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Silicon Valley Engineer Indicted for Stealing Trade Secrets and Computer Fraud

The United States Attorney for the Northern District of California announced that Suibin Zhang, 37, of San Jose, California, was charged late yesterday by a federal grand jury in San Jose in a nine-count indictment alleging computer fraud; theft and unauthorized downloading of trade secrets; and the unauthorized copying, transmission and possession of trade secrets.

In particular, the indictment charges three counts of computer fraud in violation of 18 U.S.C. § 1030(a)(4); three counts of theft, misappropriation and unauthorized downloading of trade secrets in violation of 18 U.S.C. §§ 1832(a)(1), (2) and (4); two counts of unauthorized copying and transmission of trade secrets in violation of 18 U.S.C. §§ 1832(a)(2) and (4); and one count unauthorized possession of stolen trade secrets in violation of 18 U.S.C. §§ 1832(a)(3) and (4).

Mr. Zhang entered not guilty pleas to the charges this morning before U.S. Magistrate Judge Richard Seeborg, who released Mr. Zhang pending trial on a $500,000 bond. Mr. Zhang's next scheduled court appearance is January 23, 2005, at 9:00 a.m. before U.S. District Judge Ronald M. Whyte.

The indictment alleges the following:

Mr. Zhang was employed by Netgear, Inc. ("Netgear") as an engineer, and later product development manager, from August 2000 until April 2005. Netgear, a Sunnyvale-based company that sells computer networking products, was a customer of both Marvell Semiconductor, Inc., and Broadcom Corporation. Both Marvell and Broadcom sell semiconductor chips for use in broadband communications devices. As a Netgear employee, and pursuant to a non-disclosure agreement and other restrictions, Marvell permitted Mr. Zhang controlled access to trade secret information about its products on Marvell's Extranet, a Web site for its customers.

On March 8, 2005, Mr. Zhang accepted a position at Broadcom in its network switching group, and announced his intention to leave Netgear. Immediately following that announcement, on March 9, 2005, and later on March 16 and 18, the indictment alleges that Mr. Zhang committed computer fraud by downloading dozens of files from Marvell's Extranet containing proprietary and trade secret information about Marvell's switches and transceiver products. The indictment alleges, for example, that between 9:52 a.m. and 10:43 a.m. on March 9, 2005, Mr. Zhang downloaded over 30 confidential documents from Marvell's Extranet concerning a broad range of Marvell products. A week later, between 10:38 a.m. and 10:45 a.m. on March 16, 2005, Mr.

Zhang downloaded over 20 Marvell documents from the extranet. Finally, in a nine minute span on March 18, 2005, Mr. Zhang downloaded over a dozen additional documents containing confidential and trade secret information about Marvell's products.

On April 27, 2005, two days after beginning work at Broadcom, Mr. Zhang allegedly loaded many of the files containing Marvell's trade secrets onto a laptop computer that had been issued to Mr. Zhang by Broadcom. Later, on June 2, 2005, Mr. Zhang allegedly emailed certain Marvell trade secrets to other Broadcom employees.

The maximum penalties for each of the computer fraud counts is 5 years imprisonment, a $250,000 fine or twice the gross gain or loss and 3 years supervised release. The maximum penalties for each of the trade secret counts is 10 years imprisonment, a $250,000 fine or twice the gross gain or loss and 3 years supervised release.

An indictment simply contains allegations against an individual and, as with all defendants, Mr. Zhang must be presumed innocent unless and until convicted.

The investigation was overseen by the Computer Hacking and Intellectual Property (CHIP) Unit of the United States Attorney's Office. Christopher P. Sonderby, Chief of the CHIP Unit, is the Assistant U.S. Attorney from the CHIP Unit prosecuting the case. This prosecution is the result of an investigation by the FBI.

Further Information:

A copy of this press release and related court filings may be found on the U.S. Attorney's Office's website at www.usdoj.gov/usao/can.

Electronic court filings and further procedural and docket information are available at https://ecf.cand.uscourts.gov/ (click on the link for "to retrieve documents from the court").

Judges' calendars with schedules for upcoming court hearings can be viewed on the court's website at www.cand.uscourts.gov.

All press inquiries to the U.S. Attorney's Office should be directed to Assistant U.S. Attorney Christopher P. Sonderby, Chief of the CHIP Unit, at (408) 535-5037, or Luke Macaulay at (415) 436-6757 or by email at Luke.Macaulay@usdoj.gov.

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