

AO 257 (Rev. 6/78)

DEFENDANT INFORMATION RELATIVE TO A CRIMINAL ACTION - IN U.S. DISTRICT COURT
 BY: ☐ COMPLAINT ☐ INFORMATION ☒ INDICTMENT
☒ SUPERSEDING
OFFENSE CHARGED
 COUNT ONE: 18 U.S.C. § 1831(a)(5) –
 Conspiracy to Commit Economic Espionage;
 COUNT TWO: 18 U.S.C. § 1831(a)(1), (2), (3),
 and (4) – Attempted Economic Espionage.

☐ Petty
☐ Minor
☐ Misdemeanor
☒ Felony
PENALTY:
 COUNT ONE: \$500,000 fine, 3 years supervised release and
 restitution, Special Assessment: \$100.00

 COUNT TWO: \$500,000 fine, 3 years supervised release and
 restitution, Special Assessment: \$100.00
PROCEEDING
 Name of Complainant Agency, or Person (& Title, if any)
 FBI Special Agent Cynthia Ho and FBI Special Kevin Phelan

☐ person is awaiting trial in another Federal or State
 Court, give name of court

☐ this person/proceeding is transferred from another
 district per (circle one) FRCrP 20, 21 or 40. Show
 District

☐ this is a reprosecution of
 charges previously dismissed
 which were dismissed on
 motion of:

☐ U.S. Att'y ☐ Defense

☐ this prosecution relates to a
 pending case involving this same
 defendant

☐ prior proceedings or appearance(s)
 before U.S. Magistrate regarding
 this defendant were recorded under
SHOW
DOCKET NO.MAGISTRATE
CASE NO.
 Name and Office of Person
 Furnishing Information on
 THIS FORM

BRIAN J. STRETCH, ACTING

☒ U.S. Att'y ☐ Other U.S. Agency

 Name of Asst. U.S. Att'y
 (if assigned)

JOHN H. HEMANN

 Name of District Court, and/or Judge/Magistrate Location
 NORTHERN DISTRICT OF CALIFORNIA

DEFENDANT - U.S. 2016 JAN -5 P 2:27

Pangang Group Company, Ltd.

DISTRICT COURT NUMBER

CR 11-0573 JSW

DEFENDANT**IS NOT IN CUSTODY**

- 1) ☒ Has not been arrested, pending outcome this proceeding.
 If not detained give date any prior summons
 was served on above charges
- 2) ☐ Is a Fugitive
- 3) ☐ Is on Bail or Release from (show District)

IS IN CUSTODY

- 4) ☐ On this charge
- 5) ☐ On another conviction
- 6) ☐ Awaiting trial on other charges } ☐ Fed'l ☐ State
- If answer to (6) is "Yes", show name of institution

 Has detainer
 been filed?

☐ Yes
☐ No

 If "Yes"
 give date
 filed
DATE OF
ARREST

Month/Day/Year

Or... if Arresting Agency & Warrant were not

Month/Day/Year

DATE TRANSFERRED
TO U.S. CUSTODY
☐ This report amends AO 257 previously submitted
ADDITIONAL INFORMATION OR COMMENTS**PROCESS:**
☒ SUMMONS ☐ NO PROCESS*
☐ WARRANT

Bail Amount: _____

If Summons, complete following:

☒ Arraignment ☒ Initial Appearance

Defendant Address: _____

 *Where defendant previously apprehended on complaint, no new summons
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Date/Time: December 16, 2016 9:30 A.M.

Before Judge: Duty Magistrate

Comments: _____

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JOHN H. HEMANN

 Name of District Court, and/or Judge/Magistrate Location
 NORTHERN DISTRICT OF CALIFORNIA

DEFENDANT - U.S.

2016 JAN -5 P 2:27

 SUSAN Y. SOONG
 Pangang Group Steel Vanadium & Titanium Company Ltd.
 NO. DIST. OF CA.

DISTRICT COURT NUMBER

CR 11-0573 JSW

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-
- 6)
- ☐
- Awaiting trial on other }
- ☐
- Fed'l
- ☐
- State
-
- charges

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 NORTHERN DISTRICT OF CALIFORNIA

DEFENDANT - U.S.

