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Primary Case: 295A-NO-74951Case Title: (U) RAINER WHITTICH AKA
RAINER WITTICH MARTIN
VELLOZZI ET AL DAIMLER
MERCEDES BENZ-VICTIM THEFT
OF TRADE SECRETS

Serial Number: 205

Serialized: 03/07/2013

Category: Full Investigation

Initiated: 07/20/2011

Details

Document Title: (U) MARTIN VELLOZZI
Drafted Date: 02/22/2013
Type of Activity: Interview
Methods: In Person
Investigation On: 02/19/2013
At: New Orleans, Louisiana, United States
Details: (U)

MARTIN VELLOZZI (VELLOZZI), [REDACTED]

[REDACTED] was interviewed at the Eastern District of Louisiana United States Attorney's Office, located at 650 Poydras Street, Suite 1600, New Orleans, Louisiana. Also present were FBI Special Agent (SA) SUNDANAH A. PARSONS, Assistant United States Attorney (AUSA) JORDAN GINSBERG, and GEORGE BIRD, attorney for VELLOZZI. Prior to the interview, VELLOZZI provided a copy of a proffer letter signed by GINSBERG, VELLOZZI and BIRD on 02/12/2013. After being advised of the identity of the interviewing Agents and the nature of the interview, VELLOZZI provided the following information:

VELLOZZI was a former mechanic and technician for MERCEDES BENZ (MERCEDES), and also worked for FIAT. During high school VELLOZZI worked on teachers' cars, and then went on to work in various auto shops. VELLOZZI opened his own shop with a partner until 1983. After that venture, VELLOZZI bought ACI COMPANY, an industrial supply company. VELLOZZI dealt with the Chinese government regarding industrial supplies during this time. There was conflict with some employees who stole from the company, who VELLOZZI ultimately fired. The conflict caused him to lose sales and he closed the business.

VELLOZZI went back into the automobile industry and started work at a MERCEDES dealership in Torrance, California. VELLOZZI worked there for approximately two (2) years before he went to HOUSE OF IMPORTS. After HOUSE OF IMPORTS, VELLOZZI went to DOWNTOWN LOS ANGELES MERCEDES (DOWNTOWN). Throughout his employment in the auto industry, VELLOZZI developed a large customer base.

VELLOZZI started LMV INDUSTRIES to share information online about repairing high-end vehicles, specifically MERCEDES, even though MERCEDES was against information sharing. VELLOZZI incorporated LMV INDUSTRIES with his wife, LISA VELLOZZI, around 1999. VELLOZZI continued to work on cars, and started to publish posts on the Internet regarding car issues and repairs. VELLOZZI conducted in-shop training on MERCEDES. While he was developing his business, VELLOZZI took a leave of absence from his job at DOWNTOWN to see if the new business would be successful. After the success

of LMV INDUSTRIES, VELLOZZI left DOWNTOWN in 2001.

VELLOZZI was asked to test a counterfeit STAR DIAGNOSTIC SYSTEM (SDS) unit at RUDY'S AUTOMOTIVE in San Diego, California. VELLOZZI thought he met RAINER WHITTICH (WHITTICH) briefly at this time, which would have been the first time he met WHITTICH. VELLOZZI later found out the counterfeit SDS unit he tested was built by ROBERT "BOB" BECKMANN (BECKMANN). RUDY'S AUTOMOTIVE went out of business in 2009.

Around 2003, VELLOZZI attended the MEMPHIS MOTORWORKS conference as a presenter. WHITTICH and BECKMANN registered to attend VELLOZZI's seminar and took VELLOZZI out for dinner. WHITTICH and BECKMANN asked VELLOZZI to start hosting his own seminars in hotels. WHITTICH told VELLOZZI if he agreed, WHITTICH would guarantee him a minimum of (thirty) 30 attendees and would pay VELLOZZI the difference if the minimum was not met. WHITTICH wanted to be involved with seminars to help build his LMV INDUSTRIES customer base. WHITTICH hoped to educate the black market of the auto industry so he could sell parts to them. At this time VELLOZZI knew WHITTICH was already selling counterfeit SDS units.

The SDS software, DAS, first came out in 1998. Independent auto shops were frustrated by German and Bavarian attempts to withhold information from the black market. With the arrival of DAS, independents saw an opportunity to crack the software in order to use it in their shops. WHITTICH realized his parts business would suffer due to the SDS unit, and he had the idea to create a counterfeit SDS unit. WHITTICH approached someone at MERCEDES and talked to them about making a black market version of an SDS unit. WHITTICH had a man in Florida who was involved in developing the unit and software. VELLOZZI thought the man in Florida may have had a contact within MERCEDES.

