



UNITED STATES DEPARTMENT OF COMMERCE  
Bureau of Industry and Security  
Office of Export Enforcement  
1401 Constitution Avenue, Suite 4508  
Washington, DC 20230

CHARGING LETTER

VIA EXPRESS COURIER

Far East Cable Co. Ltd.  
6 Yuandong Avenue  
Gaocheng Town  
Yixing, 214257  
China

July 29, 2022

*Attention: Chairman or CEO*

Dear Sir or Madam:

The Bureau of Industry and Security, U.S. Department of Commerce (“BIS”), has reason to believe that Far East Cable Co. Ltd., of Yixing, China (“Far East Cable”), has violated the Export Administration Regulations (the “Regulations”).<sup>1</sup> Specifically, BIS charges the following violations of the Regulations:<sup>2</sup>

**Charges 1 – 18      15 C.F.R. § 764.2(b) – Causing, Aiding, and/or Abetting Violations of the Regulations**

1. As further described in additional detail in the attached Schedule of Violations,

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<sup>1</sup> The Regulations originally issued under the Export Administration Act of 1979, as amended, 50 U.S.C. §§ 4601-4623 (Supp. III 2015) (“the EAA”), which lapsed on August 21, 2001. The President, through Executive Order 13,222 of August 17, 2001 (3 C.F.R., 2001 Comp. 783 (2002)), which was extended by successive Presidential Notices, including the Notice of August 8, 2018 (83 Fed. Reg. 39,871 (Aug. 13, 2018)), continued the Regulations under the International Emergency Economic Powers Act, 50 U.S.C. § 1701, et seq. (2012) (“IEEPA”), including during the time period of the violations at issue here, which occurred in 2014-2016. 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, 50 U.S.C. § 4801, et seq. (“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, 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as of ECRA’s date of enactment (August 13, 2018), shall continue in effect according to their terms until modified, superseded, set aside, or revoked through action undertaken pursuant to the authority provided under ECRA.

<sup>2</sup> The Regulations are currently codified in the Code of Federal Regulations at 15 C.F.R. Parts 730-774 (2022). The charged violations occurred in 2014-2016. The Regulations governing the violations at issue are found in the 2014-2016 versions of the Code of Federal Regulations (15 C.F.R. Parts 730-774 (2014-2016)). The 2022 Regulations set forth the procedures that apply to this matter.



which is incorporated herein, on eighteen (18) occasions between on or about September 24, 2014, and on or about January 29, 2016, Far East Cable caused, aided, and/or abetted violations of the Regulations, namely, the export or reexport to Iran of items subject to the Regulations without the required U.S. Government authorization. The transactions at issue involved U.S.-origin routers, microprocessors, servers, databases, and other items listed on the Commerce Control List (“CCL”) and controlled under the Regulations on national security (“NS”), encryption (“EI”), regional stability (“RS”), and/or anti-terrorism grounds (“AT”) grounds, as well as items designated EAR99 under the Regulations.<sup>3</sup> These items also were subject to the Iranian Transactions and Sanctions Regulations (“ITSR”), 31 C.F.R. Part 560, administered by the Department of the Treasury’s Office of Foreign Assets Control (“OFAC”).

2. Far East Cable is China’s largest wire and cable manufacturer, focusing on designing and making products such as power cables, overhead wires, electrical equipment, and specialty cables. On or about December 2, 2013, however, Far East Cable entered into a “framework agreement” with the Zhongxing Telecommunications Equipment Corporation, of Shenzhen, China (“ZTE”). ZTE described itself at the time as “one of the biggest listed telecom manufacturers and a global telecom total-solution provider in China and abroad.” This agreement had a contract price of 1 billion RMB, or approximately \$164 million,<sup>4</sup> and provided for Far East Cable to purchase telecommunications network equipment from ZTE.

3. Shortly after signing this agreement with ZTE, Far East Cable signed a contract with the Telecommunications Company of Iran (“TCI”), and one with Khadamate Ertebati Rightel (“Tamin/Rightel”), also of Iran. The contract with TCI, dated on or about February 22, 2014, was for the supply of telecommunications equipment in three Iranian provinces, and was valued at approximately 69.5 million Euros, or approximately \$95.2 million. Far East Cable then entered into a contract with Tamin/Rightel, dated on or about March 19, 2014, for “Purchasing GSM/UTRAN Network Equipment in I.R. [of] Iran.”<sup>5</sup> This contract, valued at approximately 72 million Euros, or approximately \$94.3 million, included a provision indicating that spare parts would be provided to Tamin/Rightel in Iran for a period of ten years.