2016 JAN -5 P 2:27

 SUSAN Y. SOONG
 Pangang Group Titanium Industry Company Ltd.

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CR 11-0573 JSW

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JOHN H. HEMANN

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DEFENDANT - U.S. 2016 JAN -5 P 2:27

Pangang Group International Economic & Trading Company

DISTRICT COURT NUMBER

CR 11-0573 JSW

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JOHN H. HEMANN

 Name of District Court, and/or Judge/Magistrate Location
 NORTHERN DISTRICT OF CALIFORNIA

FILED

DEFENDANT - U.S. 2016 JAN -5 P 2:28

Hou Shengdong

 SUSAN Y. SEONG
 CLERK, U.S. DISTRICT COURT
 DISTRICT COURT NUMBER, DIST. OF CA.
 CR 11-0573 JSW
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Before Judge:

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BRIAN J. STRETCH, ACTING

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JOHN H. HEMANN

 Name of District Court, and/or Judge/Magistrate Location
 NORTHERN DISTRICT OF CALIFORNIA

DEFENDANT - U.S.

Dong Yingjie

2016 JAN -5 P 2: 28

 DISTRICT COURT
 CR 11-0573 JSW

 SUSAN Y. SOONG
 CLERK, U.S. DISTRICT COURT
 NO. DIST. OF CA.
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Date/Time:

Before Judge:

Comments:

United States District Court

FOR THE
NORTHERN DISTRICT OF CALIFORNIA - 5 P 2: 27

VENUE: OAKLAND

SUSAN Y. SOONG
CLERK, US DISTRICT COURT
NO. DIST. OF CA.

UNITED STATES OF AMERICA,

v.

CR 11-573 JSW

Pangang Group Company, Ltd.; Pangang
Group Steel Vanadium & Titanium
Company, Ltd.; Pangang Group Titanium
Industry Company, Ltd.; Pangang Group
International Economic & Trading
Company; Hou Shengdong; And Dong
Yingjie.

DEFENDANT(S).

THIRD SUPERSEDING INDICTMENT

COUNT ONE: 18 U.S.C. § 1831(a)(5) – Conspiracy to Commit
Economic Espionage;

COUNT TWO: 18 U.S.C. § 1831(a)(1), (2), (3), and (4) – Attempted
Economic Espionage.

A true bill.



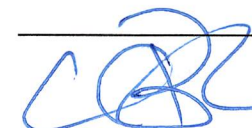
Foreman

Filed in open court this 5th day of

January, 2016



Clerk



Bail, \$

Summoned for the four corporate defendants
for December 16, 2016 at 9:30 am
no bail arrest warrants for Hou Shengdong and
Dong Yingjie

1 BRIAN J. STRETCH (CABN 163973)
Acting United States Attorney

FILED

2016 JAN -5 P 2: 28

SUSAN V. SOONG
CLERK, U.S. DISTRICT COURT
NO. DIST. OF CA.

3
4
5
6
7 UNITED STATES DISTRICT COURT
8 NORTHERN DISTRICT OF CALIFORNIA
9 OAKLAND DIVISION

10 UNITED STATES OF AMERICA,

11 Plaintiff,

12 v.

13 PANGANG GROUP COMPANY, LTD.;
14 PANGANG GROUP STEEL VANADIUM &
TITANIUM COMPANY, LTD.;
15 PANGANG GROUP TITANIUM INDUSTRY
COMPANY, LTD.; PANGANG GROUP
16 INTERNATIONAL ECONOMIC &
TRADING COMPANY; HOU SHENG DONG;
and DONG YINGJIE,

17
18 Defendants.
19

No. CR 11-0573 JSW

) VIOLATIONS: 18 U.S.C. § 1831(a)(5) – Conspiracy
) to Commit Economic Espionage; 18 U.S.C. §
) 1831(a)(1), (2), (3), and (4) – Attempted Economic
) Espionage

) (OAKLAND VENUE)

20 THIRD SUPERSEDING INDICTMENT

21 The Grand Jury charges that at all times relevant to this Third Superseding Indictment:

22 INTRODUCTORY ALLEGATIONS

23 1. The government of the People's Republic of China (PRC) publicly identified the
24 development of chloride-route titanium dioxide (TiO₂) production technology as a scientific and
25 economic priority. Economic growth in the PRC had created significant demand for TiO₂, and because
26 PRC companies had not been able to develop clean, efficient TiO₂ production technology, the PRC was
27 a net importer of TiO₂ from western countries. Chloride-route TiO₂ production technology was closely
28 held by western companies, including E.I. du Pont de Nemours & Company (DuPont), which had

1 a large chloride-route TiO₂ factory in Sichuan Province. PANGANG GROUP TITANIUM was owned
2 and controlled by PANGANG GROUP and PGSVTC.