VELLOZZI heard from WHITTICH that MERCEDES gave WHITTICH permission to develop the counterfeit SDS unit, as long as he did not steal MERCEDES' hardware. MERCEDES allowed WHITTICH borrow one of their units to help him develop his counterfeit unit, and provided access to their engineers. ARMIN NICKEL, a retired MERCEDES employee, will testify WHITTICH received permission from MERCEDES to develop his counterfeit SDS units. MERCEDES allowed the black market to flourish as long as they did not sell or steal dealer units. This allowed MERCEDES to avoid liability and sell more parts.

WHITTICH asked BECKMANN to design a communication protocol to work with the multiplexer. BECKMANN created and sold multiplexer units, and was the first to build an after-market multiplexer. Around 1999 or 2000, BECKMANN showed MERCEDES their counterfeit unit and demonstrated how it was faster than the unit developed by MERCEDES. MERCEDES told them not to flaunt their counterfeit SDS units.

At THE BRISON COMPANY, owned by WHITTICH, JIM "JIMMY" JACOBI (JACOBI), was responsible for the software on the counterfeit SDS units. VELLOZZI spoke with JACOBI approximately three (3) times per month.

Around 2004, VELLOZZI started conducting seminars in hotels. The plan was to sell tables to sponsors to pay for the hotel space. WHITTICH was VELLOZZI's biggest sponsor, with fourteen (14) tables. WHITTICH brought parts and products for display. VELLOZZI hosted around fourteen (14) seminars per year in the beginning, but then dropped to six (6) or seven (7) per year. BECKMANN originally attended five (5) or six (6) seminars per year but then dropped to one (1) per year. BECKMANN started to pick up his attendance again to help build his business.

Sometime around 2005 or 2006 VELLOZZI needed an SDS unit to do offline support. WHITTICH made a deal with VELLOZZI that if VELLOZZI sold three (3) SDS units then BECKMANN and WHITTICH would give him a counterfeit SDS unit for no charge. This is around the time VELLOZZI began selling counterfeit SDS units. VELLOZZI remembered a conversation he had with WHITTICH at a seminar where WHITTICH told VELLOZZI he was upset VELLOZZI

was selling counterfeit SDS units.

VELLOZZI did not recall seeing WHITTICH's counterfeit SDS units at his seminars, but VELLOZZI said it was not necessary to bring the actual units in order to sell them. SDS units included a tablet or Compact 4 with DAS, a specialized cable and a multiplexer. WHITTICH brought DAS software, laptops and hard drives.

BECKMANN was responsible for creating the hardware. VELLOZZI was never involved with the hardware aspect of the counterfeit SDS units. Until approximately 2008, BECKMANN likely helped WHITTICH create the software for the units.

Around 2008, the JC RECORDINGS website came out in Europe, which was owned and run by JOHN COUPLAND (COUPLAND). COUPLAND provided copyrighted information publicly on his website. COUPLAND became the source for counterfeit software for SDS units. He provided the software as well as the patches. With this software, a counterfeit SDS unit could be built for less than \$1,500. VELLOZZI met COUPLAND online, and believed he was the first to find COUPLAND. VELLOZZI told BECKMANN and WHITTICH about COUPLAND. VELLOZZI and COUPLAND communicated mostly through e-mail, but VELLOZZI talked to COUPLAND by SKYPE a couple of times. In an e-mail, COUPLAND asked BECKMANN about how MERCEDES felt about the black market, and BECKMANN told COUPLAND MERCEDES did not care. A lot of customers began purchasing updates directly from COUPLAND. VELLOZZI did not know how the SDS software was cracked, but he believed COUPLAND would know.

Initially, VELLOZZI contacted WILLIAM VETTER at MERCEDES to report COUPLAND's operation and provided MERCEDES with COUPLAND's website. Around six (6) months ago COUPLAND's website was shut down. COUPLAND made a deal with MERCEDES. MERCEDES sent a denial of responsibility to COUPLAND's customer base via e-mail. COUPLAND is now involved in videos relating to furniture making. He shut down all of the other content on his website. VELLOZZI did not know what APPLE DROPPER was.

