

**CONGRESSIONAL REPORT
FEDERAL BUREAU OF INVESTIGATION
PRO IP ACT ANNUAL REPORT 2014**

The Prioritizing Resources and Organization for Intellectual Property Act of 2008 (PRO IP Act) authorized appropriations for personnel and operational enhancements for the Federal Bureau of Investigation (FBI). In accordance with the guidance in the PRO IP Act, the FBI provided an initial report in October 2009, summarizing its efforts, activities, and resources allocated in the five years prior to the date of enactment. Additionally, the PRO IP Act required annual reporting by the FBI to document efforts in Intellectual Property Rights (IPR) enforcement. This report serves as the FBI's Fiscal Year (FY) 2014 annual report summarizing its efforts to address this threat.

I. Executive Summary

Congressional support for combating IPR theft has been a major contributor to the FBI's tactical capacity and led to a recent string of successful operations. These actions targeted counterfeit and pirated goods which posed a threat to the health and safety of individual Americans or the theft of intellectual property (IP) which could negatively impact the health of the American economy. In particular, the PRO IP Act and related appropriations have enabled the FBI to hire, train, and dedicate agents to address international and complex domestic IPR matters in a coordinated, prioritized, and effective manner. The FBI has embraced its IPR enforcement role in full integration with and partnership at the interagency National IPR Center, further facilitating a whole-of-government approach to combating IPR crime.

The FBI's overall strategy for IPR enforcement is to disrupt and dismantle international and domestic criminal organizations and individuals that manufacture or traffic in counterfeit and pirated goods and/or steal, distribute or otherwise profit from the theft of IP. Investigative priorities include theft of trade secrets; counterfeit goods that pose a threat to health and safety; and copyright and trademark infringement cases which have a national security, organized crime, or significant economic impact.

The FBI is a full and active partner at the National IPR Center. The IPR Center serves as a centralized, multiagency entity to coordinate, manage, and advocate for the U. S. Government's federal criminal enforcement of intellectual property rights laws.

The FBI aggressively pursues intellectual property enforcement through its role at the National IPR Center, traditional investigative methods in the field, intelligence driven initiatives, and coordinated efforts with both private industry and domestic and foreign law enforcement partners.

As of September 30, 2014, the FBI had 357 pending IPR matters with the following focus:

Theft of Trade Secrets, Copyright Infringement, Trademark Infringement

- 102 investigations—theft of trade secrets

- 44 investigations—copyright infringement related to software
- 82 investigations—other copyright infringement
- 42 investigations—trademark infringement
- 10 investigations—copyright infringement related to signal theft

Counterfeit Goods—Health and Safety

- 44 investigations—counterfeit health products
- 14 investigations—counterfeit electrical parts
- 8 investigations—counterfeit aircraft parts
- 8 investigations—counterfeit automotive parts
- 3 investigations—other counterfeit health and safety products

The following is a statistical summary of IPR investigations for FY 2014:¹

- 71 investigations initiated
- 68 arrests
- 52 information/indictments
- 52 convictions
- Seizures--\$378,851
- Forfeitures--\$2,391,401
- Restitution--\$145,045

In FY 2014, the FBI had approximately 32 IPR-dedicated Special Agents (SAs) in field offices, the majority of whom were located in field offices near Department of Justice (DOJ) enhanced Computer Hacking and Intellectual Property (CHIP) units. These resources are separate from, and in addition to, the 112 FBI SAs assigned to investigate violations of the Economic Espionage Act, (18 U.S.C. § 1831) as well as FBI SAs working other criminal, cyber, and national security matters that may have a nexus to IPR violations.

In FY 2014, the FBI hosted a three-day IPR Conference at the IPR Center for 60 employees assigned to IPR matters—including agents, forensic accountants and analysts—from 27 FBI field offices and FBI Headquarters. The training included an overview of U.S. IP law and legal perspectives and requirements for criminal IP prosecutions presented by DOJ’s Computer Crime and Intellectual Property Section (CCIPS) attorneys.

II. Personnel Allocation and Funding

The FY 2009 Appropriations Bill provided for the “creation of an additional and distinct operational unit at FBI Headquarters with at least five full-time SAs dedicated to working with CCIPS on complex, multi-district, and international criminal IPR cases.” Accordingly, the FBI established its Intellectual Property Rights Unit (IPRU) and, in April 2010, IPRU physically relocated to the IPR Center in support of the FBI mission.

¹ Source: Sentinel

During FY 2014, the IPRU merged with Financial Institution Fraud Unit (FIFU), and is led by the FIFU Unit Chief. The FBI staffed the IPR Center with two Supervisory Special Agents (SSAs) who provided strategic guidance, promoted the development of intelligence, and managed FBI field office and Legat IPR Programs including complex, multi-district, and international investigations. In addition, the FBI staffed the IPR Center with one Management and Program Analyst (MAPA), one Intelligence Analyst (IA), and a contractor.