3 c. Defendant PANGANG GROUP INTERNATIONAL ECONOMIC & TRADING
4 COMPANY (PIETC) was the financing arm of PANGANG GROUP. It was responsible for securing
5 the financing and handling the economic affairs of projects conducted by PANGANG GROUP. PIETC
6 was owned and controlled by PANGANG GROUP and PGSVTC.

7 6. Defendant HOU SHENG DONG was a citizen of the PRC and worked for PANGANG
8 GROUP and PANGANG GROUP TITANIUM where he served as Vice Director of the Chloride
9 Process TiO₂ Project Department.

10 7. Defendant DONG YINGJIE was a citizen of the PRC and worked for PANGANG
11 GROUP and PANGANG GROUP TITANIUM, where he served as Vice Director/Senior Engineer of
12 the Project Department of Titanium Dioxide by Chloride Process.

13 Co-Conspirators Known To The Grand Jury

14 8. WALTER LIAN-HEEN LIEW, also known as LIU YUANXUAN (WALTER LIEW),
15 was a resident of California, and an owner and executive of USA PERFORMANCE TECHNOLOGY,
16 INC. (USAPTI) and its predecessor companies, LH PERFORMANCE, Inc. and PERFORMANCE
17 GROUP (USA), Inc. (PERFORMANCE GROUP). WALTER LIEW was born in Malaysia in 1957,
18 emigrated to the United States in 1984, and became a naturalized citizen of the United States in 1993.

19 9. USAPTI was a California corporation headquartered in Oakland, California that offered
20 engineering consulting services. USAPTI succeeded to the rights and obligations of its predecessor
21 companies, LH PERFORMANCE, Inc. and PERFORMANCE GROUP, with respect to those
22 companies' TiO₂ business, and the business names were sometimes used interchangeably.

23 10. TZE CHAO, also known as ZHI ZHAO (TZE CHAO), was a resident of Delaware and
24 an owner of two consulting firms: Cierra Technology, Inc. (Cierra), incorporated in the State of
25 Delaware, and Zhi Hua Technology Co., Ltd. (Zhi Hua), a Hong Kong-based entity. TZE CHAO was
26 born in China in 1934, emigrated to the United States in 1967, and became a naturalized citizen of the
27 United States in December 1972. CHAO was a DuPont employee from 1966 to 2002.

11. ROBERT J. MAEGERLE was a resident of Delaware and an owner of a consulting firm, Pinewater Designs, Inc. MAEGERLE was a process engineer, among other things, for DuPont from 1956 to 1991.

DuPont Trade Secrets and Confidentiality Protections

12. DuPont was a company headquartered in Wilmington, Delaware that manufactured TiO₂, a commercially valuable white pigment that was used in a large number of materials ranging from paints to plastics to paper. DuPont manufactured TiO₂ at plants in the United States, Mexico, and Taiwan using proprietary technology and sold it throughout the world in interstate and foreign commerce, including in the PRC. DuPont was the world's largest producer of TiO₂ pigment, and its TiO₂ accounted for approximately one-fifth of all world-wide TiO₂ sales.

13. DuPont invented the chloride-route process for manufacturing TiO₂ in the 1940s and has refined this process over time. The production of TiO₂ through the chloride-route is a complex manufacturing process, and DuPont has been continually working to improve its process since its invention. Through its seventy years of experience, research and development, DuPont has developed a proprietary TiO₂ process that provides DuPont with a competitive advantage in the international marketplace.

