October 19, 2004

Department Of Justice
Washington, D.C.
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Computer Hacking and Intellectual Property Unit to be Created at U.S. Attorney's Office in Sacramento

SACRAMENTO - Attorney General John Ashcroft and United States Attorney McGregor Scott announced that a Computer Hacking and Intellectual Property (CHIP) unit will be created at the United States Attorney's office in Sacramento. The CHIP Program requires prosecutors to focus on copyright and trademark violations, theft of trade secrets, computer intrusions, theft of computer and high-tech components, and Internet fraud. In addition, CHIP Unit prosecutors are expected to develop public awareness programs and provide training to other prosecutors and law enforcement agencies regarding high-tech issues.

"Intellectual property theft is a clear danger to our economy and the health, safety, and security of the American people," said Attorney General Ashcroft. "The enforcement of our intellectual property laws is among the highest priorities of the Justice Department, and the CHIP program has a proven record of success in prosecuting intellectual property theft. By expanding our CHIP units and implementing the other recommendations put forward by the Intellectual Property Task Force, the Department is prepared to build the strongest, most aggressive legal assault against intellectual property crime in our nation's history."

"The creation of a CHIP Unit in our district represents a major step forward in combating computer-related crime throughout the Central Valley, said United States Attorney McGregor Scott. The Sacramento region is a burgeoning area for the high technology industry. By having federal prosecutors solely dedicated to high tech crimes, our office will further enhance its partnership with federal, state, and local law enforcement agencies to vigorously address this ever-changing field of criminal activity.

Attorney General Ashcroft created the CHIP program—based on the success of the model CHIP unit in the United States Attorney's Office in San Jose, California—in July 2001 with 10 additional units in strategic regions of the country where intellectual property offenses and computer crime were most prevalent. In 2002, he expanded the program once more with the addition of three additional units.

In its report released last week, the Justice Department's Intellectual Property Task Force recommended that five new CHIP units be created in areas where intellectual property resources significantly contribute to the national economy. In addition to the unit that will be created in Sacramento, new CHIP units will be created in the District of Columbia, Pittsburgh, Nashville, and Orlando. Each of these areas has business sectors that generate significant intellectual property resources and are often victimized by intellectual property crime.

The Intellectual Property Task Force examined intellectual property (IP) issues as they relate to criminal law, civil law, international treaties and obligations, legislative and regulatory proposals, and overall public awareness. David Israelite, Deputy Chief of Staff to the Attorney General, served as chairman of the Task Force and led its six-month investigation.

The task force found that the CHIP program has been very successful in increasing the effectiveness of the Justice Department's intellectual property enforcement efforts. During the 2003 fiscal year, the first full year after all 13 of the current CHIP units became operational, the offices with CHIP units filed charges against 46 percent more defendants than they had averaged in the four fiscal years prior to the formation of the units.

In addition to recommendations regarding the expansion of CHIP units, as well as civil and antitrust enforcement of IP laws, the Task Force's proposals include:

- Charging and prosecuting all intellectual property crimes whenever federal law applies, including organized crime, fraud, and illegal importation cases, in addition to strengthening the Justice Department's ability to bring those cases;
- Updating the legal tools that help the United States to charge IP criminals overseas under American law;
- Increasing investigative clout for the FBI;
- Placing prosecutors and FBI investigators in Budapest and Hong Kong, two areas that have serious problems with counterfeited software;
- Encouraging respect for intellectual property rights through youth education programs; and
- Working with Congress to close legal loopholes in the area of IP theft.

Intellectual property industries play a significant role in the American economy. They make up approximately six percent of the gross domestic product, employ more than five million people, and contribute $626 billion to the U.S. economy. The increasing value of intellectual property, coupled with the ease and low cost of copyright infringement, has significantly increased the destructive consequences of intellectual property theft.

The Department of Justice has been committed to the prevention of theft and counterfeiting of copyrighted hard goods and online materials. Operation Fastlink—announced in April 2004 and led by the Department's Criminal Division and the FBI—constituted the largest international law enforcement effort ever undertaken against online theft. Operation Digital Gridlock, announced in August 2004, targeted IP theft over peer-to-peer networks and resulted in the seizure of more than 40 terabytes of material. The Justice Department's Computer Crime and Intellectual Property Section (CCIPS) of the Department's Criminal Division has also been expanded, providing additional resources to fight theft.

This news release is available at www.usdoj.gov/usao/cae.

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