4. TCI described itself as a leading integrated communications’ provider in Iran, stating that in 2009 it was valued at approximately \$15.5 billion. Publicly available information indicates that TCI is majority-owned by a consortium owned or controlled by the Iranian Revolutionary Guard Corps, and that TCI in turn owned or controlled Iran’s fixed line telecommunications infrastructure. By in or around February 2010, ZTE and TCI had reached a “mutual cooperation agreement” concerning the expansion of TCI’s existing networks under which ZTE would be the “sole vendor... to collaborate with TCI” on the expansion of Iranian

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<sup>3</sup> EAR99 is a designation for items subject to the Regulations but not listed on the CCL. See 15 C.F.R. §§ 734.3(c) and 772.1.

<sup>4</sup> Contract values were specified in either RMB or Euros in the original documents. This monetary amount and all other converted amounts alleged in this Charging Letter are set out in dollar terms based on the conversion rate on the applicable date.

<sup>5</sup> “GSM/UTRAN” refers to Global System for Mobile Communications/UMTS Terrestrial Radio Access Network.

telecommunication networks.

5. Publicly available information indicates that Tamin/Rightel was established, in or about May 2007, by the Iranian Social Security Investment Company, a state-owned fund and investment vehicle for the Iranian social security system, and in 2009 had been awarded Iran's Third Mobile Network License and thereafter sought to contract for the development and operation of GSM/UTRAN, which would cover numerous cities in Tehran and eight other main Iranian cities. ZTE subsequently signed a contract with Tamin/Rightel on or about November 22, 2010 for "Project: GSM/UTRAN Network in I.R. [of] Iran," to supply, service, "create[,] and operate, [Iran's] first 2G/3G and 4G ready mobile telecommunication network."

6. The contracts that Far East Cable signed with TCI and Tamin/Rightel in, respectively, February and March 2014, did not reference ZTE and thus appeared to establish contractual relationships with no apparent connection to ZTE. However, TCI and Tamin/Rightel were, in fact, longtime customers of ZTE and, as set forth in Paragraphs 4-5 *supra*, had already signed contracts with ZTE under which ZTE built, operated, maintained, and/or supplied TCI and Tamin/Rightel telecommunications networks.

7. Under those contracts, ZTE had transshipped and/or reexported U.S.-origin items subject to the Regulations to TCI and Tamin/Rightel since in or around 2010. In March 2012, however, a news media report was published about some of ZTE's Iranian dealings, and BIS served an administrative subpoena on ZTE USA, Inc. ZTE thereafter suspended shipments of U.S.-origin items to Iran in or about May 2012, while continuing to provide ongoing services and support through its Iranian representative office (ZTE Parsian), but in November 2013, made plans to resume shipments to Iran. The head of the ZTE Parsian office in Iran was directed to find an established third party with a history of selling to Iran that would agree to sign contracts with Iranian entities directly, enter into a separate contract with ZTE, and then act as shipper to Iran at a reasonable price to ZTE. A committee of ZTE employees was formed to find a willing third party. Weeks later, on or about December 2, 2013, Far East Cable signed the 1 million RMB framework agreement with ZTE described above in Paragraph 2, *supra*, and shortly thereafter signed the contracts with TCI and Tamin/Rightel described above in Paragraph 3, *supra*.

8. Far East Cable began shipping, transferring, or arranging for the shipment or transfer and otherwise facilitating the shipment or transfer of the items at issue to TCI and Tamin/Rightel in Iran no later than on September 24, 2014, and continued to do so through at least January 29, 2016. The U.S.-origin items shipped to Iran, either separately or for use as components of larger systems, included items controlled under Export Control Classification Numbers ("ECCNs") 3A001, 3A991, 3A992, 3A999, 4A994, 5A002, 5A991, 5A992, or 5D991.

9. At all times pertinent to these transactions, Section 746.7 of the Regulations imposed a BIS license requirement for the export or reexport to Iran of the CCL items at issue, including transshipments through a third country. Section 742.8 also applied to items controlled under the Regulations on Anti-terrorism (AT) grounds.