Around 2008, VELLOZZI started working with MERCEDES. MERCEDES wanted VELLOZZI to sell and promote SDS units. In order to sell the units, MERCEDES requested VELLOZZI's tax returns but VELLOZZI was behind on his taxes and did not have them available. Therefore, VELLOZZI was not able to sell the units for a commission and agreed to promote sales instead, directing customers to MERCEDES. A BASIC II unit was \$8,100 with a three (3) year warranty, and no customer support after that. When the BASIC II unit came out, the Chinese and Russians flooded the market with counterfeit SDS units which were sold online and on EBay for \$500-\$3,000.

VELLOZZI bought the first J2534 license from MERCEDES and was a tester. VELLOZZI realized using the J2534 login on COUPLAND's counterfeit SDS unit permitted full access to the MERCEDES servers in Germany. This resulted in a large number of black market SDS units hitting MERCEDES' servers. MERCEDES contacted WHITTICH, BECKMANN or VELLOZZI and asked them to stop. VELLOZZI could not recall which of them had been contacted by MERCEDES. VELLOZZI asked COUPLAND to create a file to block this access to MERCEDES servers, and instructed WHITTICH not to sell units without this patch.

BECKMANN sold multiplexers to both VELLOZZI and WHITTICH. BECKMANN charged VELLOZZI about \$2,000 more than he charged WHITTICH for the multiplexer. The counterfeit SDS unit prices were set by WHITTICH, generally at half of the MERCEDES price. SDS units were very expensive until the Chinese flooded the market with their counterfeit units. Around 2006 and 2007 MERCEDES SDS units were approximately \$25,000. After the market was flooded, the MERCEDES price went down to about \$8,100. When VELLOZZI was selling units for \$11,500 he made approximately \$3,500 - \$4,000 profit because BECKMANN sold the multiplexer to him for \$6,500 and VELLOZZI also had to buy a laptop to go with the unit.

VELLOZZI sold more updates than counterfeit SDS units. BECKMANN

manufactured about 1,050 multiplexers. BECKMANN did not sell many of the counterfeit SDS units. VELLOZZI approximated he sold thirty (30) to fifty (50) counterfeit SDS units, and over 100 updates. WHITTICH sold the rest of BECKMANN's units, as well as Chinese units. BECKMANN had overseas buyers for his multiplexers. WHITTICH kept sales information to himself and was a very private individual.

VELLOZZI knew former MERCEDES employees. These individuals provided VELLOZZI with training material. VELLOZZI posted MERCEDES bulletins on his website and agreed he posted them illegally and profited from posting the material. VELLOZZI hosted videos on his website. Some of the videos were from the public domain, some were from overseas and some were downloaded by VELLOZZI. VELLOZZI had a letter from MERCEDES ordering him not to publish material copyrighted by MERCEDES.

From around 2006 - 2008 VELLOZZI started LMV INDUSTRIES VOLVO, but picked the wrong business partner, and the venture was unsuccessful. The failed franchise was run by THOMAS and NINA CHUNG. Because VELLOZZI could not use the VOLVO name, he used the word "Swedish" to indicate VOLVO.

In 2010 the LMV INDUSTRIES BMW website opened as a franchise of LMV INDUSTRIES at web address www.lmvindebavarian.net. The site was run by SETH THORSON, owner of SCT INDUSTRIES. THORSON was licensed, sold legal equipment, had a login to BMW's website, and had a good relationship with BMW. VELLOZZI received \$5 per month per customer for the LMV INDUSTRIES BMW site. VELLOZZI provided THORSON with a license to use the LMV INDUSTRIES logo, and the website format and layout. Because VELLOZZI could not use "BMW" in the website name they used the word "Bavarian" to indicate BMW.

VELLOZZI described people he worked with. STEVE MERCANET was a programmer he contracted to help manage the LMV INDUSTRIES website. MERCANET was not involved in counterfeit SDS sales. MARTHA LNU was someone that works for VELLOZZI by closing posts for him. She worked for an independent MERCEDES auto shop, but never worked for MERCEDES directly. MARTHA logged into STARTEK INFO with VELLOZZI's user credentials to download information to post on LMV INDUSTRIES' website.

