

## APPENDIX I

*The following document is a 2009 cable, published by WikiLeaks, from U.S. Secretary of State Hillary Clinton listing numerous Chinese companies suspected of involvement in missile-related weapons proliferation. As Clinton notes, the United States “received little or no response” after bringing all these cases to China’s attention.*

P 212230Z JUL 09  
FM SECSTATE WASHDC  
TO AMEMBASSY BEIJING PRIORITY  
INFO MISSILE TECHNOLOGY CONTROL REGIME COLLECTIVE  
PRIORITY

S E C R E T STATE 076155

E.O. 12958: DECL: 07/21/2034

SUBJECT: (S) FOLLOWING UP WITH CHINA ON CASES OF  
PROLIFERATION CONCERN

REF: A. STATE 30007 (BEIJING TIANLIANXING SCIENTIFIC)  
B. BEIJING 861 (BEIJING TIANLIANXING  
SCIENTIFIC/SUZHOU)  
C. STATE 30001 (SUZHOU TESTING INSTRUMENT  
FACTORY)  
D. STATE 25689 (DALIAN SUNNY INDUSTRIES/LIMMT)  
E. BEIJING 728 (DALIAN SUNNY INDUSTRIES/LIMMT)

- F. STATE 4104 (SHANGHAI YUANSHAN INDUSTRY & TRADE COMPANY)
- G. BEIJING 202 (SHANGHAI YUANSHAN INDUSTRY & TRADE COMPANY)
- H. 08 STATE 113768 (CPMIEC AND CAAA)
- I. 08 BEIJING 4064 (CPMIEC AND CAAA)
- J. 08 STATE 105597 (POLYTECHNOLOGIES INC.)
- K. 08 BEIJING 3854 (POLYTECHNOLOGIES INC.)
- L. 08 STATE 129610 (JFMMRI CNNMIEC BMIEC AND BAMTRI)
- M. 08 BEIJING 4610 (JFMMRI CNNMIEC BMIEC AND BAMTRI)
- N. STATE 4341 (SHENYANG HUALI ECONOMIC TRADING COMPANY)
- O. BEIJING 201 (SHENYANG HUALI ECONOMIC TRADING COMPANY)
- P. 08 STATE 29703 (HONG KONG MOST GROUP CO. LTD.)
- Q. 08 BEIJING 1209 (HONG KONG MOST GROUP CO. LTD.)
- R. 08 STATE 130673 (HONG KONG MOST GROUP CO. LTD.)
- S. 08 BEIJING 4609 (HONG KONG MOST GROUP CO. LTD.)

Classified By: ISN/MTR DIRECTOR PAM DURHAM, REASON: 1.4 (C).

¶1. (U) This is an action request. Embassy Beijing, please see paragraph 3.

¶2. (S) Since March 2008, the U.S. has provided Chinese officials with information regarding a number of cases of missile-related proliferation concern (Refs). In the cases described below, we have received little or no response from China on the status of its investigations or on steps it is taking to address the concerns we have outlined. We therefore want to follow-up with Chinese authorities and request an update on these cases at the earliest possible time.

¶3. (S) Action Request: Request Embassy Beijing approach appropriate host government officials to deliver talking points/non-paper in para-

graph 4 below and report response. Talking points also may be provided as a non-paper.

¶4. (S) Begin talking points/non-paper:

(SECRET//REL CHINA)

--Over the past year as well as in the context of our nonproliferation dialogue, we have raised numerous cases of proliferation concern involving Chinese entities. However, we remain concerned as we have not received any substantive response from you on your efforts to investigate these activities.

--We therefore request an update on the status of your investigations or on the steps you have taken to address our concerns in the following cases.

A. Beijing Tianlianxing Scientific Ltd.

-- In March 2009, the U.S. raised with you our concerns that China's Beijing Tianlianxing Scientific Ltd. had offered 1,000 kilograms of specialty steel to Pakistan's Aginel Enterprises, an entity associated with Pakistan's nuclear weapons and missile programs.

