
**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

UNITED STATES OF AMERICA : Hon. Edward S. Kiel
 :
 v. : Mag. No. 20 -15528 (ESK)
 :
 SHAFAT A. QUADRI : CRIMINAL COMPLAINT

I, Grace Taylor Shea, being duly sworn, state the following is true and correct to the best of my knowledge and belief:

SEE ATTACHMENT A

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 ATTACHMENT B

continued on the attached pages and made a part hereof.

Grace Taylor Shea
Special Agent
Federal Bureau of Investigation

Attested to by telephone
pursuant to FRCP 4.1(b)(2)(A) on
in New Jersey.

December 31, 2020 at
Newark, New Jersey

HONORABLE EDWARD S. KIEL
UNITED STATES MAGISTRATE JUDGE

Signature of Judicial Officer

ATTACHMENT A

Count One
(Theft of Trade Secrets)

Between in or about August 2019 and on or about September 30, 2019, in Middlesex County, in the District of New Jersey, and elsewhere, defendant

SHAFAT A. QUADRI

with intent to convert trade secrets that are related to products and services used in and intended for use in interstate and foreign commerce, namely, documents containing proprietary medical and scientific information pertaining to pharmaceutical research and development belonging to the owner (“Company 1”), to the economic benefit of a person, or persons, other than Company 1, and knowing and intending that the offense would injure Company 1, did knowingly steal, and without authorization appropriate, take, carry away, and conceal one or more trade secrets belonging to Company 1.

In violation of Title 18, United States Code, 1832(a)(1).

Count Two
(Unauthorized Transmission of Trade Secrets)

Between in or about August 2019 and on or about September 30, 2019, in Middlesex County, in the District of New Jersey, and elsewhere, defendant

SHAFAT A. QUADRI

with intent to convert trade secrets that are related to products and services used in and intended for use in interstate and foreign commerce, namely, documents containing proprietary medical and scientific information pertaining to pharmaceutical research and development belonging to the owner (“Company 1”), to the economic benefit of a person, or persons, other than Company 1, and knowing and intending that the offense would injure Company 1, did knowingly and without authorization copy, duplicate, download, transmit, and send one or more trade secrets belonging to Company 1 .

In violation of Title 18, United States Code, Section 1832(a)(2).

ATTACHMENT B

I, Grace Taylor Shea, a Special Agent of the Federal Bureau of Investigation (“FBI”), having conducted an investigation and discussed this matter with other law enforcement officers who have participated in this investigation, have knowledge of the following facts. Because this Criminal Complaint is being submitted for the limited purpose of establishing probable cause, I have not included each and every fact known to me concerning this investigation. I have set forth only the facts that I believe are necessary to establish probable cause. Unless specifically indicated, all conversations and statements described in this affidavit are related in substance and in part. Where I assert that an event took place on a particular date, I am asserting that it took place on or about the date alleged.

A. Overview of the Investigation

1. In October 2019, a New Jersey-based pharmaceutical company (“Company 1”) contacted the FBI to report suspicious activity by Shafat A. Quadri (“Quadri”), a 57-year-old male and citizen of the United States who had been employed by Company 1 since 2015. Specifically, Company 1 reported that an internal investigation revealed that in September of 2019, just days prior to his separation from Company 1, Quadri copied and removed thousands of files containing Company 1’s proprietary information, including research protocols, compound data, strategic plans related to translational and biomarker data, abstract publications, U.S. congress presentation plans, drug monitoring plans, disease and compound publication plans, and therapeutic area program reviews. Quadri used unauthorized USB devices and personal email accounts to copy, transfer, and retain proprietary information from Company 1. Some documents that were copied and removed were outside of Quadri’s area of work responsibility. Quadri was not authorized to keep or transfer any sensitive and/or proprietary documents via USB storage device, email, web post, or any other means.