In FY 2014, the FBI had 36 positions (34 SAs) and an additional \$0.8 million for operational support of the IPR program. The 36 positions include agents assigned to field offices contiguous to DOJ CHIP units and agents, Intelligence Analysts, Management and Program Analysts, and Staff Operations Specialists assigned to FBI Headquarters (HQ), some of which are physically located at the IPR Center.

III. IPR Efforts and Activities

FBI Initiatives

During FY 2014, the FBI advanced the following significant initiatives focusing on health and safety threats and increasing public awareness of the harm and illegality of intellectual property violations:

- **Public Service Announcements/Private Sector Advisories**: This initiative educates consumers, FBI field offices, and industry partners on health and safety dangers posed by counterfeit products. The focus of Public Service Announcements is determined by information gathered from open source information, complaints filed through the Internet Crime Complaint Center (IC3) and the IPR Center website, and industry liaison. When consumers discover they have purchased counterfeit products, they are directed to FBI field offices and/or the IPR Center website, www.iprcenter.gov, to provide the FBI with a better understanding of emerging threats. Private Sector Advisories rely on information provided by industry partners about company-specific threats, which are analyzed and reported in intelligence products identifying trends across the industry. The desired outcome places the FBI in a position to alert companies to potential vulnerabilities. These companies can utilize this information to better secure their intellectual property. This information also allows the FBI to send investigative leads to FBI field offices.
- **Operation Chain Reaction (OCR)**: OCR is an initiative targeting counterfeit, substandard, and unapproved goods in the government supply chain. Under OCR, the FBI partners with a number of agencies to address this threat, including: Air Force Office of Special Investigations (AFOSI); Army Criminal Investigation Division (CID); Defense Criminal Investigative Service (DCIS); Defense Logistics Agency (DLA); Department of Energy (DOE); DOJ- CCIPS; General Services Administration-Office of Inspector General (GSA-OIG); Homeland Security Investigations (HSI); INTERPOL; National Aeronautics and Space Administration Office of Inspector General (NASA-OIG); National Reconnaissance Office- Office of Inspector General (NRO-OIG); Naval Criminal Investigative Service (NCIS); Nuclear Regulatory Commission (NRC); and U.S. Customs and Border Protection (CBP).

Intelligence analysis indicates counterfeit components pose a high, but largely unreported, threat to all parts of the government supply chain, jeopardizing the safety of critical U.S. infrastructure and those who rely on mission-critical equipment. To date, OCR has primarily focused on a portion of this threat: the insertion of counterfeit microelectronics in the DOD supply chain. Under OCR, analysts from the IPR Center reviewed import and seizure records for companies based in China and Hong-Kong who shipped counterfeit microelectronics to the United States. This review identified over 400 U.S. companies that imported counterfeits from these sources and also held contracts to supply mission-critical parts to the U.S. government. At the beginning of FY 2014, over 30 of these identified U.S. importers were already under FBI investigation for a variety of suspected criminal activity, and an even greater number of these importers were subjects of other law enforcement actions undertaken by OCR partner agencies. During FY 2014, the IPR Center issued over 25 investigative referrals regarding other identified importers of counterfeit microelectronics to FBI field offices throughout the country. Based on investigative priorities within each FBI field office, progress against these targets has been met with varying degrees of success. Over the next year, the FBI plans to refocus efforts to generate high-priority leads of suspected traffickers of counterfeit microelectronics intended for U.S. government systems and equipment. The FBI will also continue to expand OCR beyond defense-related microelectronics to focus on counterfeit items in other critical government sectors.

- Operation Engine Newity: Operation Engine Newity is an FBI-led initiative established in response to the rising threat of counterfeit automotive equipment manufactured and sold to end-users in the United States. Each year, criminals trafficking in counterfeit automotive equipment earn billions of dollars in illicit revenue. Safety demonstrations by the National Highway Transportation Safety Administration (NHTSA) show counterfeit automotive parts could be fatal, posing a health and safety risk for drivers and passengers everywhere. In 2014, the FBI, CBP, HSI and other investigative agencies established liaison relationships with brand protection teams from major automotive manufacturers and trade associations. Building on this foundation, the IPR Center's goal in 2015 is to establish a industry-law enforcement working group convening regularly in order to: share best practices; promote public service announcements warning consumers and purchasers of counterfeits, to include automotive repair shops, of the safety concerns in purchasing counterfeits; identify new and emerging criminal threats and trends; exchange investigative referrals and intelligence; and, develop a better understanding of the criminal networks behind this health and safety threat.
- Trade Secrets Initiative: Over the past several years, FBI's Cyber, Counterintelligence and Criminal Investigative Divisions have worked separately to address the theft of proprietary, trade-secret material from U.S. firms by foreign and non-foreign actors—a criminal threat that former NSA Director General Keith Alexander once called “the greatest transfer of wealth in history.” The FBI's IPR program has created an initiative to combine the resources of each division and coordinate information. Under this initiative, agents and analysts from the IPR Center work closely with partners within the FBI and with the U.S. intelligence community, to apply a whole-of-government approach to

mitigate trade secret theft. In 2014, this initiative contributed to the first indictment of its kind of five People's Republic of China (PRC) military officers who allegedly committed computer intrusions to steal intellectual property from several U.S. firms and provide that information to competitors in China. The FBI will continue to leverage these partnerships to engage with victims of trade secret theft, to help further identify offenders, and to bring criminal prosecutions and a range of other possible policy actions against these offenders.

