Beat: News

Scientist Convicted of Conspiracy to Steal Trade Secrets

Belonging to GlaxoSmithKline

Philadelphia, Pennsylvania, 05.05.2022, 12:23 Time

USPA NEWS - United States Attorney Jennifer Arbittier Williams announced that Gongda Xue, 52, formerly a resident of Allschwil, Switzerland, a legal permanent resident of Switzerland and citizen of China, was convicted after trial of charges related to his participation in a conspiracy to steal trade secrets from GlaxoSmithKline (GSK) pertaining to biopharmaceutical products under development from January 2010 to January 2016.

During the offense conduct, Gongda Xue worked as a scientist at the Friedrich Miescher Institute for Biomedical Research ("FMI") in Switzerland, which is affiliated with Novartis. His sister, Yu Xue, worked as a scientist at GSK in Pennsylvania. Both the defendant and his sister conducted cancer research as part of their employment at these companies. Their research was sensitive and confidential. Consequently, GSK and FMI required Yu Xue and Gongda Xue respectively to sign confidentiality agreements as part of their employment. While the defendant performed basic research for publication in journals, the defendant's sister performed research relating to GSK's anti-cancer drugs under development. Evidence presented at trial showed that the defendant knew that GSK's research could prove incredibly valuable, and that it was proprietary and confidential.

While working for their respective entities, the defendant and his sister betrayed their employers and shared confidential information for their own personal benefit. Gongda Xue created Abba Therapeutics AG in Switzerland and Yu Xue and her associates formed Renopharma, Ltd., in China. Both companies intended to develop their own biopharmaceutical anti-cancer products. Renopharma received direct funding and support from the government of China. Gongda Xue stole FMI research into anti-cancer products and sent that research to Yu Xue. Yu Xue, in turn, stole GSK research into anti-cancer products and sent that to Gongda Xue. Yu Xue also provided hundreds of GSK documents to her associates at Renopharma. Renopharma then attempted to re-brand GSK products under development as Renopharma products and attempted to sell them for billions of dollars. Renopharma's own internal projections showed that the company could be worth as much as $10 billion based upon the stolen GSK data.

Fortunately, in January 2016, the FBI arrested Yu Xue and her Renopharma associates, seized e-mail accounts containing the stolen GSK data, and seized the funds in a Renopharma bank account in order to prevent Renopharma from achieving its goals and monetizing the stolen GSK information. Gongda Xue was charged in 2018 and extradited from Switzerland to the United States in December 2019.

Two former GSK employees, Yu Xue and Lucy Xi, have pleaded guilty for their roles in sending GSK trade secrets to Renopharma. Yu Xue's sister, Tian Xue, pleaded guilty to a money laundering conspiracy for agreeing to launder the substantial ill-gotten gains which Renopharma expected to receive. One of the directors of Renopharma, Tao Li, also pleaded guilty for his role in conspiring to steal GSK trade secrets. The other director of Renopharma, Yan Mei, is a fugitive who currently resides in China.

"This defendant illegally stole trade secrets to benefit companies controlled by himself and his sister, one of which were financed by the Chinese government," said U.S. Attorney Williams. "The lifeblood of companies like GSK is its intellectual property, and when that property is stolen and transferred to a foreign country, it threatens thousands of American jobs and disincentivizes research and development. Such criminal behavior must be prosecuted to the fullest extent of the law."

"When a company like GSK spends billions on research and development to bring new drugs to market, the theft of valuable trade secrets poses a significant operational threat," said Jacqueline Maguire, Special Agent in Charge of the FBI's Philadelphia Division. "When those secrets are stolen on behalf of a global adversary, it also endangers the security of our nation and the stability of our economy. The FBI will continue to bring all our investigative resources to bear to hold accountable criminals like Xue and his codefendants who steal intellectual property to benefit themselves and the Government of China. Our relationships with private sector partners like GSK are critical to disrupting such costly activity and bringing those responsible to justice."

The case was investigated by the Federal Bureau of Investigation and is being prosecuted by Assistant United States Attorneys Robert J. Livermore and J. Jeanette Kang. Extradition assistance was provided by the U.S. Department of Justice, Office of International Affairs. The U.S. Attorney would also like to thank GlaxoSmithKline and Novartis for their extraordinary cooperation on

this important investigation.

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Wendy writes for the United States Press Agency and is a former columnist with the Fulton County Expositor, Wauseon, Ohio.

Source: Department of Justice, U.S. Attorney's Office, Eastern District of Pennsylvania press release May 2, 2022

Article online:
https://www.uspa24.com/bericht-20665/scientist-convicted-of-conspiracy-to-steal-trade-secrets.html

Editorial office and responsibility:
V.i.S.d.P. & Sect. 6 MDStV (German Interstate Media Services Agreement): Wendy Westhoven, in Hungary

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Editorial program service of General News Agency:
United Press Association, Inc.
3651 Lindell Road, Suite D168
Las Vegas, NV 89103, USA
(702) 943.0321 Local
(702) 943.0233 Facsimile
info@unitedpressassociation.org
info@gna24.com
www.gna24.com