B. Overview of Company 1

2. Company 1 is an American multinational healthcare leader and one of the largest pharmaceutical companies in the world. Company 1 is incorporated in New Jersey, and maintains email servers in New Jersey through which all company email messages traverse. Company 1’s business is predicated on research and development on conditions that represent the most significant health challenges, including cancer, HIV, HPV, hepatitis C, cardio-metabolic disease, antibiotic-resistant infection and Alzheimer’s disease. Research and development in these areas, and the intellectual

property represented in documents and stored data, are the most important assets of the company. Through research and development, Company 1 creates vaccines, medicines and consumer healthcare products for sale both domestically and internationally with the intention of profiting from the sale of these products.

3. To achieve these goals, Company 1 operates pharmaceutical research facilities around the globe, including at least one facility in New Jersey. Company 1 spent considerable sums to research and develop potential pharmaceutical products, especially biopharmaceutical products.
4. The processes to research, develop, and eventually manufacture biopharmaceutical products were extremely complicated. Company 1 spent a considerable amount of time, effort, and money in developing procedures to research, develop, and manufacture pharmaceutical products. Company 1 typically spent in excess of \$1 billion to research and develop each biopharmaceutical product. Company 1's research into possible pharmaceutical products, Company 1's research data, Company 1's research and development processes, and Company 1's manufacturing processes are all trade secrets.
5. Company 1's trade secrets were vital to the ability of Company 1 to successfully operate its business. Company 1 derives value from trade secret and otherwise confidential information by developing and selling pharmaceutical products. If Company 1's competitors obtained this information, Company 1 would be injured financially because its competitors would be able to develop the same or similar products to sell. Since Company 1's competitors did not incur the substantial research and development costs for the product, they would be able to sell the same or similar product at a substantially lower price which would diminish Company 1's revenues and profits.

C. Company 1's Protection of its Proprietary Information

6. Company 1 put numerous safeguards in place to protect the confidentiality of its proprietary formulas, processes, trade secrets, and other confidential materials. Only authorized employees of Company 1 have access to the company's confidential information and trade secrets, and all Company 1 employees are obligated to use this information only in connection with their Company 1 employment, as delineated in the Employment Terms and Conditions each employee signs for and acknowledges.

7. Company 1 protected trade secret and otherwise confidential information and attempted to keep it secret by, inter alia, having its employees sign agreements restricting the use of this information and requiring them to adhere to the Employment Terms and Conditions. Company 1 required its employees to be trained on handling and protecting trade secret and otherwise confidential information. Company 1 also used various computer programs, including a Data Loss Prevention tool (“DLP Tool”), to prevent its employees from stealing data.
8. In addition, Company 1 limits the internal dissemination of confidential, proprietary, and trade secret materials to those people whose job functions require them to use this information. Additionally, Company 1 limits access to certain of its most sensitive documents, such as its research, by password-protecting access to those files on company systems. Company 1 requires its managers to ensure that research findings created and used in their departments are kept confidential and accessed under the security protocols of the company, and used or accessed only on an “as needed” basis.
9. As part of its efforts to maintain the confidentiality of its proprietary and trade secret materials, Company 1 also regularly monitors its employees’ use of company-provided technology and systems. Company 1’s employees are made aware that all company issued electronic devices are subject to monitoring by the company. Additionally, Company 1’s employees are made aware in the Employment Terms and Conditions that there is no expectation of privacy in the transmission of any document or information contained, stored, or transmitted through such devices.
10. All biopharmaceutical research, development, and manufacturing information generated within Company 1 was considered Company 1’s proprietary information and belonged to Company 1. According to Company 1’s Employment Terms and Conditions, Company 1’s information could not be released externally “without written authorization from the appropriate supervisor.” Company 1’s employees were forbidden from using proprietary information for other business or personal activities from which they, or others connected with them, might personally benefit. All of Company 1’s employees were required to ensure that electronic confidential information was only submitted or stored within applications, external web sites, electronic repositories, personal computers, mobile devices or other information technology systems that have restricted access to individuals based on a need-to-know basis and were managed by Company 1 or a third party that Company 1 had contracted with to process and manage the information.

