

# Organized Crime involvement



# Organized Crime Involvement<sup>2</sup>



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Projects Saffron (2000) and Sham (2004) noted that, in Canada, like in most countries, virtually all major organized crime groups are now involved in IPR Crime.



Canada is generally not a source country as 80% of the counterfeit goods discovered in the country are imported – usually from countries such as China, Russia and India



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Canada

# Organized Crime Involvement<sup>3</sup>



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- Huge Profits – up to 5,000%
- Very Little Risk
- Insufficient Enforcement
- Limited Border Measures
- Large Market for Goods
- Current Legislation
- Ineffective Criminal Penalties in courts

# Terrorist Organization Funding<sup>4</sup>



The terrorists who bombed the World Trade Center in 1993 operated a shop on Broadway in New York City selling counterfeit textiles.

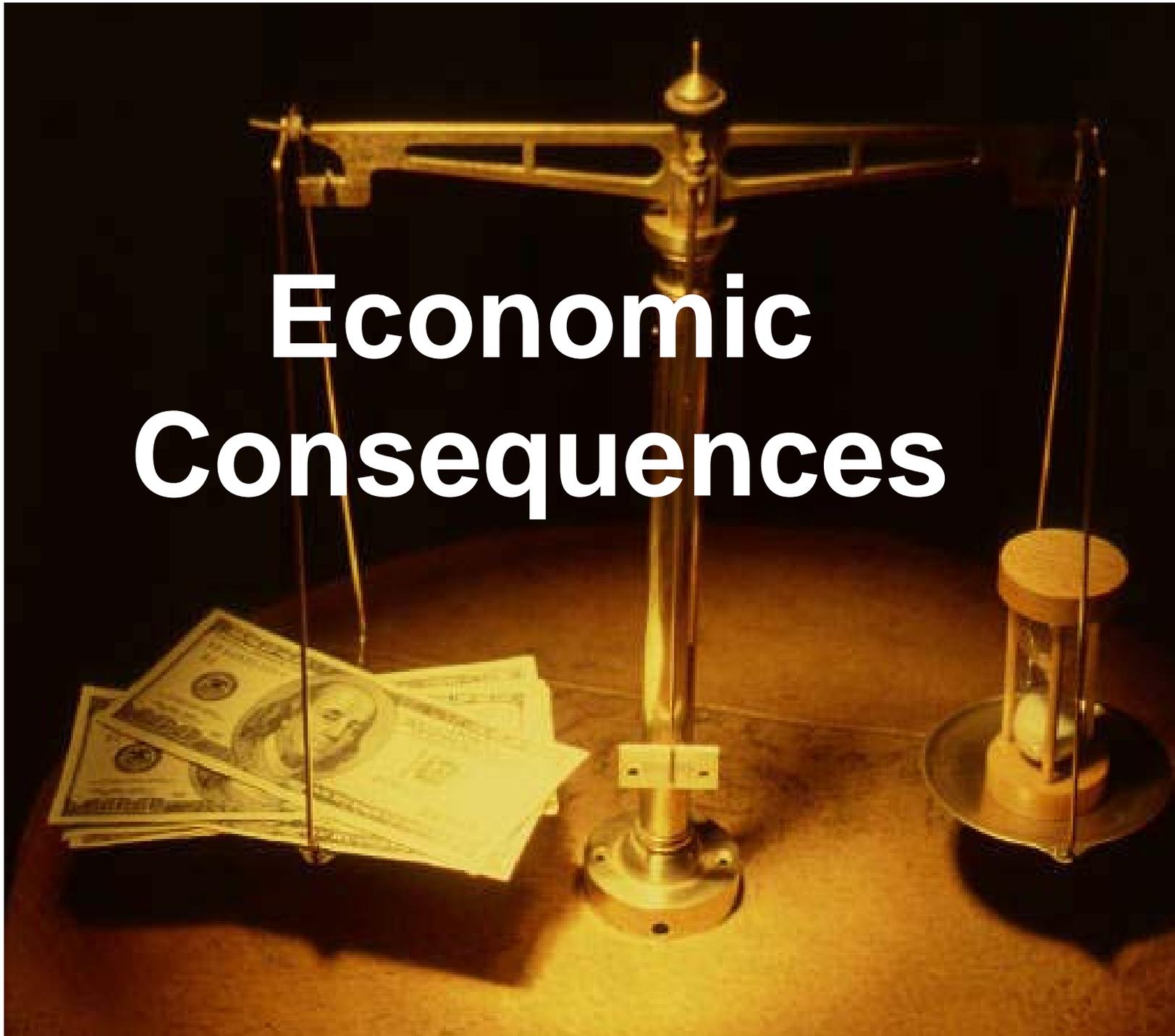
Followers of radical Sheik Omar Abdel Rahman, who was implicated in the 1993 bombing, tried to sell 100,000 counterfeit T-shirts at the 1996

Olympic games in Atlanta.

