

**IN THE UNITED STATES DISTRICT COURT FOR THE
WESTERN DISTRICT OF MISSOURI
WESTERN DIVISION**

UNITED STATES OF AMERICA,

Plaintiff,

v.

WEN TAO LIU, also known as ORLAND
LIU,
[DOB: 05/05/1980]

Defendant.

Case No. _____

COUNT ONE:

**Conspiracy to Commit Offenses Against the
United States**

18 U.S.C. § 371

NMT: Five Years Imprisonment

NMT: \$250,000 Fine

Supervised Release: NMT Three Years

Class D Felony

COUNT TWO:

Trafficking in Counterfeit Goods

18 U.S.C. §§ 2320(a) and 2

NMT: Ten Years Imprisonment

NMT: \$2,000,000 Fine

Supervised Release: NMT Three Years

Class C Felony

COUNT THREE:

Smuggling Goods into the United States

18 U.S.C. § 545

NMT: Twenty Years Imprisonment

NMT: \$250,000 Fine

Supervised Release: NMT Three Years

Class C Felony

COUNT FOUR:

**Entry of Goods by Means of False
Statements**

18 U.S.C. § 542

NMT: Two Years Imprisonment

NMT: \$250,000 Fine

Supervised Release: NMT Three Years

Class E Felony

ALLEGATION OF FORFEITURE

18 U.S.C. §§ 982 and 2323

\$100 Special Assessment for Each Count

INDICTMENT

THE GRAND JURY CHARGES THAT:

1. At times relevant to this Indictment:
 - a. WEN TAO LIU (“LIU”), also known as ORLAND LIU, of Hong Kong, a territory of the People’s Republic of China, is a principal with Haitu International Group Co. Limited (“HIG”).
 - b. Casey Lee Ross (“Ross”), of Kansas City, Missouri, who at all times was within the Western District of Missouri, owned and operated Software Slashers. Ross used Software Slashers to sell software components, product key codes, and serial numbers through eBay and websites such as softwareslashers.com.
 - c. Reza Davachi (“Davachi”), of Damascus, Maryland, owned and operated Rez Candles, Inc. Davachi also managed the eBay charity store for The Sixth Man Foundation, doing business as Project Contact Africa.
 - d. Individual H resided in Florida who sold product key codes, serial numbers, and other related software components to various customers throughout the United States.
 - e. Microsoft Corporation (“Microsoft”) is a Washington corporation. Microsoft develops, markets, distributes, and licenses computer software programs. These software programs include Windows 8.1, Windows 8, Windows 7, Windows Vista, and Windows XP operating systems, as well as the Microsoft Office suite of programs which include Microsoft Access, Microsoft Excel, Microsoft PowerPoint, Microsoft Visio, and Microsoft Word, among others.
 - f. Adobe Systems Incorporated (“Adobe”) is a California corporation. Adobe develops, markets, distributes, and licenses computer software programs. These software programs include Adobe Acrobat, Adobe After Effects, Adobe Director, Adobe Dreamweaver, Adobe Fireworks, Adobe Flash, Adobe Illustrator, Adobe InDesign, Adobe Photoshop, and Adobe Premiere, among others.
 - g. Beginning with the mass-market availability of personal computers in the mid-1970s, companies such as Microsoft, Adobe, and others began developing operating systems and productivity software for use on these computers. The modes for distribution of software have evolved with the growth of the computing industry, beginning with boxed software available in retail stores or via mail order (where the software programs were distributed on physical media) to more recently where an intended user may download the software over the Internet in a purely digital transaction. These operating systems or productivity software may also be preloaded on a computer purchased by the

intended user, who may in turn activate these programs with product activation codes supplied by the computer manufacturer on a label or similar computer documentation or packaging. By the start of the twenty-first century, corporations formed by citizens of the United States that had developed robust technological innovations or related intellectual property have become the most valuable in the world.

