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### Three Sentenced to Prison in Microsoft Fraud Case

October 26, 2007

By Brian Prince

A Fremont, Calif. couple was among a handful of defendants sentenced to prison Oct. 23 for defrauding Microsoft out of more than \$29 million by illegally obtaining discounted software.

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Husband and wife team Mirza and Sameena Ali, ages 60 and 53, respectively, received five years in prison and were ordered to pay more than \$20 million in restitution to Microsoft and forfeit roughly \$5 million after being convicted last year of a host of charges, including money laundering and 30 counts of conspiracy, mail fraud and wire fraud.

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Co-defendant Keith Griffen, 56, of Oregon City, Ore., was sentenced to two years and nine months for his role in the scheme and ordered to pay more than \$20 million to Microsoft after being convicted of nine counts of conspiracy, mail fraud, and wire fraud.

The trio were involved in a scheme to purchase more than \$29 million worth of software that was steeply discounted for academic institutions, and selling it to non-academic entities, in violation of the Microsoft agreement. These convictions were the result of "Operation Cyberstorm," a two-year undercover investigation into software piracy and related crimes by agents from FBI, IRS and REACT Task Force.

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According to the U.S. Department of Justice, from January 1997 through January 2001, Griffen and the Alis formed several corporations and purchased existing corporations holding Microsoft licensing agreements in order to participate in Microsoft's Authorized Education Reseller program, which provides Microsoft software at discounted prices for resale to academic institutions.

In 1996, after the Alis were audited by Microsoft and removed from the AER (Authorized Education Reseller) program for failure to comply with its terms, the Alis formed new corporations in the names of others to disguise their identity from Microsoft and reenter the AER program.

In 1999, when Microsoft stopped accepting AER applications from new corporations, the Alis and Mr. Griffen, in the names of others, bought small companies throughout the United States that held Microsoft AER licensing agreements and used them to purchase academic software products.

The Alis then sold the software to non-academic entities, in violation of the Microsoft agreement, for a profit of more than \$5 million. A fourth defendant, William Glushenko, 66, pled guilty to a charge of misprision of a felony—knowing of a crime and failing to report it—and was given one year probation and 100 hours of community service.

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