

Week 26.9.97 Report.

Reuven

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The only real operational matter is the prosecution of a pirate in the UK. Norman BANKS pleaded Guilty to various Copyright offences. His computer kit and prosecution costs cost him, with the fines, some £15k. That took away all his profits. He used to do the Phoenix etc programming around the country. He had a reputation so we took him out to keep up the pressure. Not really important.

Germany.

George Leach is also to be prosecuted. OK has fixed him up with a partner of his own lawyer to stop him becoming a random factor by trying to do his own deal. Still very tricky but we are keeping control.

BF has not answered his phone for the past two days. His mother says he is working at university. I try every few hours. Plan is to see him next Tuesday with Chaim.

DIESEL. The UN MARRY programme he sent is no where near as good as Anthony promised him. This is good news. It also downgrades Anthony. I will send the other programmes I have over to Avigail just in case there is any difference.

Anthony claimed it would Un Marry a box and a card so that you could use any card in any box. Instead it allows a level of reading but does not Un Marry.

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CASE NO.
SA CV 03-950 DOC (JTLx)
ECHOSTAR SATELLITE CORP., et al.

vs.

NDS GROUP PLC, et al

PLAINTIFF'S EXHIBIT 189

DATE _____ IDEN.

DATE _____ EVID.

BY _____

Deputy Clerk

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view to considering him working for us.

I have a three-month plan where we are paying them a little money to see if they can produce information. Len is exercising very good control over them. The plan is first that they can become ASA's in three months. This allows them to open a small shop and sell official subscriptions. Tom RICE the head of SKY in Ireland is working on this with Len.

In the Longer term we need to ask ourselves whether SB can add to the skills of the techies. Len thinks they can. The only way to find out is for a technical assessment. I feel that we should do this fairly soon.

IAN STOYLE is talking about SKY again but we do not feel there is any substance to it. We are looking at resources that may be able to get closer to him.

I retrieved from PRINCE a copy of an ANALYSIS and ESTIMATE for the Bennetts on a THOMPSON chip that was done last May. I sent it to Avigail and PS. I did not send it to you, as you need special software and printer to get the photographs off. Ask Avigail for a copy.

The interesting thing is that a company did the first stage of reverse engineering for them. Just who we need to find out.

Bulgarians.

Really not much more to add. The latest E-Mail today from ILIAN says that he is concentrating on the IRDETTO Digital system. He has a full working hack. He lacks the cards and chips to put it on. This was part of his negotiations with BELLA. Bella did not give him the chips because he could not agree a price for accessing the software.

We can break the deadlock. The chips are THOMPSON F48. They are an old chip. I can buy them through an agent for about \$11. This is a pretty good price. I may get them even cheaper.

Having say 1000 chips would make ILIAN come running to Alex. Ilian says that once the Irdetto hack is launched he will concentrate on all the other European systems. He included SKY in his list of about six. So we must concentrate on this guy.

My instinct tells me that Ilian did not do the DSS hack. Yet he seems to have some knowledge.

We need to progress and get the stories. I will do that.

MAIN STORY

At present I think we are on the edge of a serious situation. I mentioned the loss of the business in Poland to a rival. Listening to the marketing people I cannot see where we have had any success. At least part of the problem is the history of the insecurity of our technology. P7 to P10 were hacked and the fact was very public knowledge. Now we have the situation in the USA.

We must face the fact that our reputation is bad and our competitors make capital out of it. We can claim that P11 is not hacked but how confident can we be of the technology. Part of the reason that it is not hacked is the difference we have all made. We have introduced control. The question is whether the control is camouflaging the weaknesses in our technology. My fear is that it is.

In listening to Alex, who is not allowed to hack P11, and coupling that with what is said by others I fear P11 is as weak as anything else we have produced. If that is so it will be hacked as soon as it is used in the USA.

An illustration of the sort of thing Alex says is that 'there are lots of technical mistakes in P11' The card 'is programmed against some of the rules, such as the timing similar to the 7 card, you can see the same in the 11 card'

Alex says that the rules for programming the chips have not been observed. This leads to mistakes. He can also see that the programmer is a different person to that of P10.

The simple facts are that the systems in P11 are similar to those of P10. Therefore the card can be read in the same way as P10. There are some physical differences but there is NO security protection. It is only a matter of time before we have a serious attempt. We do not know what we are up against. Are there mistakes similar to the 40 command?

