



FACTS ON FAKES

The International AntiCounterfeiting Coalition

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Introduction

Mr. James Moody, former chief of the Federal Bureau of Investigation's Organized Crime/Drug Operations Division declared that counterfeiting would become "the crime of the 21st century."

-- *George W. Abbott, Jr. and Lee S. Sporn, Trademark Counterfeiting § 1.01 (2001).*

The DOJ's own prosecution guidelines for intellectual property offenses contain the following pertinent passage:

The importance of intellectual property to the national economy, and the scale of intellectual property theft, led the Department of Justice to designate intellectual property crime as a "priority" for federal law enforcement. As the U.S. Attorneys' Manual recognizes, "from time to time the Department establishes national investigative and prosecutorial priorities. These priorities are designed to focus Federal law enforcement efforts on those matters within the Federal jurisdiction that are most deserving of Federal attention and are most likely to be handled effectively at the Federal level." U.S. Attorneys' Manual 9-27.230(B)(1) (comment).

Intellectual property crimes were formally designated a "priority" by Deputy Attorney General Eric Holder on July 23, 1999. Deputy Attorney General Eric Holder, Remarks at Press Conference Announcing the Intellectual Property Rights Initiative (Jul. 23, 1999)(<http://www.cybercrime.gov/dagipini.html>). In announcing the Intellectual Property Rights Initiative, Deputy Attorney General Holder stated that the Department of Justice, the Federal Bureau of Investigation and the United States Customs Service had concluded that they must make investigating and prosecuting intellectual property crime "a major law enforcement priority." In making the announcement, he noted that:

[a]s the world moves from the Industrial Age to the Information Age, the United States' economy is increasingly dependent on the production and distribution of intellectual property. Currently, the U.S. leads the world in the creation and export of intellectual property and IP-related products.

Deputy Attorney General Holder also observed that "[a]t the same time that our information economy is soaring, so is intellectual property theft." Since intellectual property theft undermines the federally established copyright and trademark systems, it is especially appropriate that investigation and prosecution of these crimes be a federal law enforcement priority.

-- United States Department of Justice Prosecuting Intellectual Property Crimes Manual <http://www.usdoj.gov/criminal/cybercrime/ipmanual/06ipma.htm#VI.A.1.a>. (Section six of this manual is entitled: Charging and Other Strategy Considerations for Infringement Cases). The manual was drafted by the Computer Crime and Intellectual Property Section (CCIPS) of the Department of Justice and the entire manual can be accessed at <http://www.usdoj.gov/criminal/cybercrime/ipmanual.htm>.

Economic Impact of Counterfeiting

The size and scope of product counterfeiting has skyrocketed in recent years. The United States economy is losing millions of dollars in tax revenue and tens of thousands of jobs because of the manufacture, distribution and sale of counterfeit goods. This decrease in revenue results in fewer schools, hospitals, police, roads, etc. The actions of counterfeiters also make it harder for legitimate retailers to compete in the marketplace. Counterfeiting results in decreased retail sales and lost jobs as honest intellectual property owners are forced to cut back work forces because of decreased sales. Counterfeiters are not innocent little con artists or isolated street peddlers simply trying to make a few extra dollars. The truth is they steal from the corporations, steal from the community, steal from the consumers they deceive and are only concerned with lining their own pockets.

(1) The Business Software Alliance estimates the cost of software piracy alone to be about \$12 billion a year.

(2) The International Chamber of Commerce estimates that seven percent of the world trade is in counterfeit goods and that the counterfeit market is worth \$ 350 billion. George W. Abbott, Jr. and Lee S. Sporn, *Trademark Counterfeiting* § 1.03[A][2] (2001).

(3) In 1982 the International Trade Commission estimated counterfeiting and piracy losses at 5.5 billion. In 1996, that number stood at \$200 billion. (Bank robberies, by contrast, involve less than \$50 million per year, but seem to garner more public attention and more law enforcement resources). -- *S. Rep. No. 104-177, 104th Cong., 1st Sess. 1-2 (1995)*; George W. Abbott, Jr. and Lee S. Sporn, *Trademark Counterfeiting* § 1.03[A][2] (2001).

