

# Economic Espionage

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Wisconsin Procurement Institute

April 29, 2020

# Alternate title

*They want, what you have!*

# Federal Government - programs

I have a secret – Of course,  
everyone wants to know it.

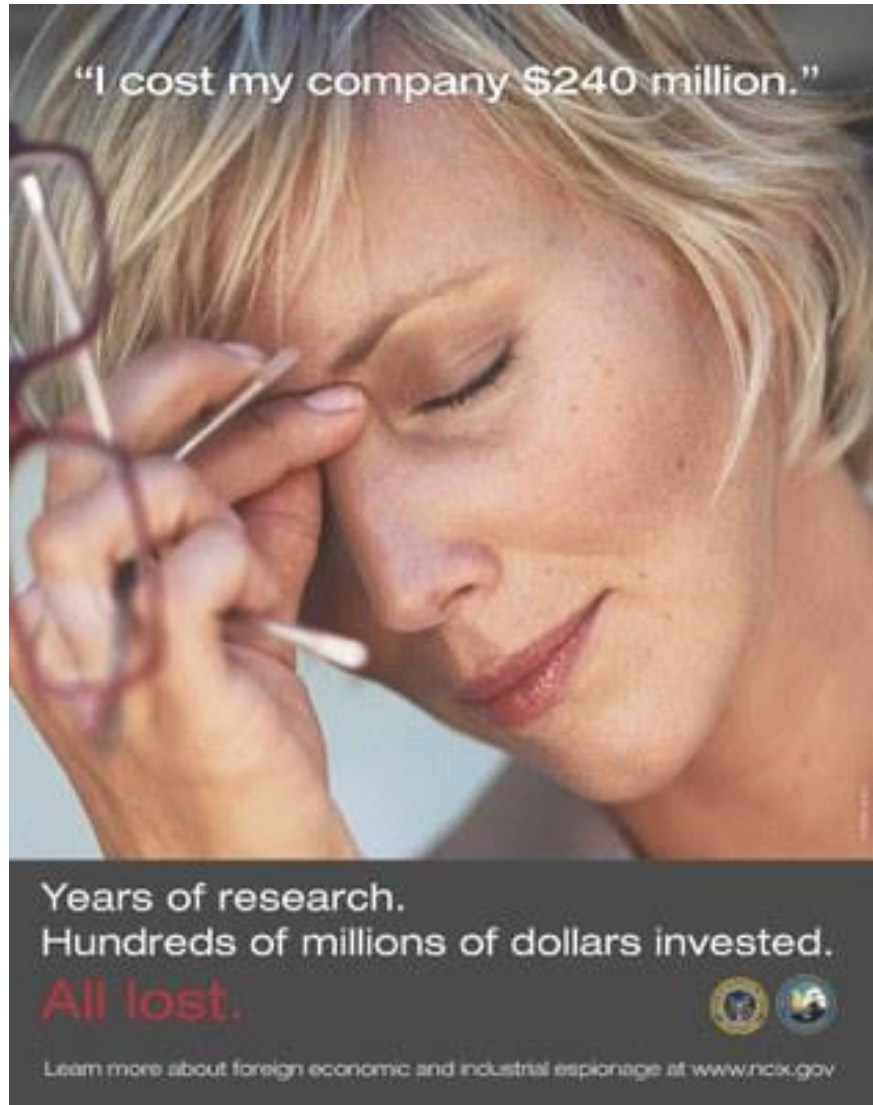
- FOUO
- Federal Contract Information (FCI)
- Controlled Unclassified Information (CUI – Basic/Specified)
- Joint Certification Program
- International Traffic in Arms (ITAR)
- Export Administration Regulations (EAR)
- Classified programs/information

# Targeted Industries or Sectors

- Information and communication technology
- Business information that pertains to supplies of scarce natural resources or that provides global actors an edge in negotiations with U.S. businesses or the U.S. government
- Military technologies (marine systems, unmanned aerial vehicles, and aerospace/aeronautic technologies)
- Civilian and dual-use technologies in fast-growing sectors (clean energy, health care and pharmaceuticals, and agricultural technology)


<https://www.fbi.gov/file-repository/economic-espionage-508.pdf/view>

4/29/2020



"I cost my company \$240 million."

Years of research.  
Hundreds of millions of dollars invested.  
**All lost.**



Learn more about foreign economic and industrial espionage at [www.ncix.gov](http://www.ncix.gov)

<https://www.dsac.gov/topics/image-repository/economic-espionage.jpeg/>

4/29/2020

# How might this happen?

Northern District of California

FOR IMMEDIATE RELEASE

Friday, September 7, 2018

## **Four Chinese State-Owned Industrial Companies Arraigned In Economic Espionage Conspiracy**

The trade secrets relate to TiO<sub>2</sub> technology from DuPont. DuPont had developed the technology and controlled a significant amount of the world's TiO<sub>2</sub> sales. The defendants are alleged to have obtained confidential trade secret information including photographs related to TiO<sub>2</sub> plant technologies and facilities. Further, the defendants are alleged to have paid an Oakland company at least \$27,000,000 between 2006 and 2011 for assistance with TiO<sub>2</sub> technology, including obtaining DuPont trade secrets. The defendants also allegedly attempted, between 2008 and 2011, to commit economic espionage related to DuPont's TiO<sub>2</sub> processes.

