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10 Attorneys for Plaintiff  
 11 UNITED STATES OF AMERICA

12 UNITED STATES DISTRICT COURT

13 FOR THE CENTRAL DISTRICT OF CALIFORNIA

14 UNITED STATES OF AMERICA,  
 15 Plaintiff,  
 16 v.  
 17 LIMING LI,  
 18 Defendant.

No. 5:23-cr-00096-JAK

GOVERNMENT'S SENTENCING POSITION  
 FOR DEFENDANT LIMING LI

Hearing Date: May 8, 2025  
 Hearing Time: 8:30 a.m.  
 Location: Courtroom of the  
 Hon. John A.  
 Kronstadt

20 Plaintiff United States of America, by and through its counsel  
 21 of record, the United States Attorney for the Central District of  
 22 California and Assistant United States Attorneys Aaron Frumkin,  
 23 Solomon Kim, and David Ryan, hereby files its Sentencing Position for  
 24 defendant Liming Li in the above-captioned case.

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**MEMORANDUM OF POINTS AND AUTHORITIES**

**I. INTRODUCTION**

Defendant Liming Li ("defendant") stole thousands of proprietary source code files containing trade secrets relating to metrological technology and equipment from his prior employer, U.S. Company #1. After defendant was terminated from U.S. Company #1, he used the trade secrets for his own economic benefit, including to secure a lucrative contract with a Chinese company ("Suzhou Universal") involved in metrological technology. When defendant was arrested in this case upon returning from China, he had on his laptop many of the trade secret source code files, which he had renamed so they would appear as though they belonged to Suzhou Universal. Defendant's criminal conduct resulted in at least \$206,582.29 in total losses: \$17,675 in actual losses to U.S. Company #1, and \$188,907.29 in ill-gotten wages defendant received from Suzhou Universal.

The government agrees with the base offense level and the loss amount calculated by the United States Probation Office in the Presentence Report ("PSR"). The government submits, however, that the Court should apply a two-level enhancement under U.S.S.G. § 2B1.1(14)(A), because defendant knowingly transported the trade secrets out of the United States, as discussed further below. With that enhancement, the Guidelines range is 12 to 18 months.

In light of defendant's sustained and brazen criminal activity, which involved not only stealing the trade secrets of his former employer but then using them to get hired by a Chinese competitor and seeking to pass the trade secrets off as source code developed for that competitor, the government recommends that the Court impose a high-end Guidelines sentence of 18 months' imprisonment, to be

1 followed by three years of supervised release, which is at the high  
2 end of the applicable Guidelines range. See U.S.S.G. § 5E1.2(c)(3).  
3 The government also requests that the Court order restitution in the  
4 amount of \$17,675 to be paid to U.S. Company #1.

5 **II. FACTUAL BACKGROUND**

6 **A. 1996-2018: Defendant Works for and Then Illegally Retains**  
7 **Trade Secrets from U.S. Company #1**

8 From 1996 to 2013, defendant worked for U.S. Company #1, which  
9 specializes in precision measuring instruments and metrological  
10 technology and equipment. (Plea Agreement, Dkt. No. 49 ¶ 13.) The  
11 company designs and sells a range of products such as micrometers,  
12 calipers, coordinate measuring machines (CMMs), and optical  
13 measurement systems. (Id.) U.S. Company #1 is a leader in this  
14 field. (Id.)

15 From 1996 to 2007, defendant worked for U.S. Company #1 as a  
16 Senior Software Engineer within the Central District of California.  
17 (Id.) From 2007 to June 2013, defendant worked for U.S. Company #1  
18 as a Program Manager. (Id.) From July 2013 to on or about January  
19 17, 2018, defendant worked for a wholly owned subsidiary of U.S.  
20 Company #1 as Chief Technologist. (Id.)

21 U.S. Company #1 develops and sells proprietary software  
22 ("Software Program #1"). (Id.) Software Program #1 enables  
23 integration of high-precision coordinate measuring machines with  
24 computer-based software, allowing users to communicate the  
25 measurements and tolerances of a product to computer-based software  
26 and make computer-aided design inspections of the product. (Id.)  
27 While employed at U.S. Company #1 and its wholly owned subsidiary,

1 defendant worked on the development of the source code for Software  
2 Program #1. (Id.)

