



# Department of Justice

**Richard P. Donoghue**  
**United States Attorney**  
**Eastern District of New York**

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## **PRESS RELEASE**

### **CHINESE TELECOMMUNICATIONS CONGLOMERATE HUAWEI AND HUAWEI CFO WANZHOU MENG CHARGED WITH FINANCIAL FRAUD**

***Huawei Device USA Inc. and Huawei's Iranian Subsidiary Skycom Also Named  
Defendants***

***Other Charges Include Money Laundering, Conspiracy to Defraud the United States,  
Obstruction of Justice and Sanctions Violations***

BROOKLYN, N.Y. – A 13-count indictment was unsealed earlier today in federal court in Brooklyn, New York, charging four defendants,<sup>1</sup> all of whom are affiliated with Huawei Technologies Co. Ltd. (Huawei), the world's largest telecommunications equipment manufacturer, with headquarters in the People's Republic of China (PRC) and operations around the world. The indicted defendants include Huawei and two Huawei subsidiaries — Huawei Device USA Inc. (Huawei USA) and Skycom Tech Co. Ltd. (Skycom) — as well as Huawei's Chief Financial Officer (CFO) Wanzhou Meng (Meng).

The defendants Huawei and Skycom are charged with bank fraud and conspiracy to commit bank fraud, wire fraud and conspiracy to commit wire fraud, conspiracy to defraud the United States, conspiracy to violate and substantive violations of the International Emergency Economic Powers Act (IEEPA), and conspiracy to commit money laundering. Huawei and Huawei USA are charged with conspiracy to obstruct justice related to the Grand Jury investigation in the Eastern District of New York. Meng is charged with bank fraud, wire fraud, and conspiracy to commit bank and wire fraud.

Matthew G. Whitaker, Acting United States Attorney General, Richard P. Donoghue, United States Attorney for the Eastern District of New York, Brian A. Benczkowski, Assistant Attorney General of the Justice Department's Criminal Division, John C. Demers, Assistant Attorney General of the Justice Department's National

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<sup>1</sup> The indictment charges other individuals who have not yet been apprehended and whose names will not be publicly released at this time.

Security Division, Christopher A. Wray, Director, Federal Bureau of Investigation (FBI), Kirstjen Nielsen, Secretary, U.S. Department of Homeland Security, and Wilbur Ross, Secretary, U.S. Department of Commerce, announced the charges.

“Today we are announcing that we are bringing criminal charges against telecommunications giant Huawei and its associates for nearly two dozen alleged crimes,” stated Acting Attorney General Whitaker. “As I told Chinese officials in August, China must hold its citizens and Chinese companies accountable for complying with the law. I’d like to thank the many dedicated criminal investigators from several different federal agencies who contributed to this investigation and the Department of Justice attorneys who are moving the prosecution efforts forward. They are helping us uphold the rule of law with integrity.”

“As charged in the indictment, Huawei and its subsidiaries, with the direct and personal involvement of their executives, engaged in serious fraudulent conduct, including conspiracy, bank fraud, wire fraud, sanctions violations, money laundering and the orchestrated obstruction of justice,” stated United States Attorney Donoghue. “For over a decade, Huawei employed a strategy of lies and deceit to conduct and grow its business. This Office will continue to hold accountable companies and their executives, whether here or abroad, that commit fraud against U.S. financial institutions and their international counterparts and violate U.S. laws designed to maintain our national security.” Mr. Donoghue thanked the FBI, U.S. Immigration and Customs Enforcement’s Homeland Security Investigations, U.S. Department of Commerce Office of Export Enforcement and the Defense Criminal Investigative Service agents who are investigating this case for their tireless work and dedication.

“These charges lay bare Huawei’s blatant disregard for the laws of our country and standard global business practices,” stated FBI Director Wray. “Companies like Huawei pose a dual threat to both our economic and national security, and the magnitude of these charges make clear just how seriously the FBI takes this threat. Today should serve as a warning that we will not tolerate businesses that violate our laws, obstruct justice, or jeopardize national and economic well-being.”

“As charged in the indictment, Huawei and its Chief Financial Officer broke U.S. law and have engaged in a fraudulent financial scheme that is detrimental to the security of the United States,” stated U.S. Department of Homeland Security Secretary Nielsen. “They willfully conducted millions of dollars in transactions that were in direct violation of the Iranian Transactions and Sanctions Regulations, and such behavior will not be tolerated. The Department of Homeland Security is focused on preventing nefarious actors from accessing or manipulating our financial system, and we will ensure that legitimate economic activity is not exploited by our adversaries. I would like to thank ICE Homeland Security Investigations for their exceptional work on this case.”

“For years, Chinese firms have broken our export laws and undermined sanctions, often using the U.S. financial systems to facilitate their illegal activities,” stated U.S. Department of Commerce Secretary Ross. “This will end. The Trump Administration

continues to be tougher on those who violate our export control laws than any administration in history. I commend the Department's Office of Export Enforcement, and our partners in the FBI, Justice Department, Department of Defense, and Department of Homeland Security for their excellent work on this case."

