



PRESS RELEASE

# Walter Liew Sentenced To Fifteen Years In Prison For Economic Espionage

Friday, July 11, 2014

**For Immediate Release**

U.S. Attorney's Office, Northern District  
of California

SAN FRANCISCO – Yesterday, Walter Lian-Heen Liew (aka Liu Yuanxuan) was sentenced to serve 15 years in prison, forfeit \$27.8 million in illegal profits, and pay \$511,667.82 in restitution for what the sentencing judge described as a “white collar crime spree” that included violations of the Economic Espionage Act, tax evasion, bankruptcy fraud, and obstruction of justice, announced U.S. Attorney Melinda Haag; John P. Carlin, Assistant Attorney General for National Security at the Department of Justice; David Johnson, Special Agent in Charge of the Federal Bureau of Investigation (FBI), San Francisco Division; and Jose Martinez, Special Agent in Charge of the Oakland Field Office, Internal Revenue Service (IRS), Criminal Investigation.

Liew was convicted on March 6, 2014, after a two month jury trial before the Honorable Jeffery S. White, U.S. District Court Judge, on each of the twenty counts with which he was charged. The jury found that Liew, his company, USA Performance Technology, Inc. (USAPTI), and Robert Maegerle conspired to steal trade secrets from E.I. du Pont de Nemours & Company regarding their chloride-route titanium dioxide production technology and sold those secrets for large sums of money to state-owned companies of the People's Republic of China (PRC). The purpose of their conspiracy was to help those companies develop large-scale chloride-route titanium dioxide production capabilities in the PRC, including a planned 100,000-ton titanium dioxide factory in Chongqing. This case marks the first federal jury conviction on charges brought under the Economic Espionage Act of 1996.

The jury also found that Liew, USAPTI, and Maegerle obstructed justice during the course of their conspiracy. The jury found that Liew filed false tax returns for USAPTI and Performance Group, a predecessor company to USAPTI, and made false statements and oaths in bankruptcy proceedings for Performance Group.

Liew, 56, of Walnut Creek, Calif., originally was indicted in August 2011 and the grand jury subsequently returned two superseding indictments. Liew was convicted of conspiracy to commit economic espionage, conspiracy to commit theft of trade secrets, attempted economic espionage, attempted theft of trade secrets, possession of trade secrets, conveying trade secrets, conspiracy to obstruct justice, witness tampering, conspiracy to tamper with evidence, false statements, filing false tax returns, false statements in bankruptcy proceedings, and false oath in bankruptcy proceedings. Liew was an owner and president of USAPTI, a company headquartered in Oakland, Calif., that offered consulting services. USAPTI was found guilty of conspiracy to commit economic espionage, conspiracy to commit theft of trade secrets, attempted economic espionage, attempted theft of trade secrets, possession of trade secrets, conveying trade secrets, and conspiracy to obstruct justice.

Evidence at trial showed that in the early 1990s, Liew met with the government of the PRC and was informed that the PRC had prioritized the development of chloride-route titanium dioxide (TiO<sub>2</sub>) technology. TiO<sub>2</sub> is a commercially valuable white pigment with numerous uses, including coloring paint, plastics, and paper. DuPont's TiO<sub>2</sub> chloride-route process also produces titanium tetrachloride, a material with military and aerospace uses. Liew was aware that DuPont had developed industry leading TiO<sub>2</sub> technology over many years of research and development and assembled a team of former DuPont employees, including Robert Maegerle, to assist him in his efforts to convey DuPont's TiO<sub>2</sub> technology to entities in the PRC. Liew executed contracts with state-owned entities of the PRC for chloride-route TiO<sub>2</sub> projects that relied on the transfer of illegally obtained DuPont technology. Liew, Maegerle, and USAPTI obtained and sold DuPont's TiO<sub>2</sub> trade secrets to the Pangang Group companies for more than \$20 million.

The jury found Liew, Maegerle, and USAPTI guilty of obstructing justice by causing an answer to be filed in a federal civil lawsuit in which they falsely claimed that no information from DuPont's Kuan Yin plant was used in the USAPTI designs for the development of TiO<sub>2</sub> manufacturing facilities. Liew was also found guilty of witness tampering for his efforts to influence a co-defendant's testimony in the civil lawsuit. The jury also convicted Liew of conspiring with his wife, Christina Liew, to mislead the FBI by corruptly concealing records, documents, and other objects during the FBI's investigation into their criminal activity.

Liew was also convicted of filing a false income tax return for his company, Performance Group, for calendar years 2006, 2007, and 2008 and for USAPTI in 2009 and 2010. The jury also found Liew guilty of making false statements and a false oath in connection with filing for bankruptcy for Performance Group in 2009.

Liew, as co-owner of USAPTI, entered into contracts worth nearly \$28 million to convey TiO2 trade secret technology to Pangang Group companies. The Liew family received millions of dollars of proceeds from these contracts. The proceeds were wired through the United States, Singapore, and ultimately back into several bank accounts in the PRC in the names of relatives of Christina Liew.

The sentence was handed down by the Honorable Jeffrey S. White, U.S. District Court Judge. The Court stated during the sentencing hearing that the 15 year sentence was intended, in part, to send a message that the theft and sale of trade secrets for the benefit of a foreign government is a serious crime that threatens our national economic security. In addition to the prison term, the Court ordered Liew to forfeit \$27.8 million, and to pay \$511,667.82 in restitution to DuPont and victims of his bankruptcy fraud and a \$2,000 special assessment (\$100 for each of the twenty counts of conviction).

The case was prosecuted by attorneys from the Special Prosecution Unit of the U.S. Attorney's Office and the U.S. Department of Justice National Security Division. The FBI and the IRS Criminal Investigation Division were responsible for the investigation.

([Liew second superseding indictment](#))

*Updated November 18, 2014*

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