(4) Counterfeit automobile parts, like brake pads, cost the auto industry alone over \$12 billion dollars in lost sales. If these losses were eliminated the auto industry could hire 200,000 additional workers. George W. Abbott, Jr. and Lee S. Sporn, *Trademark Counterfeiting* § 1.03[A][2] (2001); Richard C. Noble, *From Brakes to Plugs to Engines, Counterfeiters Produce, Push Parts*, Flint J., September 3, 1995; H.R. Rep. No. 104-556 (1996), reprinted in 1996 U.S.C.C.A.N. 1074, 1075.

(5) Lost tax revenue costs New York City alone approximately \$350 million a year in lost revenue -- *Joseph Scott, He Is the Fashion Police, New York, March 6, 1995, at 38*. According to a 1993 Business Wire release, product counterfeiting is believed to cost

California \$7.5 billion a year and 25, 000 jobs. In Michigan, a piracy rate of 14.7% translates into \$64.7 million in retail losses and \$34.9 million in lost tax revenue. *BSA Seeks to Sink Software Pirates*, Grand Rapids Business Journal, vol. 20, No. 18, pg. 3 (May 6, 2002).

Organized Crime/Terrorism & Counterfeiting – Examples

Low risk of prosecution and enormous profit potential have made criminal counterfeiting an attractive enterprise for organized crime groups. Congress recognized organized crime's increasing role in the theft of intellectual property when it made trademark counterfeiting and copyright piracy predicate acts under the federal RICO statute (see 18 U.S.C. § 1961). Recently, ties have been established between counterfeiting and terrorist organizations who use the sale of fake goods to raise and launder money. Consider these facts about the presence of organized criminal and terrorist groups in the underground counterfeiting and piracy markets:

(1) Operation Green Quest -- a multi-agency task force established by the Treasury Department and aimed at identifying, disrupting and dismantling the terrorist financial infrastructure and sources of funding -- has specifically recognized counterfeit merchandise schemes as a source of terrorist funding. *Green Quest, Finding the Missing Piece of the Terrorist Puzzle*, available at http://www.customs.ustreas.gov/xp/cgov/enforcement/investigative_priorities/greenquest.xml.

(2) In February 2003, federal prosecutors in Brooklyn, NY charged six men with importing up to 35 million counterfeit cigarettes from China into the United States. The men were accused of importing the fake cigarettes, then selling them through a tax free business located at an upstate New York Indian reservation and also through the website <http://www.smokecheap.com>. The cigarettes were allegedly imported into the United States in 5 separate shipments through New Jersey ports over a two year period. The charging documents stated that the counterfeiters hid the cigarettes in shipping containers behind kitchen pots. According to the prosecutors, the men were under investigation in Europe for cigarette smuggling. Two of the defendants were also charged with importing counterfeit batteries from China via Lithuania. William Glaberson, *6 Are Charged With Selling Millions of Counterfeit Marlboros*, The New York Times, February 21, 2003, at sec. B, pg. 3; John Marzulli, *Fake Marlboro Men Busted in Smuggling Ring*, Daily News (New York), February 21, 2003, at 37.

(3) On February 28, 2003, Mohamad Hammoud was sentenced to 155 years in prison for helping to lead a cigarette smuggling operation that sent money to Hezbollah. *Ringleader Gets Maximum Sentence in Scheme to Help Hezbollah*, available at <http://www.foxnews.com/story/0,2933,79909,00.html>.

(4) In the Philippines, underground CD production lines are often heavily secured sites equipped with hidden cameras for early detection and surveillance purposes.

Syndicates move the equipment in piece by piece to avoid detection. Dave L. Llorito, *Loose Rules Make CD Pirates Feel at Home Here*, The Manila Times (January 2, 2003)(a three part article); *Lax Rules Give CD Pirates a New Home in the Philippines*, The Straits Times (January 6, 2003).

(5) There have been recent media accounts reporting a link between the terrorist organization Al Qaeda and the trafficking of counterfeit goods. An investigation, involving several countries, into a shipment of fake goods from Dubai to Copenhagen, Denmark, suggest that Al Qaeda itself may be funding itself by trafficking in counterfeit goods. Danish customs, using sophisticated risk analysis software, examined one of the containers on board and discovered that it contained over one thousand crates full of counterfeit shampoos, creams, cologne and perfume. The goods were ultimately bound for the United Kingdom. The United Kingdom later revealed that the sender of the counterfeit goods was a member of Al Qaeda. This connection was later confirmed by the European Commission's Customs Coordination Office. The intelligence services of three countries -- Denmark, the United Kingdom and the United States -- were, according to the same report, involved in investigating the matter. -- *Al-Qa'idah Trading in Fake Branded Goods*, BBC Monitoring Reports (September 11, 2002); Lenore Taylor, *Big Business Targets Terrorist Pirates*, Australian Financial Review, January 29, 2003, at 9.