ANDY CHAN was an employee of MERCEDES BENZ OF TORRANCE on Pacific Coast Highway in California. CHAN and VELLOZZI went to each other's houses to visit one another. CHAN helped VELLOZZI fix cars, and he also helped VELLOZZI obtain access to MERCEDES training videos. VELLOZZI used CHAN's account approximately 3 times per year to log into MERCEDES' training website and view and download MERCEDES training videos. An individual was supposed to be an employee of MERCEDES in order to log into the site. CHAN received credit for completing the training and VELLOZZI downloaded and posted the videos on LMV INDUSTRIES' website. All of the training materials on VELLOZZI's website came from CHAN's MERCEDES account. VELLOZZI did not pay CHAN for this access. Training videos were not available on the STARTEK INFO site. Some independent dealers were eligible to receive MERCEDES training; however, it was a difficult process to apply for training, so most independent dealers did not receive official MERCEDES training.

IAN DUCOFF was a friend of BECKMANN's in NEW YORK who VELLOZZI met through BECKMANN. DUCOFF was a resource who would help explain MERCEDES information to VELLOZZI. DAVID MCHUGH was a MERCEDES employee who offered to provide materials to VELLOZZI. WILLIAM VETTER was a contact VELLOZZI has at MERCEDES.

LISA VELLOZZI was responsible for the billing, creating class certificates, credit card processing and hotel booking and payment for LMV INDUSTRIES.

VELLOZZI planned to open a MERCEDES website in Europe this month. The websites would be www.lmvindeuromercedes.com and www.lmvindeuromercedes.net. ANDREW RUELLAND would run VELLOZZI's European

website. The website provided lifetime support to customers for \$69 per month; however, they planned to transition to a tiered service. They planned to add tiers at \$100 per month and \$250 per month.

VELLOZZI only utilized one logon to STARTEK INFO, which he paid for with a check card. VELLOZZI was shown a list of historical usernames from STARTEK INFO and said they could have been usernames he used in the past. VELLOZZI could not afford membership to STARTEK INFO when he first started logging in so he would sign up for a username to download content and then cancel his membership. VELLOZZI started paying for the service three (3) years ago. VELLOZZI used STARTEK INFO for wiring diagrams and to collect other MERCEDES information.

VELLOZZI stated there was no correlation between being an LMV INDUSTRIES customer and having a counterfeit SDS unit, however the majority of his customers had a counterfeit SDS unit. VELLOZZI believed about seventy (70) percent of his customers had a counterfeit SDS unit, but they have a variety of counterfeit SDS units, not just the type sold by VELLOZZI, WHITTICH and BECKMANN.

WHITTICH allowed people to pay for their counterfeit SDS units over time if they could not afford to pay the full amount upfront. VELLOZZI stated he did not share sales or profit with WHITTICH or BECKMANN. WHITTICH bought multiplexers from other sources, and not just from BECKMANN. WHITTICH also sold Chinese units. WHITTICH and JACOBI did not need VELLOZZI for updates or software. Between WHITTICH, VELLOZZI and BECKMANN, WHITTICH sold the most counterfeit SDS units. BECKMANN sold the multiplexers and VELLOZZI ran the seminars and support website.

VELLOZZI did not recognize the name HO COMPANY. He did not know what the "MBIssues" spreadsheet was, but it appeared to be a document produced after a conference call with MERCEDES dealers where they discussed information and then compiled the information to post on STARTEK INFO. VELLOZZI identified a file named "stolenSDSserials" as a list published by MERCEDES of stolen SDS serial numbers. Any units found with those numbers were supposed to be reported to MERCEDES.

JAMES GARRIDO was one of VELLOZZI's customers. GARRIDO ran MOBILE DIAGNOSTICS GROUP which provided traveling technical support to auto shops. They operated on service calls. VELLOZZI only had a couple of mobile service groups as customers. They often required immediate responses and VELLOZZI usually needed at least two (2) hours to reply to customers.

Manufacturers were starting to lock parts to cars. These were referred to as THEFT RELATED PARTS (TRP). BECKMANN found ways to unlock control units so these parts could be moved to other vehicles. Sometimes MERCEDES cannot even unlock their own TRP parts and in the past they asked BECKMANN to unlock parts for them. BECKMANN sold unlocks to MERCEDES and works closely with them.

WHITTICH spoke at VELLOZZI's seminars about TRP parts. WHITTICH was able to get TRP parts through GLENN VERCHER (VERCHER) and they have their own notary. MERCEDES checked them out and they are on the up and up.

