

**UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF LOUISIANA**

UNITED STATES OF AMERICA	*	CRIMINAL NO. 14-144
v.	*	SECTION: "N"
ROBERT BECKMANN	*	
BECKMANN TECHNOLOGIES, INC.	*	
	* * *	

FACTUAL BASIS

The defendant, **ROBERT BECKMANN** (hereinafter "**BECKMANN**"), has agreed to plead guilty as charged to the Bill of Information now pending against him, charging **BECKMANN** with criminal copyright infringement, a misdemeanor, in violation of Title 17, United States Code, Section 506(a)(1)(A), and Title 18, United States Code, Section 2319(b)(3). The defendant, **BECKMANN TECHNOLOGIES, INC.** (hereinafter, "**BTI**"), has agreed to plead guilty as charged to the Bill of Information now pending against it, charging **BTI** with violating Title 18, United States Code, Section 371, by conspiring to violate Title 18, United States Code, Section 2319(b)(1) and Title 17, United States Code, Sections 506(a)(1)(A), 1201(a)(1)(A) and (a)(2)(A), and 1204(a)(1). Both the Government and the defendants, **BECKMANN** and **BTI**, do hereby stipulate and agree that the following facts set forth a sufficient factual basis for the crimes to which **BECKMANN** and **BTI** are pleading guilty. The Government, **BECKMANN** and **BTI** further stipulate that the Government would prove, through the introduction of competent testimony and admissible, tangible exhibits, the following facts, beyond a reasonable doubt, to support the allegations in the Bill of Information now pending against **BECKMANN** and **BTI**:

Mercedes-Benz and the Star Diagnostic System

The Government would present testimonial evidence, including testimony from Special Agents from the Federal Bureau of Investigation (“FBI”), Daimler AG and Mercedes-Benz USA (“MBUSA”), as well as documentary evidence, that Daimler AG was an automaker headquartered in Stuttgart, Germany, that produced and sold Mercedes-Benz (“Mercedes-Benz”) automobiles. Mercedes-Benz USA (“MBUSA”), a division of Daimler AG, was responsible for the distribution and marketing of Mercedes-Benz automobiles in the United States. In addition to automobiles, Daimler AG produced, and MBUSA distributed in the United States, automotive parts and equipment for both commercial and consumer use.

The Government would further establish, through the testimony of employees of Daimler AG and MBUSA, as well as documentary evidence, that Daimler AG produced the Star Diagnostic System (“SDS”), a portable computer designed to aid in the diagnosis of automotive systems with electronic controls and interfaces. Since at least June 2004, the SDS consisted of a tablet-type computer with a touch screen interface running the Windows XP operating system. Included with the SDS was a multiplexer (used for combining signals, and, in effect, negotiating the transmission of diagnostic information between an automobile and the SDS) and various connection cables. Installed on the SDS were software programs created by Mercedes-Benz to diagnose and repair Mercedes-Benz automobiles. Daimler AG also distributed regular software updates to authorized SDS users. The SDS software also sought to prevent unauthorized access to or use of the software by requiring the input of an alpha-numeric code sequence (a “key” or “license key”) to “unlock” the software.

Representatives of Daimler AG and MBUSA would provide testimony to establish that the software contained within the SDS and software updates constituted original works of

authorship created and developed by Daimler AG that were fixed in a tangible medium of expression, now known or later developed, from which they could be perceived, reproduced, or otherwise communicated, either directly or the aid of a machine or device. As such the SDS software and software updates were protected by copyright laws of the United States. *See* 17 U.S.C. § 102(a). Consequently, Daimler AG enjoyed the exclusive right to copy, distribute, and make certain other uses of the SDS software and software updates.

The Government would further introduce documentary evidence that in order to purchase or lease an SDS from MBUSA, a purchaser or lessee had to execute a license agreement that governed the usage and distribution of the SDS and the SDS software. The license agreement stipulated that the software on the SDS was “confidential, proprietary, trade secret information” and that recipients of a license were prohibited from transferring, assigning, or providing the software to others without authorization from Daimler AG or MBUSA.

