Woman Denies Aiding Pakistan Nuke Project

DOUGLAS BIRCH,Associated Press

WASHINGTON (AP) — A wealthy San Francisco-area suburbanite on Tuesday rebutted charges that she was the ringleader of a scheme to illegally export special paint used in the construction of a Pakistani nuclear plant, a project some Western experts fear will produce plutonium for the country's expanding nuclear arsenal.

Xu Wang, 51, was arrested at Atlanta's Hartsfield-Jackson airport last month, court records show, as she and her family were headed to Italy to celebrate her oldest daughter's graduation from prep school before starting Princeton in the fall. Wang has been in custody ever since.

At a detention hearing in federal court here, Wang's lawyers argued that charges against her were "technical," that she was at worst peripherally involved in the scheme and that any connection between the case against her and the global spread of nuclear weapons was purely speculative.

"This case is about paint," said attorney Bruce Baird, as his client sat at the defendant's table in short-sleeve prison garb. "...One thing we know for sure, it's not a case representing a threat to America or a threat of nuclear proliferation."

U.S. Magistrate Judge Deborah Robinson on Tuesday denied the government's request that Wang be held without bond, but stayed the order pending a hearing Wednesday to set the terms of her release. She and her husband had pledged to put up their $2.3 million home in Hillsborough, Calif., as collateral.

Wang, who has a doctorate in physics from the University of California, Santa Cruz, was charged with three counts of violating U.S. export laws and one count of conspiracy in connection a Chinese government-owned company's purchase of 625 gallons of paint to Pakistan's Chashma II nuclear power plant. The felony charges carry a maximum penalty of 65 years in prison and fines of more than $1 million.

The case highlights China's commercial ties to Pakistan's nuclear program. Islamabad, which has never signed the Nuclear Nonproliferation Treaty, first tested a nuclear weapon in 1998 and is estimated to have built between 70 and 120 warheads in its ongoing arms race with India.

The Wang case also demonstrates the challenges prosecutors can face enforcing economic sanctions, which often involve the sale of so-called "dual-use" technology that can have civilian as well as military purposes.

Judge Robinson Tuesday appeared skeptical, questioning the prosecution's assertion that the case had "serious national security implications."

""This is not latex paint," said assistant U.S. Attorney G. Michael Harvey. "This is a

very sophisticated paint, which has been tested and certified for use inside the containment facility of a nuclear reactor."

After she and her husband sold their paint import-export business to the Pittsburgh-based PPG Industries in 2006 for more than $17 million, the U.S. company hired her to run its wholly-owned Chinese subsidiary, PPG Paints Trading Co.

A short time later, the indictment says, the U.S. government rejected an application from PPG for a license to sell paint to an unnamed government-owned Chinese company, for use on the steel lining of the containment area of Chashma II.

Some U.S. experts say there is evidence Pakistan is building a plant near Chashma II to take spent fuel from the reactor and turn it into weapons grade plutonium.

When Wang told the Chinese buyers about the denial, court papers show, they complained they would be forced to scrape off PPG paint they had already applied, delaying the project. They angrily threatened to sue.

Prosecutors say Wang responded that the company should "pretend this never happened" and buy the paint through a front company. The government claims another employee later came up with a plan to have the order placed through a Chinese construction company building a nuclear plant in Dalian, China. China is not subject to the same export controls.

When a co-worker asked what would happen if the U.S. discovered the ruse, the indictment says, Wang replied: "U.S. government can't really touch us...The most that will ever happen to me is that I will not travel to the U.S. anymore. I don't need to travel to the U.S. I don't care. It's okay."

PPG Industries pled guilty in December to conspiring to violate export regulations in connection with the sale of the paint used in construction of Chashma II, and was hit with $3.75 million in fines.

Wang was fired by PPG Industries in 2007, her indictment did not come until June.

Wang's husband, Chunlin Yiang, sat in the courtroom Tuesday and, at one point, waved at his wife. In a letter to the court, he said he and his wife were committed to remaining in the United States because of their two daughters.

A younger daughter, 13, suffers from Asperger's Syndrome, he said, and is attending a school for children with learning disabilities. "We want them to achieve whatever they can achieve and live the American dream," he wrote.

The charges against Wang come at a time when the U.S. and Pakistan are trying to overcome deep mutual distrust in their joint fight against militant extremists. And it marked at least the second time in four months that the U.S. has charged someone with smuggling restricted technology to Pakistan's nuclear program.

The U.S. announced in March that it was charging a Pakistani man living in Maryland

with illegally buying sensitive technology for his country's nuclear program. The indictment charged Nadeem Akhtar, 45, of Silver Spring with buying radiation detection devices, resins for coolant water purification and calibration devices for the Chashma nuclear power project and perhaps other, weapons-related facilities.

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