<https://www.justice.gov/usao-ndca/pr/four-chinese-state-owned-industrial-companies-arraigned-economic-espionage-conspiracy>

4/29/2020

# Why?

Northern District of New York

FOR IMMEDIATE RELEASE

Tuesday, April 23, 2019

## **Former GE Engineer and Chinese Businessman Charged with Economic Espionage and Theft of GE's Trade Secrets**

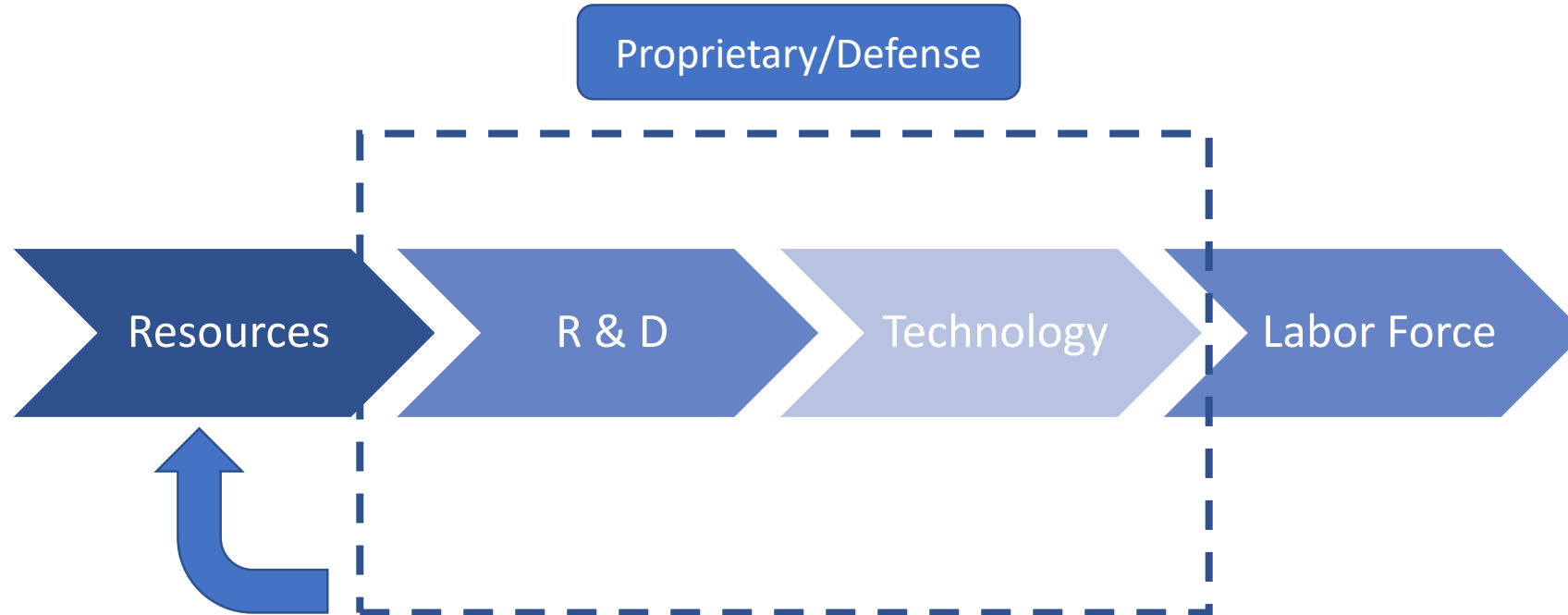
**The Pair Allegedly Conspired to Steal GE's Trade Secrets for Use in Their China-Based Companies to Benefit the People's Republic of China**

“The indictment alleges a textbook example of the Chinese government’s strategy to rob American companies of their intellectual property and to replicate their products in Chinese factories, enabling Chinese companies to replace the American company first in the Chinese market and later worldwide,” said Assistant Attorney General Demers. “We will not stand idly by while the world’s second-largest economy engages in state-sponsored theft. As part of the Attorney General’s China Initiative, we will partner with the private sector to hold responsible those who violate our laws, and we urge China’s leaders to join responsible nations and to act with honesty and integrity when competing in the global marketplace.”

<https://www.justice.gov/usao-ndny/pr/former-ge-engineer-and-chinese-businessman-charged-economic-espionage-and-theft-ge-s>

4/29/2020

# What drives economic success?



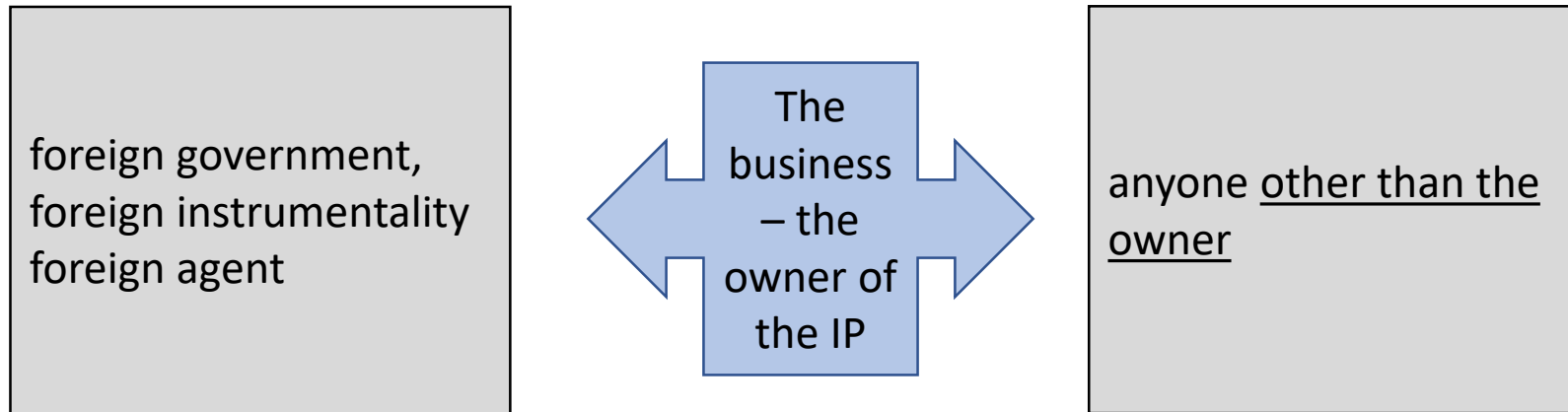
# What is “economic espionage”?

