

## **Counterfeiting of Microsoft software on the rise in California**

*Californian customers and resellers urged to question legitimacy of software before purchasing.*

Microsoft Corp recently announced that it has filed lawsuits against nine software distributors in southern California and stopped one company from allegedly distributing counterfeit Microsoft software over the Internet. The results of the latest anti-piracy investigations by Microsoft and law enforcement officials in southern California indicate that consumers need to be more aware than ever about purchasing counterfeit and pirated software due to the increase in the illegal distribution of software in the area and more sophisticated methods of counterfeiting.

Investigations throughout southern California in recent months have resulted in an increased number of both criminal and civil actions against software pirates. Recent actions also demonstrate the need for enforcement against the growing counterfeit distribution channel taking advantage of the Internet. A court-ordered seizure and subsequent temporary restraining order required Softman Products Co of Los Angeles to refrain from distributing counterfeit software. Softman Products allegedly advertised counterfeit end-user license agreement for Office Professional 97, Project 98, and the Windows NT® Workstation operating system on its Web site (<http://www.cheapsoftware.net/>), a method of promotion which offers counterfeiters easy access to consumers and a low risk of detection.

In addition law enforcement officials recently broke up one of the largest software counterfeiting operations in California, seizing approximately US\$30 million in counterfeit Microsoft software.

“The increased sophistication of southern Californian counterfeiters has created the need for what we call an ‘enforcement sandwich,’” said Anne Murphy, Microsoft corporate attorney.

“Law enforcement has been extremely proactive in investigating and prosecuting the criminal and supply side of the counterfeiting problem. We’re busy working on the demand side of the sandwich to crack down on all the parties distributing software directly into the hands of unwitting customers.”

Consumers who acquire pirated products could find they are missing key elements, such as user manuals and product identifications, COAs and even software code. Customers may also find that pirated software contains viruses. Microsoft is continually researching the viability of new anti-piracy technologies that create more value for customers, while maintaining the integrity of the distribution channel and reducing the cost to the industry of piracy.

## **Alleged counterfeiting operation shut down**

*Joint efforts of state and federal authorities praised by Microsoft*

**United States** Microsoft Corp recently announced the break-up of a major counterfeiting operation in Paramount, California, that had been allegedly manufacturing multiple counterfeit Microsoft products and product components. A task force comprising the FBI, the Westminster Police Department, Orange County District Attorney's Office and Microsoft Corp worked together to investigate the organization. On Wednesday 3 February 1999, 30 investigators served search warrants on seven locations, including a large warehouse and several other facilities loaded with copies of alleged counterfeit Microsoft software and materials. Seven arrests have been made, and preliminary estimates of the value of the products seized were at least US\$30 million.

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