

## Former Silicon Valley engineers to be sentenced in economic espionage case

By Jordan Robertson  
Associated Press

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Two engineers from China who pleaded guilty to the rare charge of economic espionage against the U.S. are facing sentencing today, in a case that highlights national security threats surrounding sensitive technologies.

Fei Ye, a U.S. citizen, and Ming Zhong, a permanent resident of the U.S., admitted in 2006 that they stole computer chip designs from their Silicon Valley employers and tried to smuggle the secrets to China to launch a government-backed startup there. The engineers each face a maximum of 30 years in prison.

Their guilty pleas represented the first convictions for the most serious crime under the Economic Espionage Act of 1996. Unlike garden-variety industrial espionage — the theft of a trade secret — economic espionage alleges that someone acted to benefit a foreign government.

Only a handful of cases have been filed under the law, mostly because it's difficult to prove someone was trying to benefit a foreign nation, even if investigators suspect it. Prosecutors say the trail of evidence often goes cold because of a lack of cooperation by other countries in investigations.

The case against Ye and Zhong stretches back seven years, when they were arrested at San Francisco International Airport trying to board a

flight to China. Their luggage was allegedly stuffed with sensitive documents on chip designs stolen from four tech companies they had worked for.

Other papers seized from the men allegedly showed they were trying to solicit funding from Chinese government agencies to help get their startup going. Prosecutors say the documents showed that Ye and Zhong were promoting the startup as something that would elevate China's chip-making smarts and help China compete better against other countries in microelectronics.

Those documents were critical to federal prosecutors' assertion that Ye and Zhong were trying to help China — but the papers say nothing about whether anyone in the Chinese government knew the chip designs were stolen. Court papers are fuzzy on how much success the pair had in securing money for the project. And the indictment doesn't charge anyone in the Chinese government as a coconspirator.

Four companies were victims of the plot: NEC Electronics, Sun Microsystems, Transmeta and Trident Microsystems. Ye and Zhong both had worked at Transmeta and Trident. Ye had also worked at NEC and Sun.

The allegations against Ye and Zhong amounted to one of the first economic espionage cases filed. Since then, other cases in Silicon Valley have developed, including one in which an engineer admitted in June he tried to sell fighter-pilot training software to the Chinese Navy. He was sentenced to two years in prison.

Prosecutors in that case said the engineer, Xiaodong Sheldon Meng, who was raised in China and holds Canadian citizenship, was focused on profit, not a foreign allegiance, so they asked for a more lenient sentence than they would if someone

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was accused of spying.

In a separate case, two other Silicon Valley engineers, Lan Lee and Yuefei Ge, are under indictment on charges they stole chip designs and tried to launch a microprocessor startup with a Chinese venture capital firm. Their trial hasn't been set.

In Southern California, Chinese-American engineer Dongfan "Greg" Chung, who worked at Boeing Co. and space shuttle-builder Rockwell International, is accused of stealing secrets regarding the space shuttle, a military transport plane and a rocket on behalf of China. Chung has pleaded not guilty.

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