

6 plead guilty in \$100 million software piracy case

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Six people pleaded guilty to charges related to more than \$100 million in stolen software such as Windows XP that authorities said was one of the largest such piracy schemes prosecuted by the U.S. government.

Tammy Dickinson, U.S. attorney for the western district of Missouri, said the case involved more than \$100 million worth of stolen or counterfeit [software](#) products, including about 170,000 access codes for Adobe Systems and Microsoft products, including Windows 7 and Windows XP. Product key codes are used to obtain access to various copyrighted software programs.

Federal authorities also confiscated more than \$20 million in assets, including \$10 million from bank and investment accounts and 27 pieces of real estate valued at a total of about \$10 million, Dickinson said. Authorities estimate the defendants made about \$30 million in profits from selling the pirated software.

"Software piracy is a significant economic crime that victimizes not only [software developers](#) and manufacturers, but unwitting customers," she said.

The prosecutor's office also said Microsoft and other software developers have filed civil lawsuits against "many of these defendants."

The investigation, which is ongoing, began in 2013 when authorities learned Casey Lee Ross of Kansas City was buying and re-selling about

30,000 product key codes and other items that allowed access to copyrighted [software products](#). The prosecutor's office said Ross bought the illicit codes well below their market value from sources in China, Singapore and Europe and then resold them to four of the other defendants, who then sold the codes again online.

Ross was accused of obtaining "unauthorized, stolen, illicit, copied, and previously used product key codes using a variety of methods." Prosecutors said in the charging document that some of the software was clearly marked as being promotional, not for resale or academic licensed.

Ross pleaded guilty in June to conspiracy to defraud the U.S. His sentencing is scheduled for February.

Four of the other defendants who pleaded guilty to their roles in the scheme are: Rex Yang of Seattle; Matthew Lockwood, of Denver; Reza Davachi, of Damascus, Maryland, and Arunachalam Annamalai, a citizen of India who lives in Las Vegas, Nevada.

A sixth defendant, Jake Schwartz of Seattle, pleaded guilty to a charge accusing him of knowing about Yang's involvement in the conspiracy and helping conceal it.

Tom Burt, Microsoft vice president and deputy general counsel, said consumers are the "real victims" of these schemes.

"The real victims in these types of cases are consumers who may unknowingly purchase software online they think is legitimate, but instead end up being scammed by fraudsters into purchasing unlicensed software," he said Thursday in an email provided by a public relations firm.

He said in some cases consumers are exposing themselves to spyware, malware and viruses that enable cybercriminals to steal their data, their identity and render their computers completely inoperable.

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