

Founder of website which permits users to illegally download movies, pleads guilty to conspiracy to commit copyright infringement and faces up to five years in prison

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Matthew David Howard Smith, 23, of Raleigh, North Carolina, pled guilty to conspiracy and criminal copyright infringement for his role in founding a website that allowed people to illegally download copyrighted movies and television programs. Smith was one of the founders of NinjaVideo, a website that enabled millions of visitors to illegally download movies and television shows in high-quality formats. Many of the movies available for download were still in theaters while others had not yet been released. NinjaVideo was free for users, but they were encouraged to make a donation to the website. The donation provided them with access to forum boards that contained a wider range of materials.

Smith admitted to his role in creating NinjaVideo. He also admitted that he made agreements with online advertising entities to generate income for the website. During the website's two and a half years of operation, Smith and his co-conspirators made more than \$500,000.

Smith pled guilty in the Eastern District of Virginia to conspiracy and criminal copyright infringement. Sentencing is scheduled for December 16, 2011, and Smith faces a maximum penalty of five years in prison on each count. So far, Smith is the only member of the alleged conspiracy to plead guilty. The remaining co-defendants are scheduled to go to trial in January. If Smith testifies against the co-defendants at trial, it is possible the Government will file a motion to reduce Smith's sentencing guideline range, pursuant to USSG § 5K1.1, for substantial assistance and cooperation.

The Department of Homeland Security and the National Intellectual Property Rights Coordination Center ("IPR Center") investigated this case. The IPR Center is comprised of 19 federal member agencies who work together to combat criminal counterfeiting and piracy. Additionally, the federal government has made prosecuting copyright violations a federal priority, as illustrated by the fact that Attorney General Eric Holder created the Intellectual Property Task Force within the Department of Justice. According to the Government, this new task force is designed to combat the growing number of domestic and international intellectual property crimes and safeguard the nation's economic security against those who seek to profit illegally from American creativity and innovation.