Counter-Proliferation Investigations & National Security

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Q & A
**Agenda**

- The DSS Mission and Counterintelligence Role
- Understanding Counter Proliferation and Export Control
- The Relationship Between EAR & National Security
- HSI Investigations/Project Shield America
- Suspicious Transaction Indicators
- Suspicious Contact Reporting

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**DSS Mission**

DSS supports national security and the warfighter, secures the nation's technological base, and overseas the protection of U.S. and foreign classified information in the hands of industry.

**CI Mission**

DSS CI identifies unlawful penetrators of cleared U.S. defense industry and articulates the threat for industry and U.S. Government leaders.

**Scope**

- 10+K firms, 13+K facilities, 1.2m people
- 1 CI professional/261 facilities
- 12% of facilities report
NISPOM 5-508: Disclosure of Export Controlled Information to Foreign Persons
Contractors shall not disclose export-controlled information and technology (classified or unclassified) to a foreign person, whether an employee or not, or whether disclosure occurs in the United States or abroad, unless such disclosure is in compliance with applicable U.S. laws and regulations.

NISPOM 10-200a. Government to Government International Agreements
Classified information shall not be disclosed until agreements are signed by the participating governments and disclosure guidance and security arrangements are established. The export of technical data pursuant to such agreements may be exempt from licensing requirements of the International Traffic in Arms Regulation (ITAR).
HSI Investigative Program Areas
Trade, Travel, Finance
- Counter-Proliferation/Export Enforcement
- Financial Crimes/Money Laundering
- Narcotics Trafficking
- Human Trafficking
- Commercial Trade and Fraud
- Cyber Crimes
- Intellectual Property Rights
- Human Rights Violations
- Transnational Gangs

HSI has approximately 7000 Special Agents and 210 Domestic HSI Field Offices

75 International HSI Attaché Offices in 48 Countries Worldwide
Counter-Proliferation Investigations - Mission

- HSI is the only federal law enforcement agency with full statutory authority to investigate and enforce violations of all U.S. export laws related to military items, “dual-use” items, and sanctioned or embargoed countries.
- Protect the American public from the introduction of WMD and other instruments of terror into the U.S.
- Prevent the illegal export of U.S. origin technology, goods and services
- Prevent rogue nations, terrorists, trans-national criminals from obtaining strategic materials, funds, and support
- Prevent U.S./Coalition forces/innocent civilians from being killed/injured by roadside bombs manufactured with U.S. components
- Countries of concern from using U.S. goods and technology in the development of military systems and weapons
- Rogue nations from developing nuclear weapons and other WMD programs

How do we prevent . . .

- U.S./Coalition forces/innocent civilians from being killed/injured by roadside bombs manufactured with U.S. components
- Countries of concern from using U.S. goods and technology in the development of military systems and weapons
- Rogue nations from developing nuclear weapons and other WMD programs

U. S. Export Control Laws

HSI has led law enforcement efforts in export enforcement for close to 40 years by using the broadest export enforcement authorities within the U.S. government:

- 22 USC 2778 Arms Export Control Act
- 22 CFR 120-130 Military Items, Services and Brokering
- 50 USC 2411 Export Administration Act
- 15 CFR 730-774 Dual Use Commodities & Technology (Commercial & Military)
U. S. Export Control Laws

50 USC 1701-1705 International Emergency Economic Powers Act
31 CFR 590-599 Economic and Trade Sanctions
18 USC 554 Smuggling Goods from the U.S.

*These, plus border search authority, provide HSI the broadest export enforcement authorities of any federal law enforcement agency
*Parallels with international controls

Export Enforcement Basics
Elements of a Criminal Violation

1. An export/attempted export/etc. of an item, technology, or service from the United States……
2. ……..export of the item, service, or technology (activity) is “subject to” regulation by the U.S. Government;
3. ……..no authorization (license) was obtained from the specific regulatory agency with jurisdiction (DOS, DOC, OFAC); and………..
4. acts were done willfully and/or with criminal intent.

