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**CHINESE NATIONALS CHARGED WITH SOFTWARE PIRACY
AND EXPORTING TECHNOLOGY TO CHINA**

**AMERICAN CUSTOMER PLEADS GUILTY
TO COPYRIGHT INFRINGEMENT CONSPIRACY**

WILMINGTON, Del. - Charles M. Oberly, III, United States Attorney for the District of Delaware, and John P. Kelleghan, Special Agent in Charge, Department of Homeland Security, Homeland Security Investigations (HSI), announced today that Xiang Li and Chun Lan Li, 35, of Chengdu, China, have been charged by the grand jury in a 46-count Superseding Indictment.¹

The Superseding Indictment charges Xiang Li and Chun Lan Li with the following offenses:

- Conspiracy to Circumvent Technological Measure that Protects a Copyrighted Work, in violation of 17 U.S.C. §§ 1201(a)(1)(A) & 1204; and 18 U.S.C. §§ 371 and 2;
- Conspiracy to Traffic in Access Control Circumvention Tools and Services, in violation of 18 U.S.C. §§ 371 & 2; 17 U.S.C. §§ 1201(a)(2) & 1204;
- Conspiracy to Commit Wire Fraud, in violation of 18 U.S.C. § 1343 & 1349;
- Conspiracy to Commit Criminal Copyright Infringement, in violation of 17 U.S.C. § 506(a)(1)(A); 18 U.S.C. § 2319(a) and (b)(1); and 18 U.S.C. §§ 371 and 2;
- Circumvention of Technological Measure that Protects a Copyrighted Work, in violation of 17 U.S.C. §§ 1201(a)(1) & 1204 and 2;
- Trafficking in Access Control Circumvention Tools and Services, in violation of 17 U.S.C. §§ 1201(a)(2) & 1204 and 2;
- Criminal Copyright Infringement, in violation of 18 U.S.C. §§ 2319(b)(1) and 2, and 17 U.S.C. § 506(a)(1)(A);
- Trafficking in Counterfeit Labels, Documentation and Packaging, in violation of 18 U.S.C. § 2318(a) and 2;
- Interstate Transportation of Stolen Goods, in violation of 18 U.S.C. §§ 2314 and 2;
- Smuggling of Goods into the United States, in violation of 18 U.S.C. §§ 545 and 2; and
- Wire Fraud, in violation of 18 U.S.C. § 1343 and 2.

¹ The Superseding Indictment is merely an accusation, and all defendants are presumed innocent unless proven guilty.

The Superseding Indictment charges that the defendants engaged in a course of criminal conduct relating to the unauthorized access to, reproduction and distribution of copyrighted software produced by over 150 manufacturers, mostly American, between April 2008 and June 2011, when Xiang Li was arrested in Saipan by HSI agents. The charges arise out of the defendants' operation of a website called "Crack 99" that sold pirated copies of software in which the access control mechanisms had been "cracked" or circumvented. An international investigation was initiated by HSI after discovering the "Crack 99" website, which advertised the sale of pirated software.

During the course of the conspiracy, the defendants allegedly caused lost retail value of the pirated software in excess of \$100,000,000.

In particular, the Superseding Indictment charges that Xiang Li, Chun Lan Li, and others conspired and engaged in software "cracking;" that is, the willful circumvention of digital license files and access control software created to prevent unauthorized access to copyrighted software products. Xiang Li, Chun Lan Li, and others are alleged further to have conspired and engaged in the unauthorized international distribution and reproduction of "cracked" copyrighted computer software via the Internet. Commercial software is often designed with security features embedded in the software code for the purpose of preventing the unauthorized access or reproduction of the software. Software in which the access controls have been circumvented and is sold without authorization of the copyright owner is "pirated software." The Superseding Indictment charges that Xiang Li unlawfully distributed this pirated software over the Internet by selling the copyrighted works on websites with the domain names www.crack99.com, www.cad100.net, and www.dongle-crack-download.com.

These websites advertised over two thousand different "cracked" software products for sale at a fraction of their retail prices. The advertised pirated software, most of which was created and copyrighted by companies based in the United States, is used in numerous applications including engineering; manufacturing; space exploration; aerospace simulation and design; mathematics; storm water management; explosive simulation; and manufacturing plant design. The prices listed for the pirated software on the websites range from \$20 to \$1,200. The actual retail value of these products ranges from several hundred dollars to over one million dollars.

The Superseding Indictment charges that between April 2008 and June 2011, Xiang Li distributed over 500 pirated copyrighted works to at least 325 purchasers located in the District of Delaware, at least 27 other states, and over 60 foreign countries. More than one-third of these purchases were made by individuals within the United States.

Trial has not been scheduled. Xiang Li faces a maximum statutory sentence of twenty years of incarceration, followed by three years supervised release, the greater of a \$500,000 fine or twice the gain/loss, forfeiture, and a \$100 mandatory special assessment per charge of conviction.

Defendant Chun Lan Li remains at large in Chengdu, China.

United States v. Cosburn Wedderburn

In addition, Charles M. Oberly, III, United States Attorney for the District of Delaware announced that Cosburn Wedderburn, 38, of Windsor Mill, Maryland, a former NASA employee, has pleaded guilty to conspiracy to commit criminal copyright infringement, in violation of 17 U.S.C. § 506(a)(1)(A); 18 U.S.C. §§ 371 and 2319(a). The Wedderburn case was investigated by the Department of Homeland Security, Homeland Security Investigations (HSI) and the NASA

Office of Inspector General.

According to the Information, Wedderburn was a customer of Xiang Li, from whom Wedderburn purchased over one million dollars worth of cracked stolen software. Wedderburn faces a maximum statutory sentence of five years of incarceration; the greater of a \$250,000 fine or twice the gain/loss; three years of Supervised Release; and a \$100 special assessment.

"These cases demonstrate our vulnerability to foreign acquisition of American technology," said U.S. Attorney Charles M. Oberly, III. "I applaud our law enforcement partners for their exceptional dedication in pursuing this major investigation."

"Counterfeiting and intellectual property theft are seriously undermining U.S. business and innovation — more than \$100 million in lost revenue in this one case alone," said ICE Director John Morton. "Homeland Security Investigations is committed to protecting American industry and U.S. jobs from people like Xiang Li, the leader of this criminal organization who believed he could commit these crimes without being held accountable for his actions. Li thought he was safe from the long arm of U.S. law enforcement, hiding half way around the world in cyberspace anonymity. He was sorely mistaken. Whether in China or cyberspace, this arrest is proof that HSI and our partners at the National Intellectual Property Rights Coordination Center are committed to identifying, infiltrating and disrupting these criminal enterprises wherever they exist."

These cases are being prosecuted by David L. Hall and Edward J. McAndrew, Assistant United States Attorneys. For further information, contact United States Attorney Charles M. Oberly, III, or Assistant United States Attorneys David L. Hall or Edward J. McAndrew at (302) 573-6277.
