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# United States District Court

## WESTERN DISTRICT OF MISSOURI

UNITED STATES OF AMERICA

**CRIMINAL COMPLAINT**  
**Case Number: 12-0156-SWH-01/02**

v.

JI LI HUANG  
[DOB: 08/18/1967]

18 U.S.C. §§ 1832(a)(4) & 2  
NMT 10 Years Imprisonment  
NMT \$250,000.00 Fine  
NMT 3 Years Supervised Release  
\$100 Mandatory Special Assessment  
Class C Felony

XIAO GUANG QI  
[DOB: 12/05/1980]

I, the undersigned complainant being duly sworn, state the following is true and correct to the best of my knowledge and belief:

From on or about June 1, 2012, through on or about September 2, 2012, in the Western District of Missouri, and elsewhere, the defendants JI LI HUANG and XIAO GUANG QI, with the intent to convert a trade secret to the economic benefit of someone other than its owner, did knowingly attempt, and aid and abet the attempt, to receive, buy and possess a trade secret, that is the product formula and manufacturing process of FOAMGLAS® owned by Pittsburg Corning, that is related to and included in a product that is produced for and placed in interstate and foreign commerce, knowing that the trade secret had been stolen, appropriated, obtained, and converted without authorization, and knowing that the disclosure would injure Pittsburg Corning, all in violation of Title 18, United States Code, Sections 1832(a)(4) and 2.

I further state that I am a Special Agent of the Federal Bureau of Investigation and that this complaint is based on the following facts:

(See attached Affidavit)

Continued on the attached sheet and made a part hereof:  Yes  No.

/s/ Jeremiah M. Crabtree  
Jeremiah M. Crabtree, Special Agent  
Federal Bureau of Investigation

Sworn to before me and subscribed in my presence,

September 4, 2012 at  
Date

Kansas City, Missouri  
City and State

Sarah W. Hays  
United States Magistrate Judge  
Name and Title of Judicial Officer

/s SARAH W. HAYS  
Signature of Judicial Officer

STATE OF MISSOURI     )  
                                  )  
COUNTY OF JACKSON    )

ss.

**AFFIDAVIT IN SUPPORT OF  
APPLICATION FOR COMPLAINT**

I, Jeremiah M. Crabtree, Special Agent, Federal Bureau of Investigation (FBI), Kansas City, being duly sworn, do hereby depose and say as follows:

**I. INTRODUCTION**

1. I am a Special Agent with the Federal Bureau of Investigation (FBI) and have been employed as such for approximately 4 1/2 years. My employment with the FBI has vested me with the authority to investigate violations of federal laws, including 18 U.S.C. § 1832 (Theft of Trade Secrets). The investigation described in this affidavit involves attempts by JI LI HUANG (a.k.a. “Huang Jili”) and XIAO GUANG QI (a.k.a. “Gerrard”), along with co-conspirators identified herein CC-1 and CC-2, to unlawfully convert trade secrets of Pittsburgh Corning, a company headquartered in Pittsburgh, Pennsylvania, with a manufacturing plant in Sedalia, Missouri, in violation of 18 U.S.C. § 1832.

2. This investigation, which is detailed below, establishes probable cause to believe that that HUANG and QI attempted to purchase information they knew to be trade secrets of Pittsburgh Corning, for the purpose of opening a plant to compete with Pittsburgh Corning in China. As detailed below, HUANG and QI met with a cooperating human source, identified herein as CHS-1, in Kansas City, Missouri, in the Western District of Missouri, for the purpose of purchasing trade secrets of Pittsburgh Corning for \$100,000. A partial payment of \$25,000 was to be paid for a package that HUANG and QI believed to contain proprietary trade secrets of Pittsburgh Corning.

3. The statements contained in the Affidavit are based on personal observations and information provided by other agents, analysts, law enforcement agencies, witnesses, and others. Statements are also based in part on a review of records and documents gathered during the course of the investigation. Because this Affidavit is being submitted for the limited purpose of establishing probable cause for a complaint, I have not included each and every fact known to me concerning this investigation.

## **II. FACTS:**

### **A. Background Regarding Victim Company**

4. Pittsburgh Corning, headquartered in Pittsburgh, Pennsylvania, manufactures various grades or densities of cellular glass insulation sold under the trade name FOAMGLAS®. That material is used to insulate industrial piping systems and liquefied natural gas storage tank bases. Pittsburgh Corning's main customers for FOAMGLAS® are energy companies, petrochemical companies, and natural gas facilities.

5. Your affiant interviewed a Pittsburgh Corning Sedalia Plant Manager (hereafter "Employee-1"). Employee-1 provided the following information regarding Pittsburgh Corning and FOAMGLAS®:

a. Pittsburgh Corning recently made technological advances in the formulation and manufacturing process of FOAMGLAS® insulation. The advancements were accomplished by slight modifications of the product formula and more significant process modification including the development of appropriate cellulating and annealing furnace temperature curves, all of which Pittsburgh Corning considers proprietary advancements.

b. The Pittsburgh Corning facility in Sedalia, Missouri, is the company's flagship facility, responsible for approximately 90% of the material produced by the company. The Sedalia facility operates 24 hours per day, 365 days per year. That plant employs 250-300 people and conducts research and development on FOAMGLAS® for Pittsburgh Corning.

c. In addition to the Sedalia, Missouri, plant, Pittsburgh Corning also has facilities in Pennsylvania and Texas as well as Tessenderlo, Belgium. Three months ago, Pittsburgh Corning announced plans to open a facility in China. Pittsburgh Corning is negotiating to build a plant in China, since most of the world's need for FOAMGLAS® comes from China. FOAMGLAS® is used in Liquid Natural Gas (LNG) tanks. China has approximately 10,000 LNG plants.

d. Pittsburgh Corning's Sedalia Plant is completely enclosed with an approximately eight-foot-tall chain link fence. The entrance and employee gates are left open, but are clearly marked with signs directing visitors to check in at the front office. Salaried employees and visitors are required to sign a Non-Disclosure Agreement (NDA) before an authorized tour or employment.

