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## PRESS RELEASE

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### **Seven People Charged With Conspiring to Steal Trade Secrets For Benefit of Chinese Manufacturing Company Case Involves Dual-Use Technology With Military Applications**

WASHINGTON – A criminal complaint was unsealed today charging seven individuals with conspiring to steal trade secrets from a business in the U.S. on behalf of a company in China that was engaged in manufacturing a high-performance, naval-grade product for military and civilian uses.

On May 23, 2017, two defendants were arrested in Washington, D.C., three in the Southern District of Texas, and one in the District of Massachusetts. All are charged in the U.S. District Court for the District of Columbia with conspiracy to commit theft of trade secrets. The government also filed a related civil forfeiture complaint in the District of Columbia for two pieces of real property which were involved in, and are traceable to, the alleged illegal conduct.

Those arrested and charged include four U.S. citizens: Shan Shi, 52, of Houston, Texas; Uka Kalu Uche, 35, of Spring, Texas; Samuel Abotar Ogoe, 74, of Missouri City, Texas; and Johnny Wade Randall, 48, of Conroe, Texas. Also charged were Kui Bo, 40, a Canadian citizen who has been residing in Houston, and Gang Liu, 31, a Chinese national who has been residing in Houston as a permanent resident.

Additionally, charges were filed against one Chinese national living in China, Hui Huang, 32, an employee of the Chinese manufacturing firm allegedly involved in tasking employees of the Houston company.

The charges were announced by Acting Assistant Attorney General for National Security Dana J. Boente, U.S. Attorney Channing D. Phillips for the District of Columbia, Assistant Director Bill Priestap of the FBI's Counterintelligence Division, Director Douglas Hassebrock of

the U.S. Department of Commerce's Bureau of Industry and Security (BIS) Office of Export Enforcement, and Chief Richard Weber of IRS-Criminal Investigation (IRS-CI).

According to an affidavit filed in support of the criminal complaint, the trade secrets were stolen in order to benefit a manufacturer located in China; this manufacturer was the only shareholder for a company that had been incorporated in Houston. Between in or about 2012 and the present, the affidavit alleges that the Chinese manufacturer and employees of its Houston-based company engaged in a systematic campaign to steal the trade secrets of a global engineering firm, referred to in the affidavit as "Company A," that was a leader in marine technology.

The case involves the development of a technical product called syntactic foam, a strong, light material that can be tailored for commercial and military uses, such as oil exploration; aerospace; underwater vehicles, such as submarines; and stealth technology. According to the affidavit, the Chinese manufacturer intended to sell syntactic foam to both military and civilian, state-owned enterprises in China – part of a push toward meeting China's national goals of developing its marine engineering industry.

The affidavit alleges that the conspirators took part in the theft of trade secrets from Company A, a multi-national company with a subsidiary in Houston that is among the major producers of syntactic foam. The affidavit identifies a number of trade secrets allegedly taken from the company between January and June of 2015, including secrets that allegedly were passed to people associated with the Chinese manufacturer and Houston-based company.

Defendant Shi was hired by the Chinese company on a contract basis in March 2014 in order to bring in experts, set up a design team, and push forward marine buoyancy technology. That same month, Shi incorporated the new company in Houston that was owned by the Chinese manufacturer.

The affidavit alleges that defendants Shi and Bo then began to systematically target U.S. employees with experience in the production of syntactic foam. Between late 2014 and early 2015, the new company in Houston hired two former Company A employees, defendants Ogoe and Liu, by offering a combination of cash incentives and high paying positions. Uche, who was at the time a current employee of Company A, provided trade secrets to Ogoe, the affidavit alleges. Defendant Randall, who was at the time a current employee of Company A, allegedly provided at least one stolen trade secret to Ogoe.

Ogoe provided these trade secrets as well as additional information to the company owned by the Chinese manufacturer in Houston shortly after being hired, the affidavit alleges. Liu also provided Company A trade secrets shortly after being hired.

Some of these trade secrets were sent by Shi and Bo and others to defendant Huang, an employee of the manufacturer in China, so that the Chinese manufacturer could create a functional syntactic foam manufacturing facility, the affidavit states.

The maximum penalty for a person convicted of conspiring to commit theft of trade secrets is 10 years in prison and potential financial penalties. The maximum statutory sentence is prescribed by Congress and is provided here for informational purposes. If convicted of any offense, the sentencing of the defendant will be determined by the court based on the advisory Sentencing Guidelines and other statutory factors. The charges in a criminal complaint are merely allegations, and every defendant is presumed innocent unless and until proven guilty beyond a reasonable doubt in a court of law.

The defendants are expected to make their initial court appearances today: Shi and Liu in the District of Columbia; Bo in the District of Massachusetts; and Ogoe, Uche and Randall in the Southern District of Texas. Huang remains at large.

The case is being investigated by the FBI's Houston Field Office, Commerce's BIS Office of Export Enforcement, and the IRS-CI.

The case is being prosecuted by Assistant U.S. Attorneys Jeffrey Pearlman and Zia Faruqi of the District of Columbia, and Trial Attorney David Recker of the National Security Division's Counterintelligence and Export Control Section, with assistance from Assistant U.S. Attorney John L. Hill.

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