



PRESS RELEASE

Taiwan Company Pleads Guilty to Trade Secret Theft in Criminal Case Involving PRC State-Owned Company

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For Immediate Release

Office of Public Affairs

The Department of Justice today announced that United Microelectronics Corporation, Inc. (UMC), a Taiwan semiconductor foundry, pleaded guilty to criminal trade secret theft and was sentenced to pay a \$60 million fine, in exchange for its agreement to cooperate with the government in the investigation and prosecution of its co-defendant, a Chinese state-owned-enterprise.

A federal grand jury had indicted UMC in September 2018, along with Fujian Jinhua Integrated Circuit Co., Ltd. (Fujian Jinhua), a state-owned enterprise of the People's Republic of China (PRC), and three individuals for conspiracy to steal, convey, and possess stolen trade secrets of an American semiconductor company (Micron Technology, Inc. (Micron)) for the benefit of a state-owned enterprise of the PRC (Fujian Jinhua). As a result of today's guilty plea, and in accordance with an accompanying plea agreement, UMC, whose American Depository Receipts are publicly traded on the New York Stock Exchange, will pay the fine — the second largest ever in a criminal trade secret prosecution, be subject to a three-year term of probation, and cooperate with the United States.

"UMC stole the trade secrets of an American leader in computer memory to enable China to achieve a strategic priority: self-sufficiency in computer memory production without spending its own time or money to earn it," said Deputy Attorney General Jeffrey A. Rosen. "This

prosecution is an example of the Department of Justice's successful efforts to defend American companies from those who try to cheat and steal their technology."

UMC pleaded guilty to a superseding information charging the company with one count of criminal trade secret theft in violation of 18 U.S.C. § 1832(a)(3). The other criminal charges and a parallel civil suit by the United States against UMC will be dismissed. The criminal prosecution of Fujian Jinhua and the three individual defendants will continue, as will a civil action seeking to enjoin Fujian Jinhua from the further transfer of stolen trade secrets and the export to the United States of products manufactured by Fujian Jinhua that were made using the stolen trade secrets.

"UMC's guilty plea points this case towards trial against Fujian Jinhua in 2021," said U.S. Attorney David L. Anderson. "Criminal trade secrets cases protect freedom and innovation. These cases have global significance when a foreign defendant is charged with stealing intellectual property protected by U.S. law."

"Protecting American intellectual property and trade secrets is a top priority for the FBI. This is especially true for the FBI's San Francisco Division, with Silicon Valley in our area of responsibility, and we will continue to lead the fight in safeguarding U.S. innovation from foreign adversaries," said FBI Special Agent in Charge Craig Fair. "This case sends an important message to Bay Area companies: if you report suspicious activity to the FBI, we will follow all investigative leads to identify and prosecute those responsible."

According to the facts admitted in connection with the guilty plea, UMC hired the three individual defendants — Chen Zhengkun, a.k.a. Stephen Chen; He Jianting, a.k.a. J.T. Ho; and Wang Yungming, a.k.a. Kenny Wang — from Micron's Taiwan subsidiary. UMC made Chen a senior vice president and assigned him to lead negotiation of an agreement with Fujian Jinhua to develop Dynamic Random Access Memory (DRAM) technology for Fujian Jinhua. As a foundry company, UMC previously made logic chips designed by other companies but did not make DRAM memory chips. Chen hired Ho and Wang to join the DRAM development team, and Ho and Wang brought Micron's confidential information to UMC from Micron's Taiwan subsidiary. After UMC's Information Technology Department found Micron's intellectual property on Ho's UMC computer, Chen approved the issuance of two "off network" laptop computers that allowed UMC employees to access Micron confidential information without further detection by UMC's IT department. In particular, Wang used one file containing Micron's trade secrets to adjust UMC's design rules for the memory in question. Later, when Taiwan authorities searched UMC's offices, Ho and Wang asked another UMC employee to hide papers, notes, USB drives, a personal phone, and a laptop computer while the Taiwan authorities executed their search warrants. Taiwan authorities recovered only one of the two off-network laptops. The hard drive of the other was reformatted and concealed from Taiwan authorities. Beginning in the month of the Taiwan raids, Chen became president of Fujian Jinhua and took charge of its memory production facility.

This prosecution is a result of an investigation by the FBI. Substantial assistance was provided by Taiwan's Ministry of Justice, its Ministry of Justice Investigation's Bureau (MJIB), and the Taichung District Prosecutor's Office (TDPO).

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