(6) On January 16, 2003 William Haskell Farmer entered a guilty plea to trafficking in a massive counterfeit clothing operation. (The guilty plea was conditional upon an appeal to the United States Court of Appeals for the Fourth Circuit). According to the United States prosecutor, the scheme involved approximately \$7 million in knock off T-shirts and sweat shirts. Farmer sold the shirts to 191 stores throughout the country. United States Customs agents seized over 300,000 fake items from the Farmer's home and warehouse (the house was a two-story home with a swimming pool and two car garage). Farmer agreed to forfeit over \$500,000 in cash and cashier's checks, eight vehicles, (including two Mercedes Benzs and a 1998 Corvette), and two cargo trailers. The cash had been seized in 1998 when Farmer's home was searched. The majority of the money was in \$50 and \$100 bills. There was \$6,000 worth of change in the garage. Clif LeBlanc, *Huge Fake Clothing Ring Cracked, Upstate Man Pleads Guilty to Running \$7 Million Scam*, The State (South Carolina), January 18, 2003, at A1; *South Carolina Man Pleads Guilty to Trafficking Clothing with Counterfeit Trademarks*, Department of Justice Press Release, January 16, 2003, available at <http://www.cybercrime.gov/farmerPlea.htm>.

(7) Counterfeit operations in Paraguay tri-border region may have been used to raise money to support terrorist operations and groups. *Feds Track Counterfeit Goods Sales*, available at: http://abcnews.go.com/wire/US/ap20021024_151.html. (October 24, 2002); Kathleen Millar, *Financing Terror*, U.S. Customs Service Monthly Newsletter, November 2002, available at <http://www.customs.gov/custoday/nov2002/index.htm>; Larry Rother, *South America Region Under Watch for Signs of Terrorists*, The New York Times, December 15, 2002, at 32; Sebastian Junger, *Terrorism's New Geography*, Vanity Fair, December 2002. The first article cited states:

“Federal authorities have several investigations under way examining evidence suggesting that Hezbollah, Hamas and other terror networks might be selling counterfeit products to pay for their worldwide activities. . . . FBI, Customs Service and other agencies are investigating the sale of stolen or counterfeit computer software, T-shirts and handbags that are suspected of benefiting terrorist networks. Officials said the schemes span the globe from Paraguay to Pakistan U.S. officials said there is particular concern that a region in South America famous for counterfeit products may have ties to terrorism. The region near the borders of Paraguay, Brazil and Argentina has a large Arab population. Law enforcement officials said they are investigating multimillion-dollar counterfeit software operations based in Ciudad Del Este, in eastern Paraguay, that are believed to have diverted money to Middle Eastern groups with ties to terrorism. Some of the suspects are of Lebanese origin and were arrested by Paraguayan authorities based on information from the U.S. government, the officials said.”

(8) A 52 year old woman was one of four people arrested in November 2001 after being suspected of operating a piracy ring that imported close to \$100 million in fake software and computer products from Taiwan. The woman was recently sentenced to nine years in prison and ordered to pay \$11 million in restitution to two software companies. *Woman Must Pay \$11m in Software*, <http://www.cnn.com/2002/TECH/biztech/11/25/counterfeit.software.ap/index.html>, November 25, 2002.

(9) According to some media reports, the FBI had compiled strong evidence that the 1993 terrorists financed their activities with counterfeit textile sales from a store on Broadway. James Nurton, *Why Counterfeiting is Not So Harmless*, Managing Intellectual Property, September 2002, at 43; *Feds Track Counterfeit Goods Sales*, at http://abcnews.go.com/wire/US/ap20021024_151.html (October 24, 2002)(noting that testimony before a Senate Judiciary Committee in 1995 confirmed this fact). In 1996, *Business Week* reported that that the FBI had investigated the link between counterfeit merchandise sales in New York and the terrorists who bombed the World Trade Center in 1993. Willy Stern, *Why Counterfeit Goods May Kill*, Business Week, September 2, 1996, at 6.

