

American Amusement Machine Association

To: ALL COIN-OP INDUSTRY MEMBERS
From: Glenn E. Braswell *GEB*
Re: Counterfeit Video Games

Dear Coin-Op Industry Member:

The current problem of counterfeit and pirate video games is threatening the survival of the coin-operated amusement industry in America.

These pirates can only survive, however, when there is a market for their product; the coin-op operator is that logical market.

Attached with this letter is an FBI press release describing recent raids and arrests which were coordinated by, and at the request of, the AAMA and its members. This is to demonstrate our true intent in eradicating the copying problem from our industry.

It should also be noted that of those arrested, some were manufacturing, some were distributing, and some were operating. Operating a counterfeit game is a criminal violation of federal law, and we intend to proceed accordingly.

During the raids described in the FBI press release, many business records were recovered, which included customer names and business associates. That information has been turned over to the grand jury. Many members of the operating community will soon be receiving visits from Federal Agents based on the identities obtained from these business records. Several distributors will also be visited.

Current investigations, similar to the one, announced in Atlanta, are underway in the mid-West and far-West. If you, or someone you know, are operating or dealing in counterfeit video games, may we respectfully suggest that you remove them from your inventories or routes immediately and have them destroyed. Otherwise, any discovery of copyright infringement at any level of the industry will be pursued to the utmost criminal penalty, which could be as much as five years in jail, or a \$250,000 fine, or both.

To aid you in identifying counterfeit or copy boards, enclosed is a double-wide flyer showing points of comparison. Due to the closed structure of the coin-op industry, ignorance is no defense before the law.

If you have any questions regarding this matter or any information regarding the counterfeiting, importation, distribution or operations of video games, which infringe U.S. copyrights, please contact your local FBI office or the AAMA office.



AAMA's Copyright Enforcement program has resulted in the following arrests and/or seizures:

- September 1984: Gary Tewmey, 34, Smyrna, Tennessee:
Currently serving a six-month sentence in a federal penitentiary on charges of distributing counterfeit video arcade games.
- September 1984: Farshad Soltani, 25, Winchester, Massachusetts
Virginia Tewmey, 34, Smyrna, Tennessee
Michael Huang, 26, Baldwin Park, California
Gary Robbins, 42, Lebanon, New Hampshire:
All fined with monetary penalties and placed on probation in lieu of prison terms for distributing counterfeit video arcade games.
- April 1985: Jerry Carnes, Cumming, Georgia:
Arraigned on charges of distributing counterfeit video arcade games. Bound over for trial, awaiting trial pending court date.
- April 1985: Tom Goss, 37, Harlan, Kentucky:
Arraigned on charges of distributing counterfeit video arcade games. Bound over for trial, awaiting trial pending court date.
- April 1985: Tim O'Reilly, 23, Albany, New York:
Arraigned on charges of distributing counterfeit video arcade games. Bound over for trial, awaiting trial pending court date.
- April 1985: Simon Ho, 35, New York, New York:
Arraigned on charges of distributing counterfeit video arcade games. Bound over for trial, awaiting trial pending court date.
- April 1985: James Yarbrough, 62, LaVergne, Tennessee:
Plead guilty upon arraignment on charges of distributing counterfeit video arcade games. Turned state's evidence, and will testify against other counterfeit video arcade game traffickers.
- April 1985: Tim Eby, Boise, Idaho:
FBI Agents seized 22 counterfeit video arcade games and sets of counterfeit game graphics from locations operated by Eby, who is currently under investigation for distributing and operating counterfeit video arcade games. Information being turned over to a Grand Jury.
- May 1985: Robert Sande, Sande Music Company, Dickerson, North Dakota:
Sentenced to 3 years in prison, \$2000 monetary fine, and \$300 of public service work for distributing counterfeit video arcade games. Prison term probated due to extenuating circumstances.
- May 1985: Bill Scalf, S&S Distributing, Forest City, Arkansas:
FBI agents seized 24 counterfeit video arcade games from locations operated by S&S Distributing. Scalf presently under investigation for distributing and operating counterfeit video arcade games. Information being turned over to a Grand Jury.



U.S. Department of Justice
Federal Bureau of Investigation

In Reply, Please Refer to
File No.

Atlanta, Georgia
April 3, 1985

PRESS RELEASE

Weldon L. Kennedy, Special Agent in Charge of the Atlanta office of the FBI, announced today the culmination of a two-month old FBI undercover operation targeted at counterfeit video game manufacturers, distributors, and operators who have been costing the legitimate video game industry \$400 million annually.

