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Former Vancouver, Washington, Resident Pleads Guilty to Theft of Trade Secrets from Microsoft Corporation (August 23, 2002)



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FORMER VANCOUVER, WASHINGTON, RESIDENT PLEADS GUILTY TO THEFT OF

TRADE SECRETS FROM MICROSOFT CORPORATION

John McKay, United States Attorney for the Western District of Washington, and Charles Mandigo, Special Agent in Charge, Federal Bureau of Investigation, announced that former Vancouver, Washington, resident ROBERT R. KEPPEL, entered a guilty plea today to Theft of Trade Secrets, in violation of Title 18, United States Code, Section 1832(a)(2). According to the plea agreement and other court records in the case, beginning sometime in 1999, ROBERT R. KEPPEL began selling Microsoft Certified System Engineer (MCSE) and Microsoft Certified Solution Developer (MCSD) exams and answers via the Internet websites www.cheet-sheets.com and www.cheetsheets.com.

Microsoft Corporation has certification programs for network engineers, called Microsoft Certified Systems Engineer (MCSE), and Microsoft Certified Solution Developer (MCSD), which involve passing approximately 28 exams that test expertise in different MS software areas. Many of these areas include MS operating systems, data bases, and networking issues. MS has this certification program so that when a third-party user of their software hires an individual who is certified as a MCSE or MCSD, that individual will have a known level of expertise in order to properly administer the MS system. The MCSE and MCSD certifications are difficult to acquire, but once an individual has the certification, that individual is highly marketable to companies that use MS products, and just having the MCSE or MCSD certification usually raises salaries substantially. These exams are administered on Microsoft's behalf world-wide. When the tests are administered, there are two separate "banner" pages that the test-taker encounters before the test starts. These "banner" pages require the test-taker to agree to certain terms regarding the test material including an agreement not to copy or release the test material. By the terms of its contracts with the testing sites, MS does not allow the test material outside of the testing locations

for any reason. Consequently, the sale and distribution of KEPPEL's cheat-sheets" violated Microsoft copyright and constituted a conversion of Microsoft proprietary information for personal gain. Microsoft's development costs for each test is approximately \$100,000.00. In addition, when companies hire people who have obtained MCSE and MCSA certificates by cheating, but who, in fact, cannot install and maintain the systems correctly because they have neither experience nor expertise in the Microsoft products commensurate with the certificates, those companies tend to blame the Microsoft product, and become reluctant to buy further products. Beginning sometime in January 2001, ROBERT R. KEPPEL began to purchase, from an individual in Pakistan, actual copies of the Microsoft MCSE and MCSA exams and answers, which that individual obtained by photographing and/or videotaping the actual tests at a site in Pakistan. ROBERT R. KEPPEL marketed those exams and answers via www.cheat-sheets.com, fully realizing that they were copies of the actual exams and answers developed by Microsoft Corporation. Between July 2000 and October 17, 2001, ROBERT R. KEPPEL marketed numerous copies of MCSE and MCSA exams and answers via his website www.cheat-sheets.com, selling them to persons throughout the United States, including persons residing in the Western District of Washington. U.S. Bankcorp bank records reflect that there were three bank accounts and one credit card listed for ROBERT KEPPEL and Keen Interactive, including a personal checking account and a money market account, both in the name of ROBERT KEPPEL; and a merchant account listed in the name of KEEN INTERACTIVE. U.S. Bank records reflect that among the Internet billing companies that were disbursing funds into the merchant account was NOVA, a company that does billing for VISA and MASTERCARD. NOVA records reflect that an account was opened by ROBERT KEPPEL, as owner of Keen Interactive, on or about July 6, 2000. Since the NOVA account was opened, there was a total of approximately \$756,633.03 deposited into the merchant account. All of those funds constitute proceeds from the sale of MCSE and MCSA exams and answers, as well as other exams that were proprietary information belonging to Microsoft Corporation, Cisco, and other businesses, in violation of Title 18, United States Code, Section 1832(a)(2), and Section 2. In addition, during the time period covered by the Information, ROBERT R. KEPPEL caused numerous transfers of monies from the merchant bank account to KEPPEL's personal checking account, and savings (money market) account. In total, KEPPEL transferred \$200,200.00 to his personal checking account and \$167,000.00 to his money market account. U.S. Bank documents also reveal that, on September 14, 2001, KEPPEL opened a new merchant account number in the name of CHEAT SHEETS. The ensuing deposits into this account were from credit card receipts constituting proceeds from the sale of MCSE and MCSA exams and answers, as well as other exams that were proprietary information belonging to Microsoft Corporation, Cisco, and other businesses, in violation of Title 18, United States Code, Section 1832(a)(2), and Section 2. On February 26, 2001, KEPPEL wrote a check number drawn on his Money Market account, to Lexus of Portland, in the amount of \$38,703.40, for a new, white, Lexus RX300. This vehicle was purchased with proceeds from KEPPEL's sale of trade secrets, in violation of Title 18, United States Code, Section 1832(a)(2) and Section 2.

On or about July 27, 2001, KEPPEL caused a wire transfer in the amount of \$112,000.00, to be made from his US Bank Money Market Account to the credit of Premier Financial Services, in payment for a 1997 Ferrari 355 Spider. This vehicle was purchased with proceeds from KEPPEL's sale of trade secrets, in violation of Title 18, United States Code, Section 1832(a)(2) and Section 2. As part of his plea agreement with the United States, ROBERT R. KEPPEL has agreed to forfeit his interest in the 2001 Lexus RX300 and the 1997 Ferrari 355 Spider referenced above, and over \$56,000 seized from the various bank accounts referenced above. Sentencing of ROBERT R. KEPPEL is scheduled for November 1, 2002, at 9:30 a.m., before U.S. District Court Judge Robert J. Bryan. The maximum penalties for Theft of Trade Secrets include imprisonment for up to ten years, a fine of up to \$250,000.00, and a period of supervision following release from prison of up to five years. This case was investigated by the Federal Bureau of Investigation's

Computer Crimes Squad, and was prosecuted by Assistant U.S. Attorney Annette L. Hayes. For further information please contact Executive Assistant U.S. Attorney John Harting at (206) 553-4110.

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