3 The source code for Software Program #1 is considered  
4 proprietary information owned solely by U.S. Company #1 ("Proprietary  
5 Information") and is used in U.S. Company #1's interstate and foreign  
6 commerce or communication. (Id.) The Proprietary Information  
7 included the software source code files described as Trade Secrets #1  
8 through #6 in the Indictment. (Id.) Each of those source code files  
9 contains trade secret information as defined in 18 U.S.C. § 1839(3).  
10 (Id.) U.S. Company #1 has taken reasonable measures to protect  
11 Proprietary Information in the networks in which it is stored. (Id.)  
12 Among other measures, U.S. Company #1 requires employees to sign an  
13 Employee Handbook and Confidentiality Agreement (NDA), both of which  
14 defendant signed on July 1, 2013. (Id.) The aforementioned  
15 documents state that employees must keep information received from  
16 U.S. Company #1 including "project files," "records," and "computer  
17 files" confidential; must not disclose any of U.S. Company #1's  
18 "Proprietary Information" without prior authorization; and must, upon  
19 termination, return to U.S. Company #1 all items which come into the  
20 employee's possession by virtue of his employment including any  
21 writings, records, or data containing Proprietary Information  
22 belonging to U.S. Company #1. (Id.) The Confidentiality Agreement  
23 includes within the scope of "Proprietary Information" computer  
24 programs, scientific or technical information, scientific or  
25 production techniques, specifications, data, technology, and trade  
26 secrets relating to the business activities of U.S. Company #1.  
27 (Id.)

28

1 By signing the Confidentiality Agreement on July 1, 2013,  
2 defendant understood and acknowledged that any violation of the terms  
3 of the Confidentiality Agreement would damage U.S. Company #1's  
4 interests and could result in economic damages to U.S. Company #1.  
5 (Id.) Per the Confidentiality Agreement, U.S. Company #1 prohibits  
6 its employees from making reproductions of Proprietary Information  
7 unless given written permission. (Id.)

8 When defendant worked for U.S. Company #1, defendant would, on  
9 occasion, download U.S. Company #1's Proprietary Information onto his  
10 personal devices. (Id.) Defendant did not recall receiving any  
11 written permission from U.S. Company #1 allowing him to do so. (Id.)  
12 Defendant was terminated from the wholly owned subsidiary of U.S.  
13 Company #1 on January 17, 2018. (Id.) Defendant did not return all  
14 the Proprietary Information belonging to U.S. Company #1 that  
15 defendant possessed at the time, which violated the Confidentiality  
16 Agreement defendant signed for U.S. Company #1 on July 1, 2013.  
17 (Id.)

18 **B. 2018-2019: Defendant Seeks Contracts with Smart**  
19 **Manufacturing Companies in China**

20 After defendant was terminated from the wholly owned subsidiary  
21 of U.S. Company #1 and retained possession of its Proprietary  
22 Information, defendant opened a consulting company named JSL  
23 Innovations Inc in February 2018. (Id.)

24 In May 2019, defendant was hired as a Software Development  
25 Director for another company in Southern California ("U.S. Company  
26 #2") that specializes in industrial metrology equipment and  
27 technology, with particular emphasis on the automotive and aircraft  
28 industries. (Dkt. 1 ¶ 36.) In November 2019, U.S. Company #2

1 terminated defendant. (Id. ¶ 38.) After being notified of his  
2 termination, defendant requested access to his company-issued  
3 computer to remove photographs and other personal files. (Id.) An  
4 employee of U.S. Company #2 observed defendant and saw that, after a  
5 certain point, defendant had stopped downloading personal items and  
6 started downloading other unknown files from U.S. Company #2's root  
7 directory on the laptop. (Id.) The employee instructed defendant to  
8 stop, had defendant removed from the premises, and then inspected the  
9 root directory on the laptop and discovered a folder named  
10 "ChinaGovernment." (Id.)

11 U.S. Company #2 provided the FBI a copy of the laptop. As  
12 discussed below, within the "ChinaGovernment" folder, FBI agents  
13 found several documents from throughout 2018 and 2019 detailing  
14 (1) defendant's efforts to join the Chinese government's Thousand  
15 Talents Program; and (2) defendant's efforts to market metrology and  
16 smart manufacturing technology supposedly developed by JSL  
17 Innovations to various entities in China. Defendant's marketing  
18 documents included images and descriptions of technology that  
19 mirrored the technology developed by U.S. Company #1.

20 1. 2018-2019: Defendant Applied to the PRC Government's  
21 Thousand Talents Program

22 The Peoples Republic of China ("PRC") government has established  
23 several "Talent Programs" to recruit individuals outside the PRC who  
24 have expert skills, abilities, and knowledge that would aid in  
25 transforming the PRC's economy.<sup>1</sup> (Id. ¶ 25.) The PRC government  
26

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27  
28 <sup>1</sup> See also <https://www.fbi.gov/investigate/counterintelligence/the-china-threat/chinese-talent-plans> (accessed April 21, 2025).

