

An old new scandal

NEW YORK

Fresh claims of shady practices at a News Corp pay-TV company

TWO things remain unclear about this week's allegations about a News Corporation subsidiary: how much is new, and what, if anything, was illegal. **NDS**, the company in question, makes software for pay-TV systems—including for the "smart cards" that act as keys to the set-top boxes that decode TV signals. The **BB**'s "Panorama" programme and the *Australian Financial Review* published separate reports alleging that **NDS** paid hackers to decrypt the cards of competing firms, and then had the codes distributed on the internet. They were widely exploited, thus weakening **NDS**'s competitors.

Such claims first surfaced over a decade ago in a series of court cases, all of which **NDS** has won or had dropped (one case still being tried in Sicily involves a consultant paid by **NDS**, but the company itself is not charged). The firm has always said that, yes, it did pay hackers to break into rivals' systems, but purely for research in its fight against piracy of its own cards. It denies doing anything improper with the results.

That is what the reports claim to establish. "Panorama" interviewed Lee **Gibling**, the operator of a hacker site, The House of **m** Compute, that was in **NDS**'s pay. He alleged that **NDS** had sent him the codes and software for hacking the cards of a British firm, **ONDigital**, with instructions to distribute them as widely as possible. The programme also had e-mails appearing to implicate Ray Adams, a former police officer who ran security for **NDS**'s British unit, in obtaining and passing on the codes, something he has consistently denied.

Meanwhile, the Review has published a trove of e-mails purporting to show plots by **NDS** employees to undermine not only competing smart-card firms, but also its own clients, TV companies that used **NDS**'s technology. For example, they show employees deciding not to implement a new method one of their hired hackers had discovered for "killing" pirated cards that had been plaguing **DirectTV**—an **NDS** client in which News Corp later bought a stake and agreeing to cover up that decision, cryptically citing "the politics of the **DirectTV** situation", (**NDS** did deploy the kill, 15 months later.)

The e-mails, the newspaper says, come from a laptop that belonged to Mr Adams. Some have surfaced in previous court cases. The trove is said to be the same as one that EchoStar, an American broadcaster, tried to use in a lawsuit against **NDS**, but

it could not establish that they had been obtained legally.

NDS, in which News Corp recently agreed to sell its remaining 49% stake to Cisco, maintains its innocence. Whether new investigations will result remains to be seen: there are, so far, no smoking guns.

But there is plenty of smoke, to add to that already swirling around News Corp. As well as the ongoing inquiry into phone-hacking and police bribery by its British newspaper arm, News International, the **FBI** is reportedly investigating phone-hacking of 9/11 victims by its journalists and bribery of officials in Russia by a former News Corp billboard company there.

Last September a group of shareholders in America launched a lawsuit

against News Corp's board for dragging down the company's share price through its "rubber stamp-like acquiescence to all of [Rupert] Murdoch's desires". It cites the phone-hacking and **NDS** affairs as well as cases brought against an American advertising subsidiary, which were settled out of court, and various other deals that it says lost the company money.

"Murdoch's Scandal", a documentary by **RBS**'s "Frontline", which aired this week, made no fresh claims but unpicked Mr Murdoch's cosy relationship with power. And the news that his son, James, has quit his remaining posts at News International, having resigned as chairman, fuels speculation that it may be sold off. Who would buy it now is another question.

Fonte: The Economist, London, v. 402, n. 8778, p. 78, 31 Mar. a 6 Apr. 2012.

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