

Associated Press
March 31, 2004

LOS ANGELES, CA -- A woman accused as a double-agent for China who had an affair with an **FBI** agent talked with a Chinese government official and shared secret information about other agents, according to court papers.

Recent briefs filed by prosecutors reveal new details in the government's case against Katrina Leung and now-retired **FBI** agent James J. Smith. Leung was a longtime **FBI** source of Chinese intelligence for the **FBI** but also began working for the Chinese Ministry of State Security around 1990, supplying information about her **FBI** employers, federal prosecutors allege in the recent briefs. The court documents refer to three documents found at Leung's home during a December 2002 search. One document was a seven-page report, labeled secret, from the **FBI**'s legal attache in Hong Kong, dated June 12, 1977, the court papers say.

Prosecutors said it contained information from a source about China's intelligence-collecting capabilities and surveillance tactics, and details about the operations of the Ministry of State Security and the Ministry of Public Security. Another document recounted eight conversations Leung allegedly had with her handler at the Chinese agency in 1990 and 1991. They discussed an **FBI** agent's upcoming assignment in China, the flight to the United States by relatives of a Chinese defector and travel to China by a target of an **FBI** investigation, according to prosecutors. A third document contains a list of agents assigned to investigate TRW scientist Peter Lee, who pleaded guilty in 1997 to passing classified secrets to Chinese scientists, and included the agents' assignments and telephone numbers.

Smith, 59, is charged with failing to disclose his relationship with Leung, allowing her to access classified documents and mail fraud relating to reports he sent to **FBI** headquarters about her reliability. He faces 40 years in prison if convicted. Leung is accused of taking classified documents from Smith's briefcase to benefit a foreign nation and could face up to 14 years in prison if convicted. Both have pleaded innocent. Defense attorneys John D. Vandavelde and Janet I. Levine have maintained that Leung was a double-agent loyal to the United States, not China. They issued a statement saying they couldn't comment freely because of court restrictions on the case.

T-16
FBI