VERCHER was the liaison between MERCEDES and WHITTICH regarding TRP parts. VERCHER checked the U.S. inventory for transmission plates. VERCHER provided VELLOZZI with his user credentials to STARTEK INFO once or twice. VELLOZZI used VERCHER's credentials to search the number of MERCEDES bulletins VERCHER had access to and compare that number to what VELLOZZI saw when he logged into STARTEK. VELLOZZI believed MERCEDES was not sharing all of the bulletins with non-employees, but confirmed the information was the same. VELLOZZI did not use VERCHER's credentials to download any content since he had access to the same information.

VELLOZZI used to sell Sprinter and Telematic software, available from MERCEDES, but found this was not profitable and stopped selling the

software. VELLOZZI ordered the SPRINTER software from MERCEDES and provided the content online for viewing by his customers. They were not able to download the content. VELLOZZI charged \$25 plus shipping and handling for the TELEMATIC software.

BECKMANN developed and licensed BLUE LINK software, with the help of MIKE KRULAWSKI and SHAY LNU. SHAY LNU was the brains behind BLUE LINK. MAX LNU did programming for the transmission control unit with BECKMANN. ANDREW SCOTT worked for BECKMANN, as well as someone named STEVE LNU.

The last time VELLOZZI was in New Orleans, Louisiana was 06/02/2012, the date of his last seminar in this area. That was the last time VELLOZZI saw BECKMANN. At that meeting, BECKMANN lectured about rights to repair efforts. BECKMANN educated attendees about what was happening in the industry.

BECKMANN negotiated between the independent auto shops and dealers. WHITTICH spoke about TRP parts. WHITTICH did not give formal lectures, but spoke to the audience by interrupting VELLOZZI.

All of THE BRINSON COMPANY employees have attended VELLOZZI's seminars at some point. THOMAS "TOMMY" GAFFNEY (GAFFNEY) attended seminars. JOHN VACCARO attended seminars in Chicago, Illinois. PAUL RIGGLES attended seminars in Virginia. SAVINO "SAM" FALCO (FALCO) probably attended seminars.

MERCEDES had a new multiplexer coming out that will be backwards compatible. VELLOZZI planned to sell the legal MERCEDES unit when it came out. The black market for counterfeit SDS units will end when the new MERCEDES unit is produced and sold. After this year, BECKMANN's multiplexer will not work.

VELLOZZI gave BECKMANN ideas and BECKMANN would patent the ideas. BECKMANN developed the CAN analyzer kit, which was VELLOZZI's idea.

When they discussed selling counterfeit SDS units, only the three (3) men were present: VELLOZZI, BECKMANN, and WHITTICH. They did not discuss selling the counterfeit units in front of others.

All of the software came from BECKMANN before COUPLAND participated. COUPLAND eventually became the primary person where everyone got their software, including WHITTICH. The multiplexer came from BECKMANN. Originally, WHITTICH sold laptops to VELLOZZI. JACOBI configured the laptops. WHITTICH sent the laptops to VELLOZZI or directly to the customer. Therefore, the customer would get one (1) box from North Carolina, which would be the multiplexer sent by BECKMANN, and one (1) box from either California or Louisiana, depending on whether the laptop was shipped by VELLOZZI or WHITTICH, respectively. VELLOZZI kept a mirror copy of the drive. Later, VELLOZZI purchased his own used IBM T20 and T30 laptops on EBAY.

More recently, VELLOZZI purchased new laptops from DELL and EBAY. WHITTICH always purchased from DELL. WHITTICH had a friend of a friend who was a DELL representative and WHITTICH bought computers from that individual as a favor. The person was a client of WHITTICH, VELLOZZI and BECKMANN. VELLOZZI originally purchased IBM laptops but switched to DELLs for faster speeds. All of VELLOZZI's servers are DELL. If customers could not afford a brand new laptop, VELLOZZI sold them a used laptop. It did not matter what type of laptop was used. VELLOZZI loaded the DAS software on new laptops for clients when their old laptops broke.

Of the three (3) men, VELLOZZI was the most paranoid. LMV INDUSTRIES was not created to serve the black market. It became that way to keep the industry going and help keep the independent auto shops in business. WHITTICH never told VELLOZZI what they were doing was legal. Instead, WHITTICH knew what they were doing was illegal, and WHITTICH did not have written permission from MERCEDES to design the counterfeit SDS unit.

