

Hong Kong Citizen Indicted for Conspiracy To Pass Million-Dollar Semiconductor-Related Trade Secrets To China

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Chi Lung “Winsman” Ng, a Hong Kong citizen, was recently charged by the United States Department of Justice for conspiracy to steal trade secrets relating to sensitive semiconductor technology from U.S. company General Electric (GE) with the intention of producing it in mainland China. The technology at issue is purportedly worth millions of dollars and relates to the manufacture of GE’s metal-oxide FET (MOSFET) technology, referring to a type of semiconductor switches routinely used in medical and aerospace equipment. GE has been working on MOSFETs reportedly for more than a decade.

The alleged acts occurred between March 2017 and January 2018, where Ng allegedly schemed with at least one co-conspirator, a GE engineer tenured for over seven years, to start a competing business that would manufacture and sell MOSFETs. In the relevant timeframe, Ng was the VP of Sales at Dongguan Tianyu Semiconductor Technology Co., Ltd., a seller of semiconductor materials. It is reported that the conspirators were seeking funding for their would-be start-up company, and at least one business meeting was held in China with a Chinese investment company. The FBI has not found evidence that any stolen technology was actually transferred to a Chinese third party but warns that the “[t]heft of trade secrets is a constant and dangerous threat” to U.S. companies and domestic innovation.

If tried and convicted, Ng could face up to 10 years in prison and a criminal fine of US\$250,000. Nonetheless, it is unclear how U.S. authorities could apprehend Ng, who reportedly resides in Hong Kong, with whom the U.S. only recently suspended its extradition treaty in response to the People’s Republic of China’s implementation of the National Security Law in Hong Kong.

TIP: Companies should take appropriate safeguards to deter and detect data leakage by employees with access to valuable technical or industrial secrets that could benefit direct competitors and/or others along their supply chain. They should also be mindful that while the laws in their home jurisdictions may offer a variety of criminal, administrative, and civil remedies, their enforcement, and recovery options may be more limited as to bad actors and co-conspirators located abroad and in a non-extradition country.

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