



Intellectual
Property
Office

IP  CRIME GROUP



TRADING STANDARDS SUCCESSES

IP CRIME AND ENFORCEMENT REPORT 2016/17

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DISCLAIMER

The findings, facts and opinions in the IP Crime and Enforcement Report are those of the IP Crime Group members and not necessarily the views of the IPO or the Government. The data has not been substantiated by the IPO.



TRADING STANDARDS SUCCESSES

IP Crime and Enforcement Report 2016/17

Trading Standards crime file

WE BELIEVE THAT the best way to explain our work is to show how it's done. In all of these cases – which are a small sample of the work of Trading Standards Officers all over the UK – the joined-up, innovative, detailed and, at times, dangerous work our enforcement officers undertake to transform fine words into real deeds is showcased. The themes identified in this year's IP Crime and Enforcement Report are illustrated here:

- Creating and then sharing information on new case law so that prosecutions stick and crime prevention strategies can be tailored to deliver results (Hartlepool – page 5)
- Using global social media platforms and apps to police IP crime at a local level (Moray, Rhondda Cynon Taf – pages 17 to 23)
- Connecting IP crime with large scale organised crime to tackle bundles of offences (Southwark page 9)
- Intervening imaginatively in high tech, high quality, professional printing scams, developing strategies to take on the 'printing' of goods (Lancashire – pages 6 to 7)
- Liaising with events promoters and venue owners to target event-specific brand frauds (Glasgow – page 4)
- Persistently undermining criminal networks in known IP crime hotspots (Manchester – page 8)
- Deploying high quality investigative skills to link small offences to bigger ones revealing substantial chains of misconduct (City of York, Newport – pages 12 to 15)
- Mobile phone case crime in Hampshire (Hampshire Council – page 16)
- All of the contributions demonstrate the ability to deliver imaginative, case-specific strategies. They show that effective networks with all partners in the fight against IP crime lead to success. The IP Crime and Enforcement Report provides us all with an opportunity to develop best practice by learning from one another. We are most effective when we work together.



GLASGOW CITY COUNCIL

Big brands and big bashes

Effective policing of merchandise fraud at major events

AS WELL AS visiting local markets such as the Barras to carry out their enforcement duties, Glasgow City Council Trading Standards regularly attend concerts and major events across the city to curtail the sale of counterfeit and infringing products to event goers.

During 2016/17 officers attended The Vamps, Muse, 5 Seconds of Summer, Busted, Justin Bieber, Olly Murs, The Weeknd and Drake concerts at the SSE Hydro arena in Glasgow and Rihanna, Beyoncé concerts and Rangers v Hibs Scottish Cup Final at Hampden Park and Celtic v Borussia Dortmund and Celtic v Barcelona at Celtic Park.

Counterfeit goods were seized at several of these events and the presence of the Trading Standards staff themselves provided a deterrent to the sale of such infringing material.

Positive feedback

A representative of the Hydro arena recently stated: “Glasgow Trading Standards’ support in tackling bootleggers and unauthorised merchandise has been pivotal to our operation as we aim to deliver great experiences to those visiting the Scottish Event Campus. The seizures in recent weeks put out the message that events on our campus aren’t an easy target for this kind of activity and safeguard our visitors from poor quality merchandise that could potentially ruin their experience.

“We are extremely grateful for the support and cooperation of Glasgow Trading Standards and hope this continues as we bring the biggest and best artists back to Glasgow again and again.”

In the run up to the 2017 Oscars, Glasgow Trading Standards were approached by a representative of Motion Picture Association of America to take action against stallholders at the Barras who were selling copies of the Oscar nominated titles. An operation took place with Police Scotland and quantities of DVDs were seized from two stallholders. Reports are being compiled on these two individuals for submission to the Procurator Fiscal.

HARTLEPOOL BOROUGH COUNCIL

Long distance nuisance

Using closure powers to tackle persistent vendors of counterfeit goods

IN MARCH 2017 Hartlepool Trading Standards Department successfully obtained a Closure Order to shut down a shop that was persistently selling counterfeit tobacco.

In 2016, complaints and intelligence were received alleging that Baltic Mini Market was selling cheap, counterfeit tobacco. Over a period of around six months undercover Trading Standards Officers made six test purchases and, using a mixture of inspections and warrants, counterfeit tobacco was seized on a further five occasions.

