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Intellectual Property

Cybersecurity Attorney's Book Details His Pursuit of International Software Pirate

By **DOUGLAS S. MALAN**

David L. Hall, co-chairman of Wiggin and Dana's cybersecurity group, was an assistant U.S. attorney who helped bring a Chinese software pirate to justice.

Eighteen months of undercover investigation had led to this: a predawn meeting with a Chinese software pirate at the airport on seedy Saipan, a western Pacific island where criminal activity is part of the rocky coastal landscape.

David L. Hall, then an assistant U.S. attorney, had been hot on the pirate's trail after discovering his website—www.Crack99.com. Anyone could visit the site to purchase inexpensive, black-market versions of sophisticated engineering software for any purpose.

With the help of Homeland Security Investigations agents, Hall had lured Xiang Li to Saipan, a U.S. territory. Li, who claimed to be a 35-year-old Chinese businessman, believed they were to discuss future business deals. But Hall planned to record damning statements that would land Li in prison for activities that threaten national and global security.

First, Hall had to wait in the shadows on an early morning in June 2011 as a direct flight from China landed at 4 a.m. "That was a moment of high tension," Hall said, "because we wanted to know whether Li really was going to show up."



A photo taken on a surveillance camera during an undercover meeting in June 2011 shows software pirate Xiang Li, left, with two undercover agents.

Hall, who is co-chairman of the cybersecurity practice group at New Haven-based Wiggin and Dana, chronicles Li's illicit business and the U.S. government's pursuit of him in the book "Crack99: The Takedown of a \$100 Million Chinese Software Pirate," which was released in October.

"One reason I wrote the book is to encourage government to take on more cases like this and focus on cases that have the most national importance," said Hall, a former U.S. Navy intelligence officer who

spent 23 years with the U.S. Department of Justice. "The government likes low-hanging fruit, the easy case that gets done. These cases are not easy. They take a lot of sustained effort."

Military-Grade Software

The chase began in December 2009. That was when a Homeland Security agent found out about Crack99 from a Pennsylvania company whose satellite tracking software was being sold illegally to anyone willing to pay \$1,000 for what normally cost \$150,000

per license in a legitimate transaction. The software can be used to monitor aircraft, missiles, objects on land and satellites.

Hall dug into the China-based website, which he said looked like Craigslist on acid, and discovered an alarming reality. “The site was offering thousands of software products, mostly of Western and U.S. origin,” he said. “All of the software was for specific, advanced engineering applications. It was high-end, high-tech industrial-grade software.”

The product list even included operations software for Marine One, the presidential helicopter.

Hall and his team immediately wondered if the business was a scam, so they ordered a few products to analyze, including a satellite tracking tool kit. The software was updated, legitimate and fully functioning, the only difference being it was “cracked,” meaning there was no licensing component that allows the manufacturer to control the software’s use.

Hall then got an email search warrant from a federal judge to analyze three of Li’s email accounts that were hosted in the U.S., and he discovered that Li was doing business on every continent while completing more than 700 transactions in the previous 18 months. It would later be estimated that he had taken in about \$100 million.

“Some of these products have military applications, and it’s concerning to see them trafficked in places like China,” said Hall, who is based in his firm’s Philadelphia and New York offices. “We saw there were transactions involving Syria. We don’t know what the purpose of that purchase in Syria was, but it might not be in the interests of the United States.”

In order to get to Li, Hall knew he needed to win his trust. So he and his team became frequent Crack99 customers while slowly developing a bond with Li via email and Skype. During that time, Li was extremely helpful when Hall had questions about installing the pirated software he

purchased. Li also sent photos of his family while asking about Hall’s personal life.

But there was never a question about Li’s motivation. “All he cared about was the money,” Hall said. “He was very clear about that. He believed we were corrupt American businessmen.”

One tactic Hall used to get closer was to offer to help Li price his software more accurately for the American market. “We told him we would share in the proceeds in exchange for that service,” Hall said. “He was very interested. That was something that was discussed in Skype conversations at great length. Eventually, Li agreed to meet with us.”

The Takedown

Saipan was a convenient rendezvous point for everyone involved. Hall’s team wouldn’t need a foreign country’s permission to arrest and expedite Li, and Li, as a Chinese national, could travel to Saipan without a visa based on an agreement between the U.S. and Chinese governments.

Hall’s team stayed in one hotel on Saipan and arranged for Li to stay at a separate location. The groups met in a third hotel room the morning after Li landed on the island. That room was wired for audio and video and a team of agents in raid gear were waiting to converge.

“We had a lengthy undercover meeting with him and got evidence that he knew that what he was doing was a crime in the U.S.,” Hall said. As the meeting was wrapping up, Li was discussing future business possibilities and even mentioned hanging out on the island with the undercover agent before returning to China. That’s when the doors burst open and Li was ordered to the ground and arrested. “He was truly shocked,” Hall said. “One minute you’re making plans with your new friend and then the next minute you’re staring at carpet.”

Li said he was just a businessman who employed others to crack this sensitive software, which he claimed to

have purchased through online forums. He denied working for the Chinese government. “Personally, I find it difficult to believe that given the scale of his operations that he got all of that software on his own by shopping online,” Hall said.

But Hall couldn’t travel to China to verify any of Li’s claims and Li soon refused to cooperate anymore with authorities. In 2013, Li pleaded guilty and was sentenced to 12 years in prison, the heaviest criminal copyright violation sentence ever imposed.

Based on the searches of email accounts, Hall’s team identified two of Li’s primary American customers: Dr. Wronald Best, who was an employee of a defense contractor, and Cosburn Wedderburn, a NASA engineer. Both were charged, prosecuted and convicted, but no one else has been, even though Hall’s team provided information on other Crack99 customers.

Hall views the Li case only as a partial success. “If you look at the macro-level, it’s not a good thing at all that this was the only time a Chinese software pirate has been lured out of China for arrest,” Hall said. “There are many others doing this right now, and not just in China.”

Hall retired as an assistant U.S. attorney in 2013 to join Wiggin and Dana, the same year that revelations emerged about the Chinese government encouraging intellectual property theft and hacking military software. That’s when he committed to chronicling his story, which is as much a riveting espionage tale as it is a playbook for federal agents to handle similar cases.

“There were some senior people in [the U.S.] government who had a hard time understanding the importance and impact of the Li case,” Hall said. “Cyberpiracy is a big problem for national security, and, in my opinion, the government should be using its resources to catch more people like Xiang Li. There are many people like him committing these crimes.” ■