1 administers the Talent Programs, including the seminal, national-  
2 level program known as the Thousand Talents Program. (Id.) To  
3 entice high-caliber applicants willing to relocate to the PRC, the  
4 PRC government rewards recruits to the Talent Programs with  
5 significant financial and social incentives. (Id. ¶ 30.) Each  
6 Talent Recruit draws a salary from a PRC-based employing unit, such  
7 as a laboratory or research organization, which sponsors or  
8 facilitates applications. (Id.)

9 Within the "ChinaGovernment" folder on defendant's work-issued  
10 computer, defendant possessed a draft application dated July 2018,  
11 titled "1000 Talent Plan Application (Long Term Program)." (Id. ¶  
12 40(d).) The application was for the 1000 Talents Plan at the Hebei  
13 Academy of Sciences for industrial software development in the field  
14 of smart manufacturing. (Id.) Defendant's application described his  
15 work history, including his tenure at U.S. Company #1, and listed  
16 three patents for which defendant identified himself as the owner.  
17 (Id.) In fact, however, records maintained by the United States  
18 Patent Office show that while defendant was listed as the inventor on  
19 the three patents, U.S. Company #1 was listed as the assignee. (Id.)  
20 Defendant stated in the application he had 20 years of experience at  
21 U.S. Company #1 and now wanted to "promote smart manufacturing  
22 implementation for Chinese Enterprise." (Id.) The "ChinaGovernment"  
23 folder also contained other documents and correspondence in  
24 furtherance of defendant's application. (Id. ¶¶ 40(a)-(e).)

25 2. 2018-2019: Defendant Marketed Smart Manufacturing  
26 Technology to Businesses in China

27 Also within the "ChinaGovernment" folder on defendant's work-  
28 issued computer, defendant possessed numerous documents reflecting

1 his efforts to provide technology related to the work of U.S. Company  
2 #1 and U.S. Company #2 to entities in the PRC. For example,  
3 defendant had a March 2018 presentation in which he outlined his  
4 plans to introduce technologies into the PRC relevant to the PRC  
5 government's "Made in China 2025" initiative, which aimed to upgrade  
6 the Chinese economy through the promotion and development of specific  
7 advanced technology industries. (Id. ¶ 42(a).) Defendant's  
8 presentation outlined JSL Innovations' plans to introduce smart  
9 manufacturing technology to implement 3-D aircraft design. (Id.) It  
10 stated that the PRC currently relied often on foreign software, and  
11 JSL Innovations wanted to help China make indigenous smart  
12 measurement software. (Id.) One of the images of smart  
13 manufacturing technology in the presentation matched an image  
14 provided in a U.S. Company #1 PowerPoint presentation. (Id.)

15 Defendant also had a document in the "ChinaGovernment" folder  
16 titled "Promote Smart Manufacturing Implementation for Chinese  
17 Enterprises." (Id. ¶ 42(c).) That document outlined the importance  
18 of smart manufacturing to "promote 'Made in China 2025' manufacturing  
19 plan." (Id.) It stated that JSL Innovations "develops the needed  
20 software and provides the best solution in short time and low cost to  
21 solve the problems. With a team of developers, experts, and  
22 marketers, JSL Innovations works on developing beautiful, powerful,  
23 and user-friendly solutions customized for the customer's  
24 satisfaction." (Id.) In fact, JSL Innovations did not have a team  
25 of developers, and had not developed its own software program to  
26 offer to customers. Instead, the document included images of U.S.  
27 Company #1's software and stated that the software is used for  
28 digital automation in measurement and quality inspection. (Id.)

1 Defendant also had additional similar presentations in the  
2 "ChinaGovernment" folder for other entities in China, including the  
3 China National Institute of Standardization, which is a division of  
4 the PRC government's Standardization Administration, and the  
5 Commercial Aircraft Corporation of China, which is a state-owned  
6 enterprise of the PRC government. (Id. ¶¶ 42(d)-(f).)

7 **C. 2020-2023: Defendant Entered an Agreement with Suzhou**  
8 **Universal for \$170,000 Per Year**

9 Between 2018 and 2020, defendant negotiated a business  
10 arrangement with Suzhou Universal Group Technology Co. Ltd. ("Suzhou  
11 Universal"), a Chinese Chain and Bearing Manufacturer. As part of  
12 those negotiations, defendant claimed that JSL Innovations had  
13 developed its own proprietary software source code that it planned to  
14 release in 2019. (Id. ¶¶ 42(g)-(h).)