- **Personal Care Products:** Led by the FBI, the Personal Care Products initiative focuses on counterfeit personal care products to include cosmetics, laundry detergent, shampoo, body wash, and razors. During 2014, the FBI established liaison with individual industry partners and trade associations to share intelligence regarding emerging threats and trends. This relationship helps develop a more comprehensive understanding of the prevalence of counterfeit personal care products across the industry and throughout the U.S., particularly with regard to potential threats to the health and safety of the consumer. A national, broad-based survey of industry partners was disseminated in October 2014. Intelligence notes regarding counterfeit cosmetics and fragrances have been disseminated to field investigators.
- **Pharma Sham:** Operation Pharma Sham addresses the growing trend of counterfeit pharmaceuticals. In an ongoing attempt to identify the top drop-shippers of counterfeit drugs in the U.S., the FBI has implemented a plan with CBP to cross-reference frequency of seizures from major U.S. drop-shippers with the quantities of counterfeit drugs seized. Pharma Sham seeks to identify, disrupt, and dismantle rogue sites as well as their suppliers and manufacturers who have conspired to sell and distribute counterfeit medicines to unwitting customers around the globe.

Investigative Case Highlights

The most important aspect of the FBI's IPR Program is the investigation of high priority and high impact IPR matters and successful criminal prosecutions. In FY 2014, the FBI achieved significant success in this area. These investigations varied in complexity and included the use of sophisticated techniques where appropriate. The following are highlights of IPR investigations which occurred during FY 2014:

- In January 2014, a fire department official in Long Island, New York, found several suspicious samples of health and personal care products after inspecting a site of a fire. With the assistance of rights holders and FBI New York, this routine inspection led to one of the largest single seizures of counterfeit personal care products in U.S. history. In March 2014, FBI New York executed search warrants at five locations throughout Long Island, seizing evidence and counterfeit products that filled more than four tractor trailers, including: ChapStick; Johnson's Baby Oil; Vicks VapoRub; Vicks Inhaler; Vaseline; Always sanitary pads; and other over-the-counter cold medicines and painkillers. FBI New York's efforts helped uncover a criminal scheme to manufacture and sell over \$2 million in counterfeit products to unwitting consumers in New York, Pennsylvania and Florida. In March 2014, a Nassau County grand jury returned an indictment against brothers Pardeep Malik and Hamant Mullick, charging them with first and second-degree

trademark counterfeiting. The case was transferred to EDNY and both defendants were charged in a July 2014 indictment with conspiracy to traffic in counterfeit goods and labels, trafficking in counterfeit goods, trafficking in counterfeit labels, trafficking in counterfeit drugs, and conspiracy to commit mail fraud.

- In January, June and July 2014, an FBI Atlanta investigation resulted in informations and indictments returned against ten individuals who allegedly operated three different digital marketplaces www.snappsmarket.com, www.appbucket.com, and www.applanet.net, which distributed pirated Android mobile device applications, or “apps.” The marketplaces offered more than six million mobile applications for users to download and charged users fees to access these downloads, without permission from the original copyright owners or app developers. In March and April 2014, four of these individuals pleaded guilty to charges of conspiracy to commit copyright infringement.
- As part of a nationwide effort to address safety threats posed by counterfeit automotive parts, FBI New Orleans initiated an investigation into the manufacture and sale of counterfeit diagnostic equipment for Mercedes-Benz vehicles. In February 2014, Rainer Wittich and the Brinson Company, a Louisiana-based auto parts retailer owned by Mr. Wittich, were charged for their role in creating and selling infringing copies of Mercedes-Benz Star Diagnostic Systems (SDS). The indictment alleges Wittich, the Brinson Company, and co-conspirators based in North Carolina and the United Kingdom conspired to obtain unauthorized Mercedes-Benz software, unlock this software, and install the software on counterfeit diagnostic devices. Wittich worked with companies in North Carolina and California to sell over 700 counterfeit SDS devices for between \$5,000 and \$11,000 a piece. In October 2014, a superseding indictment charged Wittich and the Brinson Company with nine counts of conspiracy to commit copyright infringement, traffic in counterfeit labels, and conspiracy to commit international money laundering.
- After receiving a lead from Microsoft that an employee may have leaked proprietary source code for Windows products, FBI Seattle initiated an investigation and arrested a Russian national working for Microsoft. The subject, Alex Kibkalo, pleaded guilty to charges of the theft of trade secrets in March 2014. According to the plea agreement, Kibkalo admitted to uploading pre-release updates for Windows 8 and a software development kit for guarding against copyright infringement, and shared this information to a blogger in France. Kibkalo intended to share the software development kit with others who might be able to write fake activation codes to gain unauthorized access to Microsoft products. Kibkalo was charged by complaint with one count of Theft of Trade Secrets in March 2014 in the Western District of Washington. After completing his sentence in June 2014, Kibkalo was deported to Russia.
- On April 11, 2014, Phillip Lee Groves was convicted of two counts of Theft of Trade Secrets (18 USC § 1832) for stealing client lists and proprietary technology information related to components of mobile hydraulic drives and industrial applications from White Drive Products, Inc, located in Hopkinsville, Kentucky. Groves transferred approximately 30,000 files to a thumb drive before resigning from White Drive Products

to work for a competitor. Two other two subjects were acquitted at trial and Groves' sentencing is pending.

