

# COMPUTER SOFTWARE COUNTERFEITERS INDICTED

*Nearly 8,000 victims lost more than \$500,000 in online scheme*

PHOENIX - In one of the largest counterfeiting schemes of this type to date nationwide, a 19-count federal indictment was unsealed on January 30, 2009, charging Christopher Loring Walters, 28, of Newport Beach, Calif., and Matthew Thomas Purse, 32, of Gilbert, Ariz., with Conspiracy, Mail and Wire Fraud, Criminal Copyright Infringement, and Trafficking in Counterfeit Labels, Packaging or Containers. The indictment was returned by a federal grand jury in November 2008.

Purse appeared in federal court in Phoenix in December 2008 and was released pending trial, although no firm trial date has been set. Walters remains a fugitive. He is a 28-year-old male with brown hair and blue eyes. He is 5'9" and approximately 170 lbs. Anyone with information regarding his possible whereabouts is urged to call the FBI at 602-279-5511.

The indictment alleges that from September 2004 through February 2006, Walters and Purse created various eBay merchant accounts and other commercial Web sites from which to sell and distribute greatly discounted counterfeit software. The pair, doing business as SoftwareDiner.com, Thesoftwareyard.com, Argyleequity.com, Eagletronics.com, Tekdealer.com, and other business names, advertised on Internet listings that they were authorized distributors of numerous brand name software from legitimate companies. Software victim-entities include Acronis, Apple, Corel, McAfee, Intuit, Sage, FWB, Intego, Macromedia (acquired by Adobe in 2005), Pinnacle, Symantec, Webroot, Roxio - a division of Sonic Solutions, and many other software companies. The indictment alleges at least 8,000 victim-consumers lost in excess of \$500,000 to the scheme. Losses to more than 30 victim-entities nationwide could be much higher.

According to the indictment, Walters and Purse established bank accounts and credit card processing accounts with various financial institutions in order to process victim credit card purchases. They purchased or obtained legitimate versions of copyrighted software from which to create their stock of counterfeit software. They then acquired software duplicating equipment to mass produce and label counterfeit copies cloned from legitimate brand name software. The packaging, branding, and marking of the counterfeit software by the pair was done in the manner similar to how it was marketed and labeled by the actual victim-entity software companies. They then used the U.S. mail and other private commercial carriers to distribute the counterfeit software to victim-consumers across the U.S. and Canada.

In order to track, identify and stop these illegal activities, and to bring the accused parties to justice, the U.S. Postal Inspection Service and the FBI worked closely with Washington, D.C.-based Software & Information Industry Association (SIIA).

Convictions for Mail & Wire Fraud carry a maximum of 20 year sentences, while the other charges carry maximum five year sentences per count. In addition, all the counts carry the possibility of a \$250,000 fine. In determining an actual sentence in the event of a conviction, U.S. District Judge G. Murray Snow will consult the U.S. Sentencing Guidelines, which provide appropriate sentencing ranges. The judge, however, is not bound by those guidelines in determining a sentence.

An indictment is simply the method by which a person is charged with criminal activity and raises no inference of guilt. An individual is presumed innocent until competent evidence is presented to a jury that establishes guilt beyond a reasonable doubt.

The prosecution is being handled by Peter Sexton, Assistant U.S. Attorney, District of Arizona, Phoenix.

CASE NUMBER: CR-08-1359-PHX-GMS

RELEASE NUMBER: 2009-231(Walters, et al)

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