10. In addition, pursuant to Section 746.7 of the Regulations, no person could lawfully export or reexport any item subject to the Regulations, whether an item on the CCL or designated EAR99, if the transaction was prohibited by the ITSR. This additional prohibition under Section 746.7 applied whether or not the Regulations otherwise imposed a license requirement for the transaction. At all times pertinent hereto, the ITSR prohibited, *inter alia*, the unauthorized export, reexport, sale or supply, directly or indirectly, from the United States to Iran of any goods, technology, or services.

11. In order to avoid duplication regarding transactions involving items subject to both the Regulations and the ITSR, Section 746.7 provided that authorization did not need to be obtained from both BIS and OFAC, as authorization by OFAC under the ITSR was considered authorization for purposes of the Regulations as well.<sup>6</sup>

12. No authorization was sought or obtained from BIS, or from OFAC, in connection with any of the transactions or activities described herein.

13. In so causing, aiding, and/or abetting unlawful exports or reexports to Iran on at least eighteen (18) occasions, Far East Cable committed 18 violations of Section 764.2(b) of the Regulations.

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Accordingly, Far East Cable is hereby notified that an administrative proceeding is instituted against it pursuant to Part 766 of the Regulations for the purpose of obtaining an order imposing administrative sanctions,<sup>7</sup> including any or all of the following:

- The maximum civil penalty allowed by law of up to the greater of \$330,947 per violation,<sup>8</sup> or twice the value of the transaction that is the basis of the violation;<sup>9</sup>
- Denial of export privileges;

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<sup>6</sup> Authorization must be sought from BIS where a license is required under Section 742.8 or 746.7 of the Regulations and the items involved are subject to the Regulations, but not the ITSR.

<sup>7</sup> The alleged violations occurred prior to August 13, 2018, the date of enactment of ECRA. Consequently, the potential sanctions are provided for in IEEPA.

<sup>8</sup> See 15 C.F.R. §§ 6.3(b)(4) and 6.4. This amount is subject to annual increases pursuant to the Federal Civil Penalties Inflation Adjustment Act Improvements Act of 2015, Sec. 701 of Public Law 114-74, enacted on November 2, 2015. See 87 Fed. Reg. 157, 159 (Jan. 4, 2022) (adjusting for inflation this amount under IEEPA from \$311,562 to \$330,947 effective Jan. 15, 2022). See also note 1, *supra*.

<sup>9</sup> See International Emergency Economic Powers Enhancement Act of 2007, Pub. L. No. 110-96, 121 Stat. 1011 (2007).

- Exclusion from practice before BIS; and/or
- Any other liability, sanction, or penalty available under the law.

If Far East Cable fails to answer the charges contained in this letter within 30 days after being served with notice of issuance of this letter, that failure will be treated as a default. *See* 15 C.F.R. §§ 766.6 and 766.7. If Far East Cable defaults, the Administrative Law Judge may find the charges alleged in this letter are true without a hearing or further notice to Far East Cable. The Under Secretary of Commerce for Industry and Security may then impose up to the maximum penalty for the charges in this letter.

Far East Cable is further notified that it is entitled to an agency hearing on the record if they file a written demand for one with its answer. *See* 15 C.F.R. § 766.6. Far East Cable is also entitled to be represented by counsel or other authorized representative who has power of attorney to represent it. *See* 15 C.F.R. §§ 766.3(a) and 766.4.

The Regulations provide for settlement without a hearing. *See* 15 C.F.R. § 766.18. Should Far East Cable have a proposal to settle this case, Far East Cable or its representative should transmit it to the attorney representing BIS named below.

Far East Cable is further notified that under the Small Business Regulatory Enforcement Flexibility Act, Far East Cable may be eligible for assistance from the Office of the National Ombudsman of the Small Business Administration in this matter. To determine eligibility and get more information, please see: <http://www.sba.gov/ombudsman/>.

The U.S. Coast Guard is providing administrative law judge services in connection with the matters set forth in this letter. Accordingly, Far East Cable's answer must be filed in accordance with the instructions in Section 766.5(a) of the Regulations with:

U.S. Coast Guard ALJ Docketing Center  
40 S. Gay Street  
Baltimore, Maryland 21202-4022

In addition, a copy of Far East Cable's answer must be served on BIS at the following address:

Chief Counsel for Industry and Security  
Attention: Adrienne Frazier, Esq., and Kate Debrason, Esq.  
United States Department of Commerce  
14th Street and Constitution Avenue, N.W.  
Room HCHB-3839  
Washington, D.C. 20230

Adrienne Frazier and Kate Debrason are the attorneys representing BIS in this case; any communication that Far East Cable may wish to have concerning this matter should occur through them. They may be contacted by telephone at (202) 482-5301.

