

Ex-Valspar Chemist Gets 15 Months For Secrets Theft

By **Erin Coe**

Law360, New York (December 9, 2010) -- A former Valspar Corp. chemist who pled guilty to stealing trade secrets worth as much as \$20 million from the Chicago-based paint maker has received a sentence of 15 months in federal prison.

Judge Robert Gettleman of the U.S. District Court for the Northern District of Illinois on Wednesday handed down the sentence against David Yen Lee of Jersey City, N.J., and also ordered him to pay nearly \$31,000 to reimburse Valspar for its internal investigation costs.

Lee will begin serving the sentence next year, and the judgment indicated that when Lee is released from prison, he will be on supervised release for three years and will be barred from accepting employment in the paint industry.

"My client has accepted responsibility for his actions, and we're grateful for the court's thoughtful consideration of our position and its rejection of the government's request for a sentence of 57 months," said Daniel D. Rubinstein, a Greenberg Traurig LLP lawyer representing Lee.

The sentence was issued after Lee entered a plea deal in September with prosecutors, admitting that he used his access to Valspar's secure internal computer network to steal about 160 secret formulas for paints and coatings as he prepared to leave for a new job with competitor Nippon Paint in Shanghai.

Lee, who was employed as a technical director in Valspar's architectural coatings group since 2006 and formerly lived in Arlington Heights, Ill., also admitted to taking raw materials information, chemical formulas and calculations, sales and cost data, product research, marketing data, internal memos, and other materials from the company's offices in Wheeling, Ill.

He pled guilty to one count of theft of trade secrets after being charged in early 2009.

While at Valspar, Lee was responsible for scouting new paint technologies, working with other paint laboratories, coordinating staffing and projects with Valspar's China-based unit Huarun Ltd., and overseeing the company's technical service group's paint coloring experiments.

According to the plea agreement, Lee started negotiating his employment with Nippon in September 2008 and accepted a position in February 2009 to work as vice president of technology and administrator of research and development beginning in April 2009. He did not tell Valspar that he had accepted the job at Nippon until he resigned in March 2009, the plea deal said.

It also said Lee downloaded technical documents and materials belonging to Valspar between November 2008 and March 2009, and copied certain files to external thumb drives with an intent "to convert a trade secret to the economic benefit of someone other than the owner."

Lee is represented by Daniel D. Rubinstein and Abigail A. Clapp of Greenberg Traurig LLP.

The case is United States v. Lee, case number 1:09-00290, in the U.S. District Court for the Northern District of Illinois.

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