



DEPARTMENT OF COMMERCE

Bureau of Industry and Security

In the Matter of:)
)
Zimo Sheng)
Jinxiuyuan 17-403)
Changshu)
Jiangsu 215500)
China)
)
and)
)
3975 N. Cramer Street)
Unit 204)
Milwaukee, WI 53211)
)

Order Denying Export Privileges

On December 13, 2018, in the U.S. District Court for the Eastern District of Wisconsin, Zimo Sheng (“Sheng”) was convicted of violating Section 38 of the Arms Export Control Act (22 U.S.C. § 2778 (2012)) (“AECA”). Sheng was convicted of violating Section 38 of the AECA by knowingly and willfully attempting to export from the United States to China the complete upper assembly for a Glock 43 pistol BDEV511, designated as a defense article on the United States Munitions List, without the required U.S. Department of State licenses. Sheng was sentenced to 40 months in prison and a special assessment of \$200.

The Export Administration Regulations (“EAR” or “Regulations”) are administered and enforced by the U.S. Department of Commerce’s Bureau of Industry and Security (“BIS”).¹ Section 766.25 of the Regulations provides, in pertinent part, that

¹ The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts

the “Director of [BIS’s] Office of Exporter Services, in consultation with the Director of [BIS’s] Office of Export Enforcement, may deny the export privileges of any person who has been convicted of a violation of . . . section 38 of the Arms Export Control Act (22 U.S.C. 2778).” 15 CFR 766.25(a). The denial of export privileges under this provision may be for a period of up to 10 years from the date of the conviction. 15 CFR 766.25(d).² In addition, pursuant to Section 750.8 of the Regulations, BIS’s Office of Exporter Services may revoke any BIS-issued licenses in which the person had an interest at the time of his/her conviction.³

BIS has received notice of Sheng’s conviction for violating Section 38 of the AECA. The Regulations provide that before taking action to deny a person’s export privileges under Section 766.25, BIS shall provide the person written notice of the proposed action and an opportunity to comment through a written submission, “unless exceptional circumstances exist.” 15 CFR 766.25(b). In this case, following sentencing in the criminal matter, Sheng fled the United States, rather than surrendering to the

730-774 (2019). The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. 4601-4623 (Supp. III 2015) (“EAA”), which lapsed on August 21, 2001. The President, through Executive Order 13,222 of August 17, 2001 (3 CFR., 2001 Comp. 783 (2002)), which was extended by successive Presidential Notices, continued the Regulations in full force and effect under the International Emergency Economic Powers Act, 50 U.S.C. 1701, et seq. (2012) (“IEEPA”). On August 13, 2018, the President signed into law the John S. McCain National Defense Authorization Act for Fiscal Year 2019, which includes the Export Control Reform Act of 2018, which is codified as amended at 50 U.S.C. 4801-4852 (“ECRA”). While Section 1766 of ECRA repeals the provisions of the EAA (except for three sections which are inapplicable here), Section 1768 of ECRA provides, in pertinent part, that all rules and regulations that were made or issued under the EAA (including as continued in effect pursuant to IEEPA) or under the EAR, and were in effect as of ECRA’s date of enactment (August 13, 2018), shall continue in effect according to their terms until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

² See also Section 11(h) of the EAA, 50 U.S.C. 4610(h) (Supp. III 2015); Sections 4819(e) and 4826 of ECRA, 50 U.S.C. 4819 and 4826; and note 1, *supra*.

³ See notes 1 and 2, *supra*.

Bureau of Prisons to serve his sentence, and his current whereabouts are unknown to BIS. As a result, exceptional circumstances exist. However, as set forth below, the opportunity to appeal this Order pursuant to Part 756 of the Regulations remains available to Sheng.

Following consultations with BIS's Office of Export Enforcement, including its Director, I have decided to deny Sheng's export privileges under the Regulations for a period of 10 years from the date of Sheng's conviction. I have also decided to revoke any BIS-issued licenses in which Sheng had an interest at the time of his conviction.

Accordingly, it is hereby **ORDERED**:

First, from the date of this Order until December 13, 2028, Zimo Sheng, with last known addresses of Jinxiuyuan 17-403, Changshu, Jiangsu 215500, China, and 3975 N. Cramer Street, Unit 204, Milwaukee, WI 53211, and when acting for or on his behalf, his successors, assigns, employees, agents or representatives ("the Denied Person"), may not, directly or indirectly, participate in any way in any transaction involving any commodity, software or technology (hereinafter collectively referred to as "item") exported or to be exported from the United States that is subject to the Regulations, including, but not limited to:

- A. Applying for, obtaining, or using any license, license exception, or export control document;
- B. Carrying on negotiations concerning, or ordering, buying, receiving, using, selling, delivering, storing, disposing of, forwarding, transporting, financing, or otherwise servicing in any way, any transaction involving any item exported or to be exported from the United States that is subject

to the Regulations, or engaging in any other activity subject to the Regulations; or

- C. Benefitting in any way from any transaction involving any item exported or to be exported from the United States that is subject to the Regulations, or from any other activity subject to the Regulations.

Second, no person may, directly or indirectly, do any of the following:

- A. Export or reexport to or on behalf of the Denied Person any item subject to the Regulations;
- B. Take any action that facilitates the acquisition or attempted acquisition by the Denied Person of the ownership, possession, or control of any item subject to the Regulations that has been or will be exported from the United States, including financing or other support activities related to a transaction whereby the Denied Person acquires or attempts to acquire such ownership, possession or control;
- C. Take any action to acquire from or to facilitate the acquisition or attempted acquisition from the Denied Person of any item subject to the Regulations that has been exported from the United States;
- D. Obtain from the Denied Person in the United States any item subject to the Regulations with knowledge or reason to know that the item will be, or is intended to be, exported from the United States; or
- E. Engage in any transaction to service any item subject to the Regulations that has been or will be exported from the United States and which is owned, possessed or controlled by the Denied Person, or service any item, of whatever origin, that is owned, possessed or controlled by the Denied

Person if such service involves the use of any item subject to the Regulations that has been or will be exported from the United States. For purposes of this paragraph, servicing means installation, maintenance, repair, modification or testing.

Third, after notice and opportunity for comment as provided in Section 766.23 of the Regulations, any other person, firm, corporation, or business organization related to Sheng by ownership, control, position of responsibility, affiliation, or other connection in the conduct of trade or business may also be made subject to the provisions of this Order in order to prevent evasion of this Order.

Fourth, in accordance with Part 756 of the Regulations, Sheng may file an appeal of this Order with the Under Secretary of Commerce for Industry and Security. The appeal must be filed within 45 days from the date of this Order and must comply with the provisions of Part 756 of the Regulations.

Fifth, a copy of this Order shall be delivered to Sheng and shall be published in the *Federal Register*.

Sixth, this Order is effective immediately and shall remain in effect until December 13, 2028.

Issued this 16th day of March, 2020.

Karen H. Nies-Vogel,

Director,

Office of Exporter Services.

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