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Two California-Based Chinese Nationals Charged Over Illegal Export of AI Chips to China

August 7, 2025

— Categories: Breaking News



Two Chinese nationals residing in California have been charged with the illegal export of high-performance artificial intelligence (AI) chips to China, in violation of United States export controls. The pair allegedly attempted to bypass regulations by using third-party shipping routes in Asia and falsely declaring recipients to avoid detection.

According to the U.S. Department of Justice, Chuan Geng and Shiwei Yang, both 28, were arrested and charged for unlawfully sending tens of millions of dollars' worth of restricted AI chips, including Nvidia's H100 graphics processing units (GPUs), to mainland China. The case underscores rising tensions over technology access between the U.S. and

China, particularly surrounding advanced semiconductors used in artificial intelligence and defence systems.

Geng, a U.S. permanent resident from Pasadena, and Yang, of El Monte, co-founded a company named ALX Solutions in 2022. The timing of its establishment came shortly after the U.S. introduced expanded export restrictions aimed at slowing the Chinese military's technological development. These controls, issued by the U.S. Department of Commerce, require licences for exporting certain high-end chips such as Nvidia H100s, which are designed for AI model training and large-scale computing tasks.

Federal investigators allege that from October 2022 to July 2025, ALX Solutions engaged in over 20 shipments of restricted technology, routing them through freight forwarding companies located in Singapore and Malaysia. These locations are often flagged in enforcement efforts as known transshipment points for circumventing trade controls.

An affidavit cited in the complaint revealed that ALX Solutions received direct payments from entities based in China and Hong Kong, rather than from the intermediaries in Singapore or Malaysia. Notably, in January 2024, the company reportedly received a \$1 million payment from a Chinese firm.

Records also show that between August 2023 and July 2024, ALX purchased more than 200 Nvidia H100 chips from Super Micro Computer Inc., a server manufacturer headquartered in San Jose, California. The products were allegedly declared as intended for customers in Japan and Singapore. However, a U.S. export control officer based in Singapore reported that one company listed as a recipient on a \$28.4 million invoice could not be verified and did not exist at the specified address.

Nvidia Corporation, a leading designer of GPUs, stated it takes compliance seriously and reiterated that it sells primarily through trusted partners who adhere to U.S. export rules. "This case demonstrates that smuggling is a nonstarter," a spokesperson said, also noting that diverted products receive no service, support or updates.

Super Micro also issued a statement affirming its commitment to U.S. export compliance. While it declined to comment on the pending legal matter, the company confirmed it cooperates fully with authorities when required.

The two accused appeared in federal court in Los Angeles earlier this week. Geng was released on a \$250,000 bond. Yang, who remains in custody due to an expired visa, is

scheduled for a detention hearing on August 12. Legal representatives for the defendants have not issued any public response to the charges at this time.

The case highlights ongoing efforts by U.S. authorities to enforce export laws related to critical technologies and prevent their unauthorised transfer to nations of concern.