6. A General Counsel for Pittsburgh Corning (hereafter "Employee-2"), and a Group Product Market Manager for Pittsburgh Corning (hereafter "Employee-3") were interviewed by agents working for the FBI's Pittsburgh Field office. Based on reports of those interviews, Employee-2 and Employee-3 provided the following information about Pittsburgh Corning's efforts to protect its proprietary information and trade secrets regarding FOAMGLAS®:

a. All new employees are required to sign a non-disclosure agreement upon hiring and managers and technical employees are required to sign a two-year non-compete agreement.

b. Pittsburgh Corning's computer security includes a separate Local Area Network (LAN) for technical matters. The Technical LAN is not connected to the Internet to protect the company's technical information, some of which are proprietary and trade secrets. Employee laptops do not connect to the Technical LAN, and employees are required to maintain strong passwords that must be changed every 90 days.

c. Throughout Pittsburgh Corning, including at the Sedalia, Missouri, location access to information is compartmentalized through a "need-to-know" system. Managers determine whether an employee requires access to information or not, which is then granted by the Information Technology section.

d. Technical and research and development information at Pittsburgh Corning's Sedalia, Missouri, location are on separate computers and are locked in the laboratory section of the plant. Physical access to that area is limited to a small group of technical personnel.

e. Visitors are required to sign in and out upon access to a facility. If a visitor is granted a tour of a lab, the visitor is required to sign an NDA agreement.

f. Regarding the proprietary information about FOAMGLAS® that is involved in this investigation, Pittsburgh Corning made the business decision to not patent it because patented information becomes public and is only protected for a limited time.

**B. Initial Attempts to Obtain Trade Secrets**

7. Your affiant conducted a telephonic interview of a Technical Manager at Pittsburgh Corning (hereafter "Employee-4"). Employee-4 advised that on or about June 7, 2012, he received a phone call from a man identified herein as "T.S." T.S. stated he represented two Asian gentlemen who would be in the United States in mid-June and would like to have a tour of Pittsburgh Corning's FOAMGLAS® plant. Pittsburgh Corning refused the request for a tour.

8. On or about June 14, 2012, Employee-4 met with T.S. and two Asian males, who identified themselves as HUANG and CC-1. CC-1 stated they wanted to establish a FOAMGLAS® dealership in China. Employee-4, being a Technical Manager, discussed some of the general process of producing FOAMGLAS®, however, he did not disclose any proprietary information. HUANG and CC-1 did not present business cards or reveal their business name. Employee-4 reported that HUANG and CC-1 stated several times that they had a lot of money, that they had connections in China, and that they had the ability to avoid China's governmental regulations. Employee-4 believed T.S. was a consultant for HUANG and CC-1. HUANG did not speak much and likely didn't speak English. CC-1 and T.S. explained the increased demand for a product like FOAMGLAS® in China, was because the Chinese Government had increased their building code regulations.

9. On or about June 17, 2012, Employee-4 received another phone call from T.S., who told Employee-4 that another option was on the table and China might delay Pittsburgh Corning's China plant for another 3 years because of government regulation and environmental restrictions. T.S.'s partners, HUANG and CC-1, could help with the red tape and move things

along quicker for Pittsburgh Corning's desired China plant. T.S. stated his partners could build a plant and lease it to Pittsburgh Corning.

10. Employee-1 stated that on two consecutive days (on or about June 18 and June 19, 2012), two Asian-looking males trespassed into the Pittsburgh Corning's Sedalia plant. One of the Asian-looking males appeared to be taking video or pictures with his cellular phone. When the trespassers were challenged by Pittsburgh Corning employees, they reported two different stories on each different day. The first story was they were lost and were looking for a lake. The second story was that they were looking for a gas station. Only one of the trespassers spoke with company employees. That person questioned an employee about how much the worker made, how much the company made, what the FOAMGLAS® was made of and how many lines were open.

11. Employee-1 also stated that he reported the trespassing to the Sedalia Police Department. Employee-1 reported that the two Asian-looking males were using a vehicle with the Missouri license plate DH9L6B.

12. According to vehicle registration, the Missouri license plate DH9L6B, was registered to DFC Enterprises Inc. According to the owner of DFC Enterprises, the vehicle is a rental vehicle that was rented to CC-1, with an address in Pomona, California. The vehicle was rented at the Kansas City Airport (MCI) on June 18, 2012 at approximately 5:40 p.m. and the vehicle was returned on June 20, 2012 at approximately 10:22 a.m. CC-1 listed certain identifiable personal information, including a credit card ending in 8988.