- According to the Economic Espionage Act (Title 18 U.S.C. §1831), economic espionage is (1) whoever knowingly performs targeting or acquisition of **trade secrets** to (2) knowingly benefit any **foreign government, foreign instrumentality, or foreign agent**. In contrast, the theft of trade secrets (Title 18 U.S.C. Section 1832) is (1) whoever knowingly misappropriates trade secrets to (2) benefit anyone other than the owner.
- Historically, economic espionage has targeted defense-related and high-tech industries. But recent FBI cases have shown that no industry, large or small, is immune to the threat. **Any company** with a proprietary product, process, or idea can be a target; any unprotected trade secret is vulnerable to theft by those who wish to illegally obtain innovations to increase their market share at a victim company’s expense.

<https://www.fbi.gov/investigate/counterintelligence>

4/29/2020

# What is the common denominator?



# Recent cases

FOR IMMEDIATE RELEASE

Thursday, March 19, 2020

## Former Uber Self-Driving Car Executive Signs Agreement To Plead Guilty To Theft Of Trade Secrets From Google

FOR IMMEDIATE RELEASE

Wednesday, April 22, 2020

## Utah U.S. Attorney Highlights DOJ China Initiative During Remarks At Salt Lake City Security Webinar

“About 80 percent of all federal economic espionage prosecutions have conduct that would benefit China and around 60 percent of federal trade secret theft cases have some nexus to China,” Huber said.

FOR IMMEDIATE RELEASE

Tuesday, March 17, 2020

## Iranian National Extradited to the Western District of Texas for Illegally Exporting Military Sensitive Items from the U.S. to Iran

FOR IMMEDIATE RELEASE

Thursday, February 27, 2020

## Chinese National Sentenced for Stealing Trade Secrets Worth \$1 Billion

4/29/2020

# China is targeting everything from agricultural techniques to medical devices

- “They’ve pioneered an expansive approach to stealing innovation through a wide range of actors,”
- Wray told the audience that **China is targeting everything** from agricultural techniques to medical devices in its efforts to get ahead economically. While this is sometimes done legally, such as through company acquisitions, China often takes illegal approaches, including cyber intrusions and corporate espionage.

**“They’ve shown that they’re willing to steal their way up the economic ladder at our expense.”**

FBI Director Christopher Wray

Just last month, a [Harvard University professor](#) was [charged](#) with lying about his contractual arrangement with China.

<https://www.fbi.gov/news/stories/wray-addresses-china-threat-at-doj-conference-020620>

<https://www.fbi.gov/news/speeches/responding-effectively-to-the-chinese-economic-espionage-threat>

4/29/2020

# Information is a powerful driver!

The screenshot shows the homepage of 'Successful Farming at AGRICULTURE.COM'. The top navigation bar includes links for 'Talk', 'Magazine', 'TV', 'Radio', 'Login', 'Join', and 'Newsletter', along with a search box. Below this is a main menu with categories: 'NEWS', 'MARKETS', 'WEATHER', 'MACHINERY', 'CROPS', 'TECHNOLOGY', 'FARM MANAGEMENT', 'LIVESTOCK', and 'FAMILY'. A dropdown menu is open under 'MARKETS', listing 'Commodity Prices', 'Newswire', 'Markets Analysis', and 'Your World in Agriculture'. On the left sidebar, there is a section titled 'TALK IN MA' with a sub-section 'Blue Sky 2017' and a 'Floor Talk November 7' link. The main content area features a breadcrumb trail 'Home > News > Business' and a large red headline: 'CHINESE NATIONALS CHARGED WITH STEALING CORN TECHNOLOGY'. Below the headline, it says 'By Jeff Caldwell' and '12/13/2013'.

Copied from [http://www.agriculture.com/news/business/chinese-nationals-charged-with-stealing\\_5-ar36216](http://www.agriculture.com/news/business/chinese-nationals-charged-with-stealing_5-ar36216)

4/29/2020

# There can be other interests as well

DJIA ▲ 18249.12 2.02% S&P 500 ▲ 2130.80 2.19% Nasdaq ▲ 5167.30 2.40% U.S. 10 Yr ▼ -13/32 Yield 1.824% Crude Oil ▲ 44.92 1.93%

## THE WALL STREET JOURNAL.

Home World U.S. Politics Economy **Business** Tech Markets Opinion Arts Life Real Estate

< EU Officials Vow to Follow Up on Latest Volkswagen Emissions Findings
 CBS Taps Moelis, Goldman to Advise on Possible Viacom Merger
 Tesla to Make New Owners Pay for Some Recharging
 China's Patent-Lawsuit Profile Grows

**BUSINESS**

### U.S. Steel Accuses China of Hacking

Steelmaker alleges Chinese government hackers stole plans for developing new steel technology



Copied from <http://www.wsj.com/articles/u-s-steel-accuses-china-of-hacking-1461859201>  
4/29/2020

# Something to watch (possible driver)

02/07/2019

## Evolving Made in China 2025

### China's industrial policy in the quest for global tech leadership

Four years ago, China launched its ambitious industrial strategy Made in China 2025 and caused considerable irritation around the world. The blueprint for China's path to becoming an industrial superpower has changed the way foreign companies, business associations, and governments view the country. They increasingly perceive the People's Republic more as a systemic rival than a partner. Made in China 2025 has recently disappeared from official rhetoric of the Chinese leadership. But Beijing's aims remain unchanged and its industrial policy is already being implemented: it wants Chinese companies to become global leaders in ten core industries by 2025. And it aims to be a global technological superpower by 2049.

<https://www.merics.org/en/papers-on-china/evolving-made-in-china-2025>

4/29/2020

# Another edge of the Coronavirus

VOICE

## China Is Bargain Hunting—and Western Security Is at Risk

Beijing could use the coronavirus-induced economic crisis to go on a buying spree. The U.S. and European governments must restrict the purchasing of distressed companies in sensitive sectors.

