

DOJ Charges Huawei Technologies with Theft of Trade Secrets, Fraud, and More

JANUARY 31, 2019

On January 28, 2019, federal prosecutors announced criminal charges against Chinese company Huawei Technologies (one of the world's largest communications equipment manufacturers), various affiliates, and one of its top executives stemming from two separate indictments.

Specifically, in Seattle, a 10-count indictment was filed against two Huawei affiliates alleging an effort beginning in 2012 to steal trade secrets from a competing telecommunications company. In New York, a 13-count indictment was filed against Huawei, two of its affiliates, and its Chief Financial Officer, Meng Wanzhou, alleging that Huawei and Meng misrepresented their relationship with their Iranian affiliate, Skycom Tech. Additional allegations include bank fraud, wire fraud, violations of U.S. sanctions on Iran, and conspiracy to obstruct justice related to the investigation. Acting Attorney General Matthew Whitaker announced that the "criminal activity in this indictment goes back at least 10 years and goes all the way to the top" of Huawei. FBI Director Christopher Wray announced that firms like Huawei "pose a dual threat to both our economic and national security, and the magnitude of these charges make clear just how seriously the FBI takes this threat."

These charges are the latest in the Justice Department's targeted prosecution of Chinese trade secret and economic espionage cases, or the China Initiative, which the DOJ announced in November 2018. Other recent criminal cases against Chinese companies or individuals working on their behalf include (i) charges against a former Phillips 66 employee and Chinese national who attempted to steal battery technology trade secrets on behalf of a Chinese company, (ii) charges against a Chinese company for attempting to steal technology trade secrets from Micron Technology related to the research of development of dynamic random-access memory (DRAM), and (iii) charges against former employees of biotech firm Genentech who attempted to steal trade secrets about the development of cancer drugs to assist a Taiwan-based company.

TIP: Chinese companies and individuals should be aware that the United States government is committed to prosecuting those that steal, attempt to steal, or benefit from the theft of trade secrets, and that the U.S. will continue to exercise its long arm jurisdiction to reach such conduct around the globe. Those charged may face significant civil and criminal liability.

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