15 On March 20, 2020, defendant entered into an employment  
16 agreement with Suzhou Universal. The agreement stated that defendant  
17 would develop technology and intellectual property for Suzhou  
18 Universal in the field of smart manufacturing. (Id. ¶ 47.) The  
19 agreement also contained an intellectual property section that  
20 stipulated that defendant agreed to provide all existing intellectual  
21 property rights and technology to Suzhou Universal. (Id. ¶ 50.)  
22 Defendant does not own any patents, however, and has no intellectual  
23 property rights in the proprietary source code belonging to U.S.  
24 Company #1 and U.S. Company #2. (Id.)

25 In September 2020, the FBI executed a search warrant at  
26 defendant's residence. The FBI seized computers containing millions  
27 of files related to the work of U.S. Company #1 and U.S. Company #2,  
28 including proprietary and trade secret source code files, many of

1 which were stored within folders containing labels such as "JSL" and  
2 "JSL Projects," indicating that defendant was attempting to pass off  
3 the source code as the work of his own company, JSL Innovations.

4 (Id. ¶¶ 52-55.)

5 **D. 2023: Defendant Caught with the Trade Secrets on His**  
6 **Computer, Renamed to Appear as Property of Suzhou Universal**

7 Defendant continued to work for Suzhou Universal until May 6,  
8 2023, when defendant was arrested upon his return to Los Angeles from  
9 China. As defendant has now admitted, during this period, defendant  
10 continued to possess Proprietary Information belonging to U.S.

11 Company #1 and, on more than one occasion, accessed Proprietary  
12 Information belonging to U.S. Company #1 without authorization.

13 (Dkt. 49 ¶ 13.) When defendant was arrested, the FBI searched his  
14 laptop computer and found many of the same trade secret source code  
15 files that were alleged in the Indictment and that the FBI had  
16 previously found on devices it seized from his home in September  
17 2020. (See Ex. 1.) Some of the files contained trade secret source  
18 code that belonged to U.S. Company #1 but had been renamed such that  
19 the file names reflected Suzhou Universal, rather than U.S. Company  
20 #1, indicating that defendant was again attempting to pass off U.S.  
21 Company #1's source code as his own source code in order to provide  
22 it to Suzhou Universal. (Id.)

23 As defendant has admitted, when defendant accessed the Propriety  
24 Information while working for Suzhou Universal, defendant knew that  
25 it belonged to U.S. Company #1, defendant knew that he was not  
26 authorized to access it, and defendant did so for his own economic  
27 benefit and not in order to benefit U.S. Company #1. (Id.) Further,  
28 defendant knew that accessing the Proprietary Information without

1 authorization and for his own benefit would injure U.S. Company #1's  
2 interests. (Id.)

3 **III. DEFENDANT'S APPLICABLE GUIDELINES RANGE**

4 The government concurs with the Guidelines calculations in the  
5 PSR except for the specific offense characteristic highlighted in  
6 bold below:

7 Base Offense Level:	U.S.S.G. § 2B1.1(a)(1)	6
8 Specific Offense Characteristics:		
9 Loss between \$150,000 10 and \$250,000	U.S.S.G. § 2B1.1(b)(1)(F)	+10
11 <b>Misappropriation of trade secret with 12 transmittal out of the U.S.</b>	<b>U.S.S.G. § 2B1.1(b)(14)(A)</b>	<b>+2</b>
13 Adjusted Offense 14 Level:		18
15 Total Offense Level (after acceptance of 16 responsibility and 17 zero-point offender reduction)		13

18  
19 With respect to the applicability of U.S.S.G. § 2B1.1(b)(14)(A),  
20 it is not disputed that defendant traveled to China around May 2023,  
21 at least in part to meet with his employer, Suzhou Universal.  
22 Defendant was arrested upon his return, and his laptop computer was  
23 seized and searched. As discussed below, pursuant to that search,  
24 the government identified many of the trade secret files alleged in  
25 the Indictment on defendant's laptop, including files that had been  
26 renamed such that the file names reflected defendant's Chinese  
27 employer, Suzhou Universal, rather than victim U.S. Company #1, to  
28 whom the trade secrets belonged. (See Ex. 1.) Accordingly, the

1 government submits that these offenses involved misappropriation of  
2 trade secrets where defendant knew and intended that the secrets  
3 would be transported or transmitted out of the United States, under  
4 § 2B1.1(b) (14) (A) .

