NEWS RELEASE

OFFICE OF THE UNITED STATES ATTORNEY
SOUTHERN DISTRICT OF CALIFORNIA
San Diego, California

United States Attorney
Karen P. Hewitt

For Further Information, Contact: Assistant U. S. Attorney Mitch Dembin, 619-557-5558

For Immediate Release

NEWS RELEASE SUMMARY - July 13, 2009

United States Attorney Karen P. Hewitt announced that Jung Kwak, 33, also known as "Mr. Viewsat," of Oceanside, California, Phillip Allison, 35, also known as "thebroken," and Robert Ward, 54, also known as "TDG" and as "thedssguy," both of Seminole, Florida, have been charged in a previously sealed indictment handed up by a federal grand jury on July 9, 2009, with one count of Conspiracy to Violate the Digital Millenium Copyright Act. Mr. Kwak was arrested by agents of the Federal Bureau of Investigation on Friday, July 10, in San Diego. The indictment was unsealed upon his initial appearance today before United States Magistrate Judge William McCurine, Jr., in United States District Court in San Diego. Messrs. Allison and Ward were arrested in Seminole, Florida and will appear before a United States Magistrate Judge in Florida.

According to the indictment, Mr. Kwak owns and operates Viewtech, Inc., in Oceanside, California. Viewtech imports "free-to-air" or "FTA" satellite receiver boxes and sells them to the public through a network of retailers under the brand name "Viewsat." There exists a limited amount of free programming available by satellite to owners of FTA receiver boxes, much of it consisting of ethnic and religious

programming in numerous languages. Yet, millions of Viewsat FTA boxes have been sold to the public. The popularity of FTA boxes is due to the fact that they are designed to make it a simple process for a purchaser to obtain subscription-based satellite television, such as that offered by Echostar's DISH Network, for free. DISH Network licenses copyrighted works from the copyright holders, encrypts the signal, and sells the right to view to DISH subscribers. Subscribers to DISH Network programming obtain from DISH a "smart card," which is inserted into a DISH satellite receiver box. The smart card decrypts the programming that the subscriber is authorized to view. Over the years, DISH has changed its encryption algorithms and employed other countermeasures to attempt to defeat theft of its signal.

FTA boxes, including the Viewsat line, are manufactured with technology far in excess of what is necessary to receive FTA programming. However, to illegally decrypt the DISH signal, the FTA boxes must appear to have DISH smart cards. That is done by reverse-engineering DISH smart cards and creating computer code which, when downloaded to an appropriate FTA box, will emulate the existence of a smart card and trick the system. In the past, as DISH encryption and countermeasures were defeated, the code has been posted on the Internet and made available for download to anyone.

The indictment charges that beginning in or about March 2008, Mr. Kwak, in concert with Messrs. Allison and Ward, determined to hire computer hackers to break the latest DISH encryption scheme, known as Nagra 3. In the late fall of 2007, DISH announced that it had created a new encryption scheme and would start shipping new smart cards to its customers. As the new encryption scheme was deployed, owners of FTA boxes would no longer be able to view DISH programming without a subscription, and sellers of FTA boxes would lose their market. According to the indictment, Mr. Kwak authorized Messrs. Allison and Ward to locate persons to work on cracking Nagra 3. Mr. Kwak agreed to provide funding and a substantial reward for success. Among other things, as charged in the indictment, Mr. Kwak funded the purchase of a specialized microscope used in dissecting and analyzing smart cards and paid $20,000 in cash for photographs

of a dissected smart card purported to be a Nagra 3 card. Mr. Kwak offered a reward of $250,000 if the EPROM (eraseable programmable read-only memory) for the Nagra 3 card could be obtained.

At Mr. Kwak's initial appearance in United States District Court today, the government moved that Mr. Kwak be detained without bail. A hearing on that motion will be held Wednesday, July 15, 2009, at 2:30 p.m., before United States Magistrate Judge William McCurine, Jr.

This case was investigated by Special Agents of the Cybersquad of Federal Bureau of Investigation in San Diego.

DEFENDANTS **Case Number: 09cr2646 -JLS**

Jung Kwak	Oceanside, California	Age: 33
Phillip Allison	Seminole, Florida	Age: 35
Robert Ward	Seminole, Florida	Age: 54

SUMMARY OF CHARGE

One Count - Title 18, United States Code, Section 371: Conspiracy to Violate the Digital Millenium Copyright Act

Maximum Penalty: 5 years' imprisonment and $250,000 fine

AGENCY

Federal Bureau of Investigation

An indictment itself is not evidence that the defendant committed the crimes charged. The defendant is presumed innocent until the Government meets its burden in court of proving guilt beyond a reasonable doubt.