MBUSA representatives would testify that the SDS was designed to accommodate software updates provided by Daimler AG as often as every month. The updates included information for new vehicles or fixes to flaws or incorrect information in the software. The retail price of a Mercedes-Benz SDS was between approximately \$8,300 and \$22,000 in the United States. Additionally, in some instances, purchasers of the SDS would pay Daimler AG (or, in the United States, MBUSA) an additional several thousand dollars per year to receive regular software updates.

The Parties

Self-authenticating records from the North Carolina Secretary of State would be introduced to establish that **BTI** was a business located in Durham, North Carolina that specialized in the sale of remanufactured Mercedes-Benz parts and equipment. **BECKMANN**

owned, operated, and incorporated **BTI**. Documentary evidence and eyewitness testimony would be introduced to prove that at all times described in the Bill of Information, **BECKMANN** was a resident of Durham, North Carolina. Neither **BECKMANN**, nor **BTI**, nor any of its employees, agents, or partners obtained a license to maintain, modify, resell, or distribute the SDS or SDS software.

The Government would introduce documentary evidence, including business records from the State of Louisiana, that Company A was a Harahan, Louisiana-based company owned by R.W. Company A sold, among other things, replacement parts for Mercedes-Benz automobiles. Additionally, Company A sold diagnostic equipment for automobiles, including diagnostic equipment for Mercedes-Benz automobiles.

The Government would introduce documentary evidence, including business records from the State of California, that Company B was a Rancho Palos Verdes, California-based company owned by M.V. Company B provided a membership-only website to share information relating to the repair of automobiles, including Mercedes-Benz automobiles. M.V. also conducted frequent, regular multi-day diagnostic training seminars around the country focused on Mercedes-Benz automobiles for which individuals could pay and enroll. At the seminars, M.V. and others lectured on matters related to the repair of Mercedes-Benz automobiles. Company A regularly provided money to serve as a “sponsor” for the seminars, and R.W. occasionally spoke at the seminars.

The Conspiracy to Sell Fake SDS

The Government would introduce documentary evidence, including business records and e-mail correspondence, that beginning in about 2001, R.W. and Company A, in conjunction with **BTI**, began developing, manufacturing, and making available for sale non-authentic,

unauthorized (“fake”) SDS units. R.W., Company A, and **BTI**, through its owner, **BECKMANN**, agreed that they would purchase specific, previously agreed-upon models of laptop computers to serve as the SDS units and install modified and duplicated SDS proprietary software created by Daimler AG onto the computers.

The Government would introduce documentary evidence and present eyewitness testimony that **BTI** was responsible for creating hardware later incorporated into fake SDS units, including a “black box” that served the role of a multiplexer. Initially, **BTI** also worked with Company A and R.W. to obtain and manipulate software to load onto their fake SDS.

The Government would introduce documentary evidence and present eyewitness testimony that in about 2004, M.V. learned that **BTI** and Company A were manufacturing and selling fake SDS units. Shortly thereafter, M.V. and Company B began working collaboratively with R.W. and **BTI** to manufacture and sell black boxes and fake SDS units. After M.V. and Company B became involved, R.W., M.V. and **BECKMANN** would regularly discuss the type of computer they would use to create fake SDS units and the price at which they should sell the fake SDS units.

Documentary evidence would be introduced to show that as part of Company A’s “sponsorship” of M.V.’s seminars, Company A received space in the seminar room to advertise and sell fake SDS units. Representatives of **BTI**, including **BECKMANN**, occasionally participated in the seminars as well.