WHITTICH provided manuals and books to customers. He copied and sold them at seminars. WHITTICH bought computer-based training sessions in Germany. WHITTICH and BECKMANN attended a conference there every year or two. WHITTICH put the content on CDs or hard drives and sold them. He sold some of these CDs and hard drives at VELLOZZI's seminars. WHITTICH sold parts pricing CDs every month for \$50 monthly and would auto ship them to customers. WHITTICH was able to obtain and sell any MERCEDES content. VELLOZZI estimated a substantial amount of WHITTICH's business dealt with the black market.

WHITTICH was hurting financially. THE BRINSON COMPANY lost sales after search warrants were executed by the FBI in July 2012. WHITTICH stopped selling counterfeit SDS units after that time, which is why he was struggling financially. Some of his customers refused to pay him. Customers would not call him because they thought his phones were monitored by the FBI. VELLOZZI heard WHITTICH could not collect on some of his accounts. VELLOZZI has not spoken with WHITTICH since the warrants were executed. WHITTICH started a waiting list for counterfeit SDS updates and expected his legal problems to blow over by summer. However, WHITTICH was not currently selling anything.

VELLOZZI heard a rumor that WHITTICH wanted to meet with him in Houston, Texas, but VELLOZZI declined. VELLOZZI and BECKMANN spoke frequently and had a good working relationship which was much closer than VELLOZZI had with WHITTICH. VELLOZZI told BECKMANN about the warrants. BECKMANN was angry because he said there was a reason the black market existed. BECKMANN knew a lot of legal information regarding MERCEDES. BECKMANN told MERCEDES they needed to deal with the black market and write a letter giving WHITTICH permission to develop and sell the counterfeit SDS units, in order to ratify his actions after the fact.

FALCO lost his unemployment action against WHITTICH, and WHITTICH planned to use that information to discredit FALCO as part of WHITTICH's defense. FALCO sued WHITTICH, but WHITTICH refused to settle with FALCO, and FALCO subsequently dropped the suit.

WHITTICH intended to prove, as part of his defense, that MERCEDES was aware of what he did and sanctioned his actions. BECKMANN tried to convince WHITTICH to cooperate with the investigation, but WHITTICH planned to fight the charges and would not give up.

BECKMANN had an attorney and verified his multiplexer was legal and he had not violated any copyrights.

There was only one (1) legitimate SDS unit, and that was the one manufactured by MERCEDES. Shop owners could not afford the MERCEDES SDS unit, so they knew the units they purchased from VELLOZZI, WHITTICH and BECKMANN were illegal because the counterfeit SDS units were much cheaper.

VELLOZZI did not know WHITTICH's house was for sale. VELLOZZI had visited WHITTICH's house in the past. WHITTICH likely put his house on the market because of his financial situation. WHITTICH could not fire his employees because he needed to keep them close during the investigation.

WHITTICH was extremely racist. He made loud jokes using the n-word. He was raised that way. WHITTICH used the MERCEDES color code for black, 0400, when he referred to black people.

VELLOZZI had a travel trailer at Colorado River. He and his wife spent a month there in the summer.

VELLOZZI and WHITTICH used to travel together. They bought a van for the trips. WHITTICH contracted a printing company to copy and assemble all of their seminar and training materials. VELLOZZI used WHITTICH's printing company in the past. WHITTICH had a master book or disk and VELLOZZI told WHITTICH the quantity to send to the printer. They loaded the van with the

materials for the seminar tours. VELLOZZI heard WHITTICH sold VELLOZZI's books, so VELLOZZI got his binders and books back from WHITTICH. Now VELLOZZI prints his own material using a printing company in Harbor City, California.

VELLOZZI purchased cables from BECKMANN, but multiplexers were the bulk of VELLOZZI's purchases from BECKMANN. Originally BECKMANN charged \$6,500 for the multiplexers. After the BASIC II came out, BECKMANN reduced the price to \$3,500. BECKMANN produced multiplexers in the building he owned in Durham, North Carolina. He rented out half of the building to another company.

VELLOZZI received communications from MERCEDES. One communication was a demand that VELLOZZI cancel a MERCEDES employee's LMV INDUSTRIES membership. VELLOZZI did not understand at the time this demand was due to the fact he was in competition with MERCEDES. Another communication with MERCEDES occurred when VELLOZZI contacted MERCEDES to let MERCEDES know independent shops may mobilize if MERCEDES did not change their policies. VELLOZZI indicated independent shops would write their Senators to demand legal changes. Other than these instances, VELLOZZI had no other contact with MERCEDES' legal team. MERCEDES never contacted VELLOZZI regarding the LMV INDUSTRIES website or its content.