13. Your affiant obtained the Sedalia Police Department Case report regarding the reported trespassing. The case report included a narrative, photos and statements from Pittsburgh Corning employees, including Employee-1. Employee-1 received information that

the two Asian-looking males were staying at the Comfort Inn Sedalia, 3600 W Broadway in Sedalia, Missouri. On or about June 20, 2012, the Sedalia Police interviewed a Comfort Inn Sedalia Manager, who confirmed that two Asian-looking men recently stayed at the hotel and checked out June 20, 2012. The manager provided Sedalia Police with the billing information. Billing records identified CC-1, using the same address in Pomona, California and the same credit card ending in 8988 to rent two separate rooms. There was also a credit card listed on the billing record, with a frequent traveler ID of HUANG.

14. Your affiant obtained surveillance photos of HUANG and CC-1 checking into and departing the Comfort Inn Sedalia. Check-in was at approximately 7:50 p.m. on or about June 18, 2012. Check-out was at approximately 8:34 a.m. on or about June 20, 2012. The hotel photos of CC-1 appeared to match his DMV photo and a camera phone picture taken of him at the Sedalia Plant by one of the Pittsburgh Corning employees that confronted HUANG and CC-1.

1. The hotel photos of HUANG appeared to match his Department of State Visa application.

**C. Newspaper Ad and Negotiations for Meeting**

15. On or about July 22, 2012, the Sedalia Democrat newspaper included an ad, under the Business Opportunity category. The ad was as follows:

Technical talent wanted to explore together Asian market. You are equipped with more than 10 years experience on foam glass in Corning Pittsburgh? You are able to lead a project to build up a foam glass factory with continuous research on new formulas. You are willing to adventure in asia for couple of years? We prepared battle field for you. Contact: [redacted CC-2 Email address].

16. FBI Kansas City and Pittsburgh Corning, identified a Confidential Human Source (CHS), here within referred to as CHS-1, which has been a CHS for the FBI for approximately one month. CHS-1 was identified as a trustworthy employee by Pittsburgh Corning. CHS-1 has no identifiable record.

17. On or about August 4, 2012, CHS-1 used an undercover e-mail address, hereafter referred to as CHS-1-Email, to answer the advertisement. CHS-1 used CHS-1-Email and responded to CC-2-Email with CHS-1's resume. The e-mails below ensued and the e-mails presented below are with actual spelling that was used, and mistakes are not otherwise noted or corrected.

18. On or about August 5, 2012, CC-2-Email responded to CHS-1 at the address CHS-1-Email as follows:

Dear [CHS-1]

Glad to have receiving your message. i present the detail information of our project for your reference.

In fact, we built up a factory in china (zhejiang province) on foam glass, the factory will be operational from Nov 2012 with expected monthly capacity of 20K metre cube on first phase. We are looking for a technical director with experience to monitoring our production but also to develop new formulas of foam glass on chinese market.

Your profile is very interesting for us and we are willing to have your support either for a abroad contract in china for several years or we can also study together a consultant feasibility from your side with a technical transfer.

Your company is the reference on market for this product even we know that the historical inventor was french in Saint Gobain group in France.

Looking for to exchange with you for more detail and wish you can have opportunity to come to china to discover together this project on which we are willing to be the best supplier for chinese market.

We know that your group had prospected a project of production foam glass in china but with obstacle to succeed but as a local investor, we can come over certain obstacles to build up this project.

Feel free for any discussion and our communication will remain only between us.

Sincerely salutations

[CC-2]

19. On or about August 8, 2012, CHS-1, using the e-mail address CHS-1-Email responded to CC-2-Email as follows:

[CC-2],

Thank you for being upfront regarding the production timeline you are working with. We have a much larger capacity with 7 lines here in Sedalia, but it has taken time. I appreciate the idea of keeping this communication between us. Pittsburgh Corning is very protective with their employees and information.

I am interested in a consulting agreement on the technical aspects of your project. I've worked for Pittsburgh Corning for a significant portion of my life, but I am interested in moving in a different direction. There are a couple of complicated issues I need to work out with you and would prefer to not put them in writing. Are you traveling to the US anytime soon or have a representative here in the US? I need to sort out some Passport issues, before visiting your location in China. I am confident that this project would be successful and certainly give you an advantage over Chinese competitors and perhaps US competitors. I look forward to meeting you.

Regards [CHS-1]

20. On or about August 8, 2012, CC-2-Email responded to CHS-1 at CHS-1-Email as follows:

Hello [CHS-1],

We visited non officially your Sedalia workshop before and we know that peG is protective that's why i ensure you that our communication will remain between us and in any case, we will not reveal our communication to others.

The main investor, my friend, Mr HUANG Jili might travel to US end of August (for a biz of another project thus PU foam) but to have you discover concretely our project here in Ningbo (a city closed to Shanghai with 1.5hrs by car), We sincerely want to invite you to have a short trip to us (1 week enough). If you can really work out your passport issue, send me your passport number and full name, we will purchase the tickets and arrange other facilities for your coming.

We are open for any corporation possibility while i think our project here will be a new challenge for both you and us while the notion "recycle" for any material is really favorited by chinese government and our glass foam project match also this

axis in "green and environment protection" thus we do expect a good prospective for our project.

Your precious experience should for sure enhance our factory development in term of perfection on production as well as the competitiveness on chinese market. Your company didn't succeed to open a FOAMGLASs factory in china but we have facilities to succeed this project.

best regards and keep in touching for any exchange.

my mobile is [redacted] in any urgent case, you can join me directly but with hours differences between us, it will be little difficult.

at your disposal and feel free to discuss any topic.