- In May 2014, Ketan Maniar, a former engineer working in the global medical technology industry, pleaded guilty to two counts of theft of trade secrets and attempted theft of trade secrets. In May 2013, Maniar abruptly resigned from his position as a developer of new types of pre-fillable syringes and pen injectors. Acting on a lead from private industry, FBI Newark worked quickly to determine Maniar stole trade secret material related to new product designs from Maniar's previous employer. According to search warrants executed by FBI Newark and subsequent interviews, the FBI discovered that Maniar intended to use this stolen trade secret material to start a competing business in India. FBI Newark apprehended Maniar before he could depart the United States. On October 16, 2014, Maniar was sentenced to 18 months in federal prison and ordered to pay \$32,454 in restitution.
- FBI Sacramento, working with the Sacramento Sheriff's Department as part of the Sacramento Valley Intellectual Property Rights Task Force, initiated an undercover operation targeting Craigslist.org advertisements selling suspected counterfeit Cialis, Levitra and Viagra pharmaceuticals. Evidence gathered in partnership with the Los Angeles Police Department identified Holly Gitmed, her former husband John Derek Gitmed, his daughter Felicia Gitmed, and his nephew Anthony Santo Pollino as large-scale distributors of counterfeit pharmaceuticals. According to a federal grand jury indictment returned in August 2014, the Gitmeds and Santo Pollino were charged with conspiracy to traffic in counterfeit goods and mail fraud. The indictment alleges the defendants ran a business that bought counterfeit pharmaceuticals and genuine-looking packaging from sources in China. The defendants advertised the sale of these drugs as genuine, and either shipped these counterfeit pharmaceuticals to consumers or delivered the pharmaceuticals in-person.
- In October 2014, three co-defendants were sentenced as a result of FBI Kansas City's joint investigation with HSI and the Department of Defense-Office of Inspector General of a scheme to defraud the U.S. military by selling counterfeit and modified computer equipment to the U.S. Army. In 2010, Missouri Office Systems and Supply (MOSS) received a \$2.1 million contract to supply Cisco networking hardware to the military. After receiving the contract, MOSS provided over \$1 million of counterfeit and unauthorized Cisco products to over 19 worldwide U.S. Army facilities. MOSS employees tried to alter purchase orders and invoices so that the products would appear to be sourced legitimately, therefore eligible for deployment and warranty coverage by Cisco. All defendants pleaded guilty to charges of conspiracy to commit wire fraud. The owner of MOSS was sentenced to five years of probation while two other employees each received over 30 months in federal prison without parole. All three defendants were ordered to pay over \$1 million in restitution to the U.S. Army.
- FBI Milwaukee continues to support the prosecution of Sinovel Wind Group and two Sinovel employees for their role in recruiting an insider to use cyber means to steal proprietary trade secret and copyright-protected source code from Massachusetts-based

American Superconductor (AMSC). In June 2013, a federal grand jury indicted Sinovel, its employees, and a former AMSC engineer for their role in stealing source code used to regulate wind turbines. Sinovel's theft of this source code and the subsequent cancellations of contracts Sinovel had signed with AMSC, forced the U.S. company to layoff approximately 50 percent of its work force and lose hundreds of millions of dollars in cancelled contracts. In September 2014, a federal judge rejected Sinovel's claim they were exempt from criminal prosecution because they lacked a U.S. mailing address. Sinovel has appealed that ruling to the U.S. Court of Appeals for the Seventh Circuit.

Government Engagement and Training

The FBI is an original and key partner at the IPR Center and fills one of its Deputy Director positions. The HSI-led IPR Center co-locates agencies responsible for the enforcement of IPR crimes and optimizes the resources of its 23 partner agencies which include FBI, HSI, CBP and others.²

The FBI continues to provide funding, development, and hosting services for www.iprcenter.gov. This website serves as the central information portal for the IPR Center and its partners to inform the public, rights holders, victims, and other government agencies about threats to IPR and the IPR Center's efforts to combat IPR violations. The site contains, among other things, links to agency homepages, reference material, publications, press releases, and notices of upcoming events related to IPR.

Serving as the hub for the strategic planning of multi-jurisdictional case initiatives against the most significant threats to U.S., the IPR Center is a clearinghouse for complaints, referrals, and inquiries. This includes deconfliction of both public referrals and participating agency investigations to avoid duplication of effort and ensure coordination of investigations between agencies. As a key partner at the IPR Center, the FBI led or participated in numerous working groups and coordination meetings with significant industry partners affected by IPR crime.