--Though not controlled, we noted that this steel has been used to produce components in Pakistan's Ghaznavi short-range ballistic missile, a Missile Technology Control Regime (MTCR) Category I system.

B. Suzhou Testing Instrument Factory

-- In March 2009, the U.S. raised with you our concerns that Pakistan's Intralink Incorporated had sought a quote from the Chinese firm Suzhou Testing Instrument Factory for a vibration test system. Intralink Incorporated appears to be closely associated with the Project Management Organization (PMO), the developer of Pakistan's Ghaznavi short-range ballistic missile.

--As we indicated in our March 2009 demarche, this vibration test system is likely controlled by the MTCR and can be used to simulate the

flight vibrations and shocks that rockets and unmanned aerial vehicles (UAVs) experience during launch, stage separation, and normal flight.

### C. Dalian Sunny Industries/LIMMT

-- In March 2009, the U.S. reiterated its long-standing serious concerns regarding the proliferation-related trading activities of the Chinese firm Dalian Sunny Industries.

-- As you are aware, for several years we have provided your government information related to Dalian Sunny Industries' supply of components and materials to entities and front companies associated with Iran's ballistic missile programs. In June 2008, the MFA Arms Control and Disarmament Department provided no new information on actions taken against LIMMT, stating only that investigations were "ongoing" and asserting that LIMMT no longer existed as a business entity.

### D. Shanghai Yuanshan Industry and Trade Company

-- In January 2009, the U.S. raised with you our concerns that the Syrian entity Industrial Solutions ordered a consignment of 2024-T6 aluminum from the Chinese company Shanghai Yuanshan Industry and Trade Company.

--Industrial Solutions is a cover for the Scientific Studies and Research Center (SSRC), the entity responsible for overseeing Syria's ballistic missile program.

--2024-T6 aluminum can be used to produce structural components in ballistic missiles and in some forms is controlled by the Nuclear Suppliers Group and Wassenaar Arrangement.

### E. China Precision Machinery Import/Export Corporation (CPMIEC) and China Academy of Aerospace Aerodynamics (CAAA)

-- In October 2008, the U.S. raised with you our concerns that the China Precision Machinery Import/Export Corporation (CPMIEC) and China Academy of Aerospace Aerodynamics (CAAA) had concluded a contract to supply the Pakistani government with a trisonic wind tunnel.

-- We believe Pakistan may intend to use this wind tunnel, which is controlled by the MTCR, to support missile-related research and development in Pakistan.

F. Polytechnologies Inc.

-- In October 2008, the U.S. raised with you our concerns that the Chinese firm Polytechnologies Inc. had concluded contracts - and used false documentation - to supply a coil winding machine and integrated optical chips to Pakistan's Advanced Engineering and Research Organization (AERO).

-- AERO is a procurement agent and alias for Pakistan's Air Weapons Complex (AWC), which has participated in Pakistan's efforts to develop nuclear weapons delivery systems, cruise missiles, and UAVs.

--We believe this equipment will likely be used by AERO to support missile-related projects in Pakistan.

G. JFMMRI Metal Forming Machinery Engineering Company, Ltd. (JFMMRI), China National Nonferrous Metals Import Export Company (CNNMIEC), Beijing Machinery Import-Export Corporation (BMIEC), and Beijing Aeronautical Manufacturing Technology Research Institute (BAMTRI) Technology and Development Company.

-- Since 2006, the U.S. has raised with China our concerns regarding attempts by Pakistan's missile program to procure ring-rolling and flow forming machines from entities in China.

--These machines may ultimately be destined for Pakistan's National Development Complex (NDC), which is responsible for developing Pakistan's Shaheen series of ballistic missiles.

--In December 2008, we requested an update on activities related to this case, and have not received any response.

H. Shenyang Huali Economic Trading Company

-- In April 2008, the U.S. raised with you our concerns that China-based firm Shenyang Huali Economic Trading Company, working

through North Korean intermediaries, was acting as a key source of raw materials and technology for a North Korean ballistic missile development project in Syria.

--In January 2009, we followed up with additional information related to this case.

