



U.S. Department of Justice

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## PRESS RELEASE

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### **Former Managing Director of PPG Paints Trading (Shanghai) Co., Ltd., Charged with Illegally Exporting High-Performance Coatings To Nuclear Reactor in Pakistan**

WASHINGTON - Xun Wang, a former Managing Director of PPG Paints Trading (Shanghai) Co., Ltd., a wholly-owned Chinese subsidiary of United States-based PPG Industries, Inc., has been indicted on a charge of conspiring to violate the International Emergency Economic Powers Act and the Export Administration Regulations, and other related offenses, announced Ronald C. Machen Jr., U.S. Attorney for the District of Columbia, and Eric L. Hirschhorn, U.S. Department of Commerce Under Secretary for Industry and Security.

Wang, 51 made her initial appearance on July 7, 2011 in the U.S. District Court for the District of Columbia. On June 7, 2011, a federal grand jury in the District of Columbia returned a sealed indictment charging her with one count of conspiracy and three counts of violating export laws under the International Emergency Economic Powers Act (IEEPA). The indictment was unsealed following Wang's arrest.

She is accused of conspiring to export and reexport, and exporting and reexporting specially designed, high-performance epoxy coatings to the Chashma 2 Nuclear Power Plant (Chashma II) in Pakistan, a nuclear reactor owned and/or operated by the Pakistan Atomic Energy Commission, an entity on the Department of Commerce's Entity List.

Wang was arrested on the indictment on June 16, 2011, at Atlanta Hartsfield-Jackson Airport and transferred to the District of Columbia on July 6, 2011. Wang remains in custody pending a detention hearing on July 12, 2011 before United States Magistrate Judge Deborah A. Robinson. She is a Chinese national and lawful permanent resident of the United States. The United States is seeking to have her held without bond pending trial.

The indictment is related to the December 21, 2010, guilty plea of PPG Paints Trading (Shanghai) Co., Ltd. ("PPG Paints Trading"), to a four-count information in the U.S. District

Court for the District of Columbia. Together, PPG Paints Trading and its parent company, PPG Industries, Inc., paid \$3.75 million in criminal and administrative fines and over \$32,000 in restitution. The combined amount of criminal and civil fines represented one of the largest monetary penalties for export violations in the history of the U.S. Department of Commerce's Bureau of Industry and Security.

The Pakistan Atomic Energy Commission is the science and technology organization in Pakistan responsible for Pakistan's nuclear program, including the development and operation of nuclear power plants in Pakistan. In November 1998, following Pakistan's first successful detonation of a nuclear device, the Commerce Department's Bureau of Industry and Security added the Pakistan Atomic Energy Commission, as well as its subordinate nuclear reactors and power plants, to the list of prohibited end users under the Export Administration Regulations.

As a restricted end-user, a United States manufacturer seeking to export or reexport any items subject to the Export Administration Regulations to the Pakistan Atomic Energy Commission, or its nuclear power plants or reactors, would first need to obtain a license from the Department of Commerce in the District of Columbia.

According to the indictment against Wang, in January 2006, PPG Industries sought an export license for the shipments of coatings to Chashma II. In June 2006, the Department of Commerce denied that license application. Following that denial, Wang and her co-conspirators agreed upon a scheme to export and reexport the high-performance epoxy coatings from the United States to Chashma II, via a third-party distributor in People's Republic of China, without first having obtained the required export license from the Department of Commerce.

The indictment further alleges that from around June 2006 through around March 2007, Wang and other co-conspirators intentionally concealed from PPG Industries that the paint would be delivered to Chashma II. Specifically, they falsely stated that the coatings were to be used at a nuclear power plant in China, the export of goods to which would not require a license from the Department of Commerce. The indictment alleges that, through these means, Wang and her co-conspirators took part in three shipments of coatings from the United States to Chashma 2 without the required Department of Commerce license.

An indictment is merely a formal charge that a defendant has committed a violation of criminal law and is not evidence of guilt. Every defendant is presumed innocent until, and unless, proven guilty.

This case is being investigated by the Department of Commerce's Bureau of Industry and Security, Office of Export Enforcement, New York Field Office, and prosecuted by Assistant U.S. Attorneys G. Michael Harvey and John Borchert.