In collaboration with the IPR Center partners, the FBI deconflicted approximately 142 entities, either companies or individuals, of which approximately 12 were referenced in FBI investigations. This deconfliction ensured the efficient use of IPR investigative resources and provided additional information regarding FBI subjects and persons of interest. Five subjects/entities were found to be under investigation by both the FBI and HSI, resulting in either joint investigations or case closures by one agency.

The FBI participated in briefings and training initiatives, as well as provided FBI-specific information, when appropriate, for inclusion in the White House Office of the Intellectual

² Food and Drug Administration Office of Criminal Investigations (FDA-OCI), U.S. Postal Inspection Service (USPIS), U.S. Patent and Trademark Office (USPTO), INTERPOL, EUROPOL, Mexican Revenue Service, Royal Canadian Mounted Police (RCMP), NRC, AFOSI, DCIS, NCIS, U.S. Army Criminal Investigative Command Major Procurement Fraud Unit, DLA-OIG, Department of Commerce's Office of Intellectual Property Rights (OIPR), U.S. Consumer Product Safety Commission (CPSC), NASA-OIG, U.S. Department of State's Office of Intellectual Property Enforcement (IPE), GSA-OIG, Federal Maritime Commission, and U.S. Postal Service Office of the Inspector General.

Property Enforcement Coordinator's (IPEC) bi-monthly newsletter. The FBI continued collaboration with other U.S. Government agencies through working groups, including DOJ's IP Task Force and the U.S.-China Joint Liaison Group (JLG) on Law Enforcement Cooperation's IP Criminal Enforcement Working Group. In addition, the FBI worked closely with the Department of Commerce, Department of Treasury, and the Office of the U.S. Trade Representative on several IPR issues and initiatives. The following are specific examples of some of these engagements in FY 2014:

- In July 2014, the FBI addressed Congressman Robert Goodlatte's congressional delegation to Guangzhou, Shenzhen, and Beijing to present relative background information in preparation for their responsibilities abroad. The FBI briefed the congressional delegation on the IP climate in China's planned economy, U.S.-China IP engagement, and how Capitol Hill can contribute to enhancing the IP relationship between China and the US.
- In July 2014, FBI personnel provided a briefing to a Criminal Division Deputy Assistant Attorney General on the IPR Center, investigations and IP crime trends.
- In May 2014, FBI personnel participated in a meeting organized by the IPEC regarding then-unreleased research on the advertising techniques of online traffickers of counterfeit goods and intellectual property rights violations. Also present at this event were representatives from IPEC, the Department of Homeland Security (DHS) Office of Science and Technology, HSI, the Drug Enforcement Administration, FDA-OCI, and the Department of State.
- In May 2014, FBI personnel participated in a conference at the French Embassy in Washington, D.C., in observance of World Anti-Counterfeiting Day, addressing the topic of counterfeit pharmaceuticals. This conference was organized by INTERPOL and the French Embassy. FBI IPR Program representatives provided a presentation and participated in a panel discussion alongside representatives from INTERPOL, RCMP, French Customs, HSI, the International Anti-Counterfeiting Coalition (IACC), and Pfizer, before an audience comprised of private industry, diplomatic, academic and law enforcement personnel. FBI IPR Program representatives spoke as subject-matter experts on the topic of organized crime's role in trafficking counterfeit pharmaceuticals, and benefited from other panel discussions and lectures provided by other law enforcement agency representatives and representatives of the pharmaceutical industry. FBI personnel established liaison contact with several of these attendees throughout the event.

Supporting International Enforcement

The FBI recognizes the importance of providing useful and relevant IPR training to our foreign counterparts. The FBI also recognizes the importance of fully supporting other U.S. Government international training efforts. The following are selected international enforcement/training efforts which the FBI supported in FY 2014:

- On an ongoing basis, FBI personnel participate in the development of The International IP Crime Investigator's College (IIPCIC), a fully interactive on-line IP crime training

facility which will benefit all law enforcement, regulatory authorities and private sector IP crime investigators. The IIPCIC's main objective is to deliver leading edge training to enable investigators to effectively combat current and emerging threats from transnational organized IP Crime. The FBI served as the team lead in one of the four modules in the IIPCIC Advanced Certificate Program, Investigating Online Counterfeiting and Piracy.