Missing criminal

It proved impossible to identify who was actually responsible for the business. Staff always claimed they had just started working there and did not know who they were working for. The owner of the premises lived in Pakistan. All attempts at identifying and communicating with the business owner failed.

It was apparent that as soon as their stock of tobacco was seized, they were restocking and continuing to trade as usual.

With no one to prosecute the decision was taken to close the premises down using **Sections 76 and 80 of the Anti-social Behaviour, Crime and Policing Act 2014**.

Nuisance in absence

This procedure requires for a Closure *Notice* to be served on the premises by the local authority on the grounds that nuisance has, or is, taking place, followed by an application to the Courts for a Closure *Order* on the grounds of criminal behaviour taking place.

A Closure *Notice* was served on the premises on Tuesday, 11 April 2017 and this was followed by an application to the Magistrates Court for a Closure *Order* on 12 April.

The Court accepted Trading Standards' evidence that criminal behaviour was ongoing and ordered the premises to be closed for three months – the maximum permitted under the law.

As the premises are now closed, the sale of counterfeit tobacco has stopped.

Note: For a Closure *Notice* to be served, there must be 'nuisance' at the premises. Counsel opinion is expected shortly on whether persistent criminal behaviour is 'nuisance' per se.

LANCASHIRE COUNTY COUNCIL

Professional printing disservices

Intervening successfully in high tech, high quality, professional scams – Operation HOBO

DURING AN INVESTIGATION by Lancashire Trading Standards, with the assistance of experts from FACT, a number of test purchases of box sets and DVDs were made from an eBay seller who was eventually traced to an address in Blackburn – the trader had provided false names and addresses to eBay and PayPal, hindering our initial enquiries.

High volume

Large volumes of infringing titles such as Game of Thrones, Doctor Who, House, and Criminal Minds were being sold, with total sale volumes for many of the box sets in the thousands. When the money was traced, we found that payments from the counterfeit sales were being transferred to six different bank accounts, and that the trader had a network of 17 accounts in total.

A warrant was duly served, involving six officers from Lancashire and Blackburn with Darwen Trading Standards Service, two representatives from FACT, and assistance from Lancashire Constabulary. 829 DVD box sets were then seized from a bedroom at the trader's home address, where the DVDs were stacked floor to ceiling.

Proceeds of crime

The trader's computers showed evidence of numerous searches for financial and investment advice, and much of the money made appeared to have been transferred abroad, while payments made to his Chinese suppliers totalled a four-figure sum most weeks. In May 2016 the perpetrator pleaded guilty and was sentenced to 180 hours of community service and 12 months in jail, the latter suspended for two years. The man's criminal benefit over the last six years of trading was assessed at over £317,000, and a confiscation order for £138,789.71 was made.

Operation CarMat

During an investigation by Lancashire Trading Standards, with the assistance of experts from BMW and General Motors, test purchases were made from two separate eBay sellers of counterfeit car mats, who were then found to be linked. A number of eBay outlets for these mats were identified, apparently separate but in reality controlled by one limited company, which was set up with separate eBay and PayPal accounts by associates of the company's officers. These outlets operated on a drop-ship basis.

High turnover

As an illustration, while one of these outlets had taken £166,849.39 in car mat receipts during 2014, most of this was passed on to the parent business by the man who operated the site – this man kept a £6,000 cut for himself, and had no actual involvement with the manufacturing or sales of the mats. We found the same technique used on three other eBay sites.

Professional printing

Four warrants were served in December 2015 in an operation which involved ten Trading Standards Officers and assistance from BMW and Lancashire Constabulary. 1400 badges and 350 returned badged mats were seized from the home address of one of the perpetrators, while one of the addresses inspected was found to be a factory inside an unassuming building on an industrial estate. This housed a substantial manufacturing and distribution operation, employing a number of permanent staff and utilising computer-programmed cutting and printing equipment, and a full sized industrial laser cutter. Piles of mats marked with BMW badges were seized, along with many other mats packed up and ready for distribution, and over 1000 unattached trade mark badges bearing logos BMW, Vauxhall, Honda, Ford, VW, Audi, Mercedes-Benz, Citroën, Renault, Mini, Fiat, and AMG amongst others. Statements were then obtained from BMW, Peugeot Citroën, General Motors, VW Group, Mercedes-Benz, Ford, Honda and WR Investigations Ltd amongst others.

