

For Immediate Release

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**MOVIE PIRATE SENTENCED TO HOME DETENTION
AND \$25,000 REPARATION**

Report by a Member of the Public leads to Investigation and Conviction

Auckland: A 24-year-old Auckland man has been sentenced to six months' home detention over charges related to the manufacture and sale of pirated movie DVDs. Chinese national Xiao Jie Zhao, who appeared at the Auckland District Court today (September 15), was also ordered by Judge David Harvey to pay reparation of \$25,000 and forfeiture of all seized products to NZFACT.

Zhao pled guilty to one count of each of the following offences:

- (a) Making an object that the person knows is an infringing copy of a copyright work (section 131(1)(a) Copyright Act 1994).
- (b) Accessing a computer for a dishonest purpose (section 249(1)(a) Crimes Act 1961).

During sentencing, Judge Harvey characterised the offending as a carefully premeditated commercial enterprise. He stressed the need for denunciation and deterrence in order to send the message that those who get involved in commercial copyright infringement do so at their own risk, and if apprehended will be dealt with seriously.

Without the availability of home detention, a sentence of 9 months imprisonment would have been appropriate, he said.

Judge Harvey said copyright protection was needed to maintain the cycle of creativity, where producers of copyright material get adequately rewarded for their work in order to continue the creative process. He noted that the advent of the digital age posed enormous challenges to copyright holders.

Zhao came to the attention of the authorities as a result of a tip from a member of the public. The investigation arising from the tip resulted in a raid conducted on 5

December 2007 on a unit of a residential share accommodation in Three Kings, Auckland where Zhao was living and operating a commercial-scale burner operation

The raid was conducted by detectives from the Asian Crime Unit, supported by investigators from the New Zealand Federation Against Copyright Theft (NZFACT) and forensic experts from Price Waterhouse Coopers. Police seized over 350 pirated DVD movies and a 9-DVD burner lab and also discovered over 1,000 blank DVD-Rs, six desktop computers, two laptop computers and \$1,900 in cash. Movie titles seized from the premises included “30 Days of Night”, “Beowulf” and “American Gangster”, films either showing or yet to be released in New Zealand cinemas at the time of the raid.

The 9-DVD burners had the capacity of producing over 226,000 pirated DVDs a year worth an estimated street value of over NZ\$1.7million.

Hoyts Distribution general manager of sales and marketing Elizabeth Trotman was pleased with the sentence.

“It sends a strong signal that piracy needs to be stopped in order to enable the local and international film industry to continue to thrive.

“Movie piracy is not a victimless crime. It limits the pool of funds available for the financing of further films and ultimately the movie-going public pays the price because fewer movies get made.”

Tony Eaton, Executive Director of NZFACT, said cracking down on piracy was needed to protect the livelihoods of ordinary Kiwis.

“Burner operations cause massive damage to the creative industries and suck money out of the many small local businesses distributing legitimate movies.”

Piracy hurts hundreds of local businesses including cinemas and DVD stores, and threatens thousands of New Zealand jobs in the film and television industry.

The screen industry provides 15,000 jobs and is worth \$2.7 billion locally. A study undertaken by independent research firm LEK Consulting on behalf of the Motion Picture Association (MPA) showed that piracy cost the film industry in New Zealand an estimated \$70 million in 2005.

Members of the public can help protect our movie industry and jobs by reporting piracy by calling 0800 copyright (0800 267-974) or going online to www.stopmoviepiracy.co.nz.

Piracy in New Zealand

A study undertaken by independent research firm LEK Consulting on behalf of the Motion Picture Association (MPA) showed that piracy cost the film industry in New Zealand an estimated 25 percent of the potential market in 2005 – \$70 million. Internet piracy via P2P file-sharing networks is a significant concern and accounts for the majority of New Zealand movie industry losses – an estimated \$33 million in lost consumer spending in 2005. NZFACT represents the MPA in New Zealand.

About NZFACT: *The New Zealand Federation Against Copyright Theft was established in 2005 by the Motion Picture Association to protect the film industry in New Zealand from the adverse impact of copyright theft. NZFACT works closely with its members, government and enforcement authorities to protect the New Zealand film and television industry, retailers and movie fans. NZFACT members include: Walt Disney Studios Motion Pictures, New Zealand; Paramount Pictures Corporation; Sony Pictures Releasing International Corporation; Twentieth Century Fox International Corporation; Universal International Films, Inc.; and Warner Bros. Pictures International, a division of Warner Bros. Pictures Inc.*

NZFACT works in association with the Motion Picture Association, which represents the interests of the film industry across the world. NZFACT also has an alliance with the Recording Industry Association of New Zealand to share information regarding copyright infringement, and is a member of the recently-formed Anti Counterfeiting Group, which represents the interests of New Zealand's major intellectual property stakeholders, such as the music industry, computer software and publishing. NZFACT has a nationwide hotline that enables the reporting of film copyright theft 24 hours a day, 7 days a week: 0800 267 9744.

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