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**Department of Justice**

Office of Public Affairs

FOR IMMEDIATE RELEASE

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**Top Executives at Kolon Industries Indicted for Stealing  
DuPont's Kevlar Trade Secrets**

*Also Charged with Conspiracy to Steal Intellectual Property from  
Japan-Based Teijin Limited*

Kolon Industries Inc. and several of its executives and employees have been indicted for allegedly engaging in a multi-year campaign to steal trade secrets related to DuPont's Kevlar para-aramid fiber and Teijin Limited's Twaron para-aramid fiber. The indictment seeks forfeiture of at least \$225 million in proceeds from the alleged theft of trade secrets from Kolon's competitors.

The charges were announced today by U.S. Attorney for the Eastern District of Virginia Neil H. MacBride; Assistant Attorney General Lanny A. Breuer of the Justice Department's Criminal Division; and Jeffrey C. Mazanec, Special Agent in Charge of the FBI's Richmond Field Office.

"Kolon is accused of engaging in a massive industrial espionage campaign that allowed it to bring Heracron quickly to the market and compete directly with Kevlar," said U.S. Attorney MacBride. "This country's greatest asset is the innovation and the ingenuity and creativity of the American people. The genius of free enterprise is that companies compete on the excellence of their ideas, products and services – not on theft. This indictment should send a strong message to companies located in the United States and around the world that industrial espionage is not a business strategy."

"By allegedly conspiring to steal DuPont's and Teijin's intellectual property, Kolon threatened to undermine an economic engine at both companies," said Assistant Attorney General Breuer. "Developing Kevlar and Twaron was resource-intensive work, and required strategic investment and ingenuity. Kolon, through its executives and employees, allegedly acted brazenly to profit off the backs of others. The Justice Department has made fighting intellectual property crime a top priority, and we will continue to aggressively prosecute IP crimes all over the country."

"It's critical that law enforcement aggressively investigate crimes of intellectual property theft, such as this one," said FBI Special Agent in Charge Mazanec. "If not, intellectual creativity and our economy will be compromised. As a member of the Department of Justice Task Force on Intellectual Property, our office will investigate any company, domestic or international, that steals confidential proprietary information for their own benefit. We will pursue those that prey on the originality and vision of hardworking businesses who conduct their own research, obtain patents and market a successful product."

Headquartered in Seoul, South Korea, Kolon was indicted by a grand jury in Richmond, Va. The indictment charges Kolon with one count of conspiring to convert trade secrets, four counts of theft of trade secrets and one count of obstruction of justice.

Kolon makes a product called Heracron, which is a recent entrant into the para-aramid fiber market as a competitor to products called Kevlar and Twaron. Para-aramid fibers are used to make, for example, body armor, fiberoptic cables and automotive and industrial products. Kevlar is produced by E. I. du Pont de Nemours and Company (DuPont), one of the largest chemical companies in the United States. For decades, Kevlar has competed against Twaron, a para-aramid fiber product produced by Teijin Limited, one of the largest chemical companies in Japan.

According to the indictment, from July 2002 through February 2009, Kolon allegedly sought to improve its Heracron product by targeting current and former employees at DuPont and Teijin and hiring them to serve as consultants, then asking these consultants to reveal information that was confidential and proprietary.

The indictment alleges that in July 2002, Kolon obtained confidential information related to an aspect of DuPont's manufacturing process for Kevlar, and within three years Kolon had replicated it. This successful misappropriation of DuPont's confidential information, the indictment alleges, spurred Kolon leadership to develop a multi-phase plan in November 2005 to secure additional trade secret

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information from its competitors, by targeting people with knowledge of both pre-1990 para-aramid technology and post-1990 technologies.

Kolon is alleged to have retained at least five former DuPont employees as consultants. Kolon allegedly met with these people individually on multiple occasions from 2006 through 2008 to solicit and obtain sensitive, proprietary information that included details about DuPont's manufacturing processes for Kevlar, experiment results, blueprints and designs, prices paid to suppliers and new fiber technology. In cases where the consultants could not answer Kolon's specific and detailed questions, Kolon allegedly requested the consultants to obtain the information from current employees at DuPont.