- h. Microsoft and Adobe also distribute their software products using a variety of distribution channels. In addition to physical distribution, one method employed by these companies to distribute their products is via digital download. There are a limited number of sites where customers can legally purchase digital downloads of Microsoft or Adobe software. Customers may purchase digital downloads of Microsoft or Adobe software directly from these companies, or only through authorized retailers, or its authorized retail partners provide an Internet link that allows the customer to download a copy of the software, which is then unlocked through the entry of a product key code or serial number, as described below.
- i. Software developers license the use of their copyrighted computer programs to an end user. The terms of the license will vary substantially based upon the context in which the software is to be used (for example, home, academic, or enterprise), the number of licenses being purchased, the geographic location of the purchaser, the number of activations allowed under the license, as well as other factors, and the associated price of the license may vary substantially based on these factors. Software licenses may also be issued in volume to manufacturers of computers and related computer hardware which allows those manufacturers to include the software with the computer or computer hardware at the time of purchase. When preinstalled on or included with a prebuilt computer or with computer hardware, these software licenses are called original equipment manufacturer (“OEM”) licenses.
- j. In order to ensure that a copy of a computer program may be appropriately installed and used in accordance with its license terms, software developers such as Microsoft and Adobe have employed the use of a product key code or serial number to register and authenticate a software product upon installation. This product key code or serial number is a unique alphanumeric code that corresponds with a specific license and the distinctive associated terms and limitations of that license, such as the type of software program it was intended to be used with, nature of the license, and number of activations, among many other characteristics.
- k. During the installation and activation process, the intended user’s computer accesses Microsoft and Adobe servers to register this software program and check the product key code or serial number relative to the distinctive characteristics associated with its specific license. Assuming it then passes this verification process, this product key code or serial number unlocks the

functionality of the software associated with the license that the licensee has acquired. Depending upon the terms of the associated license, a specific product key code or serial number may allow a limited number of computers on which the licensee may unlock the software, or the use of this software may be otherwise temporally limited based on the nature of this license (if it is a trial license or subscription license). Microsoft or Adobe may block the product key code or serial number if it has been used to activate too many copies of the software, or has been identified as stolen. If the product key code or serial number is rejected by the company servers, the software program will not operate.

1. The United States Patent and Trademark Office (“USPTO”) is an agency of the United States that, among other functions, examines and registers trademarks. Trademarks are words, names, symbols, or devices intended to distinguish one producer’s goods from those of other producers and to identify the source of the goods to prevent confusion concerning the source of goods. Through the registration of trademarks, the USPTO assists businesses in protecting their investments, promoting goods and services, and safeguarding consumers against confusion and deception in the marketplace. By disseminating trademark information, the USPTO promotes an understanding of intellectual property protection and facilitates the development and sharing of new technologies. Registration of a producer’s trademark on the USPTO’s principal register gives notice to the world of the producer’s exclusive right to use and to protect that trademark.
- m. Microsoft and Adobe, like other software developers, have critical interests in protecting the intellectual property that its products represent. One way in which Microsoft and Adobe, like other software developers, protects their intellectual property is through the creation, and also the registration of copyrights on their software products through the United States Copyright Office. Microsoft and Adobe, like other software developers, also register trademarks for its products on the principal register of the USPTO. Microsoft and Adobe have multiple registrations on the principal register of the USPTO.

COUNT ONE

Conspiracy to Commit Offenses Against the United States

2. The Grand Jury re-alleges and incorporates by reference Paragraph 1 of this Indictment.
3. Beginning on or about March 10, 2010, and continuing to on or about February 2, 2015, in the Western District of Missouri and elsewhere, WEN TAO LIU (“LIU”), also known as

ORLAND LIU, doing business as Haitu International Group Co. Limited (“HIG”), Casey Lee Ross, Reza Davachi, Individual H, and others known and unknown to the Grand Jury, did, knowingly and with intent to defraud, conspire and agree amongst themselves to commit offenses against the United States, including:

Access device fraud

Without the authorization of the issuer of the access devices, that is, unauthorized, illicit, stolen, copied, and previously-used Microsoft product key codes, knowingly and with intent to defraud, the co-conspirators solicited a person or persons for the purpose of offering said access devices, where this conduct affected interstate and foreign commerce, in that these access devices were transported via email and the Internet and were offered for sale via Internet websites, online merchant services, and other means, in violation of Title 18, United States Code, Sections 1029(a)(6)(A) and (b)(2);

