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NEW JERSEY DEPARTMENT OF LAW & PUBLIC SAFETY

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**UNION COUNTY MAN INDICTED FOR THEFT
OF VALUABLE INTERNET DOMAIN NAME**

TRENTON – Attorney General Anne Milgram announced that a Union County man was indicted today on charges he stole a company’s Internet domain name and sold it over eBay for more than \$110,000 to an unsuspecting buyer. This is the first known indictment for a domain name theft.

According to Criminal Justice Director Deborah L. Gramiccioni, the Division of Criminal Justice Major Crimes/Computer Analysis & Technology Unit obtained a seven-count state grand jury indictment that charges Daniel Goncalves, 25, of Union Township, with theft by unlawful taking, theft by deception, computer theft, and identity theft, all in the second degree, and three counts of fourth-degree falsifying records.

Goncalves was arrested on July 30 by members of the New Jersey State Police Cyber Crimes Unit as a result of a State Police investigation into the theft of P2P.com, an Internet domain name. On that same date, troopers executed a search warrant at Goncalves’ residence and seized a large volume of business and computer records relevant to the domain name theft.

“In the big money marketplace of the Internet, a popular domain name is like prime commercial real estate,” said Attorney General Milgram. “The indictment charges that this defendant hacked into an online account of P2P.com, LLC, stole their domain name, and sold it to an unsuspecting customer on eBay for approximately \$111,000.”

The domain naming system is a moderately regulated system of “registrars” who have received authority through ICANN (Internet Corporation for Assigned Names and Numbers) to register domain names for individuals and companies. Domain names are the readable addresses used by individuals and corporations to identify their presence on the Internet. For a set registration fee, the domain names are purchased for periods of up to 10 years by their registrants.

There is a large community of individuals who frequently refer to themselves as “domainers” who buy and sell domain names they speculate will become more valuable over time. Two and three letter domain names are particularly valuable as they are easy to remember and generate larger amounts of traffic, which produces revenue.

P2P.com, LLC, was formed by its owners, Marc Ostrofsky, and husband and wife Albert and Lesli Angel, expressly for the purchase and management of one domain name, P2P.com. Because of its short length and topical relation to the exploding Peer to Peer file sharing phenomenon, the domain name P2P.com was particularly valuable, with an estimated value of between \$160,000 and \$200,000 at the time of its theft.

The New Jersey State Police Cyber Crimes Unit initiated an investigation in October 2008 when representatives of P2P.com, LLC contacted them and asserted that their domain name had been stolen from their GoDaddy account in May 2006.

“This is a highly complex case involving a theft of intellectual property on the Internet,” said Director Gramiccioni. “The New Jersey State Police Cyber Crimes Unit and the Division of Criminal Justice Major Crimes/Computer Analysis & Technology Unit did outstanding jobs in their respective roles of investigating this case and presenting it to the state grand jury.”

Deputy Attorney General Kenneth R. Sharpe presented the case to the state grand jury for the Division of Criminal Justice Major Crimes/Computer Analysis & Technology Unit. Detective Sgt. John Gorman led the investigation for the New Jersey State Police Cyber Crimes Unit.

P2P.com, LLC began investigating the matter privately in May 2007, when an individual in the “domaining” community observed irregularities in the P2P.com site content and advised the company. A check of the P2P.com, LLC corporate GoDaddy domain account revealed that the domain name had been transferred without their knowledge or consent almost a year earlier.

After investigating privately and consulting with law enforcement, the company concluded that the suspect was in New Jersey. P2P.com, LLC contacted Detective Sgt. Gorman of the New Jersey State Police, who began an in-depth investigation involving the analysis of thousands of pages of evidence.

It is charged that in May 2006, Goncalves illegally accessed the GoDaddy account belonging to P2P.com, LLC and initiated a transfer of the domain name to his personal GoDaddy account. Records obtained from GoDaddy verified that the same IP address utilized to log into the P2P.com, LLC account and initiate the transfer was used to log into Goncalves’ own GoDaddy account and receive the transferred domain, completing the theft.

IP addresses are assigned to all Internet users by their service provider and rarely change within a 24-hour period. The investigation found that attempts were made shortly thereafter to transfer the domain away from GoDaddy to a different registrar, but ICANN rules prohibited this transfer for 60 days. Nine days after the 60-day GoDaddy transfer prohibition was concluded, it is charged that Goncalves moved the domain name to a different registrar.

It is alleged that, after moving the domain name, Goncalves again waited the mandatory 60 days and listed the name for sale on eBay in September of 2006, where it was purchased for \$111,211. The purchaser, Mark Madsen, a professional basketball player in the NBA, was unaware that the domain name was stolen.

Civil litigation is currently active regarding the ownership and money associated with P2P.com. At this time, the site has not been returned to the original owners.

Goncalves posted \$60,000 cash bail after his arrest and was released.

Second-degree crimes carry a maximum sentence of 10 years in state prison and a \$150,000 criminal fine, while fourth-degree crimes carry a maximum sentence of 18 months in prison and a \$10,000 fine. The indictment is merely an accusation and the defendant is presumed innocent until proven guilty.

The indictment was handed up to Superior Court Judge Linda R. Feinberg in Mercer County, who assigned the case to Union County, where the defendant will be ordered to appear at a later date to answer the charges. The indictment is posted with this release at www.njpublicsafety.com.

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