Training/Maintenance Manual";
 - e. "Nuclear Information"; and
 - f. "S2E Early Warning Aircraft [sic]."

Defendants Introduce a Code For Communications

46. During the meetings in Las Vegas, Defendants told the UCs that, because of the sensitivity of the topics being discussed, Defendants would like to communicate with the UCs in code. Defendants described the code to the UCs. The UCs then provided Defendants with an address in the United States, because Defendants' code required that both parties possess the same book. On or about November 4, 2011, the UCs received, at the address provided to Defendants, the book described by Defendants. On subsequent

recorded conversations, the parties discussed the code further, and practiced using the code.

47. Defendants continued to communicate with the UCs over recorded conversations and e-mails regarding the export of military technology to Defendants' clients. For example, in or around December 2011, the UCs told Defendants that the UCs could obtain a small UAV, called the Raven RQ-11b, which could fit into a backpack. The UCs asked Defendants to find out if their clients were interested in this item. On or around December 30, 2011, Defendants responded, via e-mail, and stated, "They are interested. [P]lus the one you mentioned 'Little Backpack.' How much for each item?"
48. Defendants have also indicated that they understood the danger inherent in conducting this kind of business. For example, on or about January 22, 2012, Defendants drafted an e-mail to the UCs, which stated, "Yesterday, we found out that the account which we use it [sic] to communicate with Chinese guys about the big toy. Someone else has checked the mail on 12/26. Here is the IP number [IP address redacted][.] It's an American IP. We don't have anyone who use this IP in America. So do you have any access to find out whether if this IP belongs to U.S. government. Because we are very worry about this . . . we mean that we are at greater risk."

Defendants Return to the United States

49. As noted above, on or about February 18, 2012, Defendants arrived in New York for another series of recorded meetings with the UCs to further discuss both large-scale narcotics transactions and the export of defense articles and other sensitive military technology.
50. On or about February 19, 2012, Defendants told a UC that they purchased cameras for the express purpose of taking pictures of military technology (the "Cameras"). According to Defendants, they intended to take pictures on the Cameras, delete the pictures from the Cameras' memory cards, and then use one of their contacts in China to retrieve the deleted photographs from the Cameras' memory after leaving the United States, thereby avoiding detection by law enforcement.
51. At another meeting, on or about February 20, 2012, Defendants examined the Raven RQ-11b UAV, as well as manuals relating to the RQ-4 Global Hawk UAV. A UC explained again to Defendants that it was illegal to export any of the items being discussed, and pointed out the warnings affixed to each of the items.
52. Defendants told the UCs how they planned to remove the Raven RQ-11b UAV from the United States. Defendant Shen stated that he could use techniques that he had learned from narcotics trafficking, such as using scuba divers to swim out to a ship docked

offshore with parts from the Raven RQ-11B UAV, or loading the parts onto a remote controlled semi-submersible vehicle, and rendezvousing with a ship.

53. On or about February 24, 2012, Defendants were shown manuals for the RQ-4 Global Hawk UAV and the Raven RQ-11B UAV. Defendants took photographs of both manuals on the Cameras. Before Defendants could delete the photographs, law enforcement officers arrested Defendants.