The indictment alleges that during a meeting with one consultant, a Kolon employee surreptitiously copied information from a CD the former DuPont employee had brought with him that contained numerous confidential DuPont business documents, including a detailed breakdown of DuPont's capabilities and costs for the full line of its Kevlar products, customer pricing information, analyses of market trends and strategies for specific Kevlar submarkets. This wealth of information was allegedly copied and dispersed among several Kolon executives and employees, and the indictment alleges that many of these documents and others associated with the consultants were deleted by the Kolon executives and employees after DuPont filed a civil suit against Kolon in 2009.

Kolon also is accused of attempting to recruit a former employee of a Teijin subsidiary, Teijin Twaron, who reported the requests for trade secret information to Teijin Twaron. Legal representatives from Teijin Twaron sent a letter to Kolon in January 2008 demanding that Kolon cease and desist from seeking to obtain trade secrets related to Twaron. After this incident, the indictment alleges that Kolon continued to try to obtain trade secrets, but took additional steps to attempt to avoid detection of its actions.

The indictment alleges that, in August 2008, Kolon employees met with a current DuPont employee in a hotel room in Richmond and discussed how the DuPont employee could provide trade secrets to Kolon without leaving evidence.

In addition to the corporation itself, the following Kolon executives and employees from Seoul were charged with conspiring together to steal trade secrets and obstruction of justice for deleting information from their computers:

- Jong-Hyun Choi, 56, was a senior executive overseeing the Heracron Business Team. He allegedly met with other top executives at Kolon to develop the directives to secure consultants and directly participated in carrying out the directives.
- In-Sik Han, 50, managed Kolon's research and development related to Heracron and was allegedly responsible for overseeing the "consulting" sessions with ex-DuPont employees.
- Kyeong-Hwan Rho, 47, worked for Kolon for more than 25 years and served as the head of the Heracron Technical Team beginning in January 2008. He allegedly participated in the consulting sessions.
- Young-Soo Seo, 48, reported to Choi and served as the general manager for the Heracron Business Team beginning in November 2006. He allegedly participated in the consulting sessions.
- Ju-Wan Kim, 40, was a manager on the Heracron Business Team from September 2007 through February 2009 and reported to Seo. He was the main point of contact at Kolon for at least one of the ex-DuPont employees. He also participated in the consulting sessions.

The conspiracy and theft of trade secrets counts each carry a maximum penalty of 10 years in prison and a fine of \$250,000 or twice the gross gain or loss for individual defendants, and a fine of \$5 million or twice the gross gain or loss for the corporate defendant. The obstruction of justice count carries a maximum penalty of 20 years in prison and a fine of \$250,000 or twice the gross gain or loss for individual defendants, and a fine of \$500,000 or twice the gross gain or loss for the corporate defendant.

The indictment seeks at least \$225 million in forfeiture, which represents the approximate gross proceeds of the sale of Heracron from January 2006 through June 2012, along with \$341,000 in payments made to former DuPont employees in exchange for trade secret information.

The case is being prosecuted by Assistant U.S. Attorneys Timothy D. Belevetz and Kosta S. Stojilkovic of the U.S. Attorney's Office for the Eastern District of Virginia's Financial Crimes and Public Corruption Unit and Trial Attorney John W. Borchert of the Criminal Division's Fraud Section and Senior Counsel Rudolfo Orjales of the Criminal Division's Computer Crime and Intellectual Property Section. This case is being investigated by the FBI's Richmond Field Office.

This case is part of efforts being undertaken by the Department of Justice Task Force on Intellectual Property (IP Task Force) to stop the theft of intellectual property. Attorney General Eric Holder created the IP Task Force to combat the growing number of domestic and international intellectual

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property crimes, protect the health and safety of American consumers, and safeguard the nation's economic security against those who seek to profit illegally from American creativity, innovation and hard work. The IP Task Force seeks to strengthen intellectual property rights protection through heightened criminal and civil enforcement, greater coordination among federal, state and local law enforcement partners, and increased focus on international enforcement efforts, including reinforcing relationships with key foreign partners and U.S. industry leaders. To learn more about the IP Task Force, go to [www.justice.gov/dag/iptaskforce](http://www.justice.gov/dag/iptaskforce).

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Criminal Division

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