14. DuPont's TiO₂ technology included, but was not limited to, the following trade secrets:

a. **Trade Secret 1:** The DuPont chloride-route process to manufacture TiO₂. Trade Secret 1 includes ways and means in which proprietary and non-proprietary components were compiled and combined by DuPont to form substantial portions of the TiO₂ manufacturing process, Trade Secrets 2 through 5 set forth below.

b. **Trade Secret 2:** DuPont Drawing No. W1245258, titled "Edge Moor Plant Oxidation W/RPS System Drawing." This drawing, marked with the DuPont oval logo trademark, explicitly stated that the "information and know-how [on the drawing] may not be used nor the drawing reproduced without the written permission of DuPont." The drawing provided information about TiO₂ oxidation area process, including detailed process flow descriptions for each major stream within the process, including stream capacities, chemical compositions, temperatures, pressures, and physical

1 states. The drawing included details related to pipeline sizes, automatic and manual valve sizes and
2 locations, detailed instrumentation requirements, and safety relief devices.

3 c. **Trade Secret 3:** DuPont Accession Report No. 18135, titled “Improved Mixing
4 Correlation for the TiCl_4 Oxidation Reaction Computer Model,” dated September 7, 1994, which
5 appended a mathematical equation, referred to as the “Diemer correlation,” and related code in the
6 Fortran language for a computer model. The correlation, which enabled the calculation of the mixing
7 time and distance required for the completion of the oxidation process for any DuPont reactor under any
8 set of process conditions, incorporated historical operating data from DuPont’s production lines and its
9 oxidation science. On its cover page, the report was marked “DuPont Confidential – use and dispose per
10 DISO [DuPont Information Security Organization] policy,” and “[t]his report contains confidential
11 information and each holder is responsible for its safekeeping. When no longer needed, please destroy
12 or dispose of in conformance with PIP [Proprietary Information Protection] Guidelines.”

13 d. **Trade Secret 4:** DuPont Flow Sheet No. EK2411, titled “Edge Moor Pigments
14 Plant Flow Sheet – Reaction Area,” with handwritten notations. This flow sheet, bearing the DuPont
15 oval logo trademark, was marked “DuPont Confidential – Special Control,” and provided that the
16 “employee receiving this registered print will sign and print the attached acknowledging card, will
17 properly safeguard this print and will be held personally accountable for this print.” The flow sheet
18 contained information about the TiO_2 reaction area process, *e.g.*, the process of treating ores with
19 chlorine gas, including the inter-connectivity of all major streams between the reaction area equipment,
20 which illustrates where and how DuPont injects chemical additives, fuel, feedstocks, purge gases and
21 coolants to the process. This flow sheet also included roughly 30 alphanumeric handwritten references
22 to a proprietary, internally-commissioned computer simulation model on the ASPEN-PLUS® platform,
23 known as the Reaction Aspen-Plus (RAP) model, which was described in a separate confidential DuPont
24 technical report. The handwritten references matched the specific nomenclature used for the RAP
25 model, which was created for plant optimization projects and capacity expansions.

26 e. **Trade Secret 5:** DuPont Document EM-C-8510-0148, titled “60,000 Metric Tons
27 Per Year Scope/Basic Data,” dated October 31, 1985, addressed to R.J. MAEGERLE (the “Basic Data
28 Document”). This 407-page document, which was designated “Confidential – Special Control,” and

1 issued in numbered copies, provided the scope and basic data for DuPont's then-planned chloride-route
2 plant in Taiwan, which later opened in Kuan Yin, Taiwan. It contained the process and equipment
3 information necessary to design a greenfield (*e.g.*, a plant built from scratch at an undeveloped site),
4 world-class production scale, integrated chloride-route TiO₂ production line. The Basic Data
5 Document's security statement provided that the report is "highly confidential" and "[m]uch of the
6 report data are considered in the 'trade secret' category and should not be released to vendor
7 representatives and non-Company personnel." The Basic Data document was itself a trade secret and it
8 contained numerous discrete trade secrets within it.