BY **ELISABETH BRAW** | APRIL 15, 2020, 3:55 PM



<https://foreignpolicy.com/2020/04/15/china-is-bargain-hunting-and-western-security-is-at-risk/>

4/29/2020

# Coronavirus- impact

## [DoD Must Brace For Long-Term Supply Chain Problems; Big Mergers Likely](https://breakingdefense.com/2020/04/dod-must-brace-for-long-term-supply-chain-problems-big-mergers-likely/)

**"The impact of the COVID crisis in the aviation sector has been really nothing short of catastrophic," said Hunter. "At this point, it's very challenging for those companies to stay in business."**

<https://breakingdefense.com/2020/04/dod-must-brace-for-long-term-supply-chain-problems-big-mergers-likely/>

4/29/2020

# Defense News ---- May 22, 2018

## Pentagon

### **The US is running out of bombs — and it may soon struggle to make more**

Overall, the authors found that of the 121 second-tier suppliers for munition capabilities, 98 percent of them were single/sole source. And of the 73 third-tier suppliers, 98 percent were also single/sole source.

..."key suppliers are foreign-owned, with no indigenous capability to produce vital parts and materials — setting up the risk that a conflict with China could rely on Chinese-made parts. "

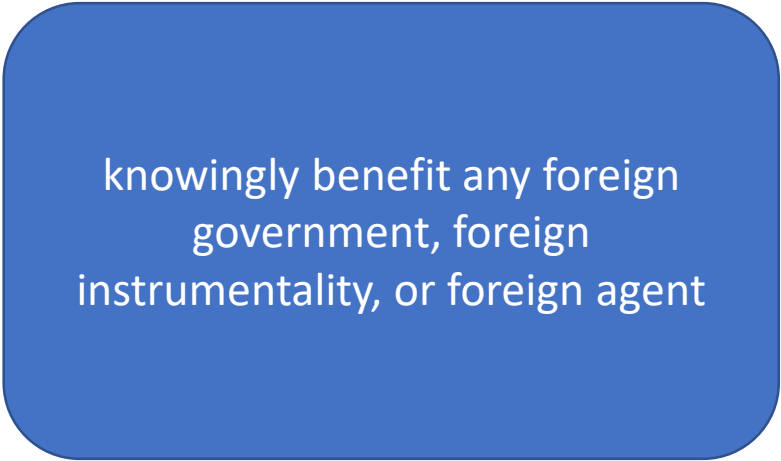


[https://www.defensenews.com/pentagon/2018/05/22/the-us-is-running-out-of-bombs-and-it-may-soon-struggle-to-make-more/?utm\\_source=Sailthru&utm\\_medium=email&utm\\_campaign=ebb-5-23&utm\\_term=Editorial%20-%20Military%20-%20Early%20Bird%20Brief](https://www.defensenews.com/pentagon/2018/05/22/the-us-is-running-out-of-bombs-and-it-may-soon-struggle-to-make-more/?utm_source=Sailthru&utm_medium=email&utm_campaign=ebb-5-23&utm_term=Editorial%20-%20Military%20-%20Early%20Bird%20Brief)

4/29/2020

# Modes

- Acquisition
- Cyber
- Investment
- Joint-Venture
- Recruitment
- Theft
- Well-intentioned assistance



knowingly benefit any foreign  
government, foreign  
instrumentality, or foreign agent

# Awareness and good procedures are needed

## 5-Year-Long Cyber Espionage Campaign Hid in Google Play

**OceanLotus targeted Android devices in the so-called PhantomLance campaign.**


A targeted cyber-spying mission waged by a notorious hacking team out of Vietnam preyed mainly on Android users in Southeast Asia and evaded detection in Google Play, APKpure, and other app markets for five years.


Researchers at Kaspersky today revealed details of their study of the attack campaign they call PhantomLance, which they believe is the handiwork of OceanLotus. While Kaspersky has a policy of not tying attack groups with specific nation-states, OceanLotus long has been believed to be a Vietnamese advanced persistent threat (APT) group. PhantomLance — which targets Android — has managed to stay alive by changing up its malware along the way to evade detection.

<https://www.darkreading.com/endpoint/5-year-long-cyber-espionage-campaign-hid-in-google-play/d/d-id/1337676?>

4/29/2020

# Know the Risk Raise Your Shield - DNI


Office of the Director of National Intelligence  conn

 The National Counterintelligence and Security Center

WHO WE ARE WHAT WE DO HOW WE WORK CAREERS NCSC NEWSROOM FEED

/ ODNI Home / How We Work

## KNOW THE RISK RAISE YOUR SHIELD





**Know the Risk Raise Your Shield** 

- NCSC Awareness Materials
  - Cyber Training Series
  - Federal Partners Outreach
- Videos
- Travel Tips

**Security Executive Agent**

- Roles & Responsibilities
- Security Clearance Reform
  - Security vs Suitability
  - Current Status
  - Accomplishments
  - Checklist of Exceptions
  - Reciprocity Policy
  - Reciprocity Examples

**NCSC | Know the Risk Raise your Shield**  
www.ncsc.gov

1. Strengthen your **P@\$\$w0rd\$!**
2. Lock-down your **social media accounts.** 
3. Delete **suspicious emails.** 
4. Don't expect **privacy** when you travel. 
5. **Know** who you're talking to. 

**RELATED LINKS**

- NCSC Awareness | Your Personal Information from Exploitation

**RELATED CONTENT**

- National Counterintelligence of the United States
- National Insider Threat Sheet
- NCSC Strategic Plan
- William Evanina, NCSC Director

<https://www.dni.gov/index.php/ncsc-how-we-work/ncsc-know-the-risk-raise-your-shield>

4/29/2020

# Awareness is key!

- ➔ Not just occasional awareness –
- ➔ Routine awareness!, it's a mindset – situational awareness
- ➔ It's also about information, sharing and training.



