



# Paint & Material Committee

July 2014

Detroit Michigan



*National IPR Coordination Center*



# Counterfeiting Perceptions

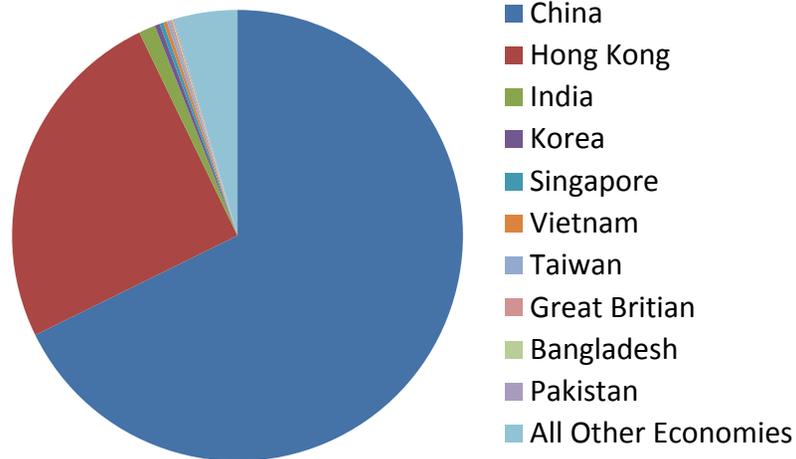


# Counterfeiting Realities

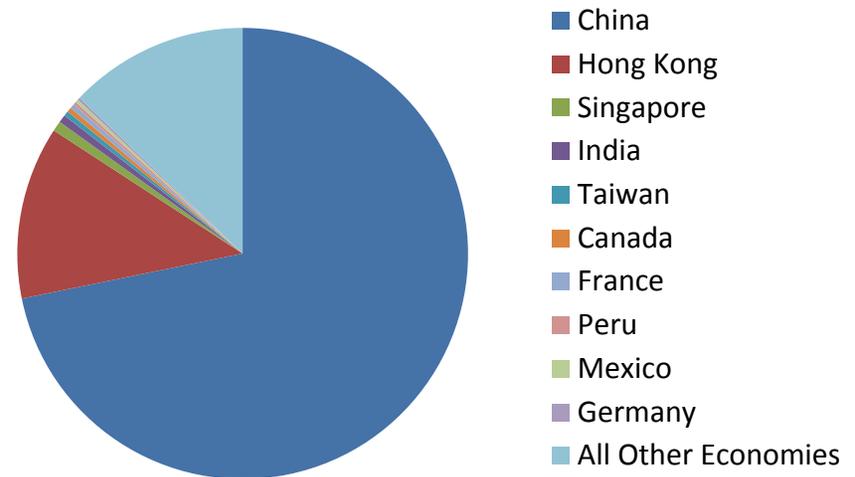


# Source Economies by Manufacturer's Suggested Retail Price

## Fiscal Year 2013

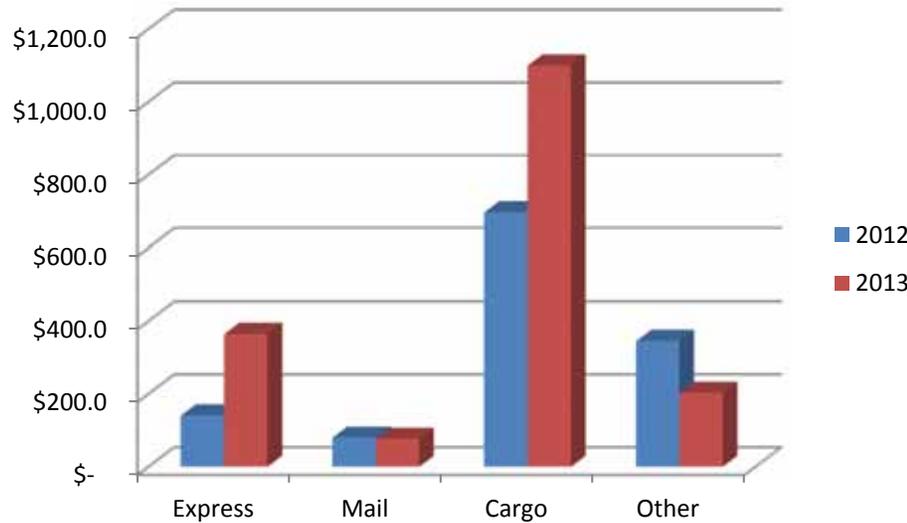


## Fiscal Year 2012

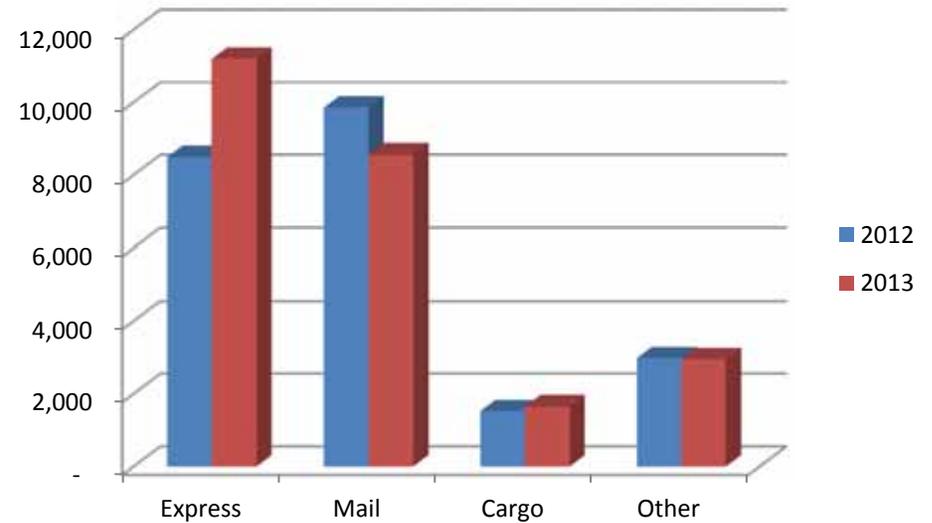


# Modes of Transportation

## MSRP (in millions)



## Number of Seizures



In any given year, approximately ten percent of all seizures cannot be categorized as express, mail, or cargo. The other seizures represent ICE investigations, exports, passenger baggage, or other enforcement situations.

# Education

## Global Outreach and Training Unit (GOTU)

- Responsible for public outreach for the IPR Center
- Builds and maintains partnerships with industry and law enforcement, coordinating domestic and international capacity building programs, and raising public awareness
- Conducts briefings with industry, government, and congressional representatives
- FY 13
  - Conducted 338 events (outreach and training)
  - Reaching over 16,320 individuals

# Training

- Domestic Training
  - Procurement training
  - Training of state and local law enforcement
- International Training
  - Supports capacity building bilaterally by partnering with
    - Other USG agencies
    - Attaché networks
  - EUROPOL
  - INTERPOL
  - International Law Enforcement Academies (ILEA)
  - Bureau of International Narcotics and Law Enforcement Affairs (INL)



National Intellectual Property Rights (IPR) Coordination Center

Protection is Our Trademark -The IPR Center manages and supports the ICE commercial fraud program. Successful cases have produced significant seizures, civil penalties and criminal prosecutions.

### Latest News

#### ICE hosts intellectual property theft symposium at National IPR Center

At a special symposium in Virginia, government, academia, industry and law enforcement officials discussed the emerging threat of intellectual property theft and its connection to organized crime and terrorism.

**TOP STORY: ICE HSI-led teams combat intellectual property theft**

### Consumer Alerts

#### HSI, local partners seize nearly \$4 million in counterfeit pharmaceuticals, goods

Special agents with ICE's Homeland Security Investigations (HSI), working jointly with the South Carolina Secretary of State's Office, Blazer Investigations and Pfizer, seized approximately \$4 million in counterfeit goods and pharmaceuticals during a two-week operation that ran from Feb. 19 through Wednesday.