11. Company 1's Employment Terms and Conditions and other policies on the use of information technology specified that it was an unacceptable practice to store Company 1's data on personal equipment such as home computers, external hard drives, PDAs or USB devices. Furthermore, forwarding, posting, or uploading Company 1's confidential information to personal e-mail accounts (e.g., Google and Yahoo accounts) or any other external website not approved by Company 1 was forbidden.
12. All of Company 1's employees were required upon acceptance of employment with Company 1 to read and acknowledge their understanding of Company 1's Employment Terms and Conditions. The Employment Terms and Conditions are Company 1's overarching policy which encompasses the protection of Company 1's proprietary, trade secret information. Employees were required to read and sign the Terms and Conditions when hired, and again upon termination of employment.
13. Company 1 provided employees with periodic training and awareness materials concerning employees' obligations to secure Company 1's proprietary information from unauthorized disclosure
14. Each time an employee logged onto a Company 1 computer, they were routed through a Company 1 homepage, which stated: "This is a restricted computer. Anyone gaining unauthorized access will be subject to prosecution. Use of this computer is monitored for compliance to all applicable corporate policies and law." Additionally, employees received a warning that this information could not be shared outside of Company 1.
15. Company 1 also implemented broad security measures to protect its proprietary information from unauthorized disclosure, including security guards, electronic perimeter controls and security cameras, background checks for employees, conspicuous posting of warning placards and copies of the applicable standards for securing proprietary information, restricting the use of cameras in sensitive areas, escorts for non-cleared personnel, access policies for computer networks, monitoring for malicious and/or suspicious activity occurring on Company 1's computer networks, and banners and legends alerting handlers of documents that they contain proprietary information.

D. Quadri Biographical Details

16. Quadri was born in India in 1963 and came to the United States in 1985 on a student visa. In 2005, Quadri became a naturalized citizen of the United States. Quadri received a Doctorate Degree in Immunology in 1995. Quadri currently resides in North Potomac, Maryland.

E. Quadri is Hired by Company 1

17. In 2015, Quadri started working for Company 1 as Director of Medical and Scientific Affairs, Immune Oncology. In this capacity, Quadri had access to sensitive intellectual property of the company, including research and other trade secrets. He remained a Company 1 employee through September 30, 2019.

18. Because Quadri's job required access to confidential, proprietary, and trade secret materials, Quadri signed the Employment Terms & Conditions with Company 1 (the "Terms and Conditions"), which delineated, in part, the non-disclosure provisions related to Company 1's information. Quadri signed this document on or about May 11, 2015. The Terms and Conditions contained, *inter alia*, the following terms related to handling proprietary information:

- i. The section on use of Company 1's information, knowledge, data, or property equipment stated:

I will not, during or any time after the period of my employment by the Company, use for myself or others or divulge or convey to others any information, knowledge, data or property relating to the Company's business, developed, learned or in any way obtained by me during the course of my employment other than published material properly in the public domain, unless authorized by the Company in writing or by established Company procedures. This includes, but is not limited to information, knowledge, data or property concerning any process, strategy (business, marketing or otherwise), methodology, apparatus or product manufactured, used, developed, marketed, investigated or considered by the Company

- ii. The Employment Terms and Conditions further stated, under a section regarding data and documents, that:

All memoranda, notes, records, software programs, data files, financial, business or project data, papers or other documents, including electronic documents (and all copies thereof) relating to the Company's business and all property associated therewith (such as but not confined to organisms, compounds, and models) in any

way authored or obtained by me while employed by the Company, including any copyright therein, or other intellectual property, shall be the Company's property, and will not be removed from the Company premises without written authorization from the appropriate supervisor, and shall be delivered by me to the Company on termination of employment or at any time on the Company's request together with my written certification of compliance. This includes but is not limited to such documents and property concerning any process, apparatus or product manufactured, used, developed, investigated or considered by the Company.

- iii. The Employment Terms and Conditions described Company 1's ownership of work product, and stated, inter alia, that:

All inventions, discoveries, strategies or methodologies developed or conceived by me solely or jointly with others during the period of my employment (1) that were along the lines of the activities, operations, work or investigations of the Company or its affiliates to which my employment relates or as to which I had received information due to my employment, or (2) that results from or are suggested by any work which I have done for the Company, are the Company's property.

