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Phone: +1 646 783 7100 | Fax: +1 646 783 7161 | customerservice@law360.com

Columbia Sportswear Accuses Former IT Employee Of Hacking

By **Steven Trader**

Law360, New York (March 2, 2017, 3:00 PM EST) -- Columbia Sportswear Co. on Wednesday filed a lawsuit in Oregon federal court accusing a former employee in its information technology department of illegally hacking into its computer system after he resigned and assessing highly confidential company information for the benefit of the company's business partner that hired him.

Michael Leeper, who formerly held a high-level position IT position at Columbia, allegedly created a fake network account the day before he left the company for a job at technology consulting firm Denali Advanced Integration in mid-February 2014. He then used that account to hack into the sporting goods maker's system nearly 700 times over the next two years and lift corporate plans and technology budget information to give Denali an edge as it competed for Columbia's business, the complaint alleged.

"That information included emails concerning business transactions in which Denali had a financial interest, emails concerning transactions between Columbia and Denali's competitors and confidential budget documents related to the IT department's long-range planning," Columbia wrote. "Leeper illegally accessed that information in furtherance of Denali's desire to profit from its business relationship with Columbia, and in his capacity as Denali's [chief technology officer]."

As a result, both Leeper and the Washington state-based Denali violated the federal Computer Fraud and Abuse Act and the Wiretap Act and committed conversion. Leeper also breached his duty of loyalty to Columbia, the sporting goods maker alleged in its complaint on Wednesday.

Denali declined to comment at this time but said it will issue a press release regarding the lawsuit at a later date.

According to the filing, Leeper began working at Columbia in 2000 and worked his way up to senior director of technology infrastructure, until his departure for Denali in March 2014. As a top IT guy at Columbia, Leeper had detailed knowledge of its internal systems and access to its confidential information, the company said.

While at Columbia, Leeper initiated a corporate relationship with Denali, which functions as a middleman between hardware and software manufacturers and corporate end users such as Columbia. After Leeper left, one of his main roles at Denali was managing its business relationships with Columbia and in promoting Denali's products and services to his former employer, the complaint said.

However, Leeper did so by sneaking in through a "back door" he had created for himself in Columbia's computer network right before he left, which allowed him to access employee emails and obtain critical corporate information such as Columbia's technology budget and communications it exchanged with Denali's competitors, the sporting goods maker said.

Columbia said it discovered the fake network account Leeper had created after it implemented an upgrade to its email system last summer, although it hadn't yet discovered his identity. The manufacturer said it turned the matter over to the FBI, but also tasked a number of its own employees to figure out who was behind the intrusions.

"Despite Columbia's requests, defendants have refused to cooperate in Columbia's efforts to remediate their intrusions," the company said. "Defendants' continued possession of any such information, and any past or future use or dissemination of such information, threatens Columbia with irreparable harm for which there exists no adequate remedy at law."

Columbia is represented by Kelly M. Diephuis and Edward A. Piper of Angeli Law Group LLC.

Counsel information for Leeper and Denali wasn't immediately available on Thursday.

The case is Columbia Sportswear Co. v. 3MD Inc. et al., case number 3:17-cv-00342, in the U.S. District Court for the District of Oregon.

--Editing by Stephen Berg.

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