Social Media Deception



Social Engineering



Spear phishing 2017



Spear Phishing (30 second trailer)



Spear Phishing Full Video



Social Media Deception Trailer



Social Media Deception Full Video



Travel Awareness



Human Targeting



Supply Chain Risk Management

# Economic Espionage – possible indicators

## KNOW THE SIGNS

- Working odd hours without authorization
- Taking proprietary information home without authorization
- Unnecessarily copying material
- Disregarding company policies on personal software and hardware
- Accessing restricted websites
- Downloading confidential material
- Conducting unauthorized research

## PERSONAL BEHAVIORS

- Unexplained short trips to foreign countries
- Engaging in suspicious personal contacts with competitors, business partners or unauthorized individuals
- Buying items they normally cannot afford
- Overwhelmed by life crises or career disappointments
- Showing concern about being investigated

## COMMON FACTORS

- Financial need
- Greed
- Unhappiness in the workplace
- Different allegiances to another company or country
- Drug/Alcohol abuse
- Vulnerability to blackmail
- Job offers from other organizations

# Identify Information sources

- Staff
- Staff interactions
  - Family
  - Friends
  - Colleagues
  - Events
- Visitors
- Prospective customers
- Facility visits tours
- Garbage | Recycling | Scrap | “bone yard – equipment” | legacy items “always been”
- Web
- Press Releases
- Signature Block information – too much (details)

# Review sources | Identify potential issues

- As the question(s)
  - How would I access information?
  - What can I learn just by being observant?
  - If I wanted to – I could do \_\_\_\_\_
  - Actively learn –
    - What do I know about Social Engineering?
    - What do I know about Competitive Intelligence procedures?
    - How do we look at and review – normal and seemingly uninteresting processes?
    - What information do we handle and/or possess?

# Be aware of transition points



4/29/2020

# Identify possible resources

The screenshot shows the SCIP website homepage. At the top left is the SCIP logo, which consists of three vertical bars of increasing height (green, blue, blue) followed by the text 'scip'. To the right of the logo is a navigation menu with links for 'ABOUT', 'CONTACT US', 'SIGN IN' (highlighted in a green button), and 'JOIN NOW'. A search icon is also present. Below the navigation menu are dropdown menus for 'Ethics', 'Education', 'Events', 'Insights', 'Community', and 'Membership'. The main content area features a large banner image of hands typing on a keyboard. Overlaid on the bottom left of the banner is the text: 'NEW Virtual Workshop', 'Foundations in Market & Competitive Intelligence', and 'TURBOCHARGE YOUR CAREER & GET CERTIFIED'. A blue 'Learn More' button is located at the bottom left of the banner. On the right side of the banner, there is a sidebar with 'EVENTS' and 'NEWS' sections. The 'EVENTS' section lists 'AMA - U and Dis Business' on May 4, 2020, and 'Virtual Market' on May 11, 2020. The 'NEWS' section lists 'Ask Jes Cominte' on Apr 28, 2020, and 'Maxim Resource'.

# Identify possible resources & validate

## Member Advisory Board

As a non-profit, SCIP is governed by a Member Advisory Board (and bylaws) that sets the strategy and ensures that the members are at the center of every decision we make.



**CHAIR - Paul Santilli**  
Hewlett Packard Enterprise



**Maureen Nail**  
Pfizer



**Jay Nakagawa**  
Dell Technologies



**Ellie Mirman**  
Crayon

# One technique - Elicitation

- Elicitation is a technique used to collect information that is not readily available and do so without raising suspicion that specific facts are being sought.
- Elicitation is not rare –
  - “It is not uncommon for people to discover information about a person without letting on the purpose.
  - **For example**, have you ever planned a surprise part for someone and needed to know their schedule, wish list, food likes and silike aor other information without that person finding out your were collectingthe information or for what purpose?
  - The problem is when a skilled elicitor is able to obtain valuable information from you, which you did not intend to share because you did not recognize and divert the elicitation.

# Elicitation – some techniques

- Assumed Knowledge
- Bracketing
- Can you top this?
- Confidential Bait
- Criticism
- Deliberate False Statements/Denial of the Obvious
- Feigned Ignorance
- Flattery
- Others

# Red Flag Questions

1. Buyer is reluctant to offer information about the end-use of the ordered product
2. Product's capabilities do not fit the buyer's line of business
3. Buyer's IP address does not match the stated location
4. Company receives the same request for a quote (RFQ) from multiple customers
5. The RFQ appears to be cut-and-pasted into the email
6. Buyer carbon copies unknown individuals
7. A freight forwarder, Importer/ Exporter, or General Trading Company is listed as the final
8. Routine installation, training, warranty, or maintenance services are declined by the buyer
9. Buyer is unfamiliar with the product's performance.
10. Buyer is evasive when asked about whether parts are for domestic use or re-export
11. Buyer has little to no presence on the Internet
12. The shipping address is a residence or a building that leases virtual office space
13. Unusual method of payment or unexpected source of payment

# Historical Examples

- Maps – trade routes, routes to ...
- Skills/craftsmen – English skilled craftsmen
- Technology - cotton gin – thread, others