.....I hereby grant and assign or confirm the grant and assignment to the Company, the ownership and exclusive rights in such inventions, discoveries, patent applications, and patents.

And that:

..this shall continue beyond the termination of employment with respect to inventions, strategies, methodologies or discoveries conceived or made by me during the period of employment and shall be binding upon my assigns, executors, administrators and other legal representatives.

- 19. On or about September 23, 2019, Quadri reaffirmed his obligations to maintain the confidentiality of Company 1's proprietary information when

he signed a second Employee Terms and Conditions form, which included all of the above-described provisions.

20. The Company 1 Terms and Conditions Agreement signed by Quadri in May of 2015 and September of 2019 specified that no intellectual property relating to Company 1 can be removed from the company's premises without written authorization from the appropriate supervisor.
21. In addition, Company 1 provided Quadri and other employees with periodic training and awareness materials concerning employees' obligations to secure Company 1's proprietary information from unauthorized disclosure. Specifically, Quadri completed the following relevant training programs during the period between May 2015 and September 2019:
 - a) Protecting Trade Secrets
 - b) [Company 1] Information Classification Levels
 - c) For your Eyes Only (Basic Information Security Awareness)
 - d) Understanding [Company 1]'s Code of Conduct
 - e) Code of Conduct Annual Training
 - f) General Data Protection Regulation
 - g) Preventing Corruption & Bribery
 - h) Ethics & Integrity: Antibribery

F. Company 1's Oncology Tumor Research

22. Company 1's global Immuno-Oncology ("I-O") market department specializes in the research and development related to the diagnosis and treatment of cancer with biopharmaceutical products. Company 1 has developed research, treatments, and cancer medicines, and runs hundreds of clinical trials for biopharmaceutical products for more than 30 cancer types.
23. Company 1 has spent years and invested substantial amounts of money to develop biopharmaceutical products for the treatment of cancer. The information used in research and development of cancer medicines derive independent economic value and gives Company 1 a competitive advantage because the findings of this research are not generally known in the biopharmaceutical industry.
24. Much of Company 1's information regarding cancer medicine research is confidential, proprietary, and is comprised of trade secrets. Much of this information is not available to the public and is not disseminated to anyone other than select employees of Company 1 and third parties under a confidentiality agreement.

G. Company 1 Discovers Suspicious Activity by Quadri

25. In or about early September 2019, Quadri provided notice to his supervisor that he was planning to end his employment at Company 1. At that time, Quadri continued to have the title of Director of Medical and Scientific Affairs, Immune Oncology.
26. On or about September 16, 2019, Quadri emailed a resignation letter to his supervisor. On or about September 30, 2019, Quadri ended his employment at Company 1. On that same day, Quadri began employment with another pharmaceutical company (“Company 2”), a Company 1 competitor.
27. Company 1’s Security Group (“SG”) is responsible for all facets of company security, including managing Company 1’s computer infrastructure to protect Company 1 from the theft of proprietary information. Part of this security posture includes the so called “DLP tool,” an internal security measure. The DLP tool also entails the Network Data Loss Prevention (“NDLP”) and Host Data Loss Prevention (“HDLP”) tools. NDLP is a tool that monitors employees’ company e-mail activities, searching on keywords associated with e-mails, metadata, and some content, and will trigger a hit on Company 1 business terms of interest provided by the business. For example, the NDLP could search the term “oncology”, or specific compound names. The HDLP tool is found on every Company 1 employee work computer, and it monitors any type of data transfer from the workstation to a USB device, to include SD cards, mass storage devices, or hard drives.
28. Quadri’s activities on Company 1 computers prompted an SG alert on both the NDLP and HDLP monitoring tools. For example, in or about September, 2019, the DLP Tool identified 106 of Company 1’s documents that were transferred by Quadri via “web post,” which is a term that described all employee transfers of information from a Company 1 account to a private e-mail account and sending files from a Company 1 account to a cloud service. DLP data also revealed that Quadri conducted web post transfer activity on or about September 26, 2019, and this web post transfer included some of Company 1’s documents which contained proprietary information.
29. Company 1’s Security team conducted a forensic review on Quadri’s work-issued computer. That review further revealed that:
 - (i) On or about September 26, 2019, Quadri used his Company 1 email account to send some of Company 1’s proprietary documents to the