Source: Congressman Nick Smith July 20, 2003

Interpol and U.S. Congress have identified at least five terrorist groups receiving significant funding from IPR Crime including North African radical fundamentalists terrorists in Europe, al-Qaeda and Hizbullah

# Economic Consequences





**Most recent estimates place global counterfeiting losses at 5% to 7% of world trade or between \$500 and \$700 billion USD**

Source: International Anti-Counterfeiting Coalition, World Customs Organization and the International Trade Commission



**According to the Criminal Intelligence Service of Canada's 2002 annual report on organized crime, Canadian losses due to counterfeiting activities are estimated at up to \$20 billion CDN annually.**

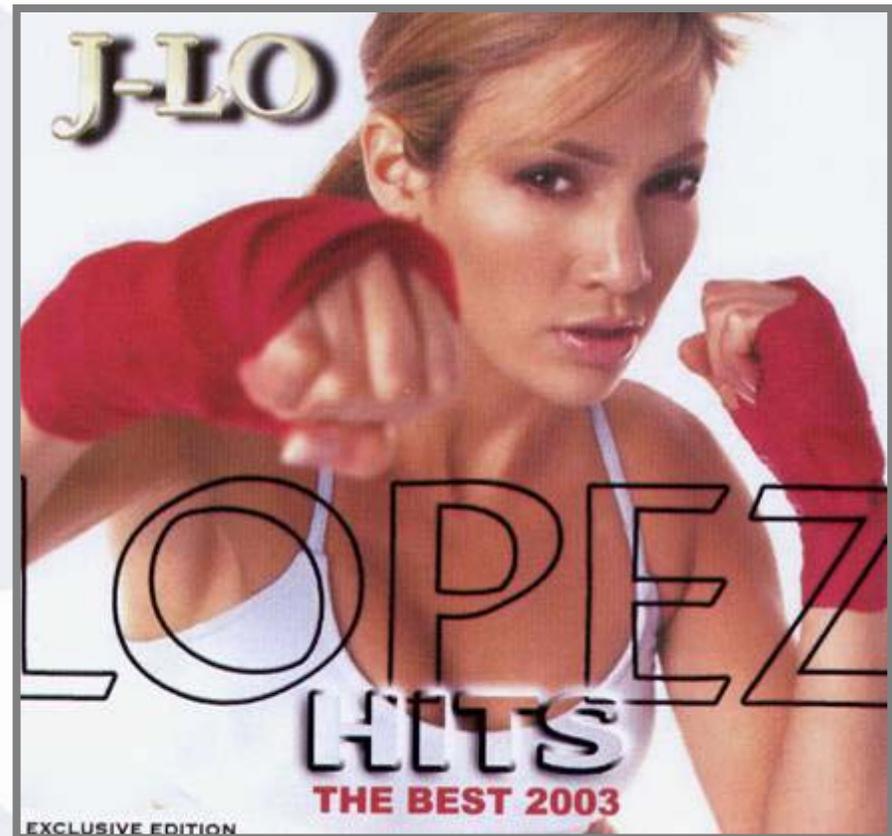


## Sound Recording Piracy in Canada

Value of Pirated Music Products =  
approximately \$21 million

72% decrease in unit sales of top  
10 best selling recordings

Staff layoffs of 25%+ at Canadian  
record companies within the last  
12 months





## Motion Picture Piracy



**In 2003, the estimated loss to the North American Motion Picture industry due directly to piracy is in excess of \$3 Billion USD. This amount does not include internet piracy.**



## Software Piracy in Canada

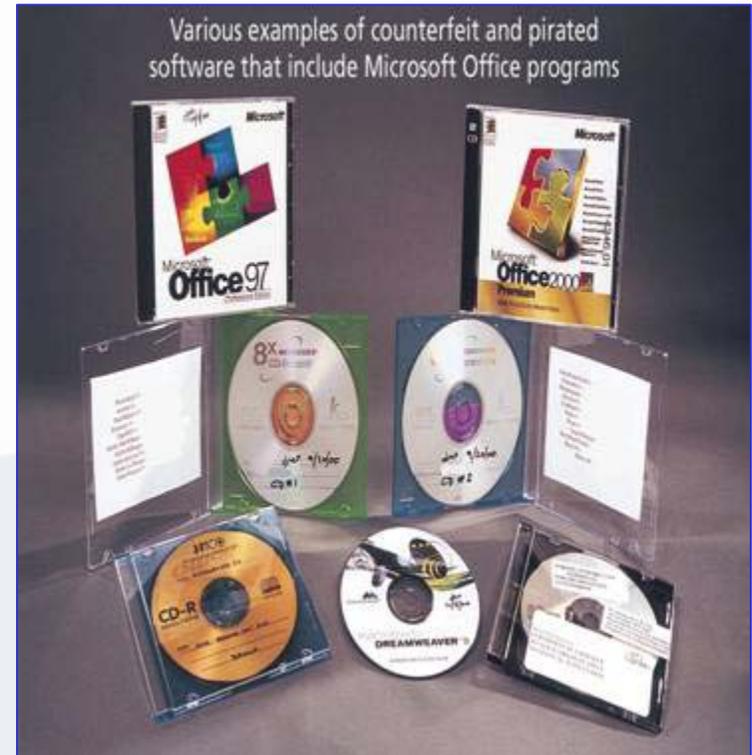
39.4 % of all software in Canada is pirated,