#### I. Hong Kong Most Group Co. Ltd.

-- On 24 March 2008, the U.S. raised with you our concerns that the Hong Kong Most Group Co. Ltd. finalized a sales contract to supply the Iranian firm Aluminat Co. with Chinese-origin aluminum plates that can be used to produce a variety of structural components in Scud missiles.

--The specific aluminum being supplied by Hong Kong Most Group to Iran is controlled by the Wassenaar Arrangement. We provided further information to Chinese officials regarding this case in December 2008.

--We appreciate your interest in advancing our mutual nonproliferation goals and look forward to hearing your responses regarding these proliferation cases at the earliest possible time.

End talking points/non-paper

¶5. (U) Washington POC is ISN/MTR Mike Kennedy (Phone: 202-647-3176). Please slug any reporting on this issue for ISN/MTR and EAP/CM.

¶6. (U) A word version of this document will be posted at [www.state.gov/demarche](http://www.state.gov/demarche). CLINTON

## APPENDIX II

# ACTIVE REGISTERED FOREIGN AGENTS FOR CHINA

<b>Registrant</b>	<b>Registration Date</b>	<b>Foreign Principal</b>
Blank Rome, LLP	7/22/1994	China Shipping Group Company
Hai Tian Development U.S.A., Inc.	12/3/1996	People's Daily Overseas Edition
China National Tourist Office	12/30/1981	China National Tourism Administration (formerly: China International Travel Service)
China Daily Distribution Corporation	4/19/1983	China Daily of Beijing, China
Patton Boggs, LLP	10/9/1969	Embassy of the People's Republic of China
PricewaterhouseCoopers, LLP ("PwC LLP")	8/11/2011	Shenyang Municipal Government (China)
Precision Product, Inc.	6/18/2010	Si Chuan Le Er Kuang Ye Technology, Ltd.
Patton Boggs, LLP	10/9/1969	China Chamber of Commerce for Importers and Exporters of Machinery and Electronic Products
Patton Boggs, LLP	10/9/1969	China Chamber of Commerce for Importers and Exporters of Metals, Minerals & Chemicals
Brown Lloyd James	6/17/2008	China-United States Exchange Foundation
DDB Worldwide Communications Group, Inc.	12/23/2009	Ministry of Commerce of the People's Republic of China

1. List according to U.S. State Department records as of September 17, 2011.

## APPENDIX III

# SELECTED RECENT CASES OF CHINESE ESPIONAGE<sup>1</sup>

### *Military Cases*

- September 2011: Two professors at a technical university in St. Petersburg, Russia are put on trial, accused of passing state secrets to Chinese spies
- June 2011: Xian Hongwei and Lili plead guilty to attempting to export military microchips to China
- May 2011: U.S. Navy sailor Bryan Minkyu Martin pleads guilty to trying to pass military secrets to China

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1. These cases are “selected” because we are facing a Niagara of Chinese espionage both at home and abroad. To report on them all would require a book-length production, updated daily. For the same reason, only recent cases have been selected. The term “espionage” is used in the common, not legal sense, as some of these cases have been prosecuted under statutes other than the Espionage Act. Some cases of corporate espionage with defense implications are counted as military cases.



- March 2011: Lian Yang is sentenced for attempting to purchase 300 radiation-hardened military semiconductors for export to China
- January 2011: American citizen Glen Duffie Shriver pleads guilty to attempting to infiltrate the CIA on behalf of Chinese intelligence
- January 2011: Zhen Zhou Wu is sentenced to eight years in prison for exporting American military technology to Chinese military companies
- January 2011: Noshir S. Gowadia, former aerospace engineer, is sentenced to thirty-two years in prison for revealing American B-2 bomber secrets to China
- October 2010: York Yuan Chang and his wife are charged with attempting to export dual-use (civilian and military) electronic technology to China (the case is now pending)
- September 2010: Chi Tong Kuok is sentenced to eight years in prison for attempting to export encryption devices to the PRC via Macao
- February 2010: Boeing engineer Dongfan Chung is sentenced to fifteen years in prison for passing information related to the Delta IV rocket system to China
- January 2010: Pentagon employee James Fondren is sentenced to three years in prison for selling military secrets to China
- August 2009: Tah Wei Chao and Zhi Yong Guo are sentenced for attempting to export advanced thermal imaging cameras to China
- August 2009: William Chi-Wai Tsu is sentenced for exporting military electronics to China
- April 2008: American Defense Department employee Gregg Gergersen pleads guilty to passing weapons sales information to China

