



The United States Attorney's Office

United States Attorney William C. Killian Eastern District of Tennessee

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Charges Filed Involving Distribution of Pirated Motion Pictures

Richard Arnold Also Indicted for Social Security Fraud

GREENEVILLE, Tenn.-- A federal grand jury in Greeneville returned a five-count indictment on May 11, 2011, against Richard and Melissa Arnold of Hampton, Tenn., Kristen Bailey, of Erwin, Tenn., and Reginald Garner of Johnson City, Tenn., for a conspiracy to infringe copyrights, and a conspiracy to traffic in counterfeit labels. Richard Arnold was also indicted for defrauding the Social Security Administration. The Arnolds and Bailey appeared in court on May 12, 2011, before U.S. Magistrate Judge Dennis H. Inman. Garner appeared in court on May 16, 2011. Each defendant entered a plea of not guilty to the charges in the indictment. The defendants were released on bond pending trial, which has been set for July 21, 2011 in U.S. District Court, in Greeneville.

The indictment alleges that the defendants were engaged for over five years in a conspiracy which made unauthorized copies of copyrighted motion pictures on DVDs and the labels for the DVDs, and then sold those pirated DVDs to customers in the Tri-Cities area. As a result of the sale of the pirated DVDs, the indictment also seeks forfeiture of property used to commit the offense and property derived from proceeds obtained from the sale of the pirated DVDs. Furthermore, a money judgment is sought from the Arnolds of at least \$300,000, representing proceeds from the sale of pirated DVDs.

The indictment further alleges that Richard Arnold defrauded the Social Security Administration to receive Social Security Disability Insurance benefits to which he was not entitled, resulting in an overpayment of benefits of over \$59,000.

If convicted, the defendants face a term of up to five years in prison, a fine of up to \$250,000 and supervised release of three years for each count, in addition to the forfeiture of the criminal proceeds of the crimes.

This indictment is the result of a joint investigation by the Federal Bureau of Investigation, Social Security Administration, Office of the Inspector General (SSA-OIG), and Carter County Sheriff's Office. Assistant U.S. Attorney J. Gregory Bowman will represent the United States.

Members of the public are reminded that an indictment constitutes only charges and that every person is presumed innocent until their guilt has been proven beyond a reasonable doubt.