

Feds Charge Chinese Firm With Trade Secret Theft

Paul Elias, Associated Press

SAN FRANCISCO (AP) — Federal prosecutors on Wednesday significantly expanded a long-running trade secrets case when they unsealed an indictment that accuses a company owned by the Chinese government of conspiring with a California couple to steal trade secrets from DuPont Co.

The indictment unsealed in San Francisco alleges Pangang Group, several of its subsidiaries and two others conspired with Walter Liew and Christina Liew to steal secrets on how to manufacture titanium oxide, which is used to whiten an array of products from paint to toothpaste. Last month, DuPont reported nearly \$2 billion in quarterly revenue for the unit that makes the compound.

The case began in April when DuPont filed a civil lawsuit against the Liewes. The FBI began investigating and obtained a warrant to search the Liewes' Orinda home on July 19.

According to an FBI affidavit, agents found keys to a safety deposit box during the search. When agents asked about the keys, the Liewes looked at each other and, according to the FBI, Walter Liew said to his wife, "You don't know, don't know," in Mandarin Chinese. The FBI said one of the agents searching the Liewes' house that day spoke Mandarin Chinese, apparently unbeknownst to the couple.

The agents ultimately traced the keys to the Bank of East Asia, where an employee said Christina Liew had been in the branch on the same day as the search. The safety deposit box was also in Christina Liew's name. In addition to trade secret theft, the couple have been charged with lying to investigators.

Walter Liew has been jailed on a no-bail warrant, while his wife is free on \$1 million bail. Lawyers for the couple didn't return phone calls.

The FBI says it seized several incriminating documents from the safety deposit box that that appeared to belong to DuPont and contracts tying the couple to Pangang, a steel manufacturer owned by the Chinese government in China's Sichuan province. Three other subsidiaries of Pangang also were indicted.

According to the latest indictment, the Liewes secured trade secrets from former employees of DuPont, which is based in Wilmington, Delaware. They allegedly reaped millions of dollars when they sold them to Pangang, which was planning to build a new production plant.

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