Trafficking in counterfeit goods

The conspirators did intentionally traffic in goods, namely counterfeit Microsoft Office “Lenovo” product key cards, and knowingly use counterfeit marks on and in connection with those goods, that is, a mark depicting the names “Microsoft” and “Lenovo,” which counterfeit marks were identical to and substantially indistinguishable from the genuine marks in use and registered for those goods on the principal register in the United States Patent and Trademark Office, the use of which counterfeit mark was likely to cause confusion, mistake, and to deceive, in violation of Title 18, United States Code, Sections 2320(a) and 2;

Smuggling of Goods into the United States

The co-conspirators willfully and knowingly and with intent to defraud the United States, did attempt to smuggle and clandestinely introduce into the United States merchandise, to wit: counterfeit Microsoft product key cards, which should have been invoiced, or did make out or pass, or attempt to pass, through the customhouse any false, forged, or fraudulent invoice, or other document or paper, in violation of Title 18, United States Code, Section 545;

All in violation of Title 18, United States Code, Section 371.

A. The Purpose of the Conspiracy

4. Beginning on or about March 10, 2010, and continuing to on or about the date of this Indictment, defendant WEN TAO LIU and the co-conspirators did knowingly and with intent to defraud, conspire and agree amongst themselves to commit offenses against the United States. The purpose of this scheme to defraud was for LIU and other co-conspirators to personally enrich themselves by acquiring and selling unauthorized and counterfeit Microsoft word products to customers.

B. Manner and Means

5. It was part of the scheme and artifice to defraud that LIU acquired unauthorized product key codes and counterfeit product key cards for Microsoft software from others within the People's Republic of China.

6. It was further part of the scheme and artifice to defraud that LIU supplied unauthorized product key codes and counterfeit product key cards for Microsoft software programs to Ross, Davachi, Individual H, and others, who in turn sold these infringing items to customers in the United States, including customers in the Western District of Missouri.

7. It was further part of the scheme and artifice to defraud that LIU and the co-conspirators created and operated companies and affiliated websites to advertise, solicit, sell, and distribute these unauthorized product key codes and counterfeit product key cards for Microsoft software programs.

8. It was further part of the scheme and artifice to defraud that LIU and the co-conspirators induced customers to purchase the product key codes and key cards by advertising themselves as authorized sellers of the product key codes and key cards.

9. It was further part of the scheme and artifice to defraud that LIU and the co-conspirators, and his employees or subordinates, misrepresented to Microsoft and Adobe the origination of the product key codes and key cards.

10. It was further part of the scheme and artifice to defraud that LIU and the co-conspirators used fictitious names to attempt to conceal their illicit sale of the product key codes and key cards. It was further part of the scheme and artifice to defraud that LIU and the co-conspirators designed and manufactured counterfeit Microsoft Office product key cards which contained counterfeit marks that were substantially indistinguishable from the genuine marks in use and registered with the United States Patent and Trademark Office.

11. It was further part of the scheme and artifice to defraud that LIU and the co-conspirators solicited and fulfilled orders of the product key codes and key cards.

12. It was further part of the scheme and artifice to defraud that LIU and the co-conspirators made false representations to online merchants that they were authorized sellers of product key codes and key cards from Microsoft and Adobe.

13. It was further part of the scheme and artifice to defraud that LIU and the coconspirators made false, forged, and fraudulent invoices, or other documents and paper, in

smuggling these unauthorized product key codes and counterfeit product key cards into the United States.

C. Overt Acts

14. On or about March 10, 2010, LIU formed HIG. Since that time, LIU has supplied co-conspirators Casey Lee Ross (who at all times was within the Western District of Missouri), Reza Davachi, and Individual H, and others with illicit and illegal software and software components, which LIU manufactured and obtained from other coconspirators within the People's Republic of China.