[CC-2]

21. On or about August 12, 2012, CC-2-Email responded to CHS-1 at CHS-1-Email as follows:

Hello [CHS-1],

you must be busy these days while i am waiting for your further exchange on the topic. Have you received my last message with proposal to come here at our cost thus you can discover more concretely for our project and we can discuss individually how our corporation can be handled safely with confidentiality. As you said that your company is protective thus we don;t want to put you in difficult situation.

In the same time, my friend, Mr HUANG Jili, the main investor will be glad to see you in US also once he will confirm another appointment in US for a project of PU foaming (in fact, we have another factory with more than 15 years on PU foam).

Waiting for your kind reply and have a nice day

Sincerely

[CC-2]

22. On or about August 15, 2012, CHS-1 used e-mail address CHS-1-Email to respond to CC-2-Email as follows:

It has been a busy week. Sorry for the delay. It would be great to meet Mr. Huang Jili, and work out an Agreement, so I could begin. I believe I could give you an

advantage even in the beginning phases of production. The formula and production processes make all the difference.

What type of production specification are you looking to meet in the first phase of operation? With the proper glass formula and the settings in the foaming furnaces to support it, there are a variety of properties that can be produced. Depending on the focus, like Compressive Strength, Thermal Conductivity, resistance to moisture, and other properties, initial settings can make the difference between profit and loss.

While I'm working on my passport, I would like to discuss a couple of issues dealing with my current Pittsburgh Corning employment, but not over email. Would Mr HUANG Jili, be available to fly into Kansas City airport? I would prefer a meeting place away from Sedalia and I can drive into Kansas City to meet. I will be away on business August 21 - 24, but hope we can make arrangements anytime after August 24th.

Excited to get started [CHS-1]

23. On or about August 15, 2012, CC-2-Email responded to CHS-1 at CHS-1-Email

as follows:

Hello [CHS-1],

For sure we would like to meet you face to face thus we can formalize our corporation agreement while we are also very exciting to have your technical support.

We are expecting for sure to have your support from the beginning of our production, how to optimize the production facilities, with your experience, you can also recommend us some suitable machine or equipment to guarantee the good quality of output goods.

Before Mr HUANG Jili will go US for a concrete meeting, we would like to check some technical aspect with you. In fact, we are capable now to produce the foam glass with 140 density or high but your company can produce even with light density as 120 or lighter with similar performance as density 140. we think that lower density with good physical performance is our target to win the chinese market.

Would you mind to tell us, for example foam glass with density 120, the theorique production formulas, the relative temperature control curve and parameter for foaming environment control. We would like also have your ideas on oven for glass melting, dispenser for additives, foaming oven control, de-mould control, thennal annealing oven etc as well as auto cutting, packaging, conveyor during production.

We are really expecting a global technical support from you and to ensure our sincere invitation, we would like as i mentioned to invite you at our cost to china, city beside shanghai, to discover locally our potentiality even before our elaboration of agreement. For sure, it will be preferred to have your support locally in our factory for a duration of 1-2 years all alongs the production thus we can accomplish together this exciting project which match the market trend in china in the frame of environmental protection and material recycle.

Maybe you will have some personal concerns or pending issues with peG, and if you don't mind, we are willing to listen to you and give our efforts to.

Remain at your disposal to exchange.

PS, Mr HUANG Jili, don;t speak english thus would you mind that future meeting in US will be accompany with his translator? We will define the schedule at your convinience. Unfortunately i can't go with Mr HUANG to US due to my personal issues that's why we would like to have you in china even for a several days to materialize our agreement.

Sincerely

[CC-2]

24. On or about August 17, 2012, CHS-1 responded to CC-2-Email, using e-mail address CHS-1-Email as follows:

Respectfully, I hope to avoid conversations like this in the future. Some questions and answers, I would rather not have in writing. I could get in alot of trouble. The information you are asking for is proprietary, only a few people in Pittsburgh Corning have access to. I understand what you are asking from me, but that information will not be free.

Looks like my passport, may take a little while. I suggest planning a suitable time for a phone conversation, and may be later a meeting.

If you are still interested, under those conditions, please let me know.

[CHS-1]

25. On or about August 16, 2012, CC-2-Email responded to CHS at

CHS-1-Email as follows:

totally agree for your position and avoid to write any concrete words and mail.

Please be ensured that what ever our future corporation will be, the conversation will remain is us. I don't sincerely want impact your personal life as well as your employment.

We understand well everything got its value and our intention is tell you that we are sincere on the project which has been developed under concrete study and information gathering.

As Mr Huang Jili don't speaking english and to avoid as a less as possible to many people involved and to our conversation, I had required if you will mind to come first in china or you can admit a translator with Mr. Huang in US for our meeting.

we do believe your experience will help us in our project while we are also confident that you will not regret to be involved into such project match with the Chinese market trend.

I will try to reach you after 24 August, (10 hrs difference from shanghai, right) to discuss some detail.

a long-term corporation is our target and credible corporation with mutual respect is my type as well as Mr. Huang Jili. you will discover it by yourself once you got a chance to come.

Best regards

[CC-2]

26. Between on or about August 20, 2012, and August 23, 2012, CHS-1 and CC-1 exchanged emails discussing arrangements for a phone call to discuss their agreement and details of HUANG's trip to the United States.

27. On or about August 23, 2012, CC-2-Email responded to CHS at CHS-1-Email as follows:

Hello [CHS-1],

Mr Huang Jili will be in kansas city from 31 August, the whole weekend will be available to have a concrete and detail conversation with you. Take your time and just inform us your available time as well the hotel name.