Mr. Kennedy stated that the FBI conducted raids in six states today, which resulted in the arrests of Tim O'Reilly, age 23, of Albany, New York; James Yarbrough, age 62, of LaVergne, Tennessee; Tom Goss, age 37, of Harlan, Kentucky; and Simon Ho, age 35, of New York City, New York. A fifth individual, Jerry Carnes, of Cumming, Georgia, and others are currently being sought by the FBI.

Mr. Kennedy advised that O'Reilly, who operates Carousel Amusements, and Ho were arrested by Atlanta FBI Agents after selling approximately \$1,000,000 worth of counterfeit video games to Atlanta FBI undercover Agents. Also recovered in the arrest of Ho were eight handguns.

He added that Yarbrough, who owns Y.C. Engineer, was arrested at his business in LaVergne, Tennessee; and Goss, who operates Coaltown Amusements, was arrested at his business in Harlan, Kentucky.

Mr. Kennedy stated that in addition to the four arrests, FBI Agents executed search warrants at Carnes' business Lanier Space Center in Cumming; Y.C. Engineering; Coaltown Amusements; and the Magic Carton, alleged to be the storage point and shipping point for Carousel Amusements and recovered an additional 176 counterfeit video games worth \$1,760,000. Some counterfeit games seized were Karate Champ, Kung Fu Master, 1942, Super Basketball, Birdie King II, Ms. Pac-Man, and others.

Mr. Kennedy added that FBI Agents also executed a search warrant at International Graphics in Providence, Rhode Island, a company alleged to be supplying the counterfeiters with counterfeit graphics. He added that numerous counterfeit video games and 500 sets of counterfeit graphics were also seized at International Graphics.



Mr. Kennedy advised that according to the American Amusement Machine Association, 50 percent of the video games on the market are counterfeit and counterfeit video games have contributed to forcing three U.S. companies out of business during this past year. Mr. Kennedy further stated that one U.S. firm, Data East, Santa Clara, California, who holds the copyright rights to the two top games played in the U.S., Karate Champ and Kung Fu Master, has experienced \$15 million in losses regarding counterfeit Karate Champ video games being sold illegally; and \$20 million in losses regarding counterfeit Kung Fu Master video games being sold illegally.

O'Reilly, Goss, Ho and Yarbrough were arrested on the basis of Federal complaints signed before U.S. magistrate Allen L. Chancey at Atlanta, Georgia, on April 1, 1985, and charged with violation of the Federal Copyright Statute. Carnes is being sought on the basis of a complaint signed before U.S. Magistrate Allen L. Chancey in Atlanta on April 3, 1985, and was charged with violation of the Federal Copyright Statute. If convicted, Carnes, O'Reilly, Goss, Ho and Yarbrough could receive two years imprisonment and/or \$250,000 fines.

The FBI investigation into the illegal importation, manufacturing, distributing, and operating of counterfeit video games is continuing and the results of the search and the arrests will be turned over to a Federal Grand Jury in Atlanta.

Ho and O'Reilly will appear before a U.S. Magistrate in Atlanta today.

Mr. Kennedy reiterated that this is only the start of the FBI's crackdown of counterfeit video games manufacturers, distributors, and operators in the United States and asked anyone with information relating to other counterfeit operations to contact the FBI and make a confidential report. The telephone number of the Atlanta FBI Office is (404) 521-3900.

