

Chinese Intelligence Agent Charged with Theft of GE Aviation's Trade Secrets

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On October 10, 2018, the Department of Justice announced that a Chinese intelligence agent, Yanjun Xu, had been charged with four counts of conspiring and attempting to commit economic espionage and steal trade secrets from multiple U.S. aviation and aerospace companies, including GE Aviation. Xu is the first Chinese intelligence agent ever extradited to the United States to stand trial. In a press release, Assistant Attorney General John Demers described the case as “not an isolated incident” but “part of an overall economic policy of developing China at American expense.”

Starting in December 2013, Xu allegedly targeted aviation companies in an attempt to steal trade secrets and other information. Xu allegedly recruited leaders at these companies and convinced them to travel to China, under the guise that they would give a presentation at a university. For example, Xu allegedly paid a GE Aviation employee to travel to China and give a presentation on GE's engines, later requested the employee answer a variety of questions that would reveal trade secrets, instructed the employee regarding how to create a file directory for his GE-issued computer, and then directed him to download certain data onto a portable storage device. According to the indictment, Xu allegedly gave stolen trade secrets “to the Chinese government, as well to associated academic and commercial aviation entities, to the detriment of the owner of the trade secrets.” However, GE Aviation spokesman Perry Bradley explained that “[t]he impact to GE Aviation is minimal thanks to early detection, our advanced systems and internal processes and our partnership with law enforcement.” Indeed, after red flags were detected in the interactions between Xu and the GE Aviation employee, GE Aviation partnered with the FBI.

TIP: Because the threat to a company's trade secrets may include threats from foreign governments, companies should consider alerting and cooperating with law enforcement if they learn of potential theft.

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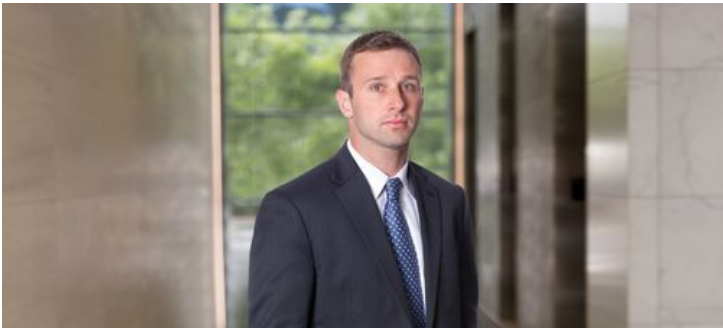
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