We do believe on your professional support to our project. As said from beginning, we do hope an agreement with you to have your support from equipment choice, procedure parameter setting as well as process control and further continuous research.

It's for sure your valuable consulting will be compensated, while can i have a brief idea for your expectation? (phone call on 24 august) I think that we can image different clause for our corporation, for example, a package of docu for equipment list+certain concrete formulas and process parameter. A constant consulting on our difficulties met etc.

To reduce the risk for your current employment, the translator you will meet is from our own company but i am not sure the quality of translation especially for some specific technical words, in any case, i remain available to exchange with you.

As i said before, our expectation is to have your technical support in our local site especially from our beginning production. Is it possible for you to study such possibility for exemple 5-6 months in Ningbo (city beside shanghai) from beginning of our corporation. Fro sure, it's depend on your personal situation currently, we can discuss later

PS, as my cousin has also US client as well as some personal relationship in US thus we can arrange different compensation nature upon on your request.

wish to meet you sooner in china while i do think your rich experience combined with our project will make exciting chemical effect towards a win win situation for both of us.

Besr regards

[CC-2]

28. On or about August 24, 2012, CHS-1 used the e-mail address CHS-1-Email to respond to CC-2-Email as follows:

Since translation maybe difficult, could Mr Huang Jili, bring a list of items you are requesting? Since that weekend is a US holiday (Labor Day Weekend), I can get in and out of the lab, to retrieve the items you request. I call you tomorrow, at arranged time, to discuss further and talk about the compensation.

Regards,

[CHS-1]

29. On or about August 24, 2012, CC-2-Email responded to CHS-1 at CHS-1-Email as follows.

We are preparing a factory video to present our project. while the factory will be completely operational by Nov. Today, we just postpone the equipment purchase while my cousin want to have more professional suggestion from your side.

Mr Huang Jili should come with mainly these question and would like to hear from your the expectations. He just would like to check the possibility to visit your factory with you on 1 or 2 Sept? For sure, if it will make you embarrassed, forget it. If you will have concrete answer for our requirement with documents, i think Mr Huang is willing for instant compensation.

By the way, we will pay all your trips cost for next weekend meeting, please accept our sincerity of corproation.

Listen to you tomorrow.

[CC-2]

1, with recycled glass, which kind of physical performance we can reach in maximum on final foam glass

2. For IQC income quality control of recycled glass, which technical aspect we should check and test with which kind of testing facilities?

3. We would like to know the composition formulas for foam glass with density 100,120 or 150 (recycle glass proportion as well as carbonate and other additives), and the same 3 densities' composition formulas if use mineral raw material as quartz sand)

4. Equal for foam glass with above mentioned 3 densities, the relative furnace temperature control curve \-'lith time as well as the annealing temperature curve

5. we would like to know how you control the combustion atmosphere in foaming furnace and annealing furnace, the relative facilities, and furnace

6. Our first phase is to sale the foam glass with density 120-130 and thermal conductivity within 0.040.06, mainly for building insulation,

7. For foaming furnace, which kind of combustion atmosphere preparation Corning used for? The combustion is from Premix gas or instant distributor of different gas in furnace

8. we would like to know your melting formulas if with quartz sand, Calcium carbonate, pure alkali, other possible mineral material

Pittsburgh Corning considers the answers to CC-2's questions regarding FOAMGLAS® to be trade secrets. That information is subject to the safeguards described previously.

30. On August 24, 2012, CHS-1 placed a consensually monitored phone call to CC-2, as agreed in the above e-mails. CHS-1 advised CC-2 the information he requested was Pittsburgh Corning's proprietary and confidential information. CHS-1 stated concerns about HUANG's ability to get the package of documents out of the United States, because the documents would come back to him/her. CHS-1 commented several times that he/she could go to jail, if anyone found out he/she gave away Pittsburgh Corning's proprietary information. CC-2 responded that they would plan for getting the documents back to China and they would keep their relationship private. CC-2 agreed that HUANG would pay \$100,000 for CHS-1 services. They agreed \$25,000 cash would be exchanged on September 2, 2012, for a package of Pittsburgh Corning's processes and formulary on FOAMGLAS®. CC-2 reported that HUANG has purchased airline tickets and is scheduled to arrive in the United States on August 30, 2012.

31. On or about August 25, 2012, CHS-1 used the e-mail address CHS-1-Email to respond to CC-2-Email, in which he acknowledged the phone call from the previous day, suggested a hotel for HUANG to stay at, and stated the following:

I plan to drive down from Sedalia on Saturday (Sept 1) and could meet Mr Huang Jili in the hotel lobby at 7pm. If there is anything else, Mr Huang Jili would like to have, please have a list for me. After the meeting, I can drive back to Sedalia and prepare for another meeting, with Mr. Huang Jili, on Sunday 11am. I hope these times are ok, if you prefer others, let me know. It would be nice to have a contact number, to get in touch with Mr. Huang Jili, if I have a problem making the times of anyone of the meetings

Regards, [CHS-1]

32. On or about August 26, 2012, CC-2-Email responded to CHS-1 at CHS-1-Email as follows:

Hello [CHS-1],

It's also a great pleasure of having talked with you to present our sincerity for such corporation.

thanks for your hotel information, i just informed Mr Huang Jili to book this hotel. for the appointments, you can dinner together in the hotel for Saturday night with more discussion and on sunday noon at you defined 11 am, let's shake hands for the beginning of our corporation. I informed my cousin to be prepared for the 1 st contact and necessary facilities, we will arrange it as i speaked to you.