5 **IV. THE APPROPRIATE SENTENCE IN LIGHT OF 18 U.S.C. § 3553(A)**

6 Defendant stole thousands of sensitive source code files  
7 containing the trade secrets of his long-time employer, U.S. Company  
8 #1. Then, for five years, defendant retained, accessed, and used  
9 those files with the intent to benefit Chinese entities in furtherance  
10 of the PRC government's development goals, and ultimately to obtain  
11 for himself a contract for \$170,000 a year from Suzhou Universal.  
12 While the Guidelines calculation accounts for defendant's ill-gotten  
13 gains and U.S. Company #1's actual loss, it does not account for the  
14 far greater loss that could have occurred had defendant not been  
15 arrested and instead been able to continue using the stolen trade  
16 secrets to help Chinese competitors. Accordingly, the government  
17 submits that a high-end Guidelines sentence of 18 months, followed by  
18 three years of supervised release, is necessary to account for the  
19 factors set forth in 18 U.S.C. § 3553(a) .

20 **A. Nature and Circumstances of the Offense**

21 Defendant breached a position of trust within his employment at  
22 U.S. Company #1, stealing thousands of files to which he had been  
23 given privileged access. He did so knowingly and in violation of  
24 U.S. Company #1's established procedures, on which he had been  
25 trained. He used the stolen trade secrets to develop his own  
26 competing consulting company and secure a lucrative contract from  
27 Suzhou Universal, a Chinese company that is a technological  
28 competitor to victim U.S. Company #1.

1 Indeed, but for the intervention of law enforcement, the loss to  
2 victim U.S. Company #1 could have been far greater. The government  
3 has agreed to a total loss calculation of \$206,582.29, in large part  
4 because of the imprecision associated with calculating intended loss  
5 from research and development costs associated with a software suite,  
6 and because, to the government's knowledge, defendant and Suzhou  
7 Universal had not yet created a viable competing product using the  
8 trade secrets that defendant stole. It is worth noting, however,  
9 that this amount pales in comparison to the many millions of dollars  
10 spent by victim U.S. Company #1 on research and development to create  
11 the trade secret software, and that such research and development  
12 costs have been used to assess intended loss in other federal trade  
13 secret theft cases. Accordingly, defendant's Guidelines calculation  
14 arguably under-represents the scope of the intended loss harm from  
15 his criminal conduct. Given the scope and seriousness of defendant's  
16 conduct, a high-end Guidelines sentence of 18 months is warranted.

17 **B. The History and Characteristics of the Defendant**

18 Defendant's criminal conduct in this case does not reflect a  
19 mere momentary lapse of judgment. Defendant stole thousands of  
20 proprietary files and saved and accessed them over a period of five  
21 years to market his own consulting company and take in over \$200,000.  
22 Defendant then fraudulently re-labeled the trade secret files to pass  
23 them off as belonging first to JSL Innovations and then to Suzhou  
24 Universal. In view of the seriousness of defendant's sustained and  
25 willful criminal conduct, this factor weighs in favor of a high-end  
26 Guidelines sentence of 18 months' imprisonment.

27  
28

1           **C. The Need for the Sentence Imposed to Reflect the**  
2           **Seriousness of the Offense, to Promote Respect for the Law,**  
3           **to Provide Just Punishment, to Protect the Public, and to**  
4           **Afford Adequate Deterrence to Criminal Conduct**

5           Defendant exploited the trust of his U.S. employer and stole its  
6 most sensitive trade secrets for his own benefit, and the benefit of  
7 a competing business in China. Companies like U.S. Company #1 spend  
8 enormous amounts of money and time to protect their trade secrets  
9 from outsider and insider threats, and crimes like defendant's  
10 undermine their competitiveness in the global economy. A high-end  
11 sentence of 18 months is necessary to reflect the seriousness of this  
12 crime, and to protect U.S. business interests by deterring this  
13 defendant and others from committing similar crimes.

14           **D. Restitution**

15           Pursuant to the Mandatory Victim Restitution Act of 1996, the  
16 government submits that the appropriate restitution in this case is  
17 the actual losses incurred by U.S. Business #1: \$17,675.

18           **V. CONCLUSION**

19           For the reasons set forth above, the government respectfully  
20 requests that the Court impose a term of incarceration of 18 months,  
21 to be followed by a three-year term of supervised release, under the  
22 terms and conditions recommended by the USPO. The government also  
23 requests that the Court order restitution in the amount of \$17,675.  
24 The government submits that this sentence is sufficient, but not  
25 greater than necessary, to serve the legitimate purposes of  
26 sentencing set forth in 18 U.S.C. § 3553(a).  
27  
28