Sincerely,

A handwritten signature in blue ink, appearing to read "John Sonderman", with a long horizontal flourish extending to the right.

John Sonderman  
Director  
Office of Export Enforcement

**Schedule of Violations**

No.	Date of Export	Value	ECCNs	Reasons for Control	Country of Ultimate Designation	Customer
1	9/24/2014	\$240,839	3A001, 3A001.b.2, 3A991, 3A999, 5A991, 5A992, 5A002, 5A002.a.1, EAR99	AT1, NS1, NS2, RS1, EI	Iran	Tamin/Rightel
2	9/28/2014	\$35,555	3A001, 3A991, 5A991, 5A002, EAR99	AT1, NS1, NS2	Iran	Tamin/Rightel
3	9/30/2014	\$2,398,563	3A001, 3A001.b.3, 3A991, 3A992, 4A994, 5A991, 5A992, 5A002.a.1, EAR99	AT1, NS1, NS2, RS1, EI	Iran	TCI
4	10/25/2014	\$40,956	3A991, 5A991, 5A002, EAR99	AT1, NS1	Iran	Tamin/Rightel
5	11/15/2014	\$1,223,113	3A001, 3A991, 3A999, 4A994, 5A991, 5A992, 5A002, 5A002.a.1, EAR99	AT1, NS1, NS2, EI	Iran	Tamin/Rightel
6	11/30/2014	\$673,419	3A001, 3A001.b.2, 3A991, 3A999, 5A991, 5A992,	AT1, NS1, NS2, EI	Iran	Tamin/Rightel

No.	Date of Export	Value	ECCNs	Reasons for Control	Country of Ultimate Designation	Customer
			5A002, 5A002.a.1, EAR99			
7	12/28/2014	\$21,023	3A001, 3A991, 5A991, 5A992, 5A002.a.1, EAR99	AT1, NS1, NS2, EI	Iran	TCI
8	2/16/2015	\$1,112,809	3A001, 3A001.b.3, 3A991, 4A994, 5A991, 5A992, 5A002, 5A002.a.1, EAR99	AT1, NS1, NS2, RS1, EI	Iran	TCI
9	3/12/2015	\$7,646	3A001, 3A991, 5A991, 5A002.a.1, EAR99	AT1, NS1, NS2, EI	Iran	Tamin/Rightel
10	4/8/2015	\$7,640	3A001, 3A991, 5A991, 5A002.a.1, EAR99	AT1, NS1, NS2, EI	Iran	Tamin/Rightel
11	4/29/2015	\$3,565,767	3A001, 3A001.b.3, 3A991, 3A992, 4A994, 5A991, 5A992, 5A002, 5A002.a.1, EAR99	AT1, NS1, NS2, RS1, EI	Iran	TCI



No.	Date of Export	Value	ECCNs	Reasons for Control	Country of Ultimate Designation	Customer
12	5/3/2015	\$82,008	3A001, 3A991, 3A999, 4A994, 5A991, 5A992, 5A002, 5A002.a.1, EAR99	AT1, NS1, NS2, EI	Iran	Tamin/Rightel
13	5/22/2015	\$5,272	3A001, 3A991, 4A994, 5A991, 5A002, 5A002.a.1, EAR99	AT1, NS1, NS2, EI	Iran	Tamin/Rightel
14	5/22/2015	\$2,939	3A001, 3A991, 4A994, 5A991, 5A002.a.1, EAR99	AT1, NS1, NS2, EI	Iran	TCI
15	7/10/2015	\$3,223	3A001, 3A991, 4A994, 5A991, 5A002.a.1, EAR99	AT1, NS1, NS2, EI	Iran	Tamin/Rightel
16	7/28/2015	\$6,615	3A001, 3A991, 5A991, 5A992, 5A002.a.1, EAR99	AT1, NS1, NS2, EI	Iran	TCI
17	1/27/2016	\$945	3A001, 3A991, 3A999, 5A991, EAR99	AT1, NS2	Iran	Tamin/Rightel

No.	Date of Export	Value	ECCNs	Reasons for Control	Country of Ultimate Designation	Customer
18	1/29/2016	\$278,876	3A001, 3A991, 3A999, 4A994, 5A991, 5A992, 5A002, 5A002.a.1, 5D991, EAR99	AT1, NS1, NS2, EI	Iran	Tamin/Rightel
Total Value						\$9,707,208