

Law Enforcement Sensitive – For Official Use Only**NOTE FOR ASSISTANT SECRETARY MYERS**

Date: June 19, 2008

(b)(2); (b)(7)(E)

(b)(2); (b)(7)(E) (b)(6); (b)(7)(C) - (b)(2); (b)(7)(E)

ISSUE

On June 18, 2008, (b)(2); (b)(7)(E) reported that (b)(6); (b)(7)(C), two years incarceration for violations of 18 USC 1831, the Economic Espionage Act; and 22 USC 2778, the Arms Export Control Act. (b)(2); (b)(7)(E) also received a \$10,000 fine and 3 years probation. Additionally, this is the first case involving a conviction under 18 USC 1831. This is also the first conviction and sentencing for violations of 22 USC 2778 involving computer software.

This is a (b)(2); (b)(7)(E)

BACKGROUND

In November 2004, (b)(2); (b)(7)(E) learned that (b)(2); (b)(7)(E) allegedly stole proprietary software programs from (b)(2); (b)(7)(E) and attempted to sell the software to the (b)(2); (b)(7)(E). The software programs were identified as MANTIS, VIXSEN, and NVSENSOR. VIXSEN and NVSENSOR are both controlled items for export under the AECA and the International Traffic in Arms Regulations (ITAR). The software programs are used for night vision and thermal imaging equipment simulation training.

On December 6, 2004, (b)(2); (b)(7)(E) traveled from (b)(2); (b)(7)(E) to attend a defense conference. (b)(2); (b)(7)(E) coordinated with CBP to conduct a border search of (b)(2); (b)(7)(E) and his belongings when he entered the United States (b)(2); (b)(7)(E). During the search, CBP officers identified a laptop computer and portable hard drive belonging to (b)(2); (b)(7)(E). A preliminary search of the laptop revealed that it contained MANTIS software belonging to (b)(2); (b)(7)(E). The laptop and portable hard drive were detained, and (b)(2); (b)(7)(E) was allowed to enter the country.

On December 8, 2004, a forensic examination of (b)(2); (b)(7)(E) computer was conducted while (b)(2); (b)(7)(E) interviewed him in Orlando. The forensic examination and interview of (b)(2); (b)(7)(E) allowed (b)(2); (b)(7)(E) to obtain an arrest warrant in the (b)(2); (b)(7)(E) for violations of 18 USC 2314, interstate or international transportation of stolen property. On December 9, 2004, (b)(2); (b)(7)(E) arrested (b)(2); (b)(7)(E) in Orlando pursuant to the outstanding warrant.

Further forensic examination by the (b)(2); (b)(7)(E) revealed the presence of numerous other software programs, including VIXSEN and NVSENSOR, on (b)(2); (b)(7)(E) laptop. (b)(2); (b)(7)(E)

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(b)(2); (b)(7)(E) conducted numerous interviews of (b)(2); (b)(7)(E) employees and (b)(2); (b)(7)(E) associated with (b)(2); (b)(7)(E). Through the warrants and interviews, agents learned that (b)(2); (b)(7)(E) had been trying to sell the stolen (b)(2); (b)(7)(E) software to military officials in the (b)(2); (b)(7)(E)

On March 20, 2007, (b)(2); (b)(7)(E) a received a trial certification from the (b)(2); (b)(7)(E) stating that (b)(2); (b)(7)(E) had never been registered to obtain any type of license to transport defense articles in or out of the United States.

(b)(6); (b)(7)(C)
(b)(2); (b)(7)(E)

(b)(2); (b)(7)(E)

(b)(2); (b)(7)(E)