

NEWS RELEASE



OFFICE OF THE UNITED STATES ATTORNEY SOUTHERN DISTRICT OF CALIFORNIA

San Diego, California

*Acting United States Attorney
Stephen P. Clark*

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For Immediate Release

NEWS RELEASE SUMMARY - January 3, 2007

Acting United States Attorney Stephen P. Clark announced that Michael E. Laude was sentenced today in federal court in San Diego following his plea of guilty to stealing trade secrets from Qualcomm, Inc., his former employer, in violation of Title 18, United States Code, Section 1832(a)(1). United States District Judge M. James Lorenz sentenced Mr. Laude to serve three years of probation, pay a \$5,000 fine, and perform 288 hours of community service within 36 months.

According to Assistant U.S. Attorney Mitch Dembin, who prosecuted the case, in his guilty plea Mr. Laude admitted that he was employed by Qualcomm in a number of engineering and product management positions from June 1992 until October 11, 2002. On June 2, 2002, Mr. Laude requested and was granted access to Qualcomm's protected repository for proprietary and confidential source code. In requesting access, Mr. Laude falsely claimed that he needed to review certain applications. In fact, Mr. Laude admitted, he had no work-related reason to access these files. On the next day, June 3, 2002, Mr. Laude applied for a position with Nokia, Inc., a significant competitor of Qualcomm. Between June 2 and June 17,

2002, Mr. Laude downloaded more than 300,000 files of proprietary source code, covering a variety of Qualcomm products, to his home computer. On August 13, 2002, Mr. Laude accepted a position with Nokia, but did not inform Qualcomm. By September 2002, the source code downloaded to Mr. Laude's home computer grew to almost 400,000 files. By October 3, 2002, there were almost 450,000 such files downloaded to Mr. Laude's home computer, reflecting virtually all of Qualcomm's product line. On October 11, 2002, Mr. Laude quit Qualcomm after giving one day's notice. He started working at Nokia the following week. In October 2004, Nokia announced the release of Preminet, a product designed to compete with Qualcomm's Brew Distribution System, and identified Mr. Laude as Preminet's architect. An internal investigation at Qualcomm identified the downloads of source code by Mr. Laude. The source code obtained by Mr. Laude included the source code for the Brew Distribution System. A federal search warrant recovered all of the source code from Mr. Laude's home computer system. There is no evidence that the pilfered source code was used by Mr. Laude at Nokia or otherwise infiltrated Nokia. Nokia cooperated in the federal investigation.

This case was investigated by Special Agents assigned to the Cybercrime Squad of the San Diego Division of the Federal Bureau of Investigation.

DEFENDANT

Case Number: 06cr2147-L

Michael E. Laude

SUMMARY OF CHARGE

One Count - Title 18, United States Code, Section 1832(a)(1) - Theft of Trade Secrets (Felony)

AGENCY

Federal Bureau of Investigation