Department of Justice

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District of Massachusetts

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INTERNATIONAL COMPUTER HACKER SENTENCED TO 82 MONTHS IN PRISON
To pay almost $8 million in forfeiture and over $2.25 million in back income taxes

BOSTON, Mass. - A 37 year-old New Hampshire man was sentenced today in federal court for his role in an international computer hacking conspiracy and his failure to file income tax returns while living in Massachusetts.

ASU PALA was sentenced today by U.S. District Judge Nathaniel M. Gorton to 82 months in federal prison to be followed by two years of supervised release and a $12,500 fine. Judge Gorton also sentenced **PALA** to forfeit $7,941,336 and to repay the IRS $2,287,993 in back taxes. During sentencing, the Judge imposed a number of special conditions to include counseling for substance abuse, anger management, gambling, credit debt and other financial management problems which **PALA** must complete upon release from prison.

In April 2010, **PALA** pleaded guilty to one count of conspiracy to commit computer fraud and five counts of failure to file a United States income tax return. Had the case proceeded to trial, evidence would have proved that from 2003 through 2007, **PALA** and his co-conspirators infected German citizens' computers with a program that would force the computers' telephone modems to surreptitiously dial premium telephone numbers rented from German telephone companies by **PALA**'s co-conspirators. The premium telephone lines operated like 1-900 numbers such as those used for directory assistance or astrological predictions: the telephone companies charged callers for added expenses on top of standard connection fees and sent a portion of the added expenses to those who rented the premium lines, in this case **PALA**'s co-conspirators. The victims were generally unaware that their computers' telephone modems were calling these numbers and charging them these expenses. Victims paid the added charges if they did not notice them on their telephone bills. The telephone companies then sent the added charges to the premium telephone line renters, who divided the proceeds among the co-conspirators, including **PALA**. **PALA** participated in the conspiracy by employing computer programmers to write and edit the computer hacking software and by sending the hacks to co-conspirators.

Although **PALA** participated in the scheme while based in Massachusetts and elsewhere in New England, he did not target United States' computers or computer users. Instead, **PALA** focused solely on computers and computer users in Germany and possibly other European countries, in order, he thought, to avoid prosecution in the United States.

United States Attorney Carmen M. Ortiz, Richard DesLauriers, Special Agent in Charge of the Federal Bureau of Investigation, Boston Field Division, and William P. Offord, Special Agent in Charge of the Internal Revenue Service, Criminal Investigation, Boston Field Division, made the announcement today. The case was prosecuted by Assistant U.S. Attorney Scott L. Garland of Ortiz's Computer Crime Unit.

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