Documentary evidence, including email correspondence, eyewitness testimony, and the testimony of representatives from MBUSA would be introduced to establish that in about 2008, Company A, Company B, and **BTI** began purchasing software for the fake SDS units, as well as updates and “patches” for the software, from J.C., an individual who resided in the United

Kingdom. Company A paid J.C. to manipulate the Daimler AG's proprietary SDS software to make it operate on the laptop computers that Company A, Company B and **BTI** purchased. To make the software operate on ordinary laptop computers, J.C., with the knowledge and approval of Company A, Company B, and **BTI**, bypassed, overrode, and circumvented security protections and protocols Mercedes-Benz embedded in its SDS software to control access to and use of the software. Company A and Company B then installed the software and patches in the laptop computers and combined them with the black boxes manufactured by **BTI**, turning them into fake SDS units. Company A, Company B, and **BTI** then sold the fake SDS units.

Documentary evidence, including email correspondence, would be introduced to demonstrate that **BECKMANN**, R.W., M.V., J.C. and others discussed how to overcome measures Daimler AG continued to implement on updates to its factory-made SDS software "as a direct result of cracks and fixes" that J.C. made as a result of requests made by **BECKMANN**, R.W., and M.V in the aforementioned conspiracy. **BECKMANN**, R.W., M.V., and J.C. further discussed how to keep secret from Daimler AG and MBUSA their manipulation of genuine SDS software, as well as their manufacture and sale of fake SDS units. The Government would further introduce documentary evidence, including invoices and order logs, as well as the testimony of eyewitnesses, that Company A, Company B, and **BTI** used non-specific terms such as "diagnostic," "Misc. Dell," and "Misc. Rebuilt Control Unit" in their invoices and bills documenting the sale of fake SDS units.

The Government would further introduce documentary evidence and testimony from eyewitnesses and Special Agents with the Federal Bureau of Investigation that on about June 16, 2012, upon learning that Daimler AG had notified J.C. that his conduct was in violation of civil and/or criminal laws, M.V sent an e-mail to R.W., J.C., **BECKMANN**, and others concerning a

plan to have J.C. “go underground and off the radar,” but continue to provide assistance and support in the production of fake SDS units. Company A continued to manufacture, offer for sale, and distribute fake SDS units and SDS software updates, some of which included black boxes manufactured by **BTI**. Additionally, on July 13, 2012, law enforcement officials executed search warrants at Company A and Company B.

The Government would introduce eyewitness testimony and documentary evidence that in order to unlock the SDS software, to which Daimler AG had restricted access with technological measures, one needed a multi-character, alpha-numeric key. Thus, M.V., R.W., J.C., **BECKMANN**, Company A, Company B and **BTI** needed fake keys to enable their customers to unlock the SDS software and use the fake SDS units. They used a device known as a key generator, or “keygen,” in order to produce the fake keys, which they supplied to customers as part of the fake SDS units.

The Government would further introduce documentary evidence that between about 2001 and not later than December 2013, Company A, Company B and **BTI** sold the fake SDS units for up to approximately \$11,000 each, depending on market demand and other factors. The Government would introduce records, invoices and eyewitness testimony that Company A sold not fewer than approximately 725 fake SDS units, and Company B sold not fewer than 95 fake SDS units, including at least 10 copies that were reproduced and distributed during a 180-day period. **BTI** made the “black box” multiplexers with the knowledge they would be packaged with the laptop computers containing the proprietary software and software patches described above and sold as SDS units.

Beckmann's Sale of a Fake SDS Unit

Testimony and documentary evidence, including emails and bank records, would be admitted to establish that **BECKMANN**, for purposes of commercial advantage and private financial gain, reproduced and distributed 1 or more copyrighted works having a total retail value of more than \$1,000 in a 180-day period. Specifically, on about October 8, 2010, **BECKMANN** distributed a fake SDS unit manufactured in the manner detailed above that contained Daimler AG's proprietary, copyrighted software, as described above, to Customer 1 in Yorktown, Virginia. Customer 1 paid **BECKMANN** more than \$1,000.00 for the fake SDS unit.

Representatives of Daimler AG would confirm that the Daimler AG software in this fake SDS unit was distributed without Daimler AG's knowledge or authorization.