(10) According to the private investigator conducting the search, a raid of a souvenir shop in mid-town Manhattan led to the seizure of a suitcase full of counterfeit watches and the discovery of flight manuals for Boeing 767s, some containing handwritten notes in Arabic. A similar raid on a counterfeit handbag shop in New York uncovered faxes relating to the purchase of bridge inspection equipment. Two weeks after the raid on the handbag shop, police in New Jersey were investigating an assault on a Lebanese member of an organized crime syndicate. During a search of the man’s apartment, authorities found fake drivers’ licenses and lists of suspected Al Qaeda terrorists – including the names of some workers in the handbag shop that had been raided. James Nurton, *Why*

Counterfeiting is Not So Harmless, Managing Intellectual Property, September 2002, at 43.

(11) Paramilitary groups in Northern Ireland funded their terrorist activities through the sale of pirate products, including the sale of the Lion King. -- Kathleen Millar, *Financing Terror*, U.S. Customs Service Monthly Newsletter, November 2002, available at <http://www.customs.gov/custoday/nov2002/index.htm>; Nick Somerlad, *Two Arrested After Police Find Explosives*, Press Association, December 20, 2000.

(12) In July 2002, three individuals were arrested when police stumbled upon 5,000 fake Rolex watches and Mount Blanc pens and \$1 million in cash during a raid of a Flushing (Queens), New York home in connection with a drug operation. Prosecutors stated that the defendants used the sale of counterfeit items to launder drug money. Scott Shifrel, *3 Charged in Money Laundering*, Daily News (New York), July 11, 2002, at 4.

(13) Recovered Al Qaida terrorist training manuals revealed that the organization recommends the sale of fake goods as one means to raise funds to support terrorist operations. John von Radowitz, *Fake Internet Goods 'Linked to Terrorists'*, Press Association, June 25, 2002. This same article noted that Hezbollah traffics in counterfeit pharmaceuticals. John von Radowitz, *Fake Internet Goods 'Linked to Terrorists'*, Press Association, June 25, 2002.

(14) The Basque terrorist group ETA in southern Spain is involved in the sale of counterfeit clothes and handbags. John von Radowitz, *Fake Internet Goods 'Linked to Terrorists'*, Press Association, June 25, 2002.

(14) Police in the Chinatown section of New York City uncovered a stash of fake watches, handbags, sunglasses and wallets worth over \$125 million that were hidden in a building that contained secret tunnels, trapdoors and vaults. Ten people were arrested. -- Erika Martinez & Marsha Kranes, *Knockoffs Knocked Out*, New York Post (May 10, 2002).

(15) In February 2002, John Sankus Jr., 28, of Philadelphia, was sentenced to 46 months in prison leading an international piracy ring responsible for copying and distributing software, games and movies. Sankus headed an international software piracy group called DrinkorDie, which was comprised of about sixty members from numerous countries including the United States, Australia, Norway, Finland and the UK. The group's biggest claim to fame was distributing copies of Windows 95 two weeks before the official release of the operating system. Federal agents conducted raids at Duke University and MIT in connection with DrinkorDie's activities. Some of the computers seized in the operation contained more than one terabyte of hacked software (which is equal to 700,000 floppy disks). - - Josh White, *Pa. Man Admits Internet Conspiracy*, Washington Post, at B02, (February 28, 2002).

(16) On December 14, 2001, Mark Dipadova (who used three aliases) was sentenced to 24 months in prison and three years of supervised release and ordered to pay over

\$135,000 in restitution for operating websites through which he sold counterfeit goods. Dipadova and his partner shipped over 10,000 packages, both domestically and internationally and had been sued civilly by trademark holders. At his sentencing hearing, Dipadova admitted to posting a link on one of his websites to an audio recording of a radio interview in which he stated that he was aware that his actions were illegal but that he refused to stop because he was making too much money. *Defendant Who Operated Fakegifts.com Sentenced*, Department of Justice Press release, December 17, 2001, available at <http://www.cybercrime.gov/DipadovaSent.htm>.