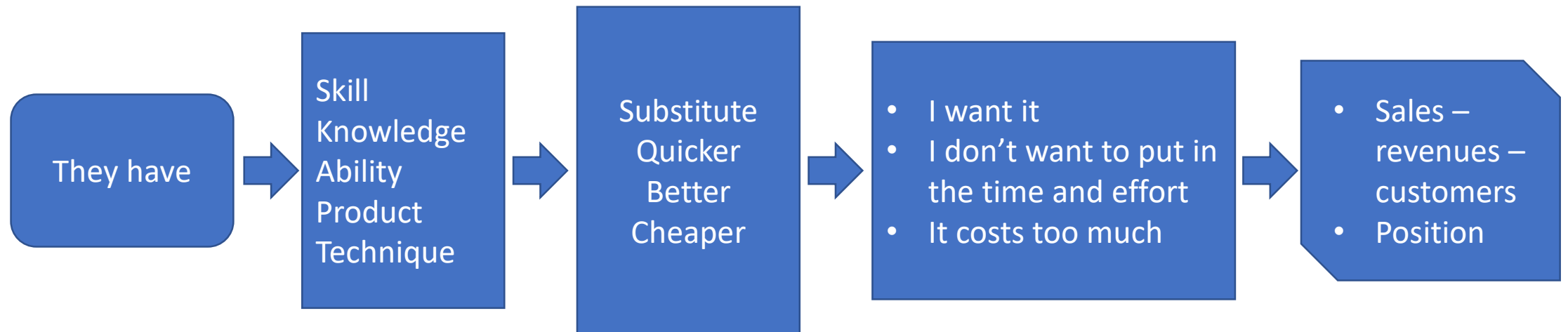
# Drivers

- Peer recognition
- Economic viability
- Product duplication
- Strategic positioning/capability

# What is being sought?

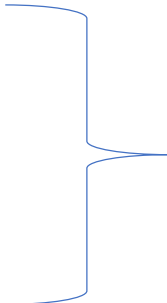
- Information that will contribute to benefits from being able to do things –
  - Faster
  - Better
  - Cheaper
  - Identical substitute

# Driving equation



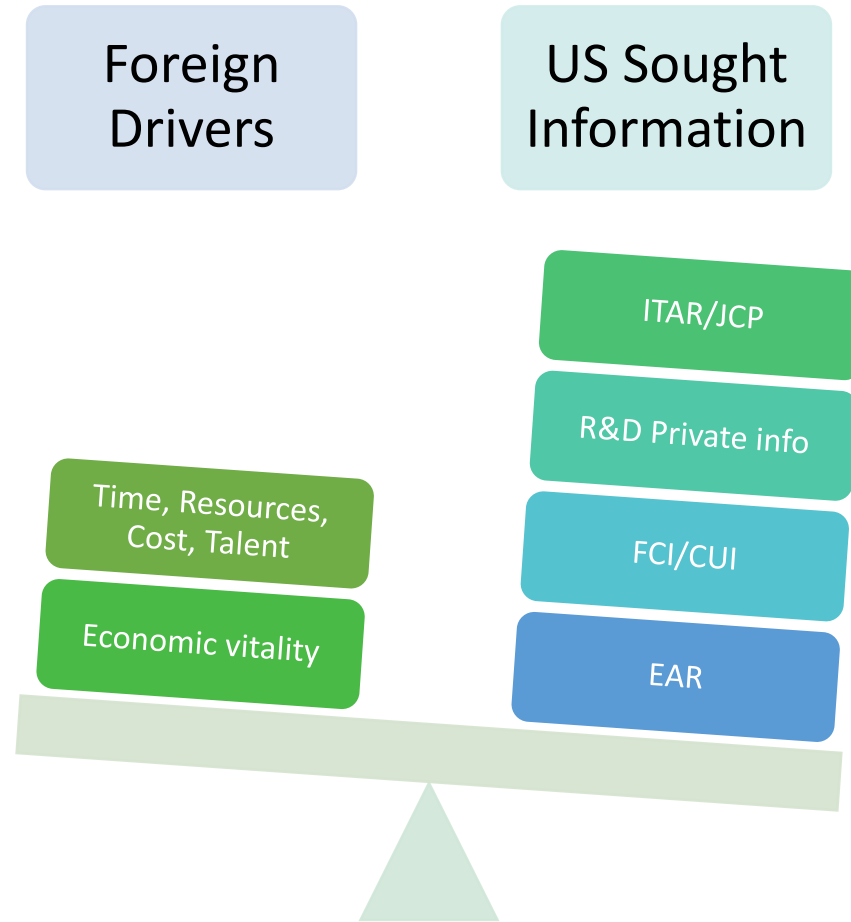
# How one can gain the upper hand?

- Time
  - Time and Effort
  - Time, effort, investment
- 
- Partnering – teaming – joint ventures
  - Licensing – non-compete clauses, etc



Costly, Difficult, Involved –  
no guaranteed outcome

# Seeking Parity



4/29/2020

“As you all know, foreign governments and other non-state adversaries of the United States are engaged in an aggressive campaign to evade U.S. sanctions regimes and acquire sensitive U.S. technology. In so doing, they threaten our economy, our prosperity and, most importantly, our national security. Disrupting these national security threats is among the highest priorities of the Department of Justice, and the National Security Division.”

“Because our companies have our nation’s crown jewels in their possession. They house information targeted by thieves ranging from foreign powers bent on economic and military superiority, to individual criminals who know the market demand for this information, to terrorists who wish to create weapons of mass destruction.”

“Penetrating and influencing the US national decision making apparatus and Intelligence Community will remain primary objectives for numerous foreign intelligence entities. Additionally, the targeting of national security information and proprietary information from US companies and research institutions involved with defense, energy, finance, dual-use technology, and other sensitive areas will remain a persistent threat to US interests.”

**Department of Justice**

Office of Public Affairs

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FOR IMMEDIATE RELEASE

Friday, January 29, 2016

**U.S. Navy Officer Sentenced to 40 Months in Prison for Selling Classified Ship Schedules as Part of Navy Bribery Probe**

A U.S. Navy Lieutenant Commander was sentenced today to 40 months in prison for accepting cash, hotel expenses and the services of a prostitute from foreign defense contractor Glenn Defense Marine Asia (GDMA) in exchange for classified U.S. Navy ship and submarine schedules and other internal Navy information.