9 15. DuPont protected the confidential information surrounding its TiO₂ technology,
10 including its trade secrets, to prevent unauthorized use or disclosure, by a variety of measures, including,
11 but not limited to:

- 12 • limiting visitor access to its TiO₂ facilities;
- 13 • transmitting, receiving, and destroying confidential information in a secure manner;
- 14 • requiring employees to execute non-disclosure agreements;
- 15 • requiring separating employees to certify that they had returned all confidential or
16 secret DuPont materials;
- 17 • compartmentalizing information surrounding the TiO₂ process and access to it;
- 18 • requiring permission to access data systems that contain TiO₂ documentation -
19 including drawings, equipment specifications, instrument specifications, logic
20 diagrams, standard operation procedures, maintenance work practices, technology
21 reports, etc.;
- 22 • sending letters to former DuPont employees and/or competing companies that hired
23 former DuPont employees regarding the protection of its trade secrets; and
- 24 • maintaining physical security measures in and around TiO₂ production facilities,
25 including fences, gates, locks, guard facilities, surveillance, escort requirements,
26 identification badges, and prohibitions on photography and videotaping.

COUNT ONE: (18 U.S.C. § 1831(a)(5) – Conspiracy to Commit Economic Espionage)

16. The allegations contained in Paragraphs 1 through 15 are re-alleged and incorporated as if fully set forth herein.

17. Beginning in or about 1998, and continuing to in or about October 2011, in the Northern District of California and elsewhere, defendants

DONG YINGJIE,
HOU SHENG DONG,
PANGANG GROUP,
PGSVTC,
PANGANG GROUP TITANIUM, and
PIETC,

together with others known and unknown to the Grand Jury, knowingly combined, conspired and agreed to:

a. knowingly steal and without authorization appropriate, take, carry away, and conceal, and by fraud, artifice, and deception obtain trade secrets belonging to DuPont; and

b. knowingly and without authorization copy, duplicate, sketch, draw, alter, photocopy, replicate, transmit, deliver, send, communicate, and convey trade secrets belonging to DuPont; and

c. knowingly receive, buy and possess trade secrets belonging to DuPont, knowing the same to have been stolen, appropriated, obtained and converted without authorization; intending and knowing that the offenses would benefit a foreign government, namely the PRC, and foreign instrumentalities, namely PANGANG GROUP, PGSVTC, PANGANG GROUP TITANIUM, and PIETC, in violation of Title 18, United States Code, Sections 1831(a)(1), (a)(2) and (a)(3).

Manner and Means of the Conspiracy

18. In order to develop chloride-route TiO₂ production capabilities and circumvent DuPont's restriction on its proprietary technology, companies owned and controlled by the PRC government and employees of those companies, including the PANGANG GROUP companies named in this Third Superseding Indictment, attempted to illegally obtain technology that had been developed by DuPont.

19. In the 1990s, the government of the PRC prioritized the development of chloride-route TiO₂ technology. PRC government officials met with WALTER LIEW and asked him to transfer

1 chloride-route TiO₂ technology to the PRC. By the beginning of 1998, WALTER LIEW had assembled
2 a team that included former DuPont employees, including MAEGERLE and others, to assist him in his
3 efforts to convey DuPont's TiO₂ technology to entities in the PRC.

4 20. WALTER LIEW executed contracts with state-owned entities in the PRC for chloride-
5 route TiO₂ projects that relied on the transfer of illegally obtained DuPont technology, including: (a) a
6 \$5,600,000 contract in 1998 with the import and export company of Chengde Iron & Steel Group; (b) a
7 \$6,180,000 contract in 2005 with PIETC and PANGANG Jinzhou for a 30,000 metric tons per year
8 (MTPY) project; (c) a \$7,000,000 contract in 2007 with PANGANG Jinzhou for a 30,000 MTPY
9 project; and (d) a \$17,800,000 contract in 2009 with PIETC and PANGANG GROUP TITANIUM for a
10 100,000 MTPY project.

11 21. MAEGERLE had detailed knowledge of DuPont's TiO₂ technology and expertise in
12 building TiO₂ production lines. In furtherance of the contracts entered into by WALTER LIEW,
13 MAEGERLE provided WALTER LIEW and USAPTI with DuPont information, including information
14 contained in Trade Secret 5.

15 22. The PANGANG GROUP companies and computer hackers unknown to the Grand Jury,
16 in a line of effort parallel to the PANGANG defendants' actions to obtain DuPont trade secrets through
17 WALTER LIEW and TZE CHAO, without authorization remotely accessed DuPont computers that
18 stored TiO₂ information and stole from those computers, among other things, trade secret information
19 related to the chloride-route production of TiO₂, and transmitted such information to computers outside
20 of the United States. This stolen information was then provided to PANGANG employees working on
21 the PANGANG GROUP projects identified below, including defendants DONG YINGJIE and HOU
22 SHENG DONG.