(17) In November 2001, US federal authorities made their largest seizure ever of counterfeit computer software in connection with the arrest of the individuals. The seizure of nearly 31,000 copies of phony software was valued at approximately \$100 million (US). The software originated in Taiwan and was encased in counterfeit packaging (including holographs and registration codes) and also came with manuals. Federal authorities were alerted to the shipment when a member of a criminal syndicate operating between Taiwan and Los Angeles allegedly attempted to bribe an undercover agent who was posing as a U.S. Customs official. Seized in connection with the arrests were a forty foot shipping container containing counterfeit computer software and packaging material, two forty foot containers filled with 85,000 cartons of counterfeit cigarettes (i.e., 17 million cigarettes). A second search warrant executed in connection with the investigation resulted in the seizure of 21 cartons of counterfeit end user license agreements, manuals, bar codes, adhesive labels and registration cards. *Taiwan Fears US Blacklist After Fake Software Haul*, The Strait Times (Singapore), November 19, 2001, at A3; *U. S Customs Seizes \$100 Million in Pirated Computer Software, Biggest Case in U.S. History*, Department of Justice Press Release, November 16, 2001, available at <http://www.cybercrime.gov/operationwhitehorse.htm>.

(18) The speed and brazenness of Italian counterfeiting groups was demonstrated the summer of 2001 when burglars broke into the headquarters of a prominent Italian luxury goods/apparel producer. An investigation of the incident revealed that the only items missing as a result of the break-in were samples of the designer's 2002 men's spring/summer collection. It is now assumed that counterfeiters stole the samples to copy them before the genuine products made it to market. The sale of fake leather goods alone in Italy is estimated at \$1.4 billion. Robert Galbraith, *Luxury Groups Battle a Wave of Counterfeit Goods*, *The International Herald Tribune*, p. 12 (September 29, 2001).

(19) In November 2001, a Cocoa Florida businessman was convicted of conspiracy to distribute and possession of cocaine and crack cocaine, trafficking in counterfeit merchandise and carjacking. When he was arrested police seized \$150,000 in cash and truckloads of counterfeit clothing. -- John Tuohy, *Testimony from Felons Help Convict Cocoa Man*, Florida Today, (November 27, 2001).

(20) In 1996, the FBI confiscated 100,000 counterfeit T-shirts bearing fake and unauthorized Nike "swoosh" and/or Olympic logos that were intended to be sold at the 1996 summer Olympic games in 1996. The operation generated millions of dollars and was run by the followers of Sheik Omar Abdel Rahman – a blind cleric who was

sentenced to 240 years in prison for plotting to bomb New York City landmarks. -- John Mintz & Douglas Farah, *Small Scams Probed for Terror Ties*, Washington Post, August 12, 2002, at A1. Authorities seized three floors worth of illicit merchandise, stacked seven feet high.

(21) In 1993, law enforcement officials in New York raided a large warehouse in New York and discovered numerous fake handbags. What was unusual was what they found sewn into the lining of the handbags. The ring of drug smugglers would smuggle in the drugs this way, sell the drugs and then sell the bags. Essentially, they used contraband to hide other contraband. George W. Abbott, Jr. and Lee S. Sporn, *Trademark Counterfeiting* § 1.03[B] (2001); S. Rep. 104-177. 104th Cong., 1st Sess. (1995).

Health & Safety Concerns/Dangers

"Perhaps most troubling is the widespread threat counterfeiting poses to public health and safety. Few Americans truly appreciate the significance, scope or consequences for this crime."

*Senator Orrin G. Hatch (R-UT)
Chairman, Senate Judiciary Committee
Press Conference, August 9, 1995*

(1) A survey conducted by the Nigerian Institute of Pharmaceutical Research revealed that 80 percent of drugs in the major pharmacy stores in Lagos, Nigeria were fake or counterfeit. *Nigeria Reaffirms Efforts to Eliminate Fake Drugs*, Xinhua General News Service, February 13, 2003.

(2) According to the Shenzhen Evening News (a government owned newspaper), approximately 192,000 people died in China in 2001 because of fake drugs. *China's Killer Headache: Fake Pharmaceuticals*, Washington Post, August 30, 2002. The same article goes on to state that, since 2001, Johnson & Johnson has established 38 criminal cases against different factories that copied its products in China.

(3) Diet pills imported into Japan (from China) were blamed for at least four deaths and 160 cases of illness. Dozens of people were suffering from liver disorders. -- *Chinese Diet Pill Casualties Mount*, <http://www.cnn.com/2002/WORLD/asiapcf/east/07/21/japan.pills/index.html>, July 21, 2002.

