

# EXHIBIT 1

# StarTribune

## **Lawyers in BitTorrent copyright trolling cases under scrutiny**

Article by: Dan Browning

Star Tribune

March 10, 2013 - 9:46 PM

One federal judge calls it a modern-day “shakedown.”

A Minnesota attorney says it's merely an effort to hunt down Internet pirates illegally downloading pornography.

The issue is “copyright trolling” — a practice in which lawyers threaten lawsuits to wring millions of dollars in settlements from people suspected of pirating videos online.

Now, defense attorneys have questioned whether a group of men

with ties to Minnesota who are behind hundreds of such suits nationwide have used straw men as copyright holders when they asked judges to help them obtain the identities of Internet users.

A federal judge in Los Angeles, concerned about what he called a “possible fraud on the court,” intends to get to the bottom of the dispute at a hearing Monday afternoon. Attorney John L. Steele is among eight key figures ordered to appear before U.S. District Judge Otis D. Wright II to explain themselves or face sanctions that could include fines or jail.

Steele denies any wrongdoing. "If people sit back and let a fact-finder ... hear evidence, these conspiracies always dissipate like fog," he said in a recent interview.

But late Friday, his attorneys filed a motion challenging the judge's authority to compel Steele and his associates from Minnesota and Illinois to appear in the California cases, which were handled by an associate in that state.

## How the lawsuits arise

The cases arise from one of the latest forms of Internet piracy, in which people use file-sharing programs such as BitTorrent to download copyrighted movies. The computers or wireless routers involved can be identified by their “Internet protocol,” a numerical address, but the identities of the users are not clear.

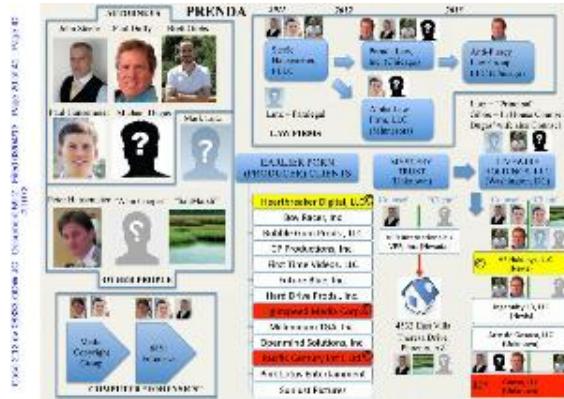
The Star Tribune has identified more than 660 federal lawsuits filed by more than a dozen entities who have asked judges to help them identify thousands of computer users who may have illegally downloaded copyrighted videos.

Then lawyers send those users a settlement demand — generally ranging from \$1,500 to \$4,000 — warning that violations can result in penalties of up to \$150,000 if they must go to court.

Steele, a 2006 University of Minnesota Law School graduate licensed in Illinois, has built a national reputation by specializing in such cases with his one-time partner and former classmate, Paul Hansmeier of Minneapolis.

"That was an area we thought we could make a big difference in because there weren't too many types of people who were prosecuting these types of suits," Hansmeier said.

Hansmeier said criticism of the litigation comes from copyright pirates and their attorneys who "spread conspiracy theories" because they lose in court.



Public court document called ConnectionsChart with key players: John L. Steele , Paul Hansmeier, Peter Hansmeier, Paul Duffy and Brett Gibbs. (Ingenuity 13 v. John Doe, case no. 12-cv-8333).

, Federal court filing, Central District, California

## Minnesotans listed

In June 2010, Steele formed Media Copyright Group in Minnesota with Hansmeier as its manager. Hansmeier's brother, Peter, worked at the firm capturing Internet addresses of suspected copyright infringers. Several months later, the Steele Hansmeier law firm was formed in Minnesota and began filing lawsuits.

Allan Mooney, a Minnesotan who has brokered the sale of Internet-based businesses, said he introduced his friend Paul Hansmeier to some contacts in the porn industry. But he denied knowing that he was listed as the "sole organizer" of MCGIP LLC, a plaintiff in at least 20 lawsuits filed by Steele Hansmeier or contract attorneys.

Mooney also has been listed in court filings — with his name misspelled — as an agent for an entity called Guava LLC, which is registered in the Federation of St. Kitts and Nevis in the West Indies. Guava has been the plaintiff in 21 federal lawsuits since October, including six in Minnesota.

