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March 18, 2010

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Chesterfield Man Sentenced to 18 Months in Prison for Theft of DuPont Trade Secrets

RICHMOND, Va., - Michael David Mitchell, 52, of Chesterfield, Virginia, was sentenced today to 18 months in prison for theft of trade secrets and obstruction of justice.

Neil H. MacBride, United States Attorney for the Eastern District of Virginia; Michael F. A. Morehart, Special Agent-In-Charge, Federal Bureau of Investigation (FBI); and Rick Shimon, Special Agent-In-Charge, Department of Commerce, Office of Export Enforcement (DoC), made the announcement after sentencing by United States Chief District Judge James R. Spencer.

On December 15, 2009, Mitchell waived indictment and pleaded guilty to a two-count criminal information charging him with the above offenses. Court documents show that Mitchell was employed as an engineer and salesperson for more than 25 years at the Richmond-based Spruance Plant owned and operated by E. I. du Pont de Nemours and Company (DuPont). DuPont is a multinational, science-based manufacturer that provides a wide range of products and services. One such product is Kevlar®, which is DuPont's registered trademark for a very light, very strong synthetic fiber that is spun into ropes or fabric sheets that can be used as such, or as an ingredient in composite material components. Many aspects of the Kevlar® manufacturing process are very sensitive and proprietary, and are treated by the company as trade secrets. Mitchell's last two years of employment at DuPont involved sales and marketing of Kevlar®. DuPont terminated Mitchell's employment on February 6, 2006. In pleading guilty, Mitchell admitted that, contrary to the terms of his employment agreement, upon his termination he did not return to DuPont all of the DuPont proprietary documents in his possession, some of which included sensitive trade secret information.

In 2007, Mitchell began to work as a consultant for a DuPont competitor named Kolon Industries, Inc. (Kolon). Kolon is a Korean company that makes a product named Heracron®, which competes in the market with DuPont's Kevlar® for use in a number of applications. In support of his plea, Mitchell acknowledged that on September 5, 2007, he emailed much of the contents of a DuPont proprietary spreadsheet document entitled "Denier Economics" to an official with Kolon. "Denier" is a term used to describe the weight per unit length (linear density) of a continuous filament or yarn. The Denier Economics spreadsheet contained highly sensitive business trade secret information related to DuPont's production capacity for Kevlar® yarn in a variety of denier types. Included in the information for each denier type were specific figures relating to annual production, unit capacity, spin speeds, and several factors relating to line efficiency (such as percentage yield and percentage up time). The Denier Economics spreadsheet was closely held and distributed to a small number of

DuPont personnel on a need-to-know basis only.

In 2007, DuPont officials became aware that Mitchell had been contacting current and former employees of DuPont seeking technical information on behalf of Kolon. DuPont officials raised their concerns with FBI and DoC investigators, who launched a joint investigation. On March 12, 2008, FBI and DoC special agents executed a federal search warrant on Mitchell's house, seizing documents and multiple computers. Forensic analysis of the defendant's computers revealed hundreds of pages of DuPont proprietary documents, along with the evidence of the above-referenced Denier Economics email.

Following the execution of the search warrant, Mitchell agreed to become a cooperator for the government during its ongoing investigation relating to possible attempted theft of trade secrets and violations of export control laws. Under the direction and supervision of federal investigators, Mitchell made numerous recorded telephone conversations and exchanged emails with Kolon employees. On several occasions Mitchell specifically informed his direct supervisor at Kolon that the technical information they sought, which related to the details of polymerization and spinning of Kevlar®, involved confidential, proprietary "trade secrets" owned by DuPont. Mitchell warned the Kolon official of the possible legal consequences, including civil suits and criminal prosecution, to everyone involved should they be discovered by DuPont or law enforcement authorities. Mitchell agreed to put Kolon officials in contact with a "disgruntled" senior scientist with DuPont, whom he had supposedly recently recruited, who could provide them with the information they sought.

On August 26, 2008, Mitchell, along with another cooperator playing the role of the disgruntled DuPont senior scientist, met with three Kolon employees in a room at the Doubletree Hotel near the Richmond International airport. The meeting was conducted under the supervision of federal agents, who recorded it on audio and videotape. During the hotel meeting, the cooperator demonstrated his engineering bona fides by answering several technical questions from the Kolon employees regarding the Kevlar® production process. The cooperator stated his willingness to assist Kolon, but emphasized that the information they sought was highly sensitive "trade secret" information owned by DuPont, and that the need for secrecy was critical. The cooperator noted that the price for the information they sought would be commensurate with its sensitivity and value. The Kolon officials appeared pleased with the meeting, and upon its conclusion spoke of following-up to discuss the matter further.

Several months passed without a follow-up meeting occurring with Kolon officials regarding the discussion that took place in the Doubletree Hotel. During this time, Mitchell had become embroiled in a pay dispute with Kolon officials. On November 25, 2008, Mitchell sent an email to several Kolon employees. In that email, which the defendant sent without the knowledge or permission of investigators, Mitchell told Kolon employees that he had recorded the meeting at the Doubletree Hotel, and that if Kolon did not pay him \$20,000 in additional salary he would turn over the tape to DuPont and government authorities.

Unaware of Mitchell's actions, the Government continued to investigate Kolon officials after the defendant sent his email on November 25, 2008. That investigation included an attempt by the "disgruntled" senior scientist to make contact with Kolon officials for follow-up discussions relating to information they sought during the Doubletree Hotel meeting.

In addition to the 18 month sentence, Judge Spencer ordered Mitchell to pay restitution in amount of \$187,895.90 to cover DuPont's legal fees associated with Mitchell's actions.

Mitchell was allowed to self surrender on April 19, 2010, to a facility to be designated by the Bureau of Prisons.

This case was investigated by the Federal Bureau of Investigation and the Department of Commerce, Office of Export Enforcement. Assistant United States Attorney Brian R. Hood prosecuted the case on behalf of the United States.

A copy of this press release may be found on the website of the United States Attorney's Office for the Eastern District of Virginia at <http://www.usdoj.gov/usao/vae>. Related court documents and information may be found on the website of the District Court for the Eastern District of Virginia at <http://www.vaed.uscourts.gov> or on <http://pacer.uspci.uscourts.gov>.