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ATTORNEYS AT LAW

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SEATTLE WASHINGTON 98111-9999

October 11, 2002

VIA CERTIFIED MAIL

Re: **Purchase of Illegal Satellite Signal Theft Device(s)**

Dear [REDACTED]

This law firm represents DIRECTV, Inc. in the investigation of and litigation regarding the illegal reception and use of its satellite television programming. This illegal reception and use of DIRECTV's programming is accomplished through the use of modified DIRECTV Access Cards (sometimes referred to as "test cards") and other illegal signal theft devices.

Business records recently surrendered to this office show that you purchased illegal signal theft equipment to gain unauthorized access to DIRECTV's programming. At DIRECTV's request, I am contacting you because your purchase and use, or attempted use, of illegal signal theft equipment to access DIRECTV's programming violates federal and state laws.

Federal and state statutes impose serious civil penalties against those who possess or use illegal signal theft equipment. See 47 U.S.C. § 605(a) (making it illegal to receive or assist another in receiving an encrypted satellite signal); 18 U.S.C. § 2511(1)(a) (making it illegal to intercept an encrypted satellite signal); 17 U.S.C. § 1201(a)(1) (making it illegal to circumvent a technological measure such as the DIRECTV conditional access system). So strict are these statutes that Congress has made the mere possession of signal theft equipment an offense under federal law. See 18 U.S.C. § 2512(1)(b) (making it illegal to "possess" any electronic, mechanical or other device, knowing or having reason to know that the design of the device renders it primarily useful for the purpose of the surreptitious interception of an encrypted satellite signal). Moreover, recent case law provides that the purchase of a signal theft device may give rise to a rebuttable presumption that it was used. *Community Television Systems, Inc. v. Caruso*, 2002 WL 428345 (2nd Cir. 2002).

Your purchase, possession or use of signal theft equipment to gain unauthorized access to DIRECTV's satellite television programming subjects you to statutory damages of up to \$10,000.00 per violation. See 47 U.S.C. § 605(e)(3). Moreover, your involvement in modifying devices to illegally gain access to DIRECTV's programming increase potential statutory damages to \$100,000. Furthermore, these statutes allow DIRECTV to recover from you compensatory and punitive damages, attorneys' fees and other expenses. See U.S.C. §

EXHIBIT

605(e)(3)(B); 18 U.S.C. § 2520(b). Thus, possessors and users of illegal signal theft equipment face substantial monetary damage awards for their conduct.

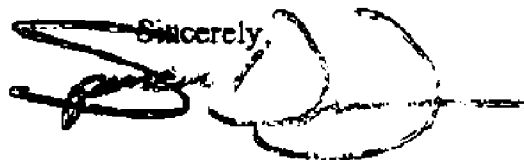
DIRECTV is making an effort to rectify past misappropriations of its satellite programming by users of signal theft equipment and to prevent the use of illegal access cards in the future. Satellite piracy is illegal and results in unfair expense to DIRECTV and its paying subscribers. For this reason, DIRECTV actively pursues legal action against those engaged in signal theft.

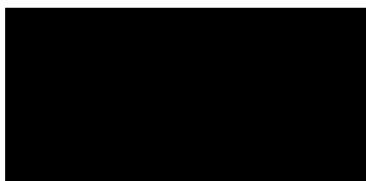
With the above goals in mind and in light of DIRECTV's signal theft claims against you, DIRECTV has instructed me to take a proactive approach in resolving this matter. In return for your cooperation, DIRECTV is willing to forego litigation against you for violations occurring prior to the date of this letter. DIRECTV is prepared to release its claims in return for your agreement to: (1) surrender all illegally modified Access Cards or other satellite signal theft devices in your possession, custody, or control; (2) execute a written statement to the effect that you will not purchase or use illegal signal theft devices to obtain satellite programming in the future, nor will you have any involvement in the unauthorized reception and use of DIRECTV's satellite television programming; and (3) pay a monetary sum to DIRECTV for your past wrongful conduct and the damages thereby incurred by the company.

If you should choose to reject DIRECTV's settlement offer, or should you fail to respond, please be advised that we have been instructed by DIRECTV to initiate legal proceedings in Federal District Court and to seek the award of damages and other relief discussed above.

While DIRECTV will allow me to discuss this matter with you, the company will not imprudently and indefinitely wait for you to acknowledge your unlawful conduct. Therefore, if you wish to discuss the contents of this letter, you must contact me at [REDACTED] on or before 5:00 p.m., P.S.T., October 25, 2002. After that date, DIRECTV will abandon its attempts to negotiate and/or amicably resolve this matter. In any event, as a result of turning this file over to me, DIRECTV representatives are no longer able to handle questions regarding your illegal access to DIRECTV satellite programming. Please direct any and all future inquiries to this office.

There is little question that you will benefit by resolving this matter through informal discussion in lieu of judicial action. Illegal access to DIRECTV programming is a serious problem and, consequently, DIRECTV has no choice but to fully pursue illegal residential access cases to the end. If you have any comments or questions regarding this letter, please call me as soon as possible. We look forward to your cooperation in this matter.

Sincerely,




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