email addresses of [Redacted][@]gmail.com and [Redacted][at]yahoo.com. Both of these private email accounts are used by Quadri, and information obtained via federal grand jury subpoenas reveals that Quadri is the subscriber to those accounts. At least 12 of Company 1’s documents were sent to those private email addresses, many of which contained proprietary information. For example, one of the documents sent contained a confidential attachment file under the area of research marked C1-3475, related to an immunotherapy drug that helps fight certain cancers. C1-3475 is identified as Company 1’s leading oncology asset.

- (ii) On or about October 1, 2019, Quadri used his Company 1 email account to send three of Company 1’s documents containing proprietary information to the email address shafat.quadri[at] [Company 2], ostensibly an external email account used by Quadri and controlled by Company 2, Quadri’s subsequent employer, who as noted above is one of Company 1’s competitors.

H. Company 1 Discovers Thousands of Proprietary Files, Including Trade Secrets, transferred to Quadri’s personal email accounts and thumb drives

30. In or around October 1, 2019, Company 1’s Security team further analyzed the DLP Tool and NDLP logs related to Quadri’s transfer of data and identified documents containing highly sensitive information, including marked documents containing proprietary information labelled Company 1 (“C1”)-7902, C1-7339, C1-4280 and C1-2075. Quadri was not authorized to keep or transfer these highly sensitive documents via USB storage device, email, web post, or any other means. According to Company 1, the external release of these documents could cause significant loss to Company 1’s competitiveness, research, and future revenue. The corresponding areas of research for C1-7902, C1-7339, C1-4280 and C1-2075 are listed below:

[REDACTED]	Pharmacological Target full description	Mode of Action	Generic Name	Trade Name	Modality	MRL Therapeutic Area	
C1-2075	NaV1.7; voltage sensitive sodium channel Na(V)	inhibitor			Small Molecule	Neuroscience	Pain - Neuropathic
C1-4280	Anti-LAG-3; Lymphocyte activation gene 3 protein	inhibitor			Biologic-mAB	Oncology	Cancer
C1-7339	PARP; NAD(+) ADP-ribosyltransferase	inhibitor	[Redacted]	[Redacted]	Small Molecule	Oncology	Cancer
C1-7902	vascular endothelial growth factor receptor	inhibitor			Small Molecule	Oncology	Cancer

31. At least some of these documents were outside of Quadri's area of work responsibility. Notably, at least one of these documents related to research in the pre-indication stage, which could cause Company 1 significant loss as competitors would not have knowledge of these development plans and potential for the compound.
32. On or about October 8, 2019, Company 1's Security team reviewed forensic analysis of Quadri's work-issued laptop computer and identified numerous unauthorized connections of USB external storage devices to that Company 1-issued computer and Company 1's computer system. Based on the USB activity log discovered by Company 1, Quadri inserted at least 7 unauthorized USB connections to his Company 1 computer and transferred approximately 1597 files to one or more of the identified USB mass storage devices. Most of the transfers occurred approximately one month prior to Quadri's separation from Company 1. None of the above USB devices were issued by Company 1. A list of these devices with serial numbers, and a corresponding connection dates onto Company 1's systems, is provided below:

Device	First Connection Date	Serial Number
General USB Flash Disk USB Device	2019-08-21 06:12:47	127100000000108E
General UDisk USB Device	2019-09-18 14:39:20	6&2b90adca&0&_
General UDisk USB Device	2019-09-18 14:35:20	6&3b3414f6&0&_
Kingston DataTraveler 3.0 USB Device	2018-11-01 20:11:19	60A44C4138F0F160798B0248
SanDisk Cruzer Glide USB Device	2019-08-22 17:31:15	4C530001160108108290
TOSHIBA External USB 3.0 USB Device	2018-12-03 10:28:49	20150314006760F
Ut165 USB Flash Disk USB Device	2018-11-03 10:42:25	000000000002A7

