Chinese CEO Caught Stealing Monsanto And Pioneer Seed

DAVID PITT, Associated Press

DES MOINES, Iowa (AP) — Six men from China including the CEO of a seed corn subsidiary of a Chinese conglomerate have been charged with conspiring to steal patented seed corn from two of the nation's leading seed developers, prosecutors said Thursday.

One man, Mo Hailong, also known as Robert Mo, was arrested Wednesday in Miami, where he lives, said U.S. Attorney Nicholas Klinefeldt, the Des Moines-based federal prosecutor for central Iowa. Mo is charged with conspiracy to steal trade secrets. The other five men charged are being sought by federal authorities, Klinefeldt said.

Court documents read like an espionage novel with Chinese men found crawling on their knees in Midwest cornfields secretly stealing corn ears and federal agents obtaining court orders to tap the cell phone and bug the rental car of the CEO of Kings Nower Seed, a subsidiary of Beijing-based conglomerate DBN Group.

The FBI also placed GPS tracking devices on cars and tracked the men as they moved around the Midwest countryside stopping at cornfields and buying bags of seed from dealers in Iowa and Missouri.

Mo did not yet have an attorney appointed for him. Kings Nower Seed did not immediately return an email message.

The other men charged include Li Shaoming, CEO of Kings Nower Seed and employees Wang Lei, Ye Jian, and Lin Young. They all live in China, which shares no extradition agreement with the U.S.

Wang Hongwei, a dual citizen of China and Canada, who lives in Canada, also is charged. Klinefeldt said the U.S. and Canada does have an extradition agreement and all avenues are being considered to bring him into custody.

Court documents allege the men were observed taking corn from test fields containing highly valuable seed owned by Pioneer Hybrid and Monsanto, hiding it in a storage unit near Des Moines and eventually taking it to farm in Monee, Ill., which the FBI said had been purchased by Kings Nower Seed in March 2012.

In August 2012, the FBI attached listening and GPS tracking devices to a car rented by Lin and Ye and recorded conversations about how they collect seed, what they would do with it, what might happen if they get caught, and how Li was directing the activity.

On Sept. 30, 2012, the FBI tracked Ye and Li as they prepared to fly from Chicago to

China. U.S. Customs searched them and found corn seed in their luggage. Ye had seed concealed in his pockets 13 napkins from a Subway sandwich shop.

Wang flew to Burlington, Vt., and rented a car to drive into Canada. The FBI notified border agents to watch for him and he was searched. According to court documents, 44 bags containing corn seeds were hidden under the car seat and in his luggage.

Seed developers like Monsanto and Pioneer spend millions of dollars and years to develop new varieties and carefully protect them against theft to maintain a competitive advantage.

"The goal of the individuals participating in this scheme was to obtain the benefit of research and development of U.S. companies without making the same investments themselves," said Tom Metz, special agent in charge of the FBI's Omaha Division.

He said the foreign companies steal trade secrets, allowing them "to undercut U.S. companies on a global basis as they can oftentimes sell the products they have stolen on a cheaper basis than U.S. corporations."

The loss to a U.S. seed corn manufacturer of a patented seed line is a minimum of $30 million to $40 million and from five to eight years of research time, Klinefeldt said.

"Monsanto takes this development seriously and is cooperating with the U.S. Attorney's office and the Federal Bureau of Investigation on this matter as requested," said Lee Quarles, a company spokesman said in an emailed statement.

Pioneer spokeswoman Jane Slusark said in an email the company is "committed to protect the integrity of DuPont proprietary science and technology for the benefit of our shareholders, customers, and employees."

The charges are the culmination of a 2½ year investigation by the FBI that began in the summer of 2011 after Mo, Wang, and Li were found in a Bondurant field of a farmer growing test seed for Monsanto.

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