Alex has only casually looked at the card. When I speak with him he says that 'I cannot look any more because you told me not to'.

My assessment is that he could discover a lot more valuable information if Perry supported him in a project.

I think not to do so would create a false confidence. The techies must realise that their technology has not been put to the test because largely we are stopping it. We cannot say the same for any other part of the world; USA included, where the platform may be used. A hack on P11 would destroy confidence in NDS.

CONFIDENCE

At my visit to Jerusalem I met the person behind P11. I have to say that I know nothing of his abilities. However, I saw in him someone who could be described as isolated both culturally and by experience from the pirate community. He probably knows very little of the tactics and abilities and imaginative intuition of the pirates. They on the other hand are not isolated. They are networked and draw on a vast pool of experience and ability. Their motivation and rewards are higher. Their previous success speaks for itself. Whilst our techies are constantly surprised the pirates are constantly innovative and successful. To the pirates it has always been only a matter of time. We have added risk and cost factors.

When I met the techie I started to guess at the faults. Early information and sadly a very real experience show they are there.

I return to a theme of my last strategic report. I need technical assistance. I suggest the alternative is to integrate Alex into the technical development team. I know they will say things like *he is bright but not that good* but lets face it he has beaten them every period so far.

At present we are shooting in the dark. The techies have been exposed time and time again. They cannot continue in the mould. Something new needs to be added.

The consequence of not adding a new factor would be the continued hacking of our technology. To the best of the pirates it is almost too easy. The technical security holes and mistakes make it possible.

The result of more hacks will be a loss of confidence and a loss of business. At present we are not gaining most of the new projects. How long before we actually lose one to a competitor. Our jobs are on the line. Maybe not yet but we are vulnerable.

I cannot find the words to put a reason to all this. Perhaps over confidence by the technical developers would fit. If that is so how can we shake up the concern. Not I suggest by the camouflage of control by security this is only one leg of the armoury we should have. It can be overcome by operating

from a safe haven beyond our jurisdictional reach. Then we are back to chasing dealers.

We have attacked the very top of the pirate community. They will learn and regroup. Strengthening our technical abilities by bringing in new factors, new blood, is the best way of driving up the cost and difficulty of an attack.

History is the Barometer of our success or failure. At present it is littered with failure. Yet we continue technically in the same obsest manner.

We should ask ourselves why we formed the first black hat operation. Was it to improve or protect? Probably a degree of both. The question must be on where the emphasis and innovation will come from and can the team pick up on the clues for success.

A simple truth is that PS and CS, despite all their skills, cannot cope with Alex.

Alex is the top, probably in the world. He can give the edge.

Yet the real doors are closed to him. Isolation is not broken. Intellectual stimulation that he can provide is filtered out. We must expand and learn. We have a willing teacher.

Alex is available but also entrapped. His imagination, his expertise must be brought into play.

The techies have shown that they are resistant to change. They are almost comfortable in their attitude to outside influence. They isolate themselves. Many of the reasons are valid. There is a very real fear of contamination from the wrong people. My suggestion is that we must find a way of doing it and controlling the dangers, managing the risk.

Marketing is handicapped because our technology has a history of being flawed. People are starting to sit up and notice some difference now that security is imposed. What happens if despite your team the technology is flawed as Alex says.

The issues are simple. The way forward will not be.

First I need technical support in my team to capture and represent the information that is available. It cannot be by negotiation with Jerusalem

or Haifa every time. We can be pro-active in seeking out technical information on a daily basis. A technical presence will enrich our flow of technical intelligence. Maybe with the example of the 40 command that will be enough for the gradual discovery of faults and allow the improvement of P11 to take place in the field.

The alternative is to integrate Alex.

Geoff Walters raised the issue briefly at our meeting today. This was related to the OLDFIELD hack and how we can monitor others doing the same thing. I said that I was discussing this with you

Nothing more this week. There is talk that the same team behind DSS has a P11 hack but are hanging on to it. That seems a little far-fetched. However, I am chasing it. JN has sent me some information. I must admit that I still cannot see the picture of what is going on over there. The message from JN seems to indicate that everything is about to come right. My curiosity is up.