

**Congress of the United States**  
**Washington, DC 20515**

January 9, 2003

The Honorable Colin Powell  
Secretary of State  
The U.S. State Department  
2201 C Street  
Washington, DC 20520

Dear Secretary Powell:

We are writing to request an investigation of a case involving an American citizen currently being held in a Chinese prison for alleged tax fraud. Jude Shao, a graduate of the Stanford Graduate School of Business, moved to China nearly ten years ago to establish and run an American trading company in Shanghai. Seven years later, he found himself in a Chinese prison serving a sixteen-year sentence for a crime he claims he did not commit.

Although it appears that the American Consulate in Shanghai has exerted much effort on behalf of Mr. Shao, it is unclear whether a proper investigation has been conducted into the facts of the case to determine whether Mr. Shao is in fact guilty of the alleged crime of tax fraud. To this day, Mr. Shao, family, and friends claim he is innocent and is the scapegoat for Chinese state-owned companies that actually committed the crime. If Mr. Shao is in fact innocent, we respectfully ask that you do everything in your power to help free Mr. Shao from languishing in a Chinese prison for fourteen more years.

We have been advised that in 1993 Mr. Shao moved to China to establish an American trading company in Shanghai with other Stanford alumni. After about four years of importing U.S. made medical equipment for Chinese hospitals, Chinese tax auditors made a surprise "special tax audit" on Mr. Shao's company. During the tax audit, Mr. Shao claims he was told to post a \$60,000 "bond" in return for seized accounting books and a termination of the special tax audit. Mr. Shao says he refused to post the "bond" which he considered a bribe. As a result, Mr. Shao claims he was thrown in jail and a case was built against him based upon incomplete accounting records and a fabricated confession. It is our understanding that this evidence formed the basis of the prosecution and the resulting sixteen-year prison sentence.

We have also been advised that Mr. Shao claims the true culprits of the alleged tax fraud are Chinese state-owned companies that imported medical equipment for Mr. Shao's company. Mr. Shao claims that his company paid all the proper value-added taxes to these Chinese companies who, in turn, never paid the Chinese government. Thus, Mr. Shao feels he has been framed for a crime actually committed by Chinese

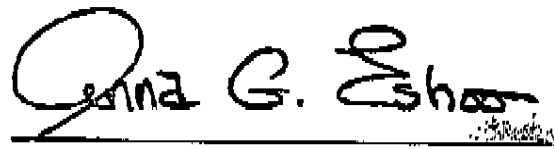
state-owned companies and has never been given the full opportunity to prove this in a court of law.

We understand that the Shanghai consular officers have been actively involved in Mr. Shao's case. It appears that consular officers have and continue to conduct monthly, one-hour visits with Mr. Shao since he was first incarcerated in 2000. During these meetings, consular officers have been more than cooperative in delivering messages to and from family and friends. Furthermore, it appears that consular officers attended Mr. Shao's trial and appeal, acted as the intermediary between Mr. Shao and his attorney when necessary, and extensively documented Mr. Shao's case since it began in 1998.

We applaud the consular office in Shanghai for its efforts in helping Mr. Shao through this ordeal. However, we remain concerned about the veracity of the alleged facts. If Mr. Shao is not guilty of the alleged tax fraud, it is imperative that the State Department do everything in its power to help free Mr. Shao from serving another fourteen years of a long sixteen year prison sentence. Therefore, we respectfully ask that the State Department conduct an investigation of the facts and take the necessary steps to free Mr. Shao if he is in fact innocent of the alleged crime.

We greatly appreciate your consideration of this very important request.

Sincerely,

  
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ZOE LOFGREN, Member of Congress  
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ANNA G. ESHOO, Member of Congress  
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MICHAEL M. HONDA, Member of Congress