**New Jersey man charged with trafficking counterfeit**

### Quick Links

- National Crime Prevention Council (NCPC)
- U.S. Department of Commerce
- Office of Intellectual Property Enforcement Coordinator (IPEC)
- Law-Enforcement Online (For Law-Enforcement Only)

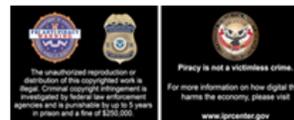
### Report IP Theft

To report violations of intellectual property rights, including counterfeiting and piracy, to the National IPR Coordination Center, **click here..**



### Digital IP Theft

To learn more about digital and online IP theft click below



# Report IP Theft

- Button/link on 171 Embassy/Consulate websites
- 16 Industry websites including NFLSHOP.com
- Department Of State IPE's site
- 3 Federal Partner Agencies



Call 1-866-IPR-2060

[www.iprcenter.gov](http://www.iprcenter.gov)

[IPRCenter@dhs.gov](mailto:IPRCenter@dhs.gov)

# Operation Engine Newity

Operation Engine Newity addresses the threat to health and safety posed by counterfeit automotive, aerospace, rail, and heavy machinery components.



# How Dangerous Are Counterfeit Airbags?



VEHICLE RESEARCH  
AND TEST CENTER

High Speed Camera  
Left Side View



# Counterfeit Airbags – Shipping Hazard

Authentic Packaging



DOT/Pipeline and Hazardous Materials Safety Administration:

“Counterfeit airbags that are unapproved and undeclared hazardous materials represent a significant health and safety risk to the transportation environment and the public at large”



Plastic packaging creates a risk of electrostatic discharge and unintended deployment.



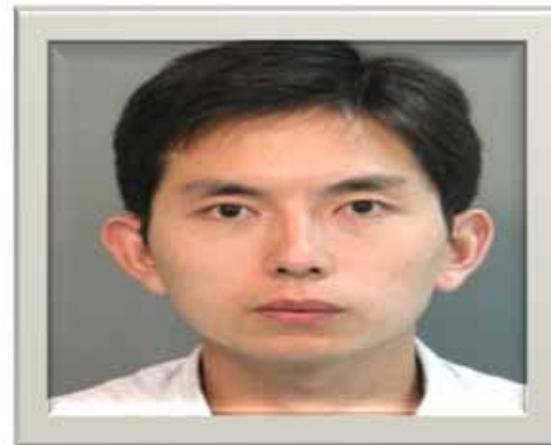
# Counterfeit Airbag History

- Counterfeit airbags were first discovered in 2010 in a shipment to Chattanooga, Tennessee
- The package came from China manifested as “bearing parts”
- Shipment contained 68 counterfeit airbags
- This investigation exposed to HSI a new threat of counterfeit airbags—which has led to dozens of spin-off investigations
- Executed a search warrants at several locations in Chattanooga area yielding 264 additional counterfeit airbags



# HSI Chattanooga Investigation

- Evidence found during search warrant indicated Chinese manufacturer of airbags was Dai ZHENSONG.
- ZHENSONG scheduled to attend business meeting in Chattanooga in the following weeks.
- Agents identified flight and conducted border search of ZHENSONG in Atlanta, including his computer.
- ZHENSONG was convicted in Federal Court and served a 37 month sentence for trafficking in counterfeit goods in violation of 18 USC 2320. He was deported to China upon release.



Homeland  
Security  
Investigations

# Spin-off Investigation

- The case in Chattanooga spawned multiple leads around the country.
- In August 2012, HSI agents executed search warrants at KRUEGGER AUTO and the residence of Igor BORODIN.
- Agents seized 1,514 counterfeit airbags and \$60,000 in cash.
- In October 2012, BORODIN pled guilty to distribution of counterfeit merchandise and illegal transportation of an explosive device and forfeited \$1,743,000 in sales proceeds.
- In September 2013, BORODIN was sentenced to 84 months in federal prison and will be deported upon release.



Homeland  
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Investigations