



U.S. Department of Justice

National Security Division

Counterintelligence and Export Control Section

*950 Pennsylvania Avenue, N.W.
Washington, D.C. 20530*

April 23, 2025

Clark K. Ervin
Squire Patton Boggs LLP
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Washington, DC 20037
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Re: Universities Space Research Association

Dear Counsel:

Consistent with the National Security Division (“NSD”) Enforcement Policy for Business Organizations, the Department of Justice, NSD, Counterintelligence and Export Control Section and the United States Attorney’s Office for the Northern District of California have declined prosecution of your client, Universities Space Research Association (“USRA”), for violations of the International Emergency Economic Powers Act (“IEEPA”), 50 U.S.C. §§ 1701-1707, the Export Control Reform Act of 2018 (“ECRA”), 50 U.S.C. §§ 4801-4852, the Export Administration Regulations (“EAR”), 15 C.F.R. Parts 730-774, the False Claims Act, 18 U.S.C. § 287, false statements, 18 U.S.C. § 1001, wire fraud, 18 U.S.C. § 1343, and obstruction of justice, 18 U.S.C. § 1512. We have reached this determination despite the criminal wrongdoing committed by a USRA employee.

Our investigation found evidence that between April 2017 and September 2020, a USRA program administrator, Jonathan Soong, willfully facilitated the sale and export of flight control and optimization software subject to the EAR to Beijing University of Aeronautics and Astronautics, also known as Beihang University (“Beihang”), a university in the People’s Republic of China (“PRC”) in contravention of U.S. export controls. Beihang was on the Commerce Department’s Entity List due to its involvement in the development of military rocket systems and unmanned air vehicle systems. Accordingly, exports to Beihang required a license from the Department of Commerce. Mr. Soong willfully exported items without the requisite licenses. Mr. Soong pleaded guilty to charges encompassing this illegal conduct in January 2023 and was sentenced to a term of incarceration in April 2023.

Based on our investigation and documents filed in connection with the prosecution of Mr. Soong, in April of 2016, USRA contracted with the National Aeronautics and Space Administration (“NASA”) to, among other things, license and distribute for a fee aeronautics-related and U.S. Army-owned flight control software. Mr. Soong was responsible for performing due diligence on prospective purchasers to ensure that the sale or transfer of licenses complied with applicable law, including by checking the Entity List. In pleading guilty, Mr. Soong admitted that he willfully exported software subject to the EAR to Beihang, knowing that

an export control license was required for the export to Beihang because it was on the Entity List. Mr. Soong further admitted that he used an intermediary to complete the transfer and export of the software to Beihang to avoid detection. Mr. Soong also admitted that he separately embezzled at least \$161,000 in software license sales by directing purchasers to make payment to an account he personally owned and controlled. When NASA and USRA began to investigate sales of licenses to PRC-based purchasers, Mr. Soong initially lied and fabricated evidence that he had conducted due diligence on the purchasers and provided it to USRA's counsel to provide to NASA.

We have decided to decline prosecution of USRA in this matter based on an assessment of the factors set forth in the NSD Enforcement Policy for Business Organizations and the Principles of Federal Prosecution of Business Organizations, Justice Manual § 9-28.300, including: (1) USRA's timely and voluntary self-disclosure of the misconduct to NSD, which occurred less than three months after outside counsel had been retained, within days of Mr. Soong's admission of wrongdoing to outside counsel, and well before the internal investigation's completion; (2) USRA's exceptional and proactive cooperation in this matter, including its disclosure of all known relevant facts about the misconduct and information about the individuals involved in the transfer and export of the software, the preservation, collection, and disclosure of relevant documents and information (including overseas documents, third party documents, and translations), and its cooperation with the government's investigation subsequent to USRA's voluntary self-disclosure, all of which materially assisted the government's prosecution of Mr. Soong; (3) the nature and seriousness of the offense, including that there were only four unlicensed exports of software in violation of the EAR, and that the software was based on information in a publicly available textbook and classified as EAR99; and (4) USRA's timely and appropriate remediation, including terminating Mr. Soong and disciplining a supervisory employee who failed appropriately to supervise him, significantly improving its internal controls and compliance program, and making restitution by re-paying \$94,000 of Mr. Soong's salary to NASA and compensating the U.S. Treasury for the \$161,000 in sales embezzled by Mr. Soong.

We have further determined that USRA did not unlawfully obtain any gains from the offenses. USRA was paid by NASA under a contract to administer the software licensing program. The proceeds of license sales made pursuant to that contract were not retained by USRA, and USRA has already refunded NASA for the portion of the contract payments used to pay Mr. Soong's salary during the time that he embezzled funds belonging to the government. Thus, USRA is not required to pay any disgorgement, forfeiture, or restitution under the NSD Enforcement Policy for Business Organizations.

Under this letter agreement, USRA agrees to continue to fully cooperate with any ongoing government investigation, including by continuing to disclose relevant information and by making available for interviews and testimony those officers, employees, or agents who have relevant information, as determined in the Department of Justice's sole discretion.

This letter agreement does not provide any protection against prosecution of any individuals regardless of their affiliation with USRA. If we learn information that changes our assessment of any of the factors outlined above, we may reopen our investigation.

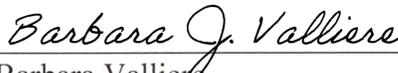
Sincerely,

JENNIFER KENNEDY GELLIE
Chief
Counterintelligence and Export Control Section
National Security Division

PATRICK D. ROBBINS
Acting United States Attorney
Northern District of California



Rachel Craft
Trial Attorney



Barbara Valliere
Assistant United States Attorney

I have read this letter agreement and carefully reviewed every part of it with outside counsel to Universities Space Research Association (“USRA”). The Board of Trustees of USRA has been advised of the terms of this letter agreement. I understand the terms of this letter agreement and, on behalf of USRA, voluntarily agree and consent to the facts and conditions set forth herein, including to continue to cooperate with the government.

Date: 4/23/25



Dr. Elsayed Talaat
President and Chief Executive Officer
Universities Space Research Association