- In October 2013, FBI personnel met with Yousry Zakhary, incoming president of the International Association of Chiefs of Police (IACP) to provide an overview of the IPR Center and discuss potential trainings and courses that India could take through the IPR Center to protect intellectual property as well as combat the illegal importation and distribution of counterfeit, substandard and tainted goods.
- In March 2014, FBI personnel met with Senior EUROPOL Representative Pat Byrne and 25 International Law Enforcement Attachés from 17 countries during their visit to the IPR Center. The countries included: Albania; Australia (Federal Police); Belgium; Bulgaria; Canada (both Border Services Agency and RCMP); France; Germany; Italy; Korea; Mexico; New Zealand; Pakistan; Romania; Serbia; Slovak Republic; Spain; and Turkey.
- In May 2014, FBI personnel participated in the International Trademark Association (INTA) Annual Meeting held in Hong Kong, which was attended by over 9,500 people from over 140 countries. INTA is a global association of trademark owners and professionals dedicated to supporting trademarks and related intellectual property in order to protect consumers and to promote fair and effective commerce. INTA's members belong to more than 6,600 organizations from 190 countries. INTA members collectively contribute almost US \$12 trillion to the global GDP annually. INTA's member organizations represent some 30,000 trademark professionals and include brand owners from major corporations as well as small- and medium-sized enterprises, law firms and nonprofits. There are also government agency members as well as individual members such as professors and students. FBI personnel participated in several panels and workshops including: INTA Anti-Counterfeiting Committee – Full Committee, INTA Anti-Counterfeiting Committee – North American Subcommittee, and “Protecting Your Brand Online.” Relevant issues were discussed with industry experts from various disciplines which facilitated open dialogue on a variety of significant issues. Several other roundtable workshops were held by representatives from social media sites, credit card networks, and online marketplaces. Industries represented included Underwriters Laboratories, Pfizer, Estee Lauder, Amazon, Microsoft, and Apple.
- In July 2014, FBI personnel attended a DHS-led overview of the IPR Center to Director General Yves LaPierre and Director Philippe Cadre, both with the French National Institute of Industrial Property. At this meeting, FBI personnel explained the FBI's role in criminal IPR enforcement in the United States and provided Cadre and LaPierre an overview of various unclassified intelligence trends the FBI has identified in regards to criminal IPR enforcement. FBI personnel also provided an overview of the lead intake and case deconfliction process.

- In July 2014, FBI personnel provided an overview of the FBI's work in gathering intelligence and investigating IPR matters to City of London Police's (COLP) Economic Crimes Directorate Intelligence Analyst Stephen Scarrott and Head of Intelligence John Unsworth. FBI personnel explained the FBI's role in criminal IPR enforcement in the United States and provided Scarrott and Unsworth an overview of various unclassified IPR intelligence trends the FBI has identified. Scarrott and Unsworth expressed COLP's particular interest to work with the FBI on areas pertaining to criminal intelligence analysis of cyber-enabled financial fraud trends, and suggested the FBI work with their IP Crimes Unit.
- In July 2014, the FBI presented at the International Law Enforcement Academy (ILEA) Intellectual Property Theft Enforcement training in Lima, Peru. The training was sponsored both by ILEA and the IPR Center. Representatives from multiple South American countries received an introduction to IPR investigations. HSI, CCIPS, CBP, and the FDA participated in the training, as well as Mexico's Tax Administration Service and numerous industry representatives.
- In August 2014, FBI personnel met with a Chinese Delegation during a visit to the IPR Center for a briefing. The delegation sought to learn how U.S. law enforcement collaborates on IP theft investigations.
- In August 2014, FBI personnel traveled to Lome, Togo to present at the IPR Enforcement training conference about counterfeit pharmaceuticals. Hosted by HSI in Dakar, in conjunction with the IPR Center, the IPRE instructors included personnel from CCIPS and CBP. The course covered basic IP investigative techniques, targeting and legal issues, and included case scenarios that allowed participants to work in groups to address identified problems in IP enforcement specific to their country. The participants included customs officers, police officers, and prosecutors from the West African countries of Togo, Benin, Senegal, Cote D'Ivoire, and Guinea. The event presented a tremendous opportunity for FBI personnel to engage with the international community involved in the fight against IPR violations.
- In September 2014, FBI personnel spoke at the IP Theft Enforcement Training program hosted at the United States Patent and Trademark Office's (USPTO) Global Intellectual Property Academy (GIPA) in Alexandria, Virginia. This program was co-hosted by the IPR Center/HSI and USPTO through the support of funding from the Department of State's Bureau of International Narcotics and Law Enforcement Affairs (INL). Attendees included customs officials from Pakistan and Sri Lanka.
- In September 2014, FBI personnel participated in a meeting coordinated by Immigration and Customs Enforcement, CBP, and the Police Attaché from the Chinese Ministry of Public Security in Washington, D.C. The meeting helped lay the foundation for a plan to develop a bilateral working group focused on countering the illicit trafficking of counterfeit goods between both countries.

- In September 2014, FBI personnel met with the Commissioner from COLP, Adrian Leppard, along with the Commander for Economic Crime, Steve Head, at the IPR Center.
- In September 2014, FBI personnel met with Ros Lynch, the new Copyright and IP Enforcement Director at UK Intellectual Property Office at the IPR Center.

Engagement with Victim Industries

The FBI recognizes the importance of liaison and engagement with rights holders, victim companies, and representative organizations in effort to identify investigative opportunities, better address the IPR threat and emerging trends, and improve awareness of IP theft. In addition to interaction related to specific cases and initiatives, the FBI contributed to numerous events in FY 2014.