15. On or about May 22, 2013, LIU sent, or caused to be sent, an \$8,500 invoice to Ross for the purchase of 100 counterfeit Microsoft product key cards. On or about May 23, 2013, Ross initiated a wire transfer of \$8,500 from his bank account created and maintained in the Western District of Missouri, to a bank account maintained by LIU.

16. On or about May 23, 2013, Ross initiated a separate wire transfer of \$6,800 from his bank account created and maintained in the Western District of Missouri, to a bank account maintained by LIU.

17. On or about May 23, 2013, LIU sent, or caused to be sent, an email to Ross, inquiring as to the design of the requested counterfeit product key cards and how to ship the counterfeit product key cards.

18. Beginning in or about June of 2013, Ross began supplying Individual H with illicit and illegal software and software components, including the aforementioned counterfeit Microsoft Office "Lenovo" product key cards, which Ross obtained from LIU and other sources.

19. On or about June 7, 2013, Ross sent Individual H an email, writing, "[b]efore you send payment, Reza [Davachi] says box is fake, COA is Genuine and Key is Genuine, but box is a

copy? I want to make sure there will be no issues before you submit payment. Please verify.”

20. On or about August 28, 2013, Ross sent an email to Individual H, with the subject line “Pro Keys 2010,” writing, “sell a few those and report back before I order more. I am sending money out of country, so getting a refund will be next to impossible and I don’t want to be liable if there is a problem.”

21. On or about August 28, 2013, Individual H sent an email to Ross, with the subject line “Received back 150 bad keys from first shipment of Lenovo,” writing that Individual H had paid Ross for 300 of the Microsoft Office “Lenovo” product key cards at \$110 per card in mid-July of 2013.

22. On or about September 4, 2013, Individual H sent an email to Ross, writing, “Casey, so far I have confirmed 77 Blocked Keys from the second Shipment, I have confirmed 150 Kyes (sic) from the first...When can I get a refund for these 223 cards?”

23. Between on or about April 14, 2014, and February 10, 2015, Individual H sent approximately 105 wire transfers totaling approximately \$1,591,193 to accounts created and maintained by LIU as payment for these unauthorized product key codes and counterfeit Microsoft Office “Lenovo” product key cards.

All in violation of Title 18, United States Code, Section 371.

COUNT TWO
Trafficking in Counterfeit Goods

24. The Grand Jury re-alleges and incorporates by reference each and every allegation contained in Paragraph 1 of this Indictment as if fully set forth in this Count.

25. On or about July 13, 2015, a special agent with the Department of Homeland Security based within the Western District of Missouri, initiated contact with LIU via email and an Internet chat program relating to LIU’s production of counterfeit Microsoft Office “Lenovo”

product key cards. Included in these email transmissions was a proof for the customized and desired appearance of the counterfeit product key cards, which included numerous trademarks in use by Microsoft Corporation and Lenovo.

26. On July 15, 2015, LIU sent, or caused to be sent, an email response that the minimum order quantity for the customized creation of these counterfeit Microsoft product key cards would be for 2,000 cards at a price of \$105 per card.

27. On or about September 16, 2015, this undercover agent requested LIU create 500 counterfeit Microsoft Office “Lenovo” product key cards, at a price of \$70 per card. LIU sent, or caused to be sent, an email response that he would be able to fulfill these orders as requested, and provided the bank account maintained by LIU.

28. On or about October 1, 2015, this undercover agent initiated the wire transfer of \$35,000 as payment to the bank account maintained by LIU.

29. On or about October 5, 2015, LIU sent, or caused to be sent, an email response that he had received the wire transfer, and asked for an address where the shipment could be sent.

30. On or about October 7, 2015, LIU sent, or caused to be sent, an email response which contained a tracking number for the shipment of these counterfeit Microsoft Office “Lenovo” product key cards.

31. On or about October 13, 2015, the aforementioned undercover agent received this package of 500 counterfeit Microsoft Office “Lenovo” product key cards sent by LIU at an address in Kansas City, Missouri, which is within the Western District of Missouri. The exterior of the package sent by LIU had attached a commercial invoice which contained a description of the goods as “Gift cards,” with a volume of 500, a per unit value of \$0.10 in United States Currency, and a total declared invoice value of \$50.00 in United States Currency.