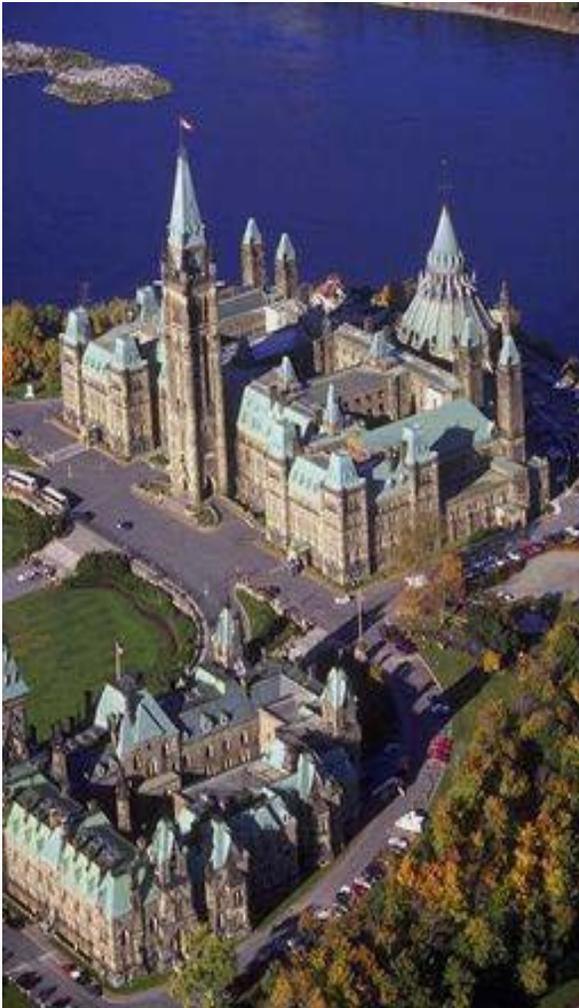
Canada's losses = \$ 783 Million

\$ 345 million in lost tax revenue

32,000 lost jobs

\$ 1.9.billion in lost wages in North America





**Canada has been placed on a “watch list” by the U.S. Trade Representation for a lack of enforcement of Intellectual Property Rights.**

**If the situation worsens, the U.S. can apply trade sanctions against Canada as it has already done with other countries.**



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## Copyright and Trademark Enforcement: Partnership Responsibilities

- **RCMP:** Criminal investigation of *Copyright Act* and trademark offences, and collection of criminal intelligence
- **CBSA:** *Customs Act* offences, plain view seizures, targeted seizures and Court orders
- **Police Force of Jurisdiction:** *Criminal Code* offences
- **Interpol:** facilitation of international coordination, databank, Interpol Intellectual Property Crime Action Group (IIPCAG)

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## Copyright and Trademark Enforcement: Partnership Responsibilities

- **Health Canada:** Hazardous goods investigations, products testing and public warnings
- **DOJ:** Prosecution of copyright offences
- **Industry Canada:** Payment of the costs of copyright prosecution; copyright / trademark legislation
- **Canada Heritage:** copyright / trademark legislation
- **RIGHT HOLDER:** Enforcement of private rights, assistance to law enforcement and increasing public awareness

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## PARTNERSHIPS WITH PRIVATE SECTOR

### ➤ ENFORCEMENT

- Market Monitoring and Surveys
- Information and Intelligence
- Victim Impact Statements

### ➤ PUBLIC AWARENESS

- Media Interviews
- Posters and Brochures
- Websites

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## SELLING COUNTERFEIT PRODUCTS IS ILLEGAL



Counterfeit products are commonly thought to be fake designer goods or illegally copied music, movies or software.

But counterfeiters also make pharmaceuticals, food, liquor, toys and electrical products that can harm or kill you or your loved ones.

Dealing in counterfeit products is a crime that can carry severe penalties – fines of up to \$1-million dollars and imprisonment of up to five years.

