

United States Senate

WASHINGTON, DC 20510

November 28, 2018

The Honorable Wilbur Ross
Secretary
U.S. Department of Commerce
1401 Constitution Avenue, N.W.
Washington, D.C. 20230

The Honorable Michael R. Pompeo
Secretary
U.S. Department of State
2201 C Street, N.W.
Washington, D.C. 20520

The Honorable Steven T. Mnuchin
Secretary
U.S. Department of the Treasury
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Dear Secretaries Ross, Mnuchin, and Pompeo:

We write regarding ZTE Corporation's business in Venezuela after *Reuters* recently reported that this Chinese state-directed telecommunications firm helped the Venezuelan government to build a database that enables the monitoring and tracking of Venezuelan citizens and, since 2016, to centralize video surveillance.^[1] We are concerned that ZTE, by building this database for the Venezuelan government, may have violated U.S. export controls and sanctions laws, as well as the terms of the Commerce Department's June 2018 superseding settlement agreement with ZTE.

According to the *Reuters* investigation, the Venezuelan government hired ZTE to build a database and develop a mobile payment system for a smart ID card. Known as the "*carnet de la patria*" or the "fatherland card," this ID card reportedly transmits valuable data about cardholders—including the individual's birthday, employment and income, property owned, medical history, state benefits received, and membership of a political party and voting status—to computer servers. *Reuters* notes the Venezuelan government has also increasingly linked this card to essential services such as subsidized food, health and other social programs.

Ahead of Venezuela's sham elections in May, Venezuelan dictator Nicolas Maduro reportedly used the card to mobilize Venezuelans in support of him. He promised prizes to voters who scanned fatherland cards at kiosks next to polling places. Although the prizes never materialized, voters who scanned their cards received text messages thanking them for supporting Maduro. Some voters may have believed the government would know how they voted, chilling opposition to Maduro and further eroding institutions in Venezuela.

^[1] Berwick, Angus. "How ZTE helps Venezuela create China-style social control." *Reuters*.
<https://www.reuters.com/investigates/special-report/venezuela-zte/>

In developing the database for this ID card, ZTE reportedly embedded its employees in a unit of Venezuela's state telecommunications firm, CANTV—the president of which is subject to U.S. sanctions. In addition, according to documents reviewed by *Reuters*, ZTE installed data storage units built by U.S. Dell Technologies Inc. Though Dell's transaction appears to have been with ZTE in China, we are concerned that ZTE may have violated U.S. export controls by misidentifying the end-user or purpose of the end-use.


As you know, ZTE's history of violating U.S. export controls and sanctions laws is extensive. According to the U.S. Commerce Department, ZTE engaged in a "multi-year conspiracy" to violate U.S. trade embargoes on Iran, North Korea, Sudan, Syria and Cuba, and top ZTE officials also endorsed "multiple strategies" to conceal, obscure, and facilitate the evasion of U.S. laws. ZTE committed at least 96 violations to obstruct and delay the U.S. government's investigations into its activity. This led, under the June 7, 2018, superseding settlement agreement, to the establishment of a special compliance coordinator who is charged with monitoring ZTE's compliance with U.S. export controls and sanctions laws as well as with the superseding settlement agreement and June 8, 2018, superseding order.

Given this information, we respectfully ask that you provide responses to our requests for:

- An assessment of whether ZTE has violated U.S. sanctions, including:
 - Whether ZTE has materially assisted, sponsored, or provided financial, material, or technological support for, or goods or services to or in support of, any individual subject to U.S. sanctions on Venezuela, including CANTV President Manuel Angel Fernandez Melendez
 - Whether ZTE has engaged in actions undermining democratic processes or institutions in Venezuela, or in conduct that constitutes a serious abuse or violation of human rights in Venezuela
- An assessment of whether ZTE violated U.S. export controls with respect to the installation of data storage units built by Dell Technologies Inc. in Venezuela
- An assessment of whether ZTE's transactions with the Venezuelan government violate the terms of the June 7, 2018, superseding settlement agreement the U.S. Department of Commerce reached with ZTE

We respectfully request that you provide a response to our inquiry within 30 days of receipt of this letter.

Sincerely,



Chris Van Hollen

Chris Van Hollen
United States Senator



Marco Rubio
United States Senator