## *Corporate Cases*

- September 2011: a former employee of American Semiconductor Corp is sentenced to three years in prison for passing wind turbine secrets to a Chinese competitor
- February 2011: Dow Chemical employee Huang Kexue is convicted of stealing Dow trade secrets and selling them to China
- November 2010: Ford employee Yu Xiangdong pleads guilty to stealing Ford Motor Co. trade secrets for China
- September 2010: Valspar employee David Yen Lee pleads guilty to stealing Valspar paint and coating formula and selling it to China
- July 2010: GM engineer Du Shanshaw is fired for copying thousands of GM hybrid technology documents and passing them to Chery Automobile Company in China
- June 2010: DuPont engineer Meng Hong pleads guilty to stealing DuPont technology and passing it to China

APPENDIX IV

STATEMENT OF  
FACTS IN THE  
CASE OF RONALD  
MONTAPERTO

*The following is the Statement of Facts in the case of Ronald Montaperto, a former Defense Intelligence Agency analyst who admitted to providing classified information to Chinese military attachés.*

IN THE UNITED STATES DISTRICT COURT FOR THE EASTERN  
DISTRICT OF VIRGINIA UNITED STATES OF AMERICA  
CRIMINAL NO. 1:06cr257

RONALD N. MONTAPERTO  
Defendant.

STATEMENT OF FACTS

Should this matter proceed to trial, the United States would prove the following beyond a reasonable doubt:

1. In October 1981, defendant RONALD N. MONTAPERTO began employment with the Defense Intelligence Agency (DIA) in Arlington, Virginia as an intelligence analyst on issues pertaining the People's Republic of

China (PRC). He held a Top Secret security clearance. On October 2, 1981, MONTAPERTO signed a DIA Secrecy Agreement by which he acknowledged that he would never divulge any classified information relating to the national security without prior consent of the Director of the DIA or his designated representative.

MONTAPERTO further acknowledged that he was responsible for ascertaining whether information was classified and who was authorized to receive it. MONTAPERTO acknowledged that he had read and understood the provisions of the Espionage Act, including Title 18, United States Code, Sections 793, 794 and 798.1 expected to cause damage to national security.

2. In 1983, MONTAPERTO was reassigned by the DIA to work as Chief, Current Intelligence, China Branch, at the Pentagon in Arlington. From July 1986 to February 1992, he was assigned by the DIA to work at the Defense Intelligence Analysis Center (DIAC) at Bolling Air Force Base in Washington, D.C.

3. In February 1992, MONTAPERTO began working at the Institute of National Strategic Studies at the National Defense University (NDU) in Washington, D.C. In March 2001, he was hired as the Dean of Academics at the Asia-Pacific Center for Security Studies (APCSS), in Honolulu, Hawaii. APCSS is a Department of Defense (DOD) educational institution in which civilian and military security professionals from the various nations of the Asia-Pacific Region and the United States study issues and problems related to Asian security.

4. As part of his responsibilities as a PRC analyst at the DIA, MONTAPERTO was among five or six DIA analysts selected in 1982 to participate in a pilot program initiated by the DIA to foster social and professional interaction between DIA's PRC experts and the PRC military attachés assigned to the PRC Embassy in Washington, D.C. All contacts between DIA participants and the PRC military attachés were to be documented. None of the DIA participants was authorized to disseminate classified information to the PRC military attachés. By 1984, when MONTAPERTO was working at the Pentagon, all the other participants in the pilot program had either retired or transferred. MONTAPERTO continued to maintain contact with the PRC military attachés as part of his official responsibilities, yet failed to execute contact reports after each meeting as required by DIA regulations. He did file an official "assessment" of each of the two PRC military attachés with whom he was primarily meeting—one was filed in October 1983, the other in May 1987. He only filed these two assessments after being directed to do

so by DIA security. He then submitted additional assessments in 1988. On occasion, MONTAPERTO discussed with his superiors his meetings with the military attachés, and, by early 1989, he was directed by his immediate supervisor to discontinue his meetings with the military attachés altogether.