32. Beginning on or about October 7, 2015 and October 15, 2015, said dates being approximate, in the Western District of Missouri and elsewhere, WEN TAO LIU (“LIU”), also known as ORLAND LIU, doing business as Haitu International Group Co. Limited, and others known and unknown to the Grand Jury, did intentionally traffic in goods, namely counterfeit Microsoft Office “Lenovo” product key cards, and knowingly use counterfeit marks on and in connection with those goods, that is, a mark depicting the names “Microsoft” and “Lenovo,” which counterfeit marks were identical to and substantially indistinguishable from the genuine marks in use and registered for those goods on the principal register in the United States Patent and Trademark Office, the use of which counterfeit mark was likely to cause confusion, mistake, and to deceive, in violation of Title 18, United States Code, Sections 2320(a) and 2.

COUNT THREE
Smuggling Goods into the United States

33. The Grand Jury re-alleges and incorporates by reference each and every allegation contained in Paragraphs 1 and 25 through 32 of this Indictment as if fully set forth in this Count.

34. Between on or about October 7, 2015, and October 13, 2015, in the Western District of Missouri and elsewhere, the defendant, WEN TAO LIU (“LIU”), also known as ORLAND LIU, doing business as Haitu International Group Co. Limited, willfully and knowingly and with intent to defraud the United States, did attempt to smuggle and clandestinely introduce into the United States merchandise, to wit: counterfeit Microsoft product key cards, which should have been invoiced, or did make out or pass, or attempt to pass, through the customhouse any false, forged, or fraudulent invoice, or other document or paper, in violation of Title 18, United States Code, Section 545.

COUNT FOUR
Entry of Goods by Means of False Statements

35. The Grand Jury re-alleges and incorporates by reference each and every allegation contained in Paragraphs 1 and 25 through 32 of this Indictment as if fully set forth in this Count.

36. Between on or about October 7, 2015, and October 13, 2015, in the Western District of Missouri and elsewhere, the defendant, WEN TAO LIU (“LIU”), also known as ORLAND LIU, doing business as Haitu International Group Co., willfully and knowingly did enter and introduce, and attempt to enter and introduce, into the commerce of the United States, imported merchandise, that is counterfeit Microsoft product key cards, by means of a false and fraudulent declaration which falsely and fraudulently stated that the package to which it was annexed contained “Gift cards” valued at \$50.00, whereas, in truth and fact, as defendant LIU well knew, the said package contained counterfeit Microsoft product key cards for which he was paid \$35,000 to manufacture and produce, in violation of Title 18, United States Code, Section 542.

ALLEGATION OF FORFEITURE

37. The allegations contained in Paragraphs One through Thirty-Six of this Indictment are re-alleged and incorporated by reference for the purpose of alleging forfeiture pursuant to the provisions of Title 18, United States Code, Section 982(a)(2)(B) and 2323.

38. Upon conviction of one or more of the offenses alleged in Counts One through Four of this Indictment, the defendant shall forfeit to the United States any property constituting, or derived from, proceeds the person obtained directly or indirectly, as the result of the violations alleged in Counts One through Four of this Indictment, including, but not limited to, as a money judgment, in that the property constituted, or was derived from, proceeds the person obtained directly or indirectly, as the result of violations of Title 18, United States Code, Sections 371, 543, 545, 1029, and 2320.

SUBSTITUTE ASSETS

39. If any of the property described above, as a result of any act or omission of the defendant:

- a. cannot be located upon the exercise of due diligence;
- b. has been transferred or sold to, or deposited with, a third party;
- c. has been placed beyond the jurisdiction of the Court;
- d. has been substantially diminished in value; or
- e. has been commingled with other property which cannot be divided

without difficulty;

The United States of America shall be entitled to forfeiture of substitute property.

A TRUE BILL.

_____/s/ Carla F. Eye_____
FOREPERSON OF THE GRAND JURY

_____/s/ Patrick D. Daly_____
Patrick D. Daly
Assistant United States Attorney

Dated: ____6/29/16_____
Kansas City, Missouri