23 PANGANG GROUP Projects

24 23. In approximately 2003, PANGANG Jinzhou, a subsidiary of PANGANG GROUP,
25 decided to build a larger, more efficient 30,000 MTPY chloride-process plant. WALTER LIEW wrote
26 letters in 2003 and 2004, claiming to possess the complete TiO₂ process technology and attempting to
27 sell his services to PANGANG Jinzhou to design its new factory.

1 24. In March 2004, PANGANG GROUP hired CHAO as a consultant because of his
2 experience with and knowledge of DuPont's TiO₂ technology. At PANGANG GROUP's direction,
3 TZE CHAO contacted WALTER LIEW and asked LIEW about his chloride-route TiO₂ technology.

4 25. As part of the negotiation process for the PANGANG Jinzhou contract, WALTER LIEW
5 also provided PANGANG Jinzhou with numerous photographs of DuPont facilities, which revealed
6 proprietary and confidential aspects of the manufacturing process. WALTER LIEW obtained these
7 photographs from MAEGERLE who was not authorized to take or disseminate them outside DuPont.

8 26. In or about 2008, PANGANG GROUP put out a request for proposal for a 100,000
9 MTPY chloride-route TiO₂ project in Chongqing, PRC. Both USAPTI and Cierra (TZE CHAO's
10 company) submitted bids. No other engineering firm bid on the project. In their efforts to obtain the
11 contract, both USAPTI and Cierra represented to PANGANG GROUP that they possessed DuPont
12 technology.

13 27. Throughout 2008, WALTER LIEW and MAEGERLE for USAPTI and CHAO for Cierra
14 provided detailed information to PANGANG GROUP regarding the design and construction of the new
15 facility. During these technology exchanges, PANGANG GROUP employees, including DONG
16 YINGJIE, HOU SHENG DONG, and an official from PANGANG GROUP TITANIUM, asked
17 WALTER LIEW and TZE CHAO for DuPont blueprints and the names of former DuPont employees
18 who would work on the project.

19 28. In 2009, PANGANG GROUP hired USAPTI to design the project in Chongqing. The
20 parties to the contract were USAPTI, PANGANG GROUP, and PIETC, and the beneficiary of the
21 contract was PANGANG GROUP's subsidiary, PANGANG GROUP TITANIUM.

22 29. Following the execution of the contract for the 100,000 MTPY project, USAPTI,
23 PANGANG GROUP TITANIUM, and PIETC had a series of meetings in San Francisco and the PRC to
24 advance the project. At various times, WALTER LIEW, MAEGERLE, and others attended meetings on
25 behalf of USAPTI, and DONG YINGJIE, HOU SHENG DONG, and others attended meetings on behalf
26 of PANGANG GROUP TITANIUM.

27 30. The basic design information USAPTI delivered to PANGANG GROUP TITANIUM in
28 August 2009 contained numerous features based on technology directly misappropriated from DuPont.

1 At the request of an official from PANGANG GROUP TITANIUM, TZE CHAO reviewed USAPTI's
2 designs in China in September 2009. TZE CHAO prepared a report for PANGANG GROUP
3 TITANIUM with specific suggestions for improving USAPTI's designs. TZE CHAO's suggestions
4 relied, in part, on DuPont's trade secrets, which he included in his report.

5 31. Between on or about January 6, 2006 and on or about July 7, 2011, PIETC and
6 PANGANG Jinzhou paid USAPTI and its predecessor, PERFORMANCE GROUP, at least \$27,000,000
7 for work on the 30,000 MTPY and 100,000 MTPY TiO₂ projects.

8 32. Proceeds from the sale of DuPont technology to PANGANG GROUP were paid to
9 WALTER LIEW, PERFORMANCE GROUP and USAPTI through letters of credit, letters of guarantee,
10 and wire transfers established at various banks located in the PRC. To obtain this money, WALTER
11 LIEW drew down on letters of credit and letters of guarantee and was the recipient of wire transfers on
12 behalf of PERFORMANCE GROUP and USAPTI through Mega International Commercial Bank in San
13 Jose, California, California Pacific Bank in San Francisco, California, Cathay Bank in Millbrae,
14 California, and East West Bank in Oakland, California. WALTER LIEW and CHRISTINA LIEW
15 wired millions of dollars in proceeds from PANGANG GROUP to CHRISTINA LIEW's relatives in the
16 PRC through bank accounts in Singapore and elsewhere.