(4) According to a federal indictment made public in 2002, U.S. Customs officials seized 59,000 bottles of counterfeit vodka in a Massachusetts warehouse. It had been imported from a former Soviet republic. Thanassis Cambanis, *Fancy Labels, Cheap Vodka Don't Mix*, The Boston Globe, May 2, 2002, at B1.

(5) In August 2002, Bell Helicopter sued two aircraft maintenance and repair companies for trademark counterfeiting. -- James E. Swickard (editor), *Bell Helicopter*

is Suing Two Companies Specializing in Aircraft Maintenance and Repair, Business & Commercial Aviation, Vol. 91, No. 2, p. 33 (Intelligence Section)(August 2002).

(6) In New York it was discovered that a 16 year old liver transplant recipient had received eight weeks worth of injections of a counterfeit drug (Epogen) to treat his anemia and raise the child's red blood cell count. The treatments, instead of improving the boy's condition, caused excruciating aches and spasms. The vials used for the injections were supposed to contain 40,000 units of the drug, instead the counterfeit version contained only 2,000 units. Other counterfeit lots were found in Texas. --- Ridgely Ochs, *Sounding Alarm on Counterfeit Drugs; FDA Investigating Recent of Fake Drug Cases*, New York Newsday, at 6 (June 12, 2002).

(7) Other counterfeit drug cases include a meningitis vaccine made of tap water, birth control pills made of wheat flour, and paracetamol syrup made of industrial solvents. The Engineer, *Fighting the Fakers*, April 26, 2002, at 16; House Report of the Committee on Energy and Commerce, Subcommittee on Oversight and Investigations, *Prescription Drug Diversion and Counterfeiting*, July 10, 1985, at 23 (referring to a scam involving counterfeit birth control pills).

(8) In 2002, a New York County district attorney charged seven people and five companies in the US, China and India with selling counterfeit Viagra over the Internet. Undercover officers purchased over 25,000 pills. Some pills were smuggled into the U.S. in stereo speakers and stuffed toys. One supplier told the agents that he could supply 2.5 million tablets a month. Counterfeits hit market within two weeks. – *U.S. Officials Arrest Viagra Counterfeiters*, Scrip, May 22, 2002; Ridgely Ochs, *Sounding Alarm on Counterfeit Drugs; FDA Investigating Recent of Fake Drug Cases*, New York Newsday, at 6 (June 12, 2002).

(9) In 2001, illicit vodka containing methyl alcohol killed 60 people in Estonia. The Engineer, *Fighting the Fakers*, at 16 (April 26, 2002).

(10) Counterfeit version of the AIDS drug circulated in the US in late 2000; the drug was not effective and caused skin irritations. -- The Engineer, *Fighting the Fakers*, April 26, 2002, at 16; Jim Shamp, *Glaxo Sends Out Warning About AIDS Drug*, The Herald-Sun, May 14, 2002 (discussing a case of counterfeit labels applied to the wrong type of AIDS drug).

(11) Seventeen people in the US died between May 1999 and January 2000 after taking a powerful, but counterfeit, antibiotic. The Engineer, *Fighting the Fakers*, at 16 (April 26, 2002).

(12) World Health Organization estimates that counterfeit drugs account for ten percent of all pharmaceuticals. That number can rise to as high as 60% in developing countries. The Engineer, *Fighting the Fakers*, at 16 (April 26, 2002); Phillippe Broussard, *Dangerous Fakes*, World Press Review, v44, n1, p36 (1) (January 1999).

(13) An August 2001 news article reported a host of actions by the Saudi Arabian Ministry of Commerce against distributors attempting to sell potentially unhealthy products. Among the unhealthy products seized were 7,000 bottles of imitation Vaseline and related fake creams found while investigating cosmetic shops. A November 2001 raid at a counterfeit factory in Jeddah resulted in the seizure of 10,000 packets of jelly, 650,000 packets of macaroni, 12,000 bottles of perfume, and 5,000 brake pads. The factory employed 120 workers who were involved in producing fake cardboard cartons, cans and bottles.

(14) Over 100 children died in Nigeria in 1990 after taking cough syrup that was actually antifreeze. Phillippe Broussard, *Dangerous Fakes*, World Press Review, v44, n1, p36 (1) (January 1999).

