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## **Virginia Physicist Pleads Guilty to Illegally Exporting Space Launch Data to China and Offering Bribes to Chinese Officials**

WASHINGTON – A physicist in Newport News, Va., has pleaded guilty today to charges that he illegally exported space launch technical data and defense services to the People's Republic of China (PRC) and offered bribes to Chinese government officials.

The guilty plea was announced today by Dana Boente, Acting U.S. Attorney for the Eastern District of Virginia; Patrick Rowan, Assistant Attorney General for National Security; Matthew Friedrich, Acting Assistant Attorney General of the Criminal Division; Arthur M. Cummings, II, Executive Assistant Director, FBI National Security Branch; and Alex J. Turner, Special Agent-in-Charge, FBI Norfolk Division.

Shu Quan-Sheng (Shu), 68, a native of China, naturalized U.S. citizen and Ph.D. physicist, entered his plea before Judge Henry C. Morgan, Jr. in U.S. District Court for the Eastern District of Virginia, Norfolk Division. Shu is the President, Secretary and Treasurer of AMAC International Inc., (AMAC), a high-tech company based in Newport News and that has offices in Beijing.

Shu pleaded guilty to a three-count criminal information. Count one alleges that from January 2003 through October 2007, Shu violated the Arms Export Control Act by willfully exporting a defense service from the United States to the PRC without first obtaining the required export license or written approval from the State Department. Specifically, the information alleges that Shu provided the PRC with assistance in the design and development of a cryogenic fueling system for space launch vehicles to be used at the heavy payload launch facility located in the southern island province of Hainan, PRC.

The space launch facility at Hainan will house liquid-propelled heavy payload launch vehicles designed to send space stations and satellites into orbit, as well as provide support for manned space flight and future lunar missions, according to a criminal complaint filed in the case. Among those PRC government entities involved in the Hainan facility are the People's Liberation Army's General Armaments Department and the 101st Research Institute (101 Institute), which is one of many research institutes that make up the China Academy of Launch Vehicle Technology, as overseen by the Commission of Science Technology and Industry for the National Defense, according to the criminal complaint.

Count two of the criminal information alleges that on Dec. 20, 2003, Shu violated the Arms Export Control Act by willfully exporting a defense article to the PRC without first obtaining the required export license or written approval from the State Department. Specifically, the information alleges that Shu illegally exported to the PRC controlled military technical data contained in a document entitled "Commercial Information, Technical Proposal and Budgetary Officer – Design, Supply, Engineering, Fabrication, Testing & Commissioning of 100m3 Liquid Hydrogen Tank and Various Special Cryogenic Pumps, Valves, Filters and Instruments."

Count three of the criminal information alleges that Shu offered, paid, promised and authorized the payment of bribes to Chinese government officials to influence their decisions and secure an improper advantage, in violation of the Foreign Corrupt Practices Act. Specifically, Shu, acting on behalf of his company, AMAC, and a French company he represented, offered to pay money to foreign officials of the PRC's 101 Institute to obtain a contract for the development of a 600 liter per hour liquid hydrogen tank system, according to the information.

The criminal information indicates that Shu offered money on three occasions to three PRC officials with the 101 Institute to secure the contract. In February 2006, he offered "percentage points" worth approximately \$56,800. In April 2006, he offered "percentage points" worth some \$56,800, and in May 2006, he offered "percentage points" worth approximately \$75,700, for a total of \$189,300, according to the criminal information. In January 2007, the \$4 million hydrogen liquefier project was awarded to the French company that Shu represented.

Sentencing in this matter is scheduled for April 6, 2009, where Shu faces a possible maximum sentence of 10 years in prison and a fine of \$1,000,000 for each violation of the Arms Export Control Act, and a possible maximum sentence of five years in prison and a fine of \$250,000 or twice the gross gain for violating the Foreign Corrupt Practices Act.

This investigation was conducted by the FBI, with assistance from U.S. Immigration and Customs Enforcement and the U.S. Department of Commerce, Office of Export Enforcement.

The prosecution is being handled Assistant U.S. Attorney Alan M. Salsbury from the U.S. Attorney's Office for the Eastern District of Virginia and Assistant Chief Robertson Park from the Criminal Division's Fraud Section.. The Counterespionage Section of the Justice Department's National Security Division provided critical assistance.

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