5. In 1988, MONTAPERTO applied for a position as a DIA analyst detailed to the Central Intelligence Agency (CIA). During security processing in January 1989, MONTAPERTO made the following admissions: a) in 1982, he separately showed both his father and his wife (neither of whom held a security clearance) a classified document (level unknown); b) in 1982, he removed a Confidential U.S. government document from its proper place of storage and brought it home; c) in 1987, he invited into the DIAC, without authorization, a private researcher (who, further investigation revealed, was uncleared and had been given access to classified information by Montaperto); and d) in 1988, he removed and brought home a Secret document. He also admitted to maintaining contact with PRC military attaché Yu Zenghe and his predecessor. MONTAPERTO was not able to successfully complete security processing at the CIA and was not offered the position he was seeking at that agency. However, his DIA clearances remained in place and no effort was made to restrict his access to classified information.

6. On January 29, February 6, February 13, and February 20, 1991, FBI agents interviewed MONTAPERTO about his relationship with the PRC attachés. MONTAPERTO stated that he had developed close relationships with at least two of the attachés—Senior Colonels Yang Qiming and Yu Zenghe. Investigation by the FBI has determined that both men were intelligence officers for the PRC during the time of MONTAPERTO's association with them. MONTAPERTO admitted to verbally providing these attachés a considerable amount of information that was useful to them, including classified information. However, MONTAPERTO stated he could not recall specifically what classified information he had disclosed to the attachés, and the investigation was closed by the FBI without referral for a prosecutive opinion.

7. In August 2001, a joint Naval Criminal Investigative Service (NCIS) and FBI investigation was initiated on MONTAPERTO in Honolulu, Hawaii. As part of the investigation, a ruse was established in which a U.S. military representative approached MONTAPERTO in July 2003 and asked him whether he would be interested in working on a sensitive project on China. In accordance with the ruse, MONTAPERTO was told that he would have to submit to a counterintelligence polygraph examination administered by

the NCIS as a prerequisite to working on this special project. MONTAPER-  
ERTO volunteered to do so.

8. In two pre-polygraph interviews conducted by NCIS agents in October 2003, MONTAPER-  
ERTO admitted the following: a) he met with PRC military attachés Yang Qiming and Yu Zenghe, individually, from 1983 to 1990; b) he knew when he met with the two attachés that both were trained intelli-  
gence officers; c) he would often discuss classified issues with the attachés by talking “around” the information; and d) he had verbally disclosed to Yu Zenghe information classified by the U.S. government at the Secret and Top Secret levels (although he stated he could not recall specifically what classified information he had disclosed to Yu Zenghe). Additionally, MONTAPER-  
ERTO stated that he might have a document either at his residence or his office in Honolulu, Hawaii, or at his townhouse in Springfield, Virginia, which MONTAPER-  
ERTO had written based on a conversation he had had with Yang Qiming.

MONTAPER-  
ERTO stated that this document pertained to relations between the United States government and the PRC and that he believed he had placed the document in question in a book. He provided the NCIS with consent to search his residence, vehicle, and office in Hawaii, as well as his residence in Springfield. Consequently, after the October interviews were completed, NCIS agents conducted searches of the locations in Honolulu. No document of the sort described by MONTAPER-  
ERTO was found.

9. When NCIS agents arrived at MONTAPER-  
ERTO’s Springfield, Virginia townhouse on November 12, 2003 to conduct a search, MONTAPER-  
ERTO’s wife directed the agents to a large bookshelf containing numerous books in a second floor office. The agents did not find any document of the sort described by MONTAPER-  
ERTO or any other related evidence during the search of those books.