"That would be news to me," Mooney said. "I'm not involved in any of that type of stuff. I'm more or less a personal trainer."

Asked about Guava, Paul Hansmeier sent the Star Tribune notarized affidavits in which Mooney declares that he's "a principal officer" of Guava and that his "standard practice" is to decline comment about the company if strangers call.

Mooney did not respond to efforts to verify that statement.

The name of another Minnesotan, Alan Cooper of Isle, appears as a representative of two West Indies entities that have filed nearly 300 lawsuits nationwide, including nine in Minnesota.

Cooper, a 39-year-old cabin caretaker from the Lake Mille Lacs area, also is named as president, treasurer, secretary and director of a Nevada company involved in at least two infringement suits. That company listed an address that has been linked to Steele in public records.

Cooper said he met Steele in 2006 when he agreed to take care of his 3,500-square-foot cabin on 125 acres in rural Aitkin County.

Cooper filed suit last month in Hennepin County against Steele and others, alleging that the documents bearing his signature are forgeries and that his name was used without his knowledge or consent.

In Florida, Steele sued Cooper and his attorney for libel, but dropped the suit last week and declined to comment on it.

## Judges' rulings vary

Presented with lawsuits in copyright trolling cases, some judges have compelled Internet service providers to turn over the identities of suspected pornography downloaders, while others have not.

Steele and Paul Hansmeier acknowledge that they've lost some cases, but say that they've won most of the time, including in Minnesota. They say their most significant victory came last August in a case filed in Washington, D.C.

In that case, U.S. District Judge Beryl A. Howell refused motions by several major Internet service providers — including Comcast, AT&T and Verizon — to quash subpoenas seeking the identities of 1,058 subscribers. Howell wrote that a plaintiff is entitled to ask them to identify customers who might be illegally downloading movies. But because courts have split on the issue, she agreed to stay her order pending an appeal.

In an Illinois case, U.S. District Judge Harold Baker refused to issue subpoenas, saying the subscribers might not be the ones downloading.

"The ISPs include a number of universities, such as Carnegie Mellon, Columbia, and the University of Minnesota, as well as corporations and utility companies," he wrote. "The infringer might be the subscriber, someone in the subscriber's household, a visitor with her laptop, a neighbor, or someone parked on the street."

The Electronic Frontier Foundation submitted a brief in the case arguing that the suit should be dismissed and challenging 10 of 11 copyrights the plaintiff claimed were pirated.

Steele withdrew the suit, but declined to explain why.

Fraud on the courts?

Steele Hansmeier has since sold its practice to a Chicago firm called Prenda Law, headed by Paul Duffy.

Steele still works through Prenda Law at times. He declined to comment on the ownership of the entities he represents, saying that the lawsuits have resulted in death threats.

But at least two federal judges are demanding answers.

In Tampa, Fla., U.S. District Judge Mary S. Scriven dismissed "for attempted fraud on the Court" a case that had been brought by an adult film company. And she is considering sanctions against Steele and others.

The judge's ruling came after the film company's attorney of record failed to appear at a November hearing. A "corporate representative" named Mark Lutz of Las Vegas, Nev., couldn't answer basic questions and turned to a man in the gallery. It was Steele. He explained that he has worked on similar cases, but denied involvement in that case.

Lutz told the judge he makes \$1,000 to appear as a corporate representative in infringement cases.

Seeking the mastermind

In Los Angeles, Wright has dismissed a number of the copyright cases and has ordered attorney Brett Gibbs of Prenda Law to explain who pulls the strings. Gibbs identified Steele and Hansmeier, and said Lutz was the CEO of the West Indies copyright holders.

Defense attorney Morgan Pietz challenged Gibbs' assertions last week in a court filing, noting that Lutz had worked as a paralegal for Steele. "This 'Lutz as mastermind' story is simply not credible," Pietz wrote.

Wright then ordered Cooper, Steele, Lutz, the Hansmeier brothers, Duffy and a Prenda Law paralegal from Minnesota to appear at Monday's hearing to explain the ownership of the firms alleging copyright violations.

"If it is true that Alan Cooper's identity was misappropriated and the underlying copyright assignments were improperly executed using his identity, then Plaintiff faces a few problems," Wright wrote.

Star Tribune staff writer Abby Simons contributed to this report. Dan Browning • 612-673-4493

© 2011 Star Tribune