Meanwhile, my cousin want to have the information of your machinery list (for the whole process), supplier and relative technical performance to be able to check with our current machinery purchasing. and does your company dispose a complete video for the whole process? we can find some pieces from internet but can;t have a complete view.

Sorry to have such requirements and please understand our anxieties on different point but we do like to make more studies at the beginning of our project to be prepared for any unexpected difficulties.

we are preparing for this trip and we are exciting to meet you very soon.

At your disposal for any further exchange.

as my cousin don't speak english, his translator will phone you once they will be in Kansas city on 31 august, if any change, let us know and i remain disposal on my mobile also

[CC-2]

33. On or about August 28, 2012, [CC-2-Email](#) responded to

CHS-1 at [CHS-1-Email](#) as follows:

Hello [CHS-1],

We are preparing the trip, if have any further requirement, i will send you list within these 2 days. My cousin's phone number is [redacted], but as he don't speak English, his translator will give you a call once they will be in Kansas on 31 August.  
Feel free to contact me

[CC-2]

34. On or about August 28, 2012, [CC-2-Email](#) responded to

CHS-1 at [CHS-1-Email](#) as follows:

Hello [CHS-1], We just hold a meeting yesterday and we consolidated our requirement in attachment. Maybe we are too exaggerated , but from another hand, you can see our serious attitude on our project.

Here are the new consolidated requirement that Mr. Huang Jili would like to discuss with you in detail on Saturday night 7pm. Any problem, please let us know.

Meanwhile, as discussed perviously, we are looking for a long term corporation with you have your professional consulting on site for our project. Once your passport issue will be solved, please arrange time (maybe 1-2 weeks each 3-5 month) to china and we are willing (instead of documentary support) to propose a consulting agreement with compensation for all travel cost as well as a daily consulting fee, Mr Huang Jili will announce the proposal to you this Saturday.

Sincerely and we care confident for a win win project for both of us [CC-2]

Two documents were attached to the e-mail, one titled "Information request" and the other "Performance Indexes." The "Information request" document states as follows:

### **Information request**

**Melting Furnace** - Formulas for foam glass for insulation (density 120-140-160), Formulas for acoustic absorption foam glass (density 170-190), Formulas for acid proof borosilicate foam glass (density 180-190-300), Recipe for different melting mineral material (proportion for different component), melting temperature (furnace operation temperature), Combustion atmosphere, combustion control method, type of fuel, structure chart of furnace, formulas of foam glass with recycled glass as well as the final product's performance

**Abrasive powder process** - Layout for ball milling workshop, Drying machine type and drawing, Ball grinder drawing, particle bin, particle conveyor, bucket elevator, addition agent bin, addition agent type, auto-dosing machine, proportion of addition agent, milling time, powder lot fineness treatment, powder lot bin, convey mode of powder lot, feeding mode, power lot weighing and measuring mode and relative facilities

**Foaming furnace** - Furnace length, furnace width, furnace structure chart, photo of furnace outlook, Mould box size and material, roll shaft size, material for roll shaft, Combustion control mode (pre-mix gas combustion, gas diffusion combustion), Foaming temperature curve/time, furnace inner pressure evolution curve, Furnace inner atmosphere control curve as well the controlling equipment, Mould box driving mode, path control of the mould box in furnace, treatment and preventive actions for path deflection

**Cycling conveyor system** - Get out way for mould box from furnace, Foamed block release mode (demould), Transport way to annealing furnace of foaming block, Equipments type and layout of cycling conveyor, Re-shape(leveling) method and equipment for mould box,

Blow cleaning method and equipment for mould box, Sprayer of release agent for mould box, fabric of mould box, Mould box vibration way, Compaction of powder lot in mould box, Mould box transmission way to furnace

**Annealing furnace** - Furnace length, furnace width, furnace structure chart, Foaming block lay up way in furnace, Wire belt conveyor working way, Material of wire belt, Combustion control procedure of annealing furnace, Annealing temperature curve, time cycle of annealing

**Lab and others** - Staffing of lab, Testing equipment in lab, testing method and process for different material, New product development procedure, Cutting scrape recycling way of foam glass, how to treat the scrapes

Technical requirement, components and facilities as well as construction procedure of different foam glass in different applicable circumstance. Equipment suppliers for furnace conveyor system with auto mould release, price as well as equipment layout

The other attachment contained information on the performance index of thermo-insulation foam glass, the performance index of acid proof borosilicate foam glass, and the performance index of acoustic absorption foam glass. Pittsburgh Corning considers the answers to CC-2's questions in the document "Information Request" regarding FOAMGLAS® to be trade secrets. That information is subject to the safeguards described previously.

35. On or about August 29, 2012, CHS-1 used the e-mail address [CHS-1-Email](#) to respond to [CC-2-Email](#) as follows:

Now I am confused. Our previous arrangement was for a package for Mr Huang Jili, on Sunday, and I was expecting an immediate compensation. Is that still the plan? Please respond ASAP, because I hope Mr Huang Jili is not wasting part of his trip. To consult without the required detailed documents, would take many years. I hope you can understand that I do not have, or are able to, memorize what you are asking for. And I will assume the risk of traveling to China with he package.

