Scientist Charged with Stealing Drug Recipes

PAUL FOY, Associated Press

SALT LAKE CITY (AP) — A scientist has been charged with stealing secret recipes from a Utah chemistry company and turning them over to his brother-in-law in India, in what federal authorities say is a crime rarely reported by U.S. companies fearing they will be devalued.

It's the first time authorities have filed industrial espionage charges in Utah, said Karl Schmae, a special agent with the FBI's Salt Lake City office.

Mohapatra, 42, worked for Frontier Scientific Inc., a North Logan company that supplies chemicals for research and drug discovery, said its chief executive, Tim Miller. Miller said Frontier is the only company in the world that can make large, pure quantities of an organic chemical that has several applications, from an ingredient in new drugs to solar cells and batteries. The chemical goes by the name 2,2'-dipyrromethane.

"Our knowledge in making these chemicals is really our value," Miller said. "It's a compound mostly unique to us. We developed the recipe for large quantities" that can be worth millions of dollars per kilogram.

The federal complaint alleged that Prabhu Mohapatra emailed the secrets to his in-law, who was setting up a unregistered, competing company in India called Medchemblox. Authorities tracked Mohapatra's moves on a company computer.

The complaint quoted Mohapatra saying he had an interest in Medchemblox, and emails released by authorities showed Mohapatra trying to cover his tracks under fear of suspicion.

"Please do not make any product currently present in Frontier Scientific's catalogue," Mohapatra wrote on Oct. 29 to his brother-in-law, according to the complaint. "I will lose my job and even could face jail time."

Miller declined to comment on the potential harm to his company. The federal complaint alleged that Medchemblox intended to undercut Frontier by becoming a supplier for the German chemical company Porphyrin Systems. Schmae said the FBI was investigating the "foreign nexus."

Mohapatra will plead not guilty at his Dec. 8 arraignment on a count of theft of trade secrets, his public defender Viviana Ramirez said Tuesday. He was arrested Nov. 14 and released the same day after appearing in federal court in Salt Lake City. The FBI was holding his passport, according to a case that remained sealed until late Monday.

He faces up to 10 years in prison and a $250,000 fine if convicted.

Schmae said industrial espionage is a crime that often goes unnoticed "until you see a competitor showing up with a similar product." Federal authorities are trying to encourage U.S. companies to report thefts of intellectual property, but many companies handle them internally, afraid the news will lower their company's stock value or send investors fleeing, he said.

"In some cases, there's just a lack of awareness that the threat is out there," Schmae said.

Until 1996, the theft of trade secrets wasn't a federal crime, and the FBI had spotty success trying to prosecute such cases using various other statutes, such as wire fraud. Congress then passed the Economic Espionage Act, giving the FBI full authority to pursue the cases.

Miller said he wasn't reluctant to report Mohapatra to authorities.

"We're a small company and we don't have the stick like the U.S. government," Miller said. "Quite often when these trade secrets are stolen, there isn't any recourse for a small company like ours. We didn't hesitate at all."

Mohapatra didn't respond to an email Tuesday from The Associated Press. A phone number listed under his name at a North Logan apartment was disconnected.

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