10. On November 19, 2003, NCIS agents conducted a third pre-polygraph examination interview of MONTAPER-  
ERTO in Honolulu. MONTAPER-  
ERTO stated that during the late 1980’s, he had two discussions with Yu Zenghe involving Top Secret information. One disclosure dealt with the sale of military equipment by the PRC to a Middle Eastern country.

MONTAPER-  
ERTO identified the specific type of equipment and the country that purchased the equipment. The second Top Secret discussion dealt with the sale of missiles from the PRC to another Middle Eastern country. MONTAPER-  
ERTO stated he could not recall specifically what he had

disclosed to Yu Zenghe with respect to these sales. Although some information about these sales was officially available to the public, MONTAPERTO's knowledge on this topic was derived from highly classified sources and sensitive compartmented information. Pursuant to his secrecy agreement with the government, MONTAPERTO had a legal duty to confirm that any such derived information was releasable, yet he failed to do so.

11. On December 3, 2003, the FBI conducted a final interview of MONTAPERTO in Honolulu. During this interview, MONTAPERTO elaborated on admissions he had made in previous interviews about having disclosed classified information to PRC military attachés in the 1980's. He also stated that from 1989 to 2001 he continued to meet with PRC military attachés from the PRC Embassy. MONTAPERTO named several attachés, all of whom were determined by the FBI to be PRC intelligence officers who worked within the United States.

MONTAPERTO admitted he may have orally disclosed classified information that he recollected from his previous position to PRC military attachés as late as 2001. However, during this interview, MONTAPERTO stated he could not recall specifically what classified information he had disclosed to the attachés.

12. On February 4, 2004, FBI agents executed a search warrant issued by the U.S. District Court for the Eastern District of Virginia at MONTAPERTO's residence at 7936 Birchtree Court, Springfield, Virginia. At this time, MONTAPERTO had stored within a file cabinet drawer in his basement a number of classified documents, six of which contained national defense information classified at the Secret level and clearly marked as such. These documents consisted of: three February 1984 DIA memoranda regarding "Future PRC Relationship," "Future DIA-PRC Relationship," and "A Plan for DIA-PRC Relationship;" a February 1984 DOD cable regarding "The Maturing US/PRC Military Relationship;" and two July 1988 DIA memoranda regarding "Policy Regarding Contact with Chinese Nationals."

MONTAPERTO had previously removed these documents from their proper place of storage within the DOD. As MONTAPERTO well knew, he was not authorized to store or retain classified materials at his residence.

13. A July 2005 paragraph-by-paragraph analysis by the DIA of the previously described Secret documents seized from MONTAPERTO's townhouse determined that all of these documents were properly classified at the time they were created and that all retained their Secret classification at the time of this analysis.

14. At all times during the above-described incidents, defendant MONTAPERTO acted unlawfully and knowingly and not by mistake or other innocent reason.

Respectfully submitted,

Chuck Rosenberg  
United States Attorney

By: \_\_\_\_\_

W. Neil Hammerstrom, Jr.  
Assistant United States Attorney

\_\_\_\_\_  
Stephen M. Campbell  
Assistant United States Attorney

\_\_\_\_\_  
Renate D. Staley  
Trial Attorney  
U. S. Department of Justice

After consulting with my attorney and pursuant to the plea agreement entered into this day between the defendant, RONALD N. MONTAPERTO, and the United States, I hereby stipulate that the above Statement of Facts is true and accurate, and that had the matter proceeded to trial, the United States would have proved the same beyond a reasonable doubt.

\_\_\_\_\_  
Ronald N. Montaperto  
Defendant

I am RONALD N. MONTAPERTO's attorney. I have carefully reviewed the above Statement of Facts with him. To my knowledge, his decision to stipulate to these facts is an informed and voluntary one.

\_\_\_\_\_  
Stephen P. Anthony  
Counsel for Defendant

\_\_\_\_\_  
Hope Hamilton  
Counsel for Defendant