



IPRC CONNECTIONS

Intellectual Property Rights Coordination Center

SEPTEMBER 2019

IPR Center reports counterfeit seizures rise to \$1.4 billion



The National Intellectual Property Rights Coordination Center (IPR Center) is reviewing an annual report on the number of IPR seizures that have raised the total estimated manufacturer's suggested retail price (MSRP) of the seized goods – had they been genuine – to \$1.4 billion.

The total is based on data gathered jointly between the Homeland Security Investigations (HSI)-led IPR Center and Customs and Border Protection's (CBP) Office of Trade in a 36-page report entitled *Fiscal Year 2018 Seizure Statistics*. The report also reveals an upward trend in all categories of HSI enforcement showing 381 individuals arrested, 296 indictments obtained, and 260 convictions related to intellectual property crimes.

"This report clearly shows the ongoing threat of counterfeit goods that makes a compelling case for stepping up efforts to inform and educate the public about the risks counterfeit goods pose to public health and safety," said IPR Center Director Steve Francis. "In addition to potential health and safety hazards, counterfeit goods threaten the U.S. economy, and fund organizations involved in violent crime, not only here in the United States, but around the world."

The report lists the top five product categories as apparel/accessories, footwear, watches/jewelry, handbags/wallets, and consumer electronics. Watches and jewelry accounted for 44% of the total \$1.4 billion MSRP, while handbags and wallets represented 16% of the total.

For more information on the *Fiscal Year 2018 Seizure Statistics* report, please visit www.iprcenter.gov. You can also follow the IPR Center on Twitter, [@IPRCenter](https://twitter.com/IPRCenter)

HSI probe reveals alleged scheme to avoid \$1.8 billion in anti-dumping duties

A federal grand jury indictment alleges a complex financial fraud scheme in which a Chinese company exported to the United States huge amounts of aluminum – disguised as "pallets" to avoid customs duties of up to 400 percent – and sold the purported pallets to related entities to fraudulently inflate the company's revenues and deceive investors around the world. The case is the result of a massive investigation conducted over several years by HSI-Los Angeles. Learn more on: www.iprcenter.gov

California man sentenced to more than 8 years in prison in misbranded pills case

A California man has been sentenced to 100 months in federal prison for illegally importing from China and selling \$11 million worth of pharmaceutical-grade erectile dysfunction drugs that were falsely marketed as herbal remedies for men, some of whom suffered permanent injuries after consuming them. John Seil Lee, 41, of Walnut, Calif., was also ordered to pay more than \$552,000 in restitution to his victims, including men who were injured by Lee's misbranded pills. The investigation was conducted by HSI, the Food and Drug Administration's (FDA) Office of Criminal Investigations (OCI) and Internal Revenue Service Criminal Investigation. Here's the story: [Fake Pills](#)

Special agents, intelligence officers and import specialists attend IPR Center training

HSI Acting Deputy Executive Associate Director Matt Allen addressed the Intellectual Property and Trade Enforcement Investigation course, encouraging HSI and CBP personnel to strengthen their focus on intellectual property rights/trade fraud detection and investigations. The class was comprised of 30 students including HSI special agents and intelligence officers, CBP import specialists, officers, and regulatory auditors. The IPR Center hosted the two-week course which also featured presentations by private business and industry representatives.



CBP officers seize millions worth of counterfeit goods
CBP officers assigned to Cargo Operations at Los Angeles International Airport (LAX), in coordination with the import specialist assigned to the impacted centers, seized 5,300 counterfeit products. If genuine, the seized merchandise would have had an estimated manufacturer's suggested retail price (MSRP) of \$3,475,000. The counterfeit merchandise included Gucci belts, Nike shoes, Louis Vuitton handbags, Samsung adaptors, Gucci fanny packs, Hermes handbags, Casio shock watches, Ferragamo belts, Versace belts, and Fendi shorts.



CBP officers in Philadelphia seized a combined 4,449 counterfeit LG and ASUS smartphones, that, if authentic, would have had an MSRP of \$1 million.

Officers seized the first shipment of more than 2,000 counterfeit LG phones in July and then seized a second shipment of nearly 2,000 LG and 480 ASUS counterfeit smartphones in August. Each shipment, if authentic, would have had an MSRP of nearly \$1 million.

CBP officers at the Champlain Port of Entry seized a shipment of more than 500 counterfeit Nike ear buds and over 200 counterfeit Eclipse watches with an MSRP of nearly \$23,000.

In Massachusetts, a Revere man was sentenced in federal court in Boston in connection with importation and sale of counterfeit sports apparel, including Celtics and other NBA jerseys, as well as NFL and NCAA jerseys. Here's more on the story: [Man sentenced for trafficking counterfeits](#)

California case renews concerns over counterfeit pharmaceuticals

A California man who admitted his role in a scheme that used fentanyl and other synthetic opioids to manufacture and sell counterfeit pharmaceutical pills designed to look like brand-name oxycodone pills has been sentenced to more than 17 years in federal prison.

Wyatt Pasek, 22, who lived in the penthouse of a luxury high-rise in Santa Ana until his arrest last year, used the moniker "oxygod" when soliciting customers in online marketplaces, and posting images and videos of himself to social media platforms under the moniker "Yung10x." He pleaded guilty last fall to participating in a narcotics-trafficking conspiracy, being a convicted felon in possession of a firearm, and money laundering. Here's more on the story: [Counterfeit Pills](#)

Spanish delegation visits IPR Center to explore enhanced cooperation



The IPR Center, working with HSI-Madrid Attaché Manuel Larragoity, hosted a meeting with a Spanish delegation comprised of senior officials from Spanish Customs, Guardia Civil, and the Spanish National Police. They met with IPR Center leadership to discuss increasing collaboration in the area of intellectual property enforcement and investigations. The delegation also explored opportunities to enhance cooperation in commercial fraud investigations and best practices.

(Photo, left to right: Colonel Antonio Cortes Ruiz, chief, Spanish Civil Guard Technical Police; Colonel Franchez Sanchez Gil, chief, Spanish Civil Guard Judicial Police; David Agorreta Ruiz, chief, Spanish National Center for Immigration and Borders; Manuel Larragoity, DHS/ICE attaché-Madrid; Manuel Montesinos Diez De La Lastra, deputy director, Spanish Customs Investigations; Angel Delgado Bernaldo de Quiros, director, Spanish Customs Investigations; Thomas Cason, HSI-Madrid)

Did you know...

Each year, more than 11 million maritime containers arrive at U.S. seaports. At U.S. land borders, another 10 million arrive by truck, and three million arrive by rail. An additional quarter billion more cargo, postal, and express consignment packages arrive through air travel, according to the latest report on IPR seizures during fiscal year 2018.



The IPR Center encourages companies and private industry organizations to help fight (IP) theft and trade law violations by displaying the "Report IP Theft" button on websites that will link users with a form to detail their allegations. For more information on how to obtain this tool, please visit our website: <https://www.iprcenter.gov>.

For more information on these stories, or to submit information for stories in future editions of *IPRC Connections*, please contact Chuck Jackson, charles.e.jackson@ice.dhs.gov, or (703) 603-3941. In the meantime, you can follow us on Twitter: [@IPRCenter](https://twitter.com/IPRCenter)