Primary Export Licensing Agencies

U.S. Dept. of State
Directorate of Defense Trade Controls (DDTC)
- Regulates Export & Licensing of Single-Use Defense Articles (military applications)
- Controlled Items List:
  - U.S. Munitions List (USML)

U.S. Dept. of Commerce
Bureau of Industry and Security (BIS)
- Regulates Export & Licensing of Dual-Use Commodities (Commercial & Military Applications)
- Controlled Items List:
  - Commerce Control List (CCL)

U.S. Dept. of Treasury
Office of Foreign Assets Control (OFAC)
- Regulates Licensing of Transactions involving sanctions & embargos
- Comprehensive & Selective Regulations may apply to:
  • Countries
  • Companies
  • Individuals
HSI Export Enforcement Related Authorities

- Border Search Authority
- Export Enforcement Subpoena Authority
- Customs Mutual Assistance Agreements (CMAA)

Project Shield America (PSA)

- Industry Outreach Program, HSI has been partnering with U.S. Industry since the passage of the earliest export control laws. PSA remains a cornerstone of HSI export enforcement and awareness programs.
- Increase public awareness of export law, and partner with Industry in combating illegal export of critical U.S technologies. (e.g., identify WMD manufacturing and high technology community and seek cooperation).
- Establish a more formal/informal liaison and continuing relationship with U.S. Industry.
- Protect U.S. National Security and Foreign Policy concerns.

Statistics: HSI conducts in excess of 1,300 Industry outreach visits each year.

You should be aware if a customer:

- Is reluctant to provide end user/use information
- Is willing to pay cash for a high-value order
- Has little knowledge or background in the relevant technology
- Order does not make sense
- Product requested is incompatible with the technical level of the country to which it is being shipped
- Declines normal warranty, installation, training, or maintenance services
- Provides vague delivery dates or locations
- Spare parts are in excess of specific needs
- Lists a shipping company as the end user
- Is evasive if product is for domestic use, export, or for re-export

These are just SOME indicators of suspicious transactions.
Attack the Network

“It Takes a Network to Defeat a Network”

- Customs Authorities: CBP and HSI
- Law Enforcement
- Regulatory/Licensing Agencies
- Prosecutors
- Intelligence Agencies
- Financial Intelligence Units
- Military Agencies
- International Partners
- Scientific/Academic Community
- Trade Community/Industry

Export Control Reform (ECR)

Beginning in 2009, the President began an effort to fundamentally reform the U.S. export control system. ECR to be completed in three phases, has four major areas of reform known as the four “singles”:

- A single set of regulations with a single control list
- A single licensing agency
- A single IT system
- A consolidation of enforcement
Executive Order 13558 - November 2010
Export Enforcement Coordination Center

- Housed at DHS/HSI with representation from:
  - Department of Commerce, Department of Defense, Department of Energy, Department of Justice, Department of State, Office of the Director of National Intelligence, and the Department of Treasury

- Primary forum for enforcement and intelligence agencies to coordinate export enforcement actions
- Primary point of contact between enforcement and licensing agencies
- Coordinate public outreach to trade community
- Statistical tracking for export enforcement

Mission: To serve as the primary forum within the Federal Government for executive departments and agencies to coordinate and enhance their export control enforcement efforts.

Going Forward

- As we enter our third year of operations, the E2C2 has processed approximately 2600 agency referrals and currently has a 57% positive de-confliction rate.
- Proof of concept that a "whole of government" approach works within export enforcement.
- It's about partnerships as no one person, unit, agency or government can do it all.
Investigative Case Study
United States v. Hong Wei Xian

Suspicious Contact Reporting:
- NISPOM 1-302b
- NISPOM 1-301
- 811 Referrals

Counterintelligence Training Products
Related Training
- Protecting Your Facilities Technology
- Thwarting the Enemy: Providing CI & Threat Awareness to the Defense Industrial Base
- Suspicious Emails

Job Aids
- Export Control Desktop Reference

Past Webinars
- Elements of a Suspicious Contact Report

www.cdse.edu/catalog/counterintelligence.html
Before we conclude today's presentation, we hope you'll take a moment to participate in our feedback questionnaire. Your feedback is very helpful to us and is greatly appreciated. If you have ideas for future webinar topics, you're able to share these in the questionnaire.

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