



Department of Justice

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FORMER DOW RESEARCH SCIENTIST CONVICTED OF STEALING TRADE SECRETS AND PERJURY

WASHINGTON – A federal jury in Baton Rouge, La., today convicted a former research scientist of stealing trade secrets from Dow Chemical Company and selling them to companies in the People’s Republic of China, as well as committing perjury, announced Assistant Attorney General Lanny A. Breuer of the Criminal Division and U.S. Attorney Donald J. Cazayoux Jr. for the Middle District of Louisiana.

After a three-week trial, the jury found Wen Chyu Liu, aka David W. Liou, 74, of Houston, guilty of one count of conspiracy to commit trade secret theft and one count of perjury.

According to the evidence presented in court, Liou came to the United States from China for graduate work. He began working for Dow in 1965 and retired in 1992. Dow is a leading producer of the elastomeric polymer, chlorinated polyethylene (CPE). Dow’s Tyrin CPE is used in a number of applications worldwide, such as automotive and industrial hoses, electrical cable jackets and vinyl siding.

While employed at Dow, Liou worked as a research scientist at the company’s Plaquemine, La., facility on various aspects of the development and manufacture of Dow elastomers, including Tyrin CPE. Liou had access to trade secrets and confidential and proprietary information pertaining to Dow’s Tyrin CPE process and product technology. The evidence at trial established that Liou conspired with at least four current and former employees of Dow’s facilities in Plaquemine and Stade, Germany, who had worked in Tyrin CPE production, to misappropriate those trade secrets in an effort to develop and market CPE process design packages to various Chinese companies.

Liou traveled extensively throughout China to market the stolen information, and evidence introduced at trial showed that he paid current and former Dow employees for Dow’s CPE-related material and information. In one instance, Liou bribed a then-employee at the Plaquemine facility with \$50,000 in cash to provide Dow’s process manual and other CPE-related information.

“Today a federal jury found Mr. Liou guilty of stealing protected trade secrets from Dow Chemical Company, including by bribing fellow employees for this valuable information,” said Assistant Attorney General Breuer. “American industries thrive on innovation and they invest substantial resources in developing new products and technology. We will not allow

individuals to steal the technology and products that U.S. companies have invested years of time and considerable money to create.”

“This office will continue to pursue sophisticated and complex schemes, such as the one perpetrated by this defendant,” said U.S. Attorney Cazayoux. “Such actions undermine the economic viability of our community and our nation, and will not be tolerated.”

“Companies within the United States lose millions of dollars to the theft of trade secrets such as this,” said Special Agent-in-Charge David Welker of the FBI’s New Orleans Division. “The FBI is committed to aggressively identifying and investigating such schemes and along with our partners to bring the perpetrators to justice.”

In addition, according to evidence presented at trial related to the perjury charge, Liou falsely denied during a deposition that he made arrangements for a co-conspirator to travel to China to meet with representatives of a Chinese company interested in designing and building a new CPE plant. Liou was under oath at the time of the deposition, which was part of a federal civil suit brought by Dow against Liou.

Liou faces a maximum of 10 years in prison on the conspiracy to commit trade secrets theft charge, and a maximum of five years in prison on the perjury charge. Each count also carries a maximum fine of \$250,000. A sentencing date has not yet been scheduled.

The case is being prosecuted by Assistant U.S. Attorney Corey R. Amundson, who serves as the Senior Deputy Criminal Chief, and Assistant U.S. Attorney Ian F. Hipwell for the Middle District of Louisiana, as well as Trial Attorney Kendra Ervin of the Criminal Division’s Computer Crime and Intellectual Property Section. The case was investigated by the FBI’s New Orleans Division.

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