17 Overt Acts

18 33. In furtherance of the conspiracy and to effect its objects, defendants committed the
19 following overt acts, among others, in the Northern District of California and elsewhere:

20 34. On or about March 15, 1998, MAEGERLE sent a facsimile to WALTER LIEW that
21 contained proprietary and confidential information about DuPont's TiO₂ plant costs and personnel data,
22 including information from Trade Secret 5.

23 35. On or about October 8, 2005, MAEGERLE emailed WALTER LIEW a series of
24 photographs from various DuPont facilities that contained proprietary and confidential information
25 about DuPont technologies associated with its chloride-route TiO₂ process.

26 36. On or about November 25, 2005, WALTER LIEW on behalf of PERFORMANCE
27 GROUP entered into a \$6,180,000 contract on the 30,000 MTPY chloride-route TiO₂ project with
28 PIETC on behalf of PANGANG Jinzhou.

1 37. On or about April 17, 2008, WALTER LIEW directed Mega Bank to wire \$759,982 to an
2 account at the Development Bank of Singapore (DBS) in the name of Huadong Equipment Solutions,
3 Pte, Ltd. (Huadong), over which WALTER LIEW had signature authority.

4 38. On or about May 29, 2008, WALTER LIEW directed DBS to wire \$750,000 from the
5 Huadong account in Singapore to an HSBC account in Hong Kong belonging to CHRISTINA LIEW's
6 father, a resident of the PRC, over which WALTER LIEW had signature authority.

7 39. On or about May 30, 2008, WALTER LIEW directed the transfer of approximately
8 \$670,000 from the HSBC account of CHRISTINA LIEW's father into a deposit account.

9 40. On or about June 2, 2008, employees of PANGANG GROUP companies, including HOU
10 SHENG DONG, agreed that PANGANG GROUP would work with Cierra and TZE CHAO if they
11 employed former DuPont employees and possessed blueprints for DuPont's TiO2 plants.

12 41. On or about July 15, 2008, WALTER LIEW and CHRISTINA LIEW informed
13 PANGANG GROUP TITANIUM that their drawings would replicate DuPont's DeLisle plant.

14 42. On or about August 22, 2008, MAEGERLE provided a USAPTI consultant with electronic
15 copies of confidential, proprietary DuPont documents during a business trip to the PRC, including Trade
16 Secret 2, Trade Secret 4, and a set of the photographs described in Paragraph 35.

17 43. On or about October 25, 2008, MAEGERLE emailed WALTER LIEW specific
18 information from Trade Secret 5 and stated that "[t]he Jinzhou specifications were scaled down" from
19 information from Trade Secret 5.

20 44. In or about July 2009, MAEGERLE drafted a three-page document entitled, "100K T/Y
21 TiO2 CHLORINATOR DESIGN," which referenced specific confidential, proprietary data contained in
22 the Basic Data Document (Trade Secret 5), which he used to scale up for the 100,000 MTPY project.

23 45. On or about September 3, 2009, MAEGERLE sent WALTER LIEW an email containing
24 a specific and confidential figure from Trade Secret 5.

25 46. On August 8, 2010, USAPTI executed a \$796,000 contract with PIETC for PANGANG
26 GROUP Chongqing Titanium Industry Co., Ltd. to procure equipment for the 100,000 MTPY project.

27 47. In or about November 2010, WALTER LIEW provided a portion of Trade Secret 3 to a
28 USAPTI employee.

48. A USAPTI employee emailed himself portions of Trade Secret 3 on February 22, 2011, March 4, 2011, and March 8, 2011.

49. On or about July 19, 2011, WALTER LIEW concealed Trade Secret 2 and Trade Secret 4 at his residence in Orinda, California.

50. On or about July 19, 2011, CHRISTINA LIEW attempted to prevent law enforcement from gaining access to a safe deposit box at Bank of East Asia in Oakland, California that contained copies of Trade Secret 2 and 4 and the photographs referenced in Paragraph 34.