(15) Counterfeit versions of infant formula were found on the shelves of grocery stores in 16 different states. Marian Burros, *F.D.A. Target: Baby Formula*, N.Y. Times, September 6, 1995; 142 Cong. Rec. 5776 (House). More recently, in 1999, the Food and Drug Administration (FDA) issued a warning regarding counterfeit cans of infant formula for infants allergic to milk protein. The warning came after some of the illicit product had already been purchased. The FDA warning stated that infants who ingested the counterfeit formula could experience fevers, skin rashes or severe allergic reactions. *FDA Warns About Infant Formula Fraudulently Labeled as Nutramigen in Southern California*, HHS NEWS (U.S. Department of Health and Human Services), P99-23, October 8, 1999. See also *Fugitive Who Sold Counterfeit Baby Formula Convicted of Federal Criminal Charges*, Department of Justice (Press Release), August 9, 2002, available at <http://www.cybercrime.gov/mostafaConvict.htm> (discussing the conviction of Mohamad Mostafa on charges involving a conspiracy to sell counterfeit infant formula; the defendant was also in the country illegally and upon indictment in 1995 fled to Canada where he was arrested in 2001).

(16) One counterfeiter in California filled genuine Coke bottles with his own soda like beverage and offered them for sale as genuine Coca-Cola. *United States v. Petrosian*, 126 F.3d 1232 (9th Cir. 1997).

(17) Counterfeit parts have been discovered in helicopters sold to NATO, in jet engines, bridge joints, and fasteners in areas of nuclear facilities responsible for preventing the meltdown of the reactor itself. H.R. Rep. 104-556 (1996).

(18) In the mid 1990s a major shampoo producer was forced to place newspaper ads in over 25 papers to warn consumers to the presence of fake shampoos that contained unsafe levels of bacteria. Henry Gilgoff, *Counterfeit: Rip-offs of Popular Products Victimize Both Consumers and Manufacturers*, Newsday, August 27, 1995. Fake toothpaste has also found its way into drug stores. *Colgate Warns People Against Fake Toothpaste*, Austin American Statesman, August 12, 1996.

(19) A Norwegian plane crash in 1989 that killed 55 people resulted, in part, from substandard shear bolts and sleeves of an unknown origin. *55 Killed in Crash of*

Norwegian Plane, None Aboard Survive as Craft Plunges into Sea Near Denmark, L.A. Times, September 9, 1989, at 4 (cited and discussed in Robert W. Luedeman, *Flying Underground: The Trade in Bootleg Aircraft Parts*, 62 J. Air L. & Comm. 9396-100 (August/September 1996)).

(20) The FAA estimates that 2% of the 26 million airline parts installed each year are counterfeit (that equals 520,000 parts). Billy Stern, *Warning! Bogus Parts Have Turned Up in Commercial Jets. Where's the FAA?*, Business Week, June 10, 1996, at 90.

(21) The operational life of counterfeit bearing seal spacers removed from a United Airlines plane were found to be 600 hours - - the genuine parts had an operational life of 20,000 hours - - the fake parts came complete with fake boxes, labels and paperwork and were only discovered because of a vigilant airline mechanic. In another case, Delta Airlines discovered that an engine mount cone-bolt, (a device which actually fastens the engine to the plane), on one of its planes was actually counterfeit. Billy Stern, *Warning! Bogus Parts Have Turned Up in Commercial Jets. Where's the FAA?*, Business Week, June 10, 1996, at 90.

(22) In 1987, seven children died when the bus they were riding in flipped over. The brakes that were just installed on the bus bore a well-known trademark. Further examination, however, showed they were made of sawdust. *A System Approach to the Counterfeit Problem, Genuine or Bogus: How Can You Tell?*, ASTM Standardization News, April 1990, at 38.

(23) In a federal case in California the court determined the defendant sold counterfeit helicopter parts that caused several helicopters to crash resulting in injuries and death. S. Rep. No. 98-526 at 4 (1984), *reprinted in* 1984 U.S.C.C.A.N. 3627, 3630-31.

(24) One million counterfeit birth control pills caused internal bleeding in women. S. Rep. No. 98-526 at 4 (1984), *reprinted in* 1984 U.S.C.C.A.N. 3627.