Sentencing

In October 2016, following guilty pleas, the business owner was sentenced to 30 weeks in prison, while the company director was sentenced to 12 weeks in prison suspended for a year. Two other men who were drop-selling mats received a fine and a conditional discharge respectively. In an unusual twist, one of the drop-sellers agreed to pay his £6,000 criminal benefit to the CAB, to help Lancashire consumers. Forfeiture proceedings are ongoing against the two main perpetrators.

Jail for counterfeit tobacco sales

In June 2016 a persistent Lancashire seller of counterfeit tobacco products was jailed for 112 days at Preston Magistrates Court, after the Magistrates activated a previous suspended sentence received for similar crimes. On his fourth conviction by Lancashire Trading Standards in less than three years, all of which were for selling illicit tobacco, the shopkeeper pleaded guilty after 191 packets of tobacco products were seized from his shop. The case involved seizures made in December 2015 and March 2016 by officers acting on intelligence received. Thanks are due to JTI and Imperial Tobacco, who gave witness statements on the seized Golden Virginia and Amber Leaf, and to HMRC for information provided.

MANCHESTER CITY COUNCIL

Inside Strangeways

35 counterfeiters removed

THE STRANGWAYS OPERATIONAL Group was formed in February 2016 bringing together officers from Manchester City Council (MCC) and Greater Manchester Police (GMP). The Group's initial focus was to tackle trade in counterfeit goods from premises in the Strangeways area where MCC held the Freehold Title.

The group has since expanded to include partners from TM Eye, the Anti-Counterfeiting Group (ACG), Brand Representatives, HMRC and Home Office Immigration and other council departments. Objectives have expanded to include the disruption and removal of trade from privately owned premises.

MCC Freehold Properties

The Group have targeted the MCC Freehold properties in four phases. Work to remove counterfeit businesses from these locations is now complete in three of the phases, with the final 4th phase planned imminently. Landlord powers under s146 of the Law of Property Act 1925 have been used to require head lessees to remedy breaches in the terms of their lease.



A raid on freehold properties holding counterfeit in Manchester

This work has resulted in the ceasing or removal of 35 counterfeit traders from premises in the Strangeways area.

Additional disruption activity

Activity in the area since February 2016 has also included:

- 24 Feb – Operation Handcraft – led by HMRC – 2 x Immigration arrests, 2 x HMRC arrests, four cars/vans seized, 130,000 cigarettes seized (£35k outstanding revenue), 70kg tobacco (£14k outstanding revenue), large quantity of medication seized, 2 x 40ft containers of counterfeit clothing, £1500 cash and £2000 cash (suspected of being counterfeit) seized
- A number of successful private prosecutions brought by TM Eye Ltd through Operation Mordor, including custodial sentences
- Issue of targeted warning letters to private landlords by Trading Standards/GMP
- Several days of action led by the Neighbourhood Sgt for the area resulting in arrests for immigration offences, large seizures of counterfeit goods and cash seizures
- Advisory visits in the wholesale area of Strangeways have been carried out. Non-compliances were identified in 10 of the 11 premises. Follow up enforcement visits to be carried out
- Two successful Trading Standards warrants in December and the seizure of two 40ft containers of counterfeit goods, with the help of all members of the Operational Group and GMFRS.

SOUTHWARK COUNCIL

Triple whammy for Southwark

Two wanted IP fraudsters are found and jailed and £100,000 worth of cannabis is found

MARCH 2017: AN individual, who was wanted in connection with the production of counterfeit hand rolling tobacco was sentenced to 15 months imprisonment after evading justice for four years.

Mr. Xing Cao Xue was identified when Southwark Trading Standards exercised an entry warrant in Peckham London SE15 as part of another investigation relating to an organised criminal group involved in the distribution of illicit and counterfeit tobacco products.

Quarter tonne toke

At the Inner London Crown Court it was heard how in 2012 a quarter of a tonne of raw tobacco was seized from Xue's residence in Camberwell SE5, along with thousands of counterfeit Golden Virginia and Amber Leaf packaging sachets. £7,000 cash was also seized and later confiscated.

The mini-factory was discovered after Police arrested Xue as he wheeled a trolley load of tobacco in the street. However, Xue failed to answer bail and disappeared until he was spotted by the Southwark officers at another address they were searching in December 2016 when he was arrested.

His Honour Judge Donne QC sentenced Xue to