

Former Phillips 66 Employee Accused of Trade Secrets Theft

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On December 21, 2018, federal prosecutors announced that Hongjin Tan, a Chinese national and Oklahoma resident, had been arrested for stealing battery technology trade secrets worth as much as \$1.8 billion from his employer, Phillips 66. Phillips 66 discovered the suspected theft after promptly conducting a review of Tan's computer activity after he submitted his two week notice and told co-workers he was returning to China with his family. After the review revealed that Tan had accessed hundreds of sensitive files and indicated he had downloaded restricted files to a thumb drive, Phillips 66 informed Tan he would not be allowed to finish his last two weeks of employment and asked him to leave immediately.

A company representative also promptly contacted the FBI to report a possible theft of trade secrets. During the FBI's investigation, they learned that Tan had traveled to China in September to be interviewed by a Chinese company with which he had been in contact with since his time in graduate school. The FBI also found an offer of employment from a Chinese company that stated it would pay Tan approximately \$50,000 for "talent" he was bringing to the company in addition to his \$116,000 salary. The U.S. Department of Justice's public statement concerning Tan's arrest reinforced that "the Department recently launched an initiative to protect our economy from such illegal practices emanating from China, and we continue to make this a top priority."

On January 3, 2019, a judge ordered that Tan continue to be held without bail pending the filing of formal charges by the government.

TIP: A company can help protect itself from trade secret theft by having procedures in place for departing employees. These procedures should include a prompt review of employee computer activity as well as a review of all other technology and information to which an employee may have had access during his or her employment.

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