In partnership with IPR Center partners, the FBI regularly hosted rights holders and their representatives at the IPR Center and elsewhere. These productive meetings facilitated communication about initiatives, emerging IPR threats and, in some instances, yielded new investigations. These meetings included the following:

- In January 2014, FBI personnel met with Brand Protection personnel from Audi AG to discuss their efforts to enhance brand protection in the US.
- In March 2014, FBI personnel met with representatives from Sanofi Pharmaceuticals at the IPR Center to discuss Sanofi's recent efforts to address counterfeiting.
- In April 2014, FBI personnel met with John Carriero, Director of Brand Protection, Under Armour, at the IPR Center to discuss Under Armour's concerns regarding IPR matters.
- In April 2014, FBI personnel met with representatives from Magpul, Inc. at the IPR Center to discuss Magpul's efforts to enhance brand protection.
- In May 2014, FBI personnel attended an all-day symposium with representatives from Amazon, hosted at the IPR Center by National Cyber Forensic Training Alliance (NCFTA) and HSI. The event helped establish a dialogue between law enforcement and Amazon to work together to address the sale of counterfeit goods sold by third-party vendors using this e-commerce platform.
- In June 2014, FBI personnel met with representatives from Nissan Motor Corporation and Nissan North America at the IPR Center to discuss improving coordination with law enforcement concerning IPR issues. Nissan representatives detailed their recent aggressive efforts to address the issue of counterfeit parts being sold as genuine Nissan parts and asked how they can better cooperate with law enforcement for criminal investigations.

- In July 2014, FBI personnel met with Betsy Anderson, Executive Vice President Legal and General Council, Personal Care Products Council to discuss increased cooperation between the personal care products industry and law enforcement.
- In July 2014, FBI personnel met with Eli Lilly Global Security team to discuss their efforts to enhance brand protection in the U.S. Eli Lilly Security Department Investigative Manager Jack Stohlman provided FBI personnel information regarding Miami-area counterfeit pharmaceutical sales.
- In July 2014, FBI personnel met with Abro Industries Director of Intellectual Property to discuss their efforts to enhance brand protection overseas.

Community Outreach

In FY 2014, FBI representatives provided community outreach to include the following:

- In October 2013, FBI personnel attended the Partnership for Safe Medicines (PSM) Interchange 2013, held at the Newseum Freedom Forum, Washington, D.C. Attendees included representatives from federal, state and local governments, as well as approximately ten industry IP stakeholders and PSM partners. PSM is comprised of approximately 75 not-for-profit organizations and individuals committed to the safety of prescription drugs and protecting consumers against counterfeit, substandard or otherwise unsafe medicines. PSM works with patient advocacy groups and consumer groups to raise awareness of counterfeit drugs within the U.S. as well as teach patients and medical professionals how to buy medication safely and affordably without risking their lives by dealing with unlicensed, dangerous counterfeit medication sellers.
- In January 2014, a magazine article, titled “Why The FBI is Investigating Your Makeup” was published in Prevention magazine, at which time a news story titled “Counterfeit Cosmetics, Fragrances, Hazardous to Your Health” was featured on www.fbi.gov.
- In April 2014, FBI personnel participated in a World Intellectual Property Day at the Hart Senate Office Building in Washington, D.C. The 2014 theme for the event was “Movies: A Global Passion,” focusing on how IP rights shape the filmmaker’s journey from script to screen, how film producers attract investors, how screenwriters and actors earn a living, and how innovation is pushing the frontiers of creativity in the industry. Speakers at the program included: Senator Patrick J. Leahy, Chairman of the Senate Judiciary Committee; Q. Todd Dickinson, American Intellectual Property Law Association; Michelle K. Lee, U.S. Patent and Trademark Office; Christopher Ruggerio, World Intellectual Property Organization; Michael O’Leary, Senior Executive Vice President, Motion Picture Association of America; Garrett Brown, National Inventors Hall of Fame Inductee, and Inventor of the “Steadicam”; and, Karyn Temple Claggett, U.S. Copyright Office.

- In April 2014, FBI personnel participated in the Food and Drug Law Institute 2014 Annual Conference, and provided a presentation titled "Going Global: What Food and Drug Law Stakeholders Need to Know about Counterfeiting and Fraud."
- In April 2014, FBI personnel conducted training at the National Association of Attorneys General Training and Research Institute and the National White Collar Crime Center's Intellectual Property Rights Training in Atlanta, Georgia.
- In April 2014, FBI personnel participated in the U.S. Chamber of Commerce's Global IP Center (GIPC) second annual IP Champions Conference in observance of World IP Day. The event highlighted achievements by innovators, academics, and enforcement agencies to protect jobs, secure consumer safety, advance future innovation, and promote access to new technologies and content.
- In May 2014, FBI personnel participated in the IACC Annual Spring Conference held in Hong Kong, which was attended by over 450 industry representatives including law firms which specialize in brand protection and trademark enforcement. Relevant issues were discussed with industry experts from various disciplines which facilitated open dialogue. Several other roundtable workshops were held by representatives from social media sites, credit card networks, and online marketplaces. The FBI moderated a panel entitled "Making the Case: Keys to Successful Public-Private Cooperation". Industries represented included Underwriters Laboratories, Pfizer, Estee Lauder, Amazon, Microsoft, and Apple.
- In May 2014, FBI personnel attended the 2014 Cyber Crime Conference hosted in Pittsburgh, Pennsylvania, by the NCFITA. During this event, FBI personnel engaged in several panel events and lecture-style presentations. FBI IPR personnel benefited from information-sharing discussions with presenters and attendees, and established contact with several industry attendees, including representatives of Nike, Lilly, Merck, Novartis, Phillip Morris International, and IBM.
- In May 2014, FBI personnel participated in a conference at the French Embassy in Washington, D.C., in observance of World Anti-Counterfeiting Day, addressing the topic of counterfeit pharmaceuticals. This conference was organized by INTERPOL and the French Embassy. FBI IPR Program representatives provided a presentation and participated in a panel discussion alongside representatives from INTERPOL, the RCMP, French Customs, HSI, the IACC, and Pfizer, before an audience comprised of private industry, diplomatic, academic and law enforcement personnel. FBI IPR Program representatives spoke as subject-matter experts on the topic of organized crime's role in trafficking counterfeit pharmaceuticals, and benefited from other panel discussions and lectures provided by other law enforcement agency representatives and representatives of the pharmaceutical industry. FBI personnel established liaison contact with several of these attendees throughout the event.
- In June 2014, FBI personnel participated in the Underwriters Laboratory Law Enforcement Seminar in Los Angeles, CA, which was used to communicate the FBI's