This weekend is my wife's birthday, so if you are proposing to just meet to discuss this new arrangement, then prehaps I should move on to other options.

Either way I wish your venture good luck, [CHS-1]

36. On or about August 29, 2012, [CC-2-Email](#) responded to

CHS-1 at [CHS-1-Email](#) as follows:

Hello [CHS-1] Maybe i didn't explained well. The plan is still there and what i confirmed to you has effect. As we discussed on phone, i already asked my cousin to prepare the 25K bills to bring with him who will departure tomorrow to ensure you our sincerity of corporation. This amount is what i confirmed to you and was also the limit for 2 person to come over custom office control.

In addition of our confirmed total compensation for this plan of infor package, we would like to have your visit to teach us locally constantly, on such purpose, as i announced in my last message, we will pay you consulting fee (we are willing to announce almost 1k USD/day, so suppose if you can make your holiday 2-3 times in chia/year with 1 week/time, you can calculate by yourself), as i said, thing got its value and your experience also, especially the operational experience, we are willing to pay for that. Maybe i didn't explained well, but they are 2 case different.

Thanks to ensure our meeting as scheduled cause this trip of my cousin is only for meeting with you. If you provided package can answer all our requirement in my last message, i confirm you that the compensation will be done on site and if the package will be practical for us, we will find solution to give to you another 75K ASAP. Don't worry for our professionalism, what we committed, we assume it.

Again, please don;t mix our requirement for your support to teach us in china, it's for an additional compensation.

we assume our commitment and you will see it by discussing with my cousin.

Is it more clear for you now?  
remain on your disposal on my phone  
[CC-2]

37. On or about August 29, 2012, [CC-2-Email](#) responded to

CHS-1 at [CHS-1-Email](#) as follows:

if you have gmail, we can chat with G talk. my gmail is huangyanparis16@gmail.com again we don't have any intention to cheat on the topic which might give more security to our project. don't worry on our professionalism. [CC-2]

38. On or about August 29, 2012, [CC-2-Email](#) responded to

CHS-1 at [CHS-1-Email](#) as follows:

sorry to make you misunderstand. i double checked my the one with confusion, i found that i used wrong word "instead of" which must be "beside of" or "in addition".

My cousin will departure from shnaghai in 2hrs and once they will be in Kansas, the translator will phone you.

The schedule is confirmed. as said to avoid too much detail in email, the discussion in detail will be hold on saturday 7pm in hotel.

any problem, i remain reachable on my mobile wish a successful corporation with you and looking forward to see you soon. [CC-2]

39. On or about August 30, 2012, CHS-1 used the e-mail address [CHS-1-Email](#) to respond to [CC-2-Email](#) as follows:

Sounds good. I misunderstood one of your emails.

My mobile phone doesn't accept incoming or outgoing International calls, but may work once you are in the US. If Mr. Huang Jili can't call me from Mr. Huang Jili, the hotel phone will work to call my mobile.

Instead of too much details in written emails, could Mr. Huang Jili bring the requirements and questions with him for the Saturday meeting.

Look forward to working with you adn Mr. Huang Jili.

[CHS-1]

40. On or about August 30, 2012, [CC-2-Email](#) responded to CHS-1 at [CHS-1-Email](#) as follows:

[CHS-1] i don't know if you received my previous message. apologize again for the wrong word i had used in my message which make you confused.

As my cousin will be in US from tomorrow, he would discuss with you in detail for our requirement and as usual, we always expecting your support on different topic in long term.

As you mentioned the visit of factory is so embarrassed for you, it will be preferable if you can help us to get a complete video for the whole process. Especially we are at the beginning of our project, a visual information will be really helpful for us.

Remain reachable on my mobile

[CC-2]

41. On or about August 30, 2012, [CC-2-Email](#) responded to

CHS-1 at [CHS-1-Email](#) as follows:

My cousin just arrived in kansas city with delay while he was controlled in US custom for the cash he brought so missed the initial plan to kansas no problem. Hi translator should phone you tomorrow for the confirmation of dinner. For the process video, if you can get the diagram and the supplier name, it will be great helpful to verify our machinery supply, (we signed contract with [redacted]), while we would like to double confirm if the model we selected are the appropriate ones. thanks again for your great support and we are confident for our corporation.

[CC-2]

42. On or about August 30, 2012, [CC-2-Email](#) responded to

CHS-1 at [CHS-1-Email](#) as follows:

My cousin just blame me of telling you the case of custom control, he think that you might worry about. I want to confirm you that we told custom office that we are here to bring tuition fee and visit the daughter of one friend of my cousin (it's true in fact).

looking forwards to hear the great news from the meeting [CC-2]

43. Your affiant confirmed with United States Customs and Border Patrol that HUANG made a declaration at the border of \$20,000.

**C. Attempted Purchase of Trade Secrets in Kansas City**

44. Between on or about August 31, 2012 and September 1, 2012, CHS-1 and CC-1 exchanged e-mails discussing how CHS-1 would be able to contact HUANG in the United States, and confirmed the location of the restaurant in Kansas City, Missouri to meet for dinner.

45. On or about September 1, 2012, [QI-Email-1](#), copying [QI-Email-2](#) responded to CHS-1 at [CHS-1-Email](#) as follows:

Dear [CHS-1], This is Gerrard who is Mr. Huang Jili's colleague. We called you last evening 8:00 PM and leave a message, did you get it? We confirm to meet you at [redacted] this evening at 7:30. My mobile no. is [redacted], you can call me when available or for confirmation. And you can also reply me by email to the 2 email addresses so we can check on time.

