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NATIONAL SECURITY

FBI Probes Chinese Businessman Linked to North Korean Trade Network

Investigators look into Sun Sidong, who had ties to cargo ship found smuggling North Korean weapons off Egypt last year



Trucks waited on the Friendship Bridge at the Chinese-North Korean border to enter the Chinese city of Dandong, Liaoning province, after returning from the North Korean town of Sinuiju, on Sept. 5, 2017. PHOTO: GREG BAKER/AGENCE FRANCE-PRESSE/GETTY IMAGES

*By Ian Talley in Washington, Jeremy Page in Beijing and
Nicole Hong in New York*

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The U.S. Federal Bureau of Investigation is looking into a Chinese business owner who was linked to a ship found smuggling North Korean rocket-propelled grenades last year, and who has ties to a North Korean trade and financing network, according to people familiar with the matter.

The FBI probe of the man, named Sun Sidong, is a window into wide-ranging U.S. efforts to trace and cut off business networks that direct goods and currency toward the sanctioned regime of Kim Jong Un.

The Trump administration has launched a broader campaign to crack down on North Korea's financial networks, though it isn't clear whether this investigation is directly associated with that effort. The FBI operates independently from the White House.

The FBI has been looking into Mr. Sun's U.S. connections to potentially illegal transactions with North Korea, according to one person familiar with the investigation. Another person said the FBI has inquired about a personal U.S. real estate deal involving Mr. Sun, and a third person said Mr. Sun was on the FBI's radar.

Neither Mr. Sun nor his businesses are officially sanctioned by the U.S.

One of Mr. Sun's companies and a company owned by his sister, Sun Sihong, have each been listed as owners of a cargo ship, the Jie Shun, that the United Nations said was seized off Egypt's coast last year and found to be hiding 30,000 rocket-propelled grenades under piles of iron ore.

At the time of the seizure, the ship was owned by Ms. Sun's Hong Kong-based company, Vast Win Shipping, and it had been previously owned by Mr. Sun's Hong Kong-based company, Jie Shun Shipping Co., according to the Equasis shipping database and Hong Kong corporate records. Ms. Sun declined to comment.

The U.N. this month banned the Jie Shun and three other ships from entering member-country ports for what it said were illegal North Korean shipments.

In an interview with The Wall Street Journal in June, Mr. Sun denied doing any trade with North Korea or having any knowledge of the Jie Shun. He declined then to answer further questions.

Reached by phone for comment last week, Mr. Sun, who is based in northern China, hung up immediately after answering. Mr. Sun didn't respond to text messages requesting comment.

Mr. Sun has had assets in the U.S. as well—he sold a four-bedroom house in Great Neck, N.Y., in August for \$1.1 million, according to real-estate records and people involved in the transaction.

A spokeswoman for the FBI's field office in New York declined to comment. The U.S. Treasury, which is responsible for sanctioning illicit networks, also declined to comment.

Mr. Sun, who has a residence in the Chinese city of Dandong, which borders North Korea, is also the owner of Dandong Dongyuan Industrial Co., according to Chinese corporate records. That company has been one of the largest exporters of so-called dual-use equipment from China to North Korea, according to Washington-based nonpartisan research group C4ADS, which analyzes global conflict and security issues. Dual-use items are normally used for civilian purposes but can also have potential military applications. Dandong Dongyuan Industrial in June last year shipped nearly \$800,000 of "radio navigational aid apparatus" that could have been used in North Korea's banned ballistic-missile program, according to C4ADS, which drew the conclusion based on Chinese customs records.

Dandong Dongyuan Industrial reported in Chinese corporate filings from 2010 on that it was exporting to North Korea, but it removed the reference in November 2016 amid increased U.N. and U.S. scrutiny of foreign facilitators of Mr. Kim's government.

Mr. Sun is linked in Chinese corporate records to several other firms registered in Hong Kong and mainland China. He also is listed in U.S. public records as the chief executive of Dongyuan Enterprise, a Flushing, N.Y.-based firm. That company successfully applied for a U.S. work visa last year for another Chinese national, its director, according to Labor Department records. Dongyuan Enterprise didn't respond to repeated requests for comment.

Dongyuan Enterprise shipped 42,000 pounds of apples from South Korea to the U.S. in January, according to Descartes Datamyne, an international trade-data provider. It also shipped \$35,000 worth of "used furniture" from one of Mr. Sun's Chinese firms to the U.S. in March.

Mr. Sun's U.S. business might allow him to do transactions around the world without any obvious ties to his China-based, North Korea-focused dealings, said C4ADS's research chief, David Lynch. It could also provide him with the ability to register for business services within the U.S., including bank accounts to transfer funds internationally and overseas trade, Mr. Lynch said.

Most of his companies, including Dandong Dongyuan Industrial, are active despite U.N. and U.S. crackdowns on trade with North Korea.

The Commerce Ministry in Beijing and the local government in Dandong didn't respond to requests for comment on whether they had taken action against Mr. Sun or any of his companies.

Chinese corporate records show that Dandong Dongyuan and a sanctioned firm named Dandong Zhicheng Metallic Material Co. shared an email address. U.S. authorities say Dandong Zhicheng Metallic Material is part of a network of firms helping Pyongyang evade sanctions and operating as a money-laundering operation for Mr. Kim's regime.

C4ADS says the global network of linked companies suggests North Korea's trading system is more interconnected than many analysts have long believed. That could make Pyongyang's trading system vulnerable to targeted enforcement actions.

— *Xiao Xiao and Kersten Zhang in Beijing contributed to this article.*

Write to Ian Talley at ian.talley@wsj.com, Jeremy Page at jeremy.page@wsj.com and Nicole Hong at nicole.hong@wsj.com

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