If you suspect a counterfeiting crime has taken place, report your suspicions immediately. Please go to [www.CACN.ca](http://www.CACN.ca) for more information.

How do I know if the product I'm buying is counterfeit?

Some indicators to watch for:

- the price is much lower than average
- spelling mistakes on the product or packaging
- products normally sold in packages being sold individually
- shoddy appearance of the product or package
- products (particularly electrical products) that have no name brand

**Keep Canadians safe – buy the real thing**



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Gendarmerie royale du Canada



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Canadian Intellectual Property Rights  
Droits de Propriété Intellectuelle  
Canada

Canada

Canada

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## WOULD YOU RISK HER LIFE?

Internationally, thousands of deaths have been linked to counterfeit products.

Baby formula, children's toys, shampoo, cosmetics, pharmaceuticals, batteries and automobile parts have all been counterfeited and sold to North American consumers as legitimate brand names. Don't risk the health and welfare of your loved ones by purchasing these products.

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## COUNTERFEIT PRODUCTS FUND ORGANIZED CRIME



When you buy counterfeit purses, t-shirts or CD's at your local flea market or other retailer, do you know where your money goes?

Organized Crime is now involved in the trade of counterfeit products. By buying counterfeit products, you could be funding organized crime.

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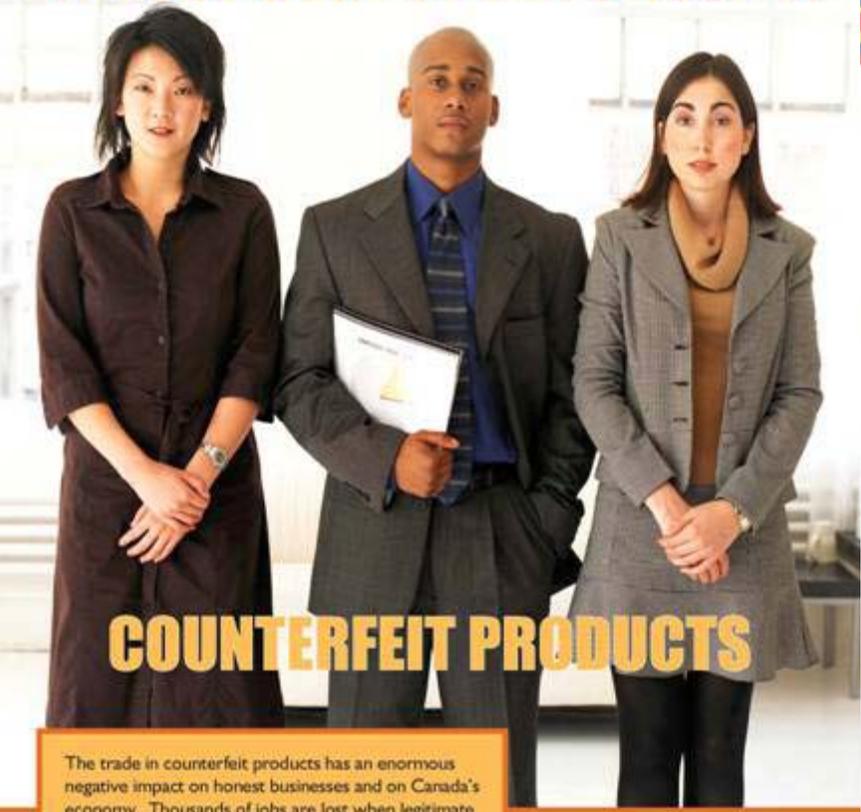
Canadian Intellectual Property  
Protection

Canada

Canada



# WE LOST OUR JOBS BECAUSE OF



# COUNTERFEIT PRODUCTS

The trade in counterfeit products has an enormous negative impact on honest businesses and on Canada's economy. Thousands of jobs are lost when legitimate companies lose sales to counterfeiters.

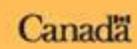
Counterfeiters often don't pay taxes.

This means counterfeiting is stealing hundreds of millions of dollars from all levels of government, which robs funding from education, health care and employment.

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**Keep Canadians employed – buy the real thing**





- IPR Crime provides funds to organized crime and terrorist, has a devastating effect on the legitimate economy and poses a serious health and safety risk to Canadians.
- The RCMP cannot combat the problem on its own.
- We need the assistance of IP owners and other partners such as local businesses.
- We need to use all tools available to combat this crime including civil, criminal and administrative penalties.

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## INTELLECTUAL PROPERTY CRIME WEBSITES

**RCMP:**

**[www.rcmp.ca/fio/intellectual\\_e.htm](http://www.rcmp.ca/fio/intellectual_e.htm)**

**CANADIAN ANTI-COUNTERFEITING NETWORK:**

**[www.CACN.ca](http://www.CACN.ca)**