



Department of Justice

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FORMER BOEING ENGINEER CHARGED WITH ECONOMIC ESPIONAGE IN THEFT OF SPACE SHUTTLE SECRETS FOR CHINA

A former Boeing engineer was arrested this morning after being indicted last week on charges of economic espionage and acting as an unregistered foreign agent of the People's Republic of China (PRC), for whom the engineer stole Boeing trade secrets related to several aerospace programs, including the Space Shuttle.

Dongfan "Greg" Chung, 72, of Orange, California, who was employed by Rockwell International from 1973 until its defense and space unit was acquired by Boeing in 1996, was arrested without incident at his residence by special agents with the Federal Bureau of Investigation and investigators with NASA. Chung, who is expected to make his initial court appearance here this afternoon, was named in an indictment returned last Wednesday by a federal grand jury.

The indictment accuses Chung of eight counts of economic espionage, one count of conspiracy to commit economic espionage, one count of acting as an unregistered foreign agent without prior notification to the Attorney General, one count of obstruction of justice, and three counts of making false statements to FBI investigators.

Chung, a native of China who is a naturalized United States citizen, held a Secret security clearance when he worked at Rockwell and Boeing on the Space Shuttle program. He retired from the company in 2002, but the next year he returned to Boeing as a contractor, a position he held until September 2006. The indictment alleges that he took and concealed Boeing trade secrets relating to the Space Shuttle, the C-17 military transport aircraft and the Delta IV rocket. Chung allegedly obtained the materials for the benefit of the PRC.

“Certain foreign governments are committed to obtaining the American trade secrets that can advance the development of their military capabilities. Today’s case demonstrates that the Justice Department is equally committed to foiling those efforts through the arrest and prosecution of those who conduct economic espionage at the expense of our economic and national security,” said Assistant Attorney General for National Security, Kenneth L. Wainstein.

United States Attorney Thomas P. O’Brien stated: “Mr. Chung is accused of stealing restricted technology that had been developed over many years by engineers who were sworn to protect their work product because it represented trade secrets. Disclosure of this information to outside entities like the PRC would compromise our national security.”

The case against Chung is related to an investigation into another engineer who worked in the United States and obtained sensitive military information for the PRC. The man, Chi Mak, and several of his family members were convicted last year of providing defense articles to the PRC. Mak is scheduled to be sentenced on March 24.

According to the indictment that was unsealed this morning, individuals in the Chinese aviation industry began sending Chung “tasking” letters as early as 1979. Over the years, the letters directed Chung to collect specific technological information, including data related to the Space Shuttle and various military and civilian aircraft. Chung allegedly responded in one letter indicating a desire to contribute to the “motherland.”

In various letters to his handlers in the PRC, Chung referenced engineering manuals he had collected and sent to the PRC, including 24 manuals relating to the B-1 Bomber that Rockwell had prohibited from disclosure outside of the company. According to the indictment, between 1985 and 2003, Chung made multiple trips to the PRC to deliver lectures on technology involving the Space Shuttle and other programs, and during those trips he met with officials and agents of the PRC government. The indictment alleges that Chung and PRC officials exchanged letters that discussed cover stories for Chung’s travel to China and recommended methods for passing information, including suggestions that Chung use Chi Mak to transmit information.

The indictment describes a May 2, 1987 letter from Gu Weihao, an official in the Ministry of Aviation and China Aviation Industry Corporation, which discussed the possibility of inviting Chung’s wife, who is an artist, to visit an art institute so that Chung could use the cover of traveling with his wife as an excuse to travel to the PRC. This same letter suggested that passing information to the PRC through Chi Mak would be “faster and safer” and concluded with the statement: “It is your honor and China’s fortune that you are able to realize your wish of dedicating yourself to the service of your country.” The indictment describes a second letter from Gu Weihao, dated April 12, 1988, which asked Chung to provide information on “advanced technologies.” This letter stated that Rebecca Mak was in the PRC and she had reported that Chung and the Moks had a good relationship.

"The FBI is committed to protecting America's assets from foreign thievery," said Salvador Hernandez, Assistant Director in Charge of the FBI's Los Angeles Field Office. "The arrest and indictment of Mr. Chung should serve as a reminder to those who would compromise the economic and physical security of the United States by stealing proprietary information. The FBI will continue to work with NASA, the defense community and other federal agencies to safeguard our nation's technology."

Each charge of economic espionage carries a maximum possible penalty of 15 years in prison and a \$500,000 fine. The charges of acting as an agent of a foreign government without prior notification to the Attorney General and obstruction of justice each carry a maximum penalty of 10 years imprisonment and a \$250,000 fine. The charges of conspiracy to commit economic espionage and making a false statement to federal investigators each carry a maximum possible penalty of five years imprisonment and a \$250,000 fine.

An indictment contains allegations that a defendant has committed a crime. Every defendant is presumed innocent until and unless proven guilty beyond a reasonable doubt.

The investigation in this case was conducted jointly by the FBI and NASA Counterintelligence. The case is being prosecuted by Assistant United States Attorneys Greg Staples and Ivy Wang, from the Central District of California.