



Department of Justice
U.S. Attorney's Office
Southern District of Texas
Donald J. DeGabrielle Jr. • United States Attorney

FOR IMMEDIATE RELEASE	ANGELA DODGE
FRIDAY, MAY 16, 2008	PUBLIC AFFAIRS OFFICER
WWW.USDOJ.GOV/USAO/TXS	(713) 567-9388

CHINESE CHEMIST CONVICTED IN THEFT OF TRADE SECRETS

(HOUSTON, Texas) – A Chinese formulation chemist has been convicted and sentenced for committing theft of trade secrets from an International company doing business here locally, United States Attorney Don DeGabrielle and FBI - Houston Special Agent in Charge Andrew R. Bland III announced today.

At a hearing this morning before U.S. District Judge Keith P. Ellison, Qinggui Zeng, 46, admitted to possessing a process formula trade secret without authorization of the company and intending to use the formula to produce and/or sell the end product in China. Zeng initially immigrated here in August 1996 on a J1 Scholar Visa and is now a legal permanent resident alien.

“The theft of sensitive intellectual property is a federal offense and thanks to the excellent investigative work of these agents is now a federal conviction,” DeGabrielle said.

In early 2005, Zeng began working as a formulation chemist with a Houston based subsidiary of a worldwide paint and coatings company which researched, developed and supplied an epoxy-based fire-proof coating and intumescent products. The company is the only manufacturing company in the world which had developed proprietary and confidential manufacturing techniques, processes and mixtures that could successfully fabricate an intumescent fire-proofing product which it marketed in interstate commerce. Zeng was assigned to chemical research projects which allowed access to the company's most sensitive and protected trade secret formulas and exploited the use of his limited and confidential access to the “formula” database by downloading, printing and then concealing the trade secrets. Zeng marketed the product seeking joint business venture capitol and offering investors a “high-tech coating technology” business to produce and market intumescent fireproofing technology.

In January 2008, the FBI executed several search warrants at Zeng's residence. After an exhaustive search, agents uncovered several critical documents, including the trade secrets of Zeng's employer concealed in the attic space and covered under insulation in Zeng's residence. Zeng was arrested days before moving to China with the trade secrets. If he had been successful, Zeng's former employer would have been forced to compete with other companies over the same product they had invested significant amount of time and resources, including research and development, marketing strategies and sales.

"The FBI is committed to protecting America's assets by aggressively investigating all allegations of industrial espionage" Bland said. "The arrest and conviction of Zeng should serve as a reminder to those who would endeavor to compromise the economic and physical security of the greater Houston area and the United States by stealing proprietary information. To assist in safeguarding our nation's technologies, the FBI has initiated a directed cooperative outreach effort regarding this and other potential threats to businesses through its Business Alliance program. National Security equates to economic security, which in turn equates to corporate security."

Zeng was sentenced to 12 months and one day of imprisonment, a \$100 special assessment, three years supervised release subsequent to his time in prison and ordered removed from the United States to China upon the completion of his sentence.

The conviction of Zeng is the result of the cooperative efforts between the victim company and the FBI. The case is being prosecuted by Special Assistant U.S. Attorney Bret W. Davis.

###