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Counterintelligence Awareness Case Study: Attempted Acquisition of Technology – Radiation Hardened Integrated Circuits

Peter Zuccarelli – American Coating Technologies



Space Platforms

- 62-year-old owner of Texas company
- August 3, 2017: Pled guilty to conspiring to smuggle and illegally export controlled technology
- January 24, 2018: Sentenced to 46 months in U.S. prison, three years supervised release, and \$50,000 fine for conspiracy to smuggle and illegally export radiation hardened integrated circuits (RHIC) to Russia and China, which is in violation of the International Emergency Economic Powers Act

What Happened?



Radiation Hardened Integrated Circuits

- Between June 2015 and March 2016, Zuccarelli and co-conspirators agreed to illegally export RHICs to China and Russia
- Zuccarelli and co-conspirator received purchase orders and payment of approximately \$1.5 million to acquire RHICs for Chinese and Russian customers, while claiming his company as the end user
- Zuccarelli repackaged RHICs and falsely relabeled shipping documents to disguise the true identity of technology in order to illegally ship the export controlled technology without required licenses

Impact

- Russia and China have significantly closed the gap in space platform technology with the U.S. through their aggressive and successful attempts in obtaining U.S. technology
- Billions of dollars' worth of U.S. technology are stolen annually through economic espionage
- Radiation Hardened Integrated Circuits continue to be one of the most highly targeted U.S. technology



State Department License

Radiation Hardened Integrated Circuits (RHIC) are used in space programs in China and Russia. Exporting this technology is in violation of the International Emergency Economic Powers Act.

This case study addressed one example of how individuals bypassed the Export Control regulations to acquire and ship RHIC technology included on the U.S. munitions list to embargoed countries. Your awareness is key to protecting our national security. To learn more about recognizing and reporting suspicious activities, visit the CDSE Counterintelligence Awareness Toolkit at: <https://www.cdse.edu/toolkits/ci/index.php>