MERCEDES sometimes referred customers to WHITTICH and VELLOZZI when MERCEDES could not sell legitimate SDS units to the people they were referring. VELLOZZI asked MERCEDES not to refer customers to him.

LMV INDUSTRIES was a profitable company and VELLOZZI's business was not hurt since the execution of the search warrants. VELLOZZI's customers were concerned they were going to get into legal trouble or lose their counterfeit SDS units and go out of business.

WHITTICH, BECKMANN and VELLOZZI knew they sold software which was not licensed by MERCEDES. JACOBI was involved with the counterfeit SDS unit development and sales since the start. WHITTICH told JACOBI what to do. JACOBI was related to WHITTICH somehow through marriage. WHITTICH thought JACOBI was married to WHITTICH's wife's sister. Until 2007, WHITTICH had the entire share of the counterfeit SDS black market.

WHITTICH said they were not going to cooperate with the investigation and they should not provide any information to law enforcement. JACOBI and GAFFNEY had a meeting with their lawyers on 02/19/2013. WHITTICH told BECKMANN JACOBI was summoned to Grand Jury. VELLOZZI asked BECKMANN why JACOBI and GAFFNEY pled the fifth at Grand Jury, and BECKMANN told VELLOZZI it was because WHITTICH was stubborn and pissed off at the FBI. WHITTICH planned to initiate law suits against the Federal government. BECKMANN told WHITTICH he should listen to his lawyers and cooperate with the investigation.

BIRD spoke with BRIAN CAPITELLI, attorney for WHITTICH. There was no joint defense agreement and he did not think the charges will be fought in court as hard as WHITTICH claimed.

All three (3) men had knowledge of illegality of their actions. WHITTICH and VELLOZZI had about one hundred (100) conversations throughout the years wherein they discussed that what they were doing was illegal. Both of the men knew what they were doing was illegal. The conversations came up when they would see MERCEDES memos or see something happen online. When VELLOZZI stated his concerns, WHITTICH told VELLOZZI no one is twisting VELLOZZI's arm, and VELLOZZI should make his own decision about whether or not to participate. WHITTICH knew it was illegal, but was confident there would not be a problem. BECKMANN would not comment much about the topic, but said MERCEDES had the ability to shut down the black market with one click if they wanted to.

JACOBI also knew what they were doing was illegal, based on conversations VELLOZZI had with JACOBI. VELLOZZI stated you would not need

a key generator if what you were doing was legal, and everyone involved would know that. A key generator is used to activate software that is not official MERCEDES software, and there is no reason to apply that technology to software that is legal.

During the interview, VELLOZZI and BIRD were offered a lunch break, which they both declined.

IA/IC Packages

Package 1A90

Summary: (U) Agent notes and George Bird business card
Acquired By: Tracie E. Smith

Acquired On: 02/19/2013
Receipt Given: No

Attachments: UNCLASSIFIED
 (U) Agent notes and George Bird business card
 (U) VellozziNotes.pdf (677 kB)
Digital (Physical Copy Retained)

Package 1A91

Summary: (U) VELLOZZI proffer letter
Acquired By: Tracie E. Smith

Acquired On: 03/06/2013
Receipt Given: No

Attachments: UNCLASSIFIED
 (U) VELLOZZI proffer letter
 (U) Proffer Letter.pdf (265 kB)
Digital (Physical Copy Retained)

Indexing

Display Name	Enterprise Role	Entity Role	Entity Type	US Person
<u>The Brinson Company</u>	CASE INDEX	Reference	ORGANIZATION	Unknown
<u>James Jacobi</u>	CASE INDEX	Reference	PERSON	Yes
<u>STÉVE MERCANET</u>	CASE INDEX	Reference	PERSON	Unknown
<u>JIM JACOBI</u>	CASE INDEX	Reference	PERSON	Unknown
<u>RAINER WITTICH</u>	CASE INDEX	Reference	PERSON	Yes
<u>JAMES GARRIDO</u>	CASE INDEX	Reference	PERSON	Unknown
<u>www.lmvindeuromercedes.net</u>	CASE INDEX	Reference	ORGANIZATION	Unknown
<u>DAVID MCHUGH</u>	CASE INDEX	Reference	PERSON	Unknown
<u>PAUL RIGGLES</u>	CASE INDEX	Reference	PERSON	Unknown
<u>MIKE KRULAWSKI</u>	CASE INDEX	Reference	PERSON	Unknown

Routing