4/29/2020

**Department of Justice**  
U.S. Attorney's Office  
Southern District of New York

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FOR IMMEDIATE RELEASE

Thursday, April 14, 2016

**Manhattan U.S. Attorney Announces Arrest Of Chinese National  
For Illegally Attempting To Export High-Grade Carbon Fiber To  
China**

4/29/2020



# Department of Justice

United States Attorney Channing D. Phillips  
District of Columbia

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FOR IMMEDIATE RELEASE

Monday, April 4, 2016

[WWW.JUSTICE.GOV/USAO/DC](http://WWW.JUSTICE.GOV/USAO/DC)

CONTACT: BILL MILLER

202-252-6933

**SINGAPORE MAN EXTRADITED TO UNITED STATES IN CONNECTION  
WITH PLOT INVOLVING EXPORTS TO IRAN OF U.S. COMPONENTS  
LATER FOUND IN BOMBS IN IRAQ**

4/29/2020

The background of the slide is a photograph of the Wisconsin State Capitol building in Madison, Wisconsin, taken at dusk. The building's white marble facade is illuminated from within, and the sky is a mix of dark blue and orange. The central dome is the focal point, topped with a statue.

# Domestic Security Partnership

Protecting the Nation Through Trusted Partnerships and Enhanced Security

4/29/2020

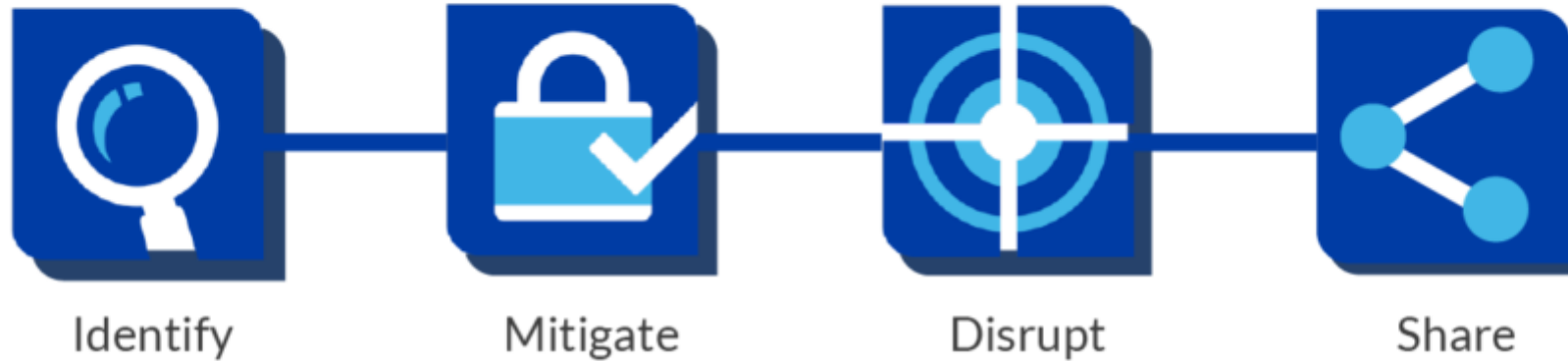
# OUR MISSION

CREATING A MORE SECURE AMERICA  
THROUGH PUBLIC/PRIVATE PARTNERSHIPS

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The Domestic Security Partnership seeks to strengthen United States security by fostering collaboration and cooperation among governmental and private sector security professionals. The DSP achieves its mission by supporting the [Domestic Security Alliance Council](#) through engagement, education symposia, and security information exchange.

The National Cyber-Forensics and Training Alliance (NCFTA) was established in 2002 as a nonprofit partnership between private industry, government, and academia for the sole purpose of providing a neutral, trusted environment that enables two-way collaboration and cooperation to identify, mitigate, and disrupt cyber crime.



Our focus is on results. By combining shared information and making the resulting intelligence actionable, the NCFTA has enabled our community of trusted partners to prevent over \$1 billion in potential losses while also helping to identify critical threats impacting private industry and supporting global law enforcement by helping to identify current threats most impactful to industry.

**\$2.39 Billion**

Financial losses prevented

**15,187**

Intelligence reports produced

**1,666**

Cases referred to law  
enforcement

**1,096**

Law enforcement arrests



**U.S. Department of Justice**

**Robert L. Capers**

*United States Attorney*

*Eastern District of New York*

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*271 Cadman Plaza East*

*Brooklyn, New York 11201*

**FOR IMMEDIATE RELEASE**

**March 1, 2016**

**Contact:**

**Nellin McIntosh**

**United States Attorney's Office**

**(718) 254-6323**

**PRESS RELEASE**

**CHIEF EXECUTIVE OFFICER OF INTERNATIONAL METALLURGICAL  
COMPANY ARRESTED FOR EXPORTING AEROSPACE-GRADE METALS TO IRAN**

*Defendant Exported High-Tech Material Used in Missile Production and Nuclear  
Applications*

4/29/2020

# COUNTERINTELLIGENCE

“Insiders who disclose sensitive US Government information without authorization will remain a significant threat in 2016. The sophistication and availability of information technology that can be used for nefarious purposes exacerbate this threat both in terms of speed and scope of impact.”

## **Former Connecticut Resident Sentenced to Over Eight Years in Prison for Attempting to Send U.S. Military Technology to Iran**

Mozaffar Khazaei, 61, formerly of Manchester, Connecticut, was sentenced today to 97 months in prison and ordered to pay a \$50,000 fine by U.S. District Judge Vanessa L. Bryant of the District of Connecticut for violating the Arms Export Control Act by attempting to send to Iran highly sensitive, proprietary, trade secret and export controlled material relating to U.S. military jet engines, which he had stolen from multiple U.S. defense contractors where he had previously been employed.