And expect to meet you soon and we can exchange our thoughts and others. Best regards,  
Gerrard

46. On or about September 1, 2012, CHS-1 used the email address

CHS-1-Email to respond to QI-Email-1 and QI-Email-2 as follows:

Hello Gerrard,

Glad to have a way to contact you and Mr Huang Jili. I did get your voice message and text, unfortunately I couldn't return your call or text using my mobile phone. I will get another phone soon, that allows for international calls, so in the future we have a better way to communicate.

I have been preparing for the meeting. I will have all the agreed on items ready for the Sunday meeting at 11:00 am. You and Mr Huang Jili will absolutely be very pleased.

I haven't been able to get my hotel room but will soon. I will let you know the hotel and room number, soon for the Sunday meeting.

47. On or about September 1, 2012, QI-Email-2 responded to CHS-1 at CHS-

1-Email as follows:

hi we have move to the same hotel today, so it's easier to meet you in this evening. our room no is [redacted] in [redacted].

48. On or about September 1, 2012, QI-Email-1 responded to CHS-1 at CHS-

1-Email as follows:

Hi [CHS-1],

Pis. let me know if you arrived [redacted], or let me have your another phone no. so we can contact you. Remember our room no. is [redacted] in [redacted], my China mobile no. is [redacted], thanks and expect meeting you soon.

And pis. understand I'm not pushing, just want to let you know that we are ready to meet you:)

Best regards, Gerrard

49. On September 1, 2012, CHS-1 met with HUANG and QI at the prearranged restaurant in Kansas City, Missouri. The meeting was consensually monitored with video and audio. During the meeting, CHS-1 talks with HUANG and QI. QI participated in the meeting and also acted as a translator for HUANG for parts of the conversation. During the meeting, the following was discussed:

a. CHS-1 told QI he had to drive back to Pittsburgh Corning and break into the engineering department to steal the documents and drawings for the equipment in order to complete the list. QI asked if there would be any problem. CHS-1 explained to QI there would be no problem because there will be nobody there.

b. CHS-1 explained to QI he has to print some documents from his computer for which he has the password. QI asks if CHS-1 can put the documents on disk. CHS-1 advised QI that he can't put the stuff on disk or thumb drive but can print out hard copies. QI stated HUANG prefers the information on a disk. CHS-1 tells QI he can try but because there is a lot of information it may take two disks. HUANG gets up from the table and returns with a Chinese thumb drive that he provides to CHS-1. CHS-1 tells QI he will try the thumb drive at the Engineering Department where the computers do not have the same restrictions.

c. CHS-1 explains to QI that he is nervous about the meeting because there will be a lot of paper documents. CHS-1 explains to QI that HUANG will have to hide the documents because they are marked company confidential and secret. CHS-1 states that if someone finds them they will know from where the documents came. CHS-1 explains to QI that he can get in a lot of trouble and go to jail. QI says he will not tell anyone anything. QI agrees to keep their business and relationship secure and safe.

d. CHS-1 tells QI he will bring his stuff and asks if HUANG will be bringing the \$25,000. HUANG smiles and confirms. CHS-1 says to QI that he hopes the other \$75,000 will be followed down the road. QI does not give a time, but they discuss CHS-1 coming to China 1-2 weeks at a time, 2-3 times a year for a consulting business.

e. QI says HUANG has a brand new foam-glass factory with current production capacity of 50,000 cubic meters, but will be set up for 50,000 more. HUANG shows CHS-1 some pictures and drawings of the factory.

f. QI confirms with CHS-1 that he will be back tomorrow morning. CHS-1 tells QI that he will send his hotel information later tonight or tomorrow morning.

g. Early in the conversation, FBI translations confirmed QI told HUANG that the CHS-1 was going to steal the information.

50. On or about September 1, 2012, CHS-1 used the e-mail address CHS-1-Email to respond to QI-Email-1 as follows:

It was a long night. I found a hotel:

[redacted], Kansas City, Missouri, [redacted] Please meet me in my room [redacted] at 11am. Regards [CHS-1]

51. On September 2, 2012, HUANG and QI met CHS-1 at a prearranged location and brought a bag containing United States currency. HUANG displayed the cash to CHS-1 (it was later determined that HUANG and QI brought \$29,778.55 in cash). CHS-1 then showed HUANG and QI documents, which CHS-1 told them were Pittsburgh Corning's trade secret information, some of which was stamped with secret and confidential markings. CHS-1 again stated to QI the documents were "secret and confidential." CHS-1 stated, "Do you understand this right? It is very confidential. When you hide this in your luggage, make sure nobody can

see it.” Both HUANG and QI nodded their heads. QI told HUANG, in Mandarin, “then we need to delete this.” HUANG responded, “yeah.” QI then told HUANG, in Mandarin, that “this is secret”, and pointed to the bottom of the page. Shortly afterwards, FBI agents knocked on the door. Before the door opened, QI put one of the disks from the package from CHS-1 in his bag. CHS-1 opened the door, and the agents then arrested HUANG and QI.

/s/ Jeremiah M. Crabtree  
Jeremiah M. Crabtree  
Special Agent  
Federal Bureau of Investigation

Subscribed and sworn to before me this 4th day, of September, 2012.

/s/ SARAH W. HAYS  
HONORABLE SARAH W. HAYS  
United States Magistrate Judge  
Western District of Missouri