

Week 18.06.99

Reuven

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The main issue is the deal to be done with Pluto and Vesco.

Vesco asked for \$100k sign on fee and an engineers salary thereafter.

Before we start to discuss sums we should examine alternatives.

I was fairly effective in neutralising the pair prior to the recruitment of Pluto. However, you and I acknowledged that this was not watertight and with the introduction of P3 there remained a risk. The risk being that the pair could be re-recruited back to hack P3. This was supported by the messages that Alex and others were picking up. So if a risk existed what were to do.

With Risks we normally think of
AVOIDANCE
REMOVE
CONTROL

We could avoid the risk by not introducing P3. We could Remove the risk by introducing an un-hackable card. So we are left with CONTROL.

We decided that the best control was to control the perpetrators.

To control we decided to recruit, to neutralise. The twin advantages of doing this were

- 1. To stop them actively hacking P3 on behalf of the Canadians.
- 2. To learn from the two recruits, their methods and preventative measures.

This appeared to be a big advantage. Whether it was a big advantage was impossible to estimate. The main obstacle to this being a big advantage was that we did not know who the other hackers are. For example whils

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

vs.

NDS GROUP PLC, et al

PLAINTIFF'S EXHIBIT **1538**

DATE _____ IDEN.

DATE _____ EVID.

BY _____

Deputy Clerk

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1. To stop them actively hacking P3 on behalf of the Canadians.
2. To learn from the two recruits, their methods and preventative measures.

This appeared to be a big advantage. Whether it was a full advantage was impossible to estimate. The main obstacle to this being simply that we did not know who the other hackers are. For example whilst we know of Norm

Dick we have no idea who created the first Marti Mullin hack. So whilst removing the Bulgarians was wise we did not know how effective it would be as a total protection for P3. In short we took a calculated risk.

The one aspect we cannot calculate is the monetary value of protecting P3 from the Bulgarians. Should it prove to be a total protection then the benefit to NDS would be in millions. Not only in terms of DTV business but in the PR effect to our sales. If it delays by six months then it still has a large cost benefit. If other hackers hack the card immediately then arguably the removal of the Bulgarians is not worth very much.

With the benefit of experience over the next six months you and I will be able to talk very convincingly about the cost benefit of our recruitment.

The one hostage that we carry into all these deliberations is the weakness in our technology. I have not told you before as I assume you already know the same as me. Yossi admits that our cards are even more vulnerable to attack than anyone realised before. Glitching is practically a magic key to access our cards. I believe a large amount of white hair appeared among the techies when the full realisation hit them. We brought this message home. I can remember the time when I was called 'the ignorant' by some of the techies and was shouted down.. Now they know for themselves. This probably has much to do with their dislike of the Security Team. We bring the bad news home to them.

So given that the technology can be hacked very quickly what do we do. Do we abandon recruitment and leave everything to ECM's in which case we will lose our customers in a short space of time. Or do we continue to recruit. This gives us time to get the technology correct. Having the enemy on our side removes the complacency element and makes the improvement of our technology a geometric progression.

You and I will stick to our policy, to our strategy. What we need is support. In the main that is money, money, money.

Without a realistic budget we cannot recruit the top hackers. They know what they can get from the pirates. If you are stuck in Bulgaria then the attraction of pirate money is a big argument. Arguing on idealistic grounds will never win. We need to control these guys, to pay them well and get benefit from them.

Against this we have the apathy of the techies. Yossi has still not responded to my messages as to where I should send the Glitcher. Two months ago he would have given anything for the device. Glitching is the big current threat. We have not removed the technical threat all we have done is control the flow of knowledge. Where is the interest. Why are they not beating a path to the doors in Bulgaria. We brought these guys into the nest. They are acting like the Cuckoo and throwing them back out. So we get little verbal or other support in our argument to create a budget.

We have given the techies a problem they cannot face. In many respects they do not even want to acknowledge. The more knowledge we give them the more their fear. So they stay away from the game.

Against this you and I have to argue for a budget. We have to argue with Finance Dept who have no idea of what we have done, why we did it or what it represents in terms of cost.

JOD was heavily involved in the DTV negotiations. He thinks we will lose them soon. We will lose them quicker if P3 is hacked. This must be a major concern. Yet no one other than Raffi came up with support. Certainly not Rick. I have not had any phone calls asking me what budget I need to bring home the bacon. The only support is you and as you tell me you cannot over-ride Rick. That was why I suggested getting Raffi on our side. He ultimately carries the can if we lose DTV.

I know the degree of influence you have with Abe. He clearly respects your judgement. I was merely suggesting possible allies. I know that Rick will chew up any budget proposal. He often says that as there is no hack on SKY he does not need UK security. He knows nothing of the global role and team work that the UK unit contributes to. The accountants of this world do not strive to keep clients like DTV they merely try to cut the cost of the service we provide to them. This is a sensitive interest to him. He now has two other jobs apart from that at NDS and he has a massive share option to protect. Cutting costs will help his balance sheet and his million pounds option (based on his 100,000+ allocation). Against that I cannot voice a request for a budget.

So I see my role as getting the Bulgarians neutralised but doing it at a minimum cost.

We can offer Vesco a six month agreement at \$5,000. At the end of that we should come up with a small bonus of say \$10,000. We then pay him \$7,500 a month for another six months at the end of which we pay him \$15,000. And so on over a period of three years.

I have absolutely no idea as to whether this would be acceptable to him. My tactics are to remove him for as long as possible and not to give him any single significant single payment in the first year. In that way we hopefully keep him (them) away from P3 for at least a year. The big selling point to Vesco is that John Norris and I can give him freedom.

So my apologies for suggesting Raffi. I mentioned him merely because he is the only one who approached us to try and do something. All the others merely wince at the cost.

HEAVEN

Alex told me today that the judge has opened the case. If nothing else this means a messy situation at court where Alex will be exposed. I have spoken with Ismat she is not free until the week of the 5th. To travel and meet with Hoffman.

Alex is very unhappy.

CABLE

More meetings and more agreements. One very successful raid with ten others to follow.

NZ

Hope it rains. ☺