Assistant Attorney General for National Security John P. Carlin, U.S. Attorney Deirdre M. Daly of the District of Connecticut, Special Agent in Charge Matthew Etre of U.S. Immigration and Customs Enforcement-Homeland Security Investigations (ICE-HSI) Boston, Assistant Director Randall C. Coleman of the FBI's Counterintelligence Division, Special Agent in Charge Craig W. Rupert of the Defense Criminal Investigative Service (DCIS) Northeast Field Office, Special Agent in Charge Danielle Angley of the Air Force Office of Special Investigations and Special Agent in Charge John McKenna of the Department of Commerce's Office of Export Enforcement Boston Office made the announcement.

“Mozaffar Khazaei exploited his privileged access to national security assets to steal highly sensitive military technology with the intent of providing it to Iran,” said Assistant Attorney General Carlin. “Violations of the Arms Export Control Act, particularly those involving attempts to transfer sensitive defense technology to a foreign power, are among the most significant national security threats we face, and we will continue to leverage the criminal justice system to prevent, confront, and disrupt them.”

# State Department Announces Another Major ITAR Enforcement Case and \$30 Million Penalty

- Failure to apply for and manage export licenses;
- Failure to comply with terms, conditions and provisos of licenses;
- Poor management of use of license exemptions;
- Inaccurate or incomplete shipping documents;
- Improper actions at trade shows;
- Failure to obtain Nontransfer and Use Certificates;
- Failure to properly decrement or report quantities of items shipped;
- Failure to properly record shipments;
- Failure to return items to the U.S. under temporary export licenses;
- Failure to file reports of payments of contributions, fees and sales commissions as required under 22 CFR Part 130;
- Multiple recordkeeping violations.

<https://www.jdsupra.com/legalnews/state-department-announces-another-62908/>  
4/29/2020

## Feds say Minnesota firm was tricked into illegal shipment of technology to Iran

By STEPHEN MONTEMAJOR | Star Tribune (Minneapolis) | Published: September 2, 2017

MINNEAPOLIS (Tribune News Service) — A Minnesota company was duped into exporting sensitive technology that wound up being shipped to Iran in violation of U.S. export controls, according to a recently unsealed federal indictment.

The indictment names a Malaysian company and two former employees, accusing them of shipping the components to an Iranian firm with close ties to the Iranian government.

The indictment doesn't name the Minnesota company, but a subsequent court filing includes a screenshot of an e-mail addressed to Thief River Falls-based Digi-Key, a large distributor of electronic components such as capacitors, oscillators and integrated circuits.

According to the charges, the company believed it was sending digital communications equipment to “Green Wave Telecommunication, Sdn Bhn” in Kuala Lumpur, Malaysia. But Green Wave later sent the devices to Iran in violation of export controls that cite “national security and anti-terrorism reasons,” according to the indictment.

The devices appear to be “dual use” technology, which can be used in civilian products or in weapons guidance systems that would fall under international export controls.

Prosecutors also charged Alireza Jalali, Green Wave's former head of purchasing, and Negar Ghodskani, a woman who simultaneously worked for Green Wave and the Iranian recipient of the technology at the time of the alleged conspiracy.

It is interesting to note that the Minnesota firm – Digi-Key is not a small business. It has been involved in federal procurement since roughly 2003, has approximately 2,600 employees, \$1.4B in annual revenue and is listed as an OTSB.

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<http://www.startribune.com/feds-say-minnesota-firm-was-tricked-into-illegal-shipment-of-technology-to-iran/442520733//>

# National Intellectual Property Rights Coordination Center

- The mission of the NIPRCC is to ensure national security by protecting the public's health and safety, the U.S. economy, and our war fighters, and to stop predatory and unfair trade practices that threaten the global economy.
- Initiatives
  - **Operation Chain Reaction**
    - targets counterfeit goods entering the supply chains of the Department of Defense (DoD)
  - **Operation Apothecary**
    - targets the growing problem of Internet crime – emphasis on prescriptions/pharmaceuticals
  - **Operation Engine Newity**
    - countering the threat of counterfeit automotive, aerospace, rail, and heavy industry related components that are illegally imported and distributed throughout the United States.

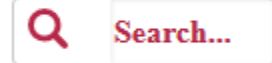


## Domestic Security Alliance Council

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The Domestic Security Alliance Council (DSAC) is a strategic partnership between the U.S. government and the U.S. private industry that enhances communication and promotes the timely and effective exchange of security and intelligence information between the federal government and the private sector.

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# Insider Threat

- **The Insider Threat: An Introduction to Detecting and Deterring an Insider Spy (FBI)**

This brochure serves as an introduction for managers and security personnel on how to detect an insider threat and provides tips on how to safeguard your company's trade secrets.

- **Economic Espionage: How to Spot a Possible Insider Threat (FBI, May 2012)**

This article talks about the threat of corporate insiders stealing secrets, focusing on foreign economic espionage. It includes cases examples and potential warning signs.

- **Combating the Insider Threat (DHS National Cybersecurity and Communications Integration Center, May 2014)**

This document includes characteristics of insiders at risk of becoming a threat, behavioral indicators of malicious threat activity, behavioral prediction theories, countermeasures and deterrence methods, and training suggestions.

- **National Counterintelligence and Security Center Insider Threat Webpage**

This webpage contains link to relevant documents and websites.

Filed under: **Frontpage Feature**

# Good videos

## Economic Espionage

- **FBI Launches Nationwide Awareness Campaign**
- The Company Man: Protecting America' Secrets  
<https://www.fbi.gov/news/stories/economic-espionage>
- Made in America
  - <https://www.fbi.gov/video-repository/made-in-america-092019.mp4/view>
- GAME OF PAWNS - The Glen Duffie Shriver Story
  - <https://www.youtube.com/watch?v=TEYRLDvJaxo&feature=youtu.be>

# Resource - video

- **WORLD EXCLUSIVE: Chinese spy spills secrets to expose Communist espionage | 60 Minutes Australia**
  - <https://www.youtube.com/watch?v=zdR-I35Ladk>