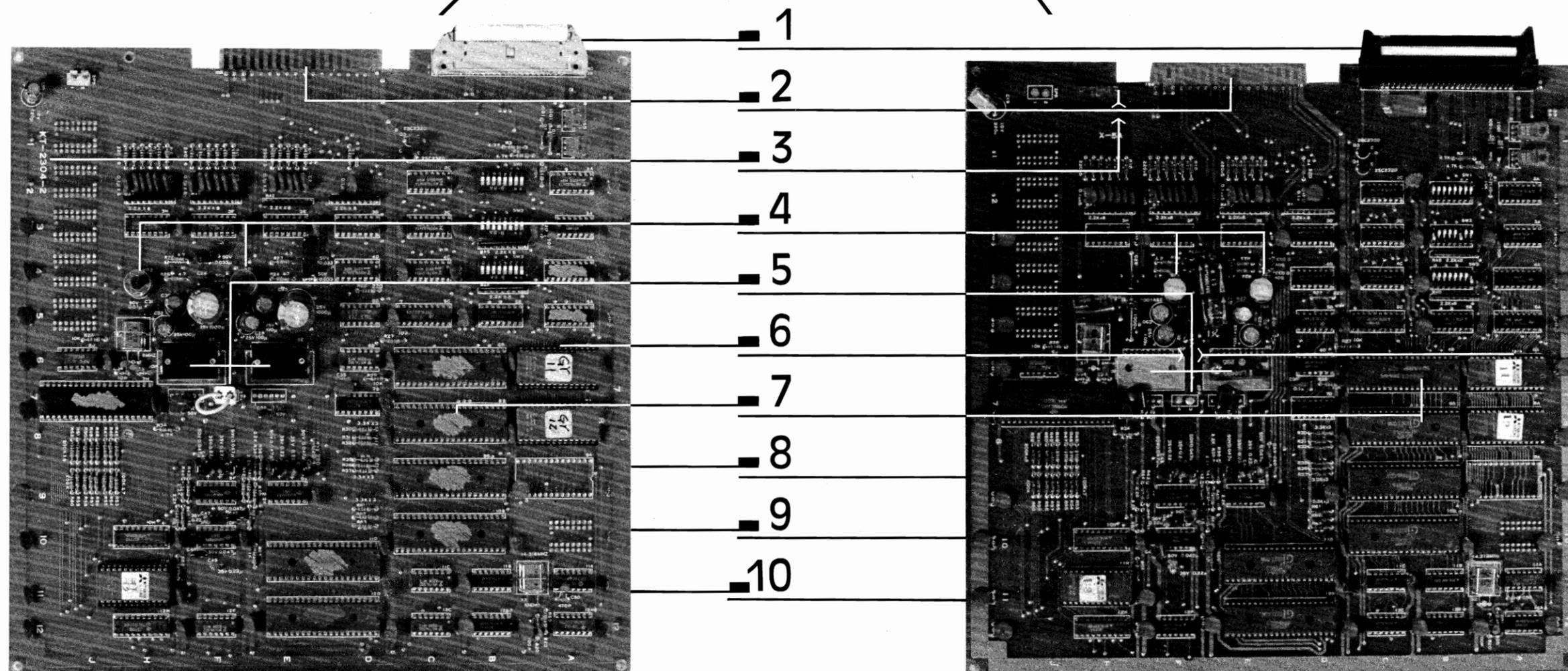
VIDEO GAME OPERATOR:

Visual Clues to Determine a Legitimate Board From a Copy Board



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1. The ribbon-cable connectors of a legitimate board will be of a higher quality to ensure that the band connection between boards is adequately maintained.

2. The connectors of a legitimate board will be of a higher quality as determined by the degree to which they are coated or uncoated to both prevent corrosion and facilitate a board's electrical connection to the game.

3. A legitimate board will be labelled (i.e., **embossed** not hand-scratched or affixed) with **both** the game manufacturer's name and a model number as opposed to counterfeit boards which often lack either, particularly the manufacturer's name.

4. A counterfeit board's component parts (i.e., reo-stat switches, etc.) will likely be of an inferior quality as compared to a legitimate board's component parts.

5. A counterfeit board will likely have obvious **missing parts** (i.e., chips, heat sinks, etc.) as determined by either open mounting areas or soldered-over spaces.

6. A counterfeit board will likely have some chips soldered directly onto the board unlike legitimate boards which utilize socket holders to protect the chips.

7. A counterfeit board will likely have a "hodge podge" of computer chips unlike legitimate boards which contain chips from a limited number of parts suppliers as well as some custom security chips made by and identifying the game manufacturer. (Note: custom chips, left photo, scratched to protect trade secrets).

8. A legitimate game's printed circuit board will be of a higher quality as determined by a board's composition, thickness and lustrous green color.

9. The underside of a counterfeit board will often be discolored (i.e., typically, missing part areas) through the application of heat indicating alteration of or tampering with used legitimate boards.

10. The underside of a legitimate board will have a clean, quality solder-wave pattern as opposed to counterfeit boards which often display a lack of workmanship in their solder patterns through the use of a lower grade solder and lack of adequate machinery.

VIDEO GAME OPERATOR:

Don't Get Involved In A Federal Crime. Don't Buy Or Operate Copy Or Unauthorized Boards In Your Games.

Warning



Every operator who buys or operates a counterfeit or unauthorized board (imported or domestic) is contributing to the end of our industry and committing a FEDERAL CRIME.

New criminal laws have recently been enacted that provide for maximum penalties of \$250,000 or five years in prison or both, per offense. EACH GAME IS A SEPARATE OFFENSE



WARNING

Federal law provides severe civil and criminal penalties for the unauthorized reproduction, distribution, or exhibition of copyrighted audiovisual works and video games.

The Federal Bureau of Investigation investigates allegations of criminal copyright infringement.

If you have any information about any unauthorized games in the United States, contact your local FBI or,

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All information will be treated in confidence.