51. On or about July 20, 2011, DONG YINGJIE, an employee of PANGANG GROUP TITANIUM, possessed and carried into the United States from the PRC information obtained through unauthorized access to DuPont computers, including approximately eight documents that contained information regarding Trade Secret 1.

52. On or about July 20, 2011, DONG YINGJIE possessed and carried into the United States from the PRC a document entitled "Chloride technology reveiew – Pangang" containing stolen DuPont proprietary trade secret information regarding Trade Secret 1.

53. On or about July 20, 2011, DONG YINGJIE possessed and carried into the United States from the PRC a document entitled "Assessment of the Proposed Pangang 100k tpa TiO2 Chloride Process Flowsheet and P&ID (Zhi Hua Technology Co., Ltd. 9/25/090)" that contained information regarding Trade Secret 1.

54. In or about October 2011, HOU SHENG DONG attempted to contact TZE CHAO for additional assistance with the 100,000 MTPY project.

All in violation of Title 18, United States Code, Section 1831(a)(5).

COUNT TWO: (18 U.S.C. § 1831(a)(1), (2), (3), and (4) – Attempted Economic Espionage)

55. The allegations contained in Paragraphs 1 through 15 are re-alleged and incorporated as if fully set forth herein.

56. Beginning on a date unknown, but no later than 2008, and continuing to on or about

October 2011, in the Northern District of California and elsewhere, defendants

DONG YINGJIE,
HOU SHENGDONG,
PANGANG GROUP,
PGSVTC,
PANGANG GROUP TITANIUM, and
PIETC

knowingly attempted to

a. steal and without authorization appropriate, take, carry away, and conceal, and by fraud, artifice, and deception obtain trade secrets belonging to DuPont; and

b. without authorization copy, duplicate, sketch, draw, alter, photocopy, replicate, transmit, deliver, send, communicate, and convey trade secrets belonging to DuPont; and

c. receive, buy and possess trade secrets belonging to DuPont, knowing the same to have been stolen, appropriated, obtained and converted without authorization; specifically, Trade Secret 1, intending and knowing that the offense would benefit a foreign government, namely the PRC, and foreign instrumentalities, namely PANGANG GROUP, PGSVTC, PANGANG GROUP TITANIUM, and PIETC, in violation of Title 18, United States Code, Section 1831(a)(1), (a)(2), and (a)(3).

All in violation of Title 18, United States Code, Section 1831(a)(4).

FORFEITURE ALLEGATION: (18 U.S.C. §§ 1834 and 2323 – Proceeds and Property Involved in Economic Espionage)

57. The allegations contained in Counts One and Two of this Third Superseding Indictment are hereby re-alleged and incorporated by reference for the purpose of alleging forfeiture pursuant to Title 18, United States Code, Sections 1834 and 2323.

58. Upon conviction of the offenses in violation of Title 18, United States Code, Section 1831 set forth in Counts One and Two of this Third Superseding Indictment, defendants

DONG YINGJIE,
HOU SHENGDONG,
PANGANG GROUP,
PGSVTC,
PANGANG GROUP TITANIUM, and
PIETC

shall forfeit to the United States of America, pursuant to Title 18, United States Code, Sections 1834 and 2323, any property used, or intended to be used, in any manner or part to commit or facilitate the commission of the offenses; and any property constituting or derived from any proceeds obtained directly or indirectly as a result of the commission of the offenses.

59. If any of the property described above, as a result of any act or omission of the defendants:

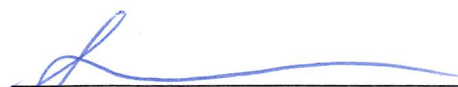
- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided without difficulty,

the United States of America shall be entitled to forfeiture of substitute property pursuant to Title 21, United States Code, Section 853(p), as incorporated by Title 18, United States Code, Section 2323(b).


All pursuant to Title 18, United States Code, Sections 1834 and 2323.

DATED: 1/5/16

A TRUE BILL


FOREPERSON

BRIAN J. STRETCH
Acting United States Attorney


DAVID R. CALLAWAY
Chief, Criminal Division

(Approved as to form: 
AUSA John H. Hemann)