mission and program initiatives in IPR enforcement to experts from the manufacturing industry. The FBI presented “An Introduction to Theft of Trade Secrets” to the attendees.

- In June 2014, FBI personnel attended an event open to the press at the National Museum of Crime and Punishment (NMCP) to unveil the new exhibit entitled *Counterfeit Crimes: Are You Part of the Black Market?*—a joint effort between the NMCP, IACC, IPR Center, and a wide range of industries. Speakers at this press event included Deputy Attorney General James Cole, Homeland Security Investigations Deputy Associate Director Peter Edge, IACC President Robert Barchiesi, and IPR Center Director Lev Kubiak. Other attendees included the media, representatives of the IPR Center, and representatives of the companies whose brands are featured at the display. The interactive gallery aims to raise awareness of the widespread criminal activity that affects the everyday lives of consumers everywhere. The gallery delves into an industry that people are not typically aware of involving criminal activity and explores the harms associated with supporting the counterfeit trade.
- In July 2014, FBI personnel participated in a symposium entitled “All You Ever Wanted to Know about IP in China”, organized by the USPTO’s Global Intellectual Property Academy. The seminar addressed several themes regarding intellectual property rights protection and enforcement in the People's Republic of China (PRC).
- In July 2014, FBI personnel attended a discussion seminar regarding intellectual property rights protection and enforcement in the PRC. Organized by the U.S. Patent and Trademark Office's Global Intellectual Property Academy, this event addressed several industry and foreign policy perspectives regarding China's use of various legal authorities to protect (or not protect) intellectual property rights and the overall relationship between rights-holders and the PRC government. These perspectives were provided in multiple panel discussions held throughout the day, with various speakers from U.S. government agencies and private industry involved in IPR enforcement efforts.
- In August 2014, the IPR Center hosted a symposium titled “A Global Strategy to IP Integrity”. The symposium consisted of presentations on current IP threats and global strategies, as well as the public and private sector approach to protect supply chain integrity and trade secrets.
- In September 2014, in furtherance of Pharma Sham, FBI personnel attended the 2014 Partnership for Safe Medicines (PSM) Interchange.
- In September 2014, FBI personnel participated in the 2014 Interpol International Intellectual Property Law Enforcement Conference in Hanoi, Vietnam. Attendance at this conference afforded the opportunity for personnel to extend liaison contacts, develop relationships with domestic and foreign law enforcement as well as rights holders and other corporations within the Intellectual Property community. The conference was attended by 800 people from over 70 countries and 200 rights holders. The FBI participated in a panel named “High Risk Advertising and the Piracy Ecosystem” and

facilitated a workshop focusing on “Effective Enforcement Strategies to Combat Cybercrime.”

IV. Conclusion/Looking Forward

FBI funds received in support of IPR investigations have made a significant impact in the FBI’s ability to combat the IPR threat. From the funding, the FBI was able to train dedicated IPR agents in the nuances of IPR enforcement and build bridges with domestic and international rights holders in the private sector. This enabled investigative agents in the field as well as personnel at the IPR Center to address international and complex IPR matters.

The FBI will continue to develop and exploit productive working relationships with its IPR Center partners, rights holders and groups, other U.S. Government agencies, and foreign counterparts to increase efficiency in addressing IPR matters. The FBI will employ the resources provided to support the PRO-IP Act to initiate, advance, and support cutting edge and significant IPR investigations, initiatives, training, and projects.

The threat to U.S. IP interests is immense and growing in size and scope, paralleling the sophistication of Internet based theft and computer network intrusions. IPR crime is constantly evolving in complexity as are the challenges related to these investigations. The increase in global Internet penetration is accompanied with an increasingly international venue for IPR crime, and the increased use of the Internet as a tool to facilitate IPR crime. The FBI recognizes these challenges and will continue to utilize its expertise and resources to address these crimes.