33. On or about October 8, 2019, forensic review of the DLP Tool and other logs related to Quadri's computer activity further revealed that additional highly sensitive files were transferred by Quadri via web post on or about September 26 and 27, 2019, just days prior to Quadri's separation from Company 1. The files that Quadri transferred on those dates contained information that would provide Company 1's competitors with technical and economic advantages, including documents that reveal confidential and proprietary information related to:

- Specifications for disease and compound publication plans
- Research protocols; both Company 1 Research Labs studies (Company 1-sponsored research) and investigator-initiated studies (physician-sponsored research)
- Individual research protocols, and research proposal reviews
- Investigator brochures
- Strategic areas of interest for future research
- Therapeutic area program reviews
- Unpublished investigational compound data on file
- Strategic plans related to translational and biomarker data
- Abstract publication and congress presentation plans
- Drug monitoring plans
- Projections for congress presentation plans related to external collaboration compounds with additional pharmaceutical partners.

34. According to Company 1, the files described in paragraphs 26 through 33, above, include those containing information that Company 1 considers to be trade secrets on the basis that the information:

- (i) is or has been used by Company 1 in its business operations;
- (ii) is critical to the technical and economic aspects of Company 1's Oncology Research and Development;
- (iii) was established through Company 1's skill, judgment, and labor; and
- (iv) is available only to Company 1 or those who are given the information under the protection of confidentiality agreements.

I. A Search Warrant executed on the residence of Quadri revealed the unauthorized possession of Company 1 Trade Secrets

35. On July 23, 2020, the FBI executed a search warrant on Quadri's residence Maryland. During the course of the search, law enforcement officers discovered that Quadri possessed at least two of the seven USB storage devices identified during the forensic analysis conducted by Company 1's Security team, as identified above in paragraph 32. More specifically, the following USB devices were discovered: (i) a USB of SanDisk Cruzer Glide USB device with serial number J4C530001160108108290; and (ii) a Ut165 USB Flash Disk with serial number 000000000002A7.
36. In addition, hard copy versions of documents containing Company 1's proprietary information were found inside Quadri's residence, including:
- i. Numerous Emails regarding a Protocol update and detailing a Company 1 compound in Phase 3 trials. These documents are marked as "Confidential," "Internal Use Only," and "Not for Distribution."
 - ii. A Company 1 PowerPoint slide presentation regarding immunotherapy marked as "Proprietary" and "For Internal Use Only."
 - iii. Emails with subject line marked as "Confidential" containing attachments regarding research conducted for a compound identified as C1-3475 marked as "Proprietary," and screen shots of a software platform titled "VT3 Company 1 Production" listing sensitive information, including pending research projects and their status.
 - iv. A document titled "Company 1 Bladder Preservation Scientific Input Engagement" marked as "Proprietary."
 - v. An Email chain with a recent message dated December 18, 2018, with the subject "C1-3475-966, Ph3, 1L Biliary Tract Cancer Study." The bottom of the email chain contains a disclosure informing the reader that the information contained may be confidential, proprietary, and/or legally privileged.
 - vi. A Company 1 document titled "C1-3475 Protocol 199" marked as "Proprietary."
 - vii. A Printed Company 1 document titled "A Randomized Open-Label Phase III Study of Single Agent Company 1 compound versus

Treatment of Physician's Choice Monotherapy for Metastatic Triple Negative Breast Cancer (MTNBC) - (KEYNOTE119)." Document is marked as "Proprietary."

- viii. One Box of predominately paper documents that contained multiple collated documents marked "Proprietary" and "Confidential," including: (i) an email marked "Proprietary" regarding a Company 1 clinical study; and (ii) an e-mail regarding Company 1 proposals, competitor information, and reasons for a denial of proposal.

J. Quadri's Activity Was Unauthorized and Inconsistent with His Work Responsibilities

- 37. The FBI has interviewed Quadri's supervisors, and there is no indication that Quadri sought or received, for any reason, permission to transfer any proprietary files to his personal email accounts and onto the USB storage devices referenced above.