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## **Overview of the Indictment**

The charges in this case relate to a long-running scheme by Huawei, its CFO, and other employees to deceive numerous global financial institutions and the United States government regarding Huawei's business activities in Iran. Beginning in 2007, Huawei employees misrepresented Huawei's relationship to an unofficial subsidiary in Iran called Skycom, and as a result falsely claimed that Huawei had only limited operations in Iran and that Huawei did not violate U.S. or other laws or regulations related to Iran. Most significantly, after news publications in late 2012 and 2013 disclosed that Huawei operated Skycom as an unofficial subsidiary in Iran and that Meng had served on the board of directors of Skycom, Huawei employees, and in particular Meng, continued to lie to Huawei's banking partners about Huawei's relationship with Skycom, falsely claiming that Huawei had sold its interest in Skycom to an unrelated third party in 2007 and also that Skycom was merely Huawei's local business partner in Iran. In reality, Skycom was Huawei's longstanding Iranian subsidiary, and Huawei orchestrated the 2007 sale to appear as an arm's length transaction between two unrelated parties although Huawei actually controlled the company that purchased Skycom.

As part of this scheme to defraud, Meng personally made a presentation in August 2013 to an executive of one of Huawei's major banking partners in which she repeatedly lied about the relationship between Huawei and Skycom.

Huawei relied on its global banking partners for banking services that included processing U.S.-dollar-denominated transactions through the United States. U.S. laws and regulations generally prohibited these banks from providing U.S.-dollar transactions related to Iran through the United States. The banks could have faced civil or criminal penalties for processing transactions that violated U.S. laws or regulations. Relying on the repeated misrepresentations by Huawei, banking partners continued their banking relationships with Huawei. One banking partner cleared more than \$100 million worth of Skycom-related transactions through the United States between 2010 and 2014.

As a further part of this scheme to defraud, Huawei and its principals repeatedly lied to U.S. government authorities about the relationship between Huawei and Skycom in submissions to the U.S. government, and in responses to government inquiries. For example, Huawei provided false information to the U.S. Congress regarding whether Huawei's business in Iran violated any U.S. law. Similarly, as indicated in the indictment, in 2007 — months before Huawei orchestrated the purported sale of Skycom to another Huawei-controlled entity — Huawei's founder falsely stated to FBI agents that

Huawei did not have any direct dealings with Iranian companies and that Huawei operated in compliance with all U.S. export laws.

After one of Huawei's major global banking partners (identified as Financial Institution 1 in the indictment) decided to exit the relationship in 2017 because of Huawei's risk profile, Huawei allegedly made additional misrepresentations to several of its remaining banking partners in an effort to maintain and expand those relationships. Huawei and its principals are alleged to have repeatedly and falsely claimed that Huawei had decided to separate from Financial Institution 1, and not that Financial Institution 1 had decided to cause the separation. On the basis of these misrepresentations, those other banking partners continued their banking relationships with Huawei.

In 2017, when Huawei became aware of the government's investigation, Huawei and its subsidiary Huawei USA tried to obstruct the investigation by making efforts to move witnesses with knowledge about Huawei's Iran-based business to the PRC, and beyond the jurisdiction of the U.S. government, and by destroying and concealing evidence of Huawei's Iran-based business that was located in the United States.

In December 2018, Canadian authorities apprehended Meng in Vancouver pursuant to a provisional arrest warrant issued under Canadian law. The U.S. government is seeking Meng's extradition to the United States.

The charges in the indictment are merely allegations, and the defendants are presumed innocent unless and until proven guilty.

The indictment unsealed today is assigned to U.S. District Judge Ann M. Donnelly of the Eastern District of New York.

The government's investigation is ongoing. Individuals and companies with information about additional misconduct by these defendants or their related entities and principals should contact their local FBI field office.

The investigation is being jointly conducted by the FBI's New York Field Office, HSI's New York Field Office, OEE's New York Field Office, and DCIS's New York Resident Agency. Agents from the FBI, HSI, OEE, and DCIS offices in Dallas provided significant support and assistance. The government's case is being handled by the National Security and Cybercrime and Business and Securities Fraud Sections of the U.S. Attorney's Office for the Eastern District of New York, Justice Department's Criminal Division's Money Laundering and Asset Recovery Section (MLARS), and Justice Department's National Security Division's Counterintelligence and Export Control Section (CES).

Assistant U.S. Attorneys Alexander A. Solomon, Julia Nestor, David K. Kessler, Kaitlin Farrell, and Sarah Evans, MLARS Trial Attorneys Laura Billings and Christian Nauvel, and CES Trial Attorneys Thea D. R. Kendler and David Lim are in charge of the prosecution, with assistance provided by Assistant U.S. Attorney Mark Penley of the Northern District of Texas, Assistant U.S. Attorneys Brian Morris and Brendan King of the Eastern District of New York’s Civil Division and Trial Attorneys Andrew Finkelman and Margaret O’Malley of DOJ’s Office of International Affairs. Additional Criminal Division and National Security Division Trial Attorneys and Assistant U.S. Attorneys within U.S. Attorney’s Offices for the Northern District of Texas, the Eastern District of Texas, and the Northern District of California have provided valuable assistance with various aspects of this investigation.

**The Defendants:**

Huawei Technologies Co. Ltd.

Huawei Device USA Inc.

Skycom Tech Co. Ltd.

Meng Wanzhou, also known as “Cathy Meng” and “Sabrina Meng”  
Age: 46

RESIDENCE: PEOPLE’S REPUBLIC OF CHINA

E.D.N.Y. Docket No. 18-CR-457 (AMD)