



Walter Liew

- Malaysian national
- Became a naturalized U.S. citizen in 1993
- Age 56 at time of conviction
- Co-owner of a California corporation offering engineering and consulting services



CDSE

Center for Development
of Security Excellence

CASE STUDY

Economic Espionage

WHAT HAPPENED

Walter Lian-Heen Liew was a co-owner and executive of USA Performance Technology, Inc (USAPTI) in Oakland, California. USAPTI offered engineering and consulting services. In the 1990s, Liew learned the government of the People's Republic of China (PRC) had prioritized the development of chloride-route TiO₂ production technology.

E.I. du Pont de Nemours & Company (DuPont), headquartered in Wilmington, Delaware, manufactured TiO₂, a commercially valuable white pigment that was used in a large number of materials ranging from paints to plastics to paper. DuPont had invented the proprietary TiO₂ chloride-route manufacturing process and had continually improved it over many years of research and development. DuPont's process also produced titanium tetrachloride, a material with military and aerospace applications.

Liew started assembling a team of former DuPont employees as consultants with the goal of executing contracts with a PRC State Owned Enterprise (SOE) to develop TiO₂ chloride-route projects that relied on transferring illegally obtained DuPont technology. Liew hired Robert Maegerle as a consultant, who was a process engineer and a former DuPont employee. Maegerle had detailed knowledge of DuPont's TiO₂ technology with expertise in building TiO₂ production lines.

Between 1998 and 2011, Liew executed contracts worth 28 million U.S. dollars with the Pangang Group Company Limited and its subsidiaries (Pangang). Liew wrote letters to Pangang claiming he possessed the complete TiO₂ process technology. As part of contract negotiations, Liew provided numerous photographs of DuPont facilities that revealed proprietary and confidential aspects of the manufacturing process. Liew had obtained the photographs from Maegerle, who was not authorized to take or disseminate them outside DuPont.

INDICATORS

- Foreign Considerations: Liew developed extensive business ties with State Owned Enterprises in PRC and won contracts for engineering services amounting to millions of dollars. Liew wired the proceeds to bank accounts of relatives in the PRC.
- Criminal Conduct: Liew conspired to commit witness and evidence tampering during the DuPont civil lawsuit.
- Financial Considerations: Liew filed false income tax returns and made false statements and oaths in bankruptcy proceedings for his company.

IMPACT

- In August 2010, DuPont received an anonymous letter that Liew and USAPTI had embezzled DuPont's proprietary TiO₂ pigment technologies and had sold them to a company in China. In April 2011, DuPont filed a civil complaint, which stated Walter Liew had wrongfully possessed and obtained confidential, proprietary, and trade secret materials, including detailed specifications of DuPont's technology.
- In July 2014, Liew was sentenced to serve 15 years in prison, forfeit \$27.8 million in illegal profits, and pay \$511,667.82 in restitution for what the sentencing judge described as a "white collar crime spree" that included violations of the Economic Espionage Act, tax evasion, bankruptcy fraud, and obstruction of justice.

ADDITIONAL INFO

- In 2009, USAPTI entered into a contract with Pangang to design a 10,000 MPTY chloride route TiO₂ project in Chongqing, PRC. USAPTI had represented that it possessed the DuPont technology to obtain the contract. The basic design information USAPTI delivered to Pangang contained numerous features based on technology directly misappropriated from DuPont. Between July 2009 and July 2011, Pangang paid USAPTI (and its predecessor, Performance Group) approximately 12.5 million U.S. Dollars. Liew and his spouse wired millions of dollars in proceeds to relatives in the PRC through bank accounts.
- Maegerle provided Walter Liew and USAPTI with numerous confidential and proprietary information about DuPont between August 2008 and September 2009. It included DuPont's TiO₂ plant costs, personnel data, multiple electronic copies of confidential DuPont documents including three Trade Secrets, and a series of photographs associated with DuPont's TiO₂ chloride-route process. Robert Maegerle was found guilty of conspiracy to commit theft of trade secrets, attempted theft of trade secrets, conveying trade secrets, and conspiracy to obstruct justice.
- Liew was also found guilty of witness tampering for his efforts to influence a co-defendant's testimony in the DuPont civil lawsuit. The jury also convicted Liew of conspiring with his spouse to mislead the FBI by corruptly concealing records, documents, and other objects during the FBI's investigation into their criminal activity.
- This case marked the first federal jury conviction on charges brought under the Economic Espionage Act of 1996.

Resources for further exploration:

- Insider Threat Program (ITP) for Industry
(https://www.cdse.edu/Portals/124/Documents/jobaid/insider/insider-threat-job-aid-for-industry.pdf?ver=oEckuoY_dTgGBV0cSE6_bA%3d%3d)
- Insider Threat Resources for Industry Senior Professionals
(<https://www.cdse.edu/Portals/124/Documents/jobaid/insider/insider-threat-program-for-senior-officials.pdf>)
- Understanding Espionage and National Security Crimes
(https://www.cdse.edu/Portals/124/Documents/jobaid/ci/ci-jobaidseries-understandingespionage.pdf?ver=BBKwTvmDXsNC0wb_6vI0GQ%3d%3d)

IF YOU SEE SOMETHING, SAY SOMETHING!

Contact the appropriate POC to report any observed potential risk indicators:

Name: _____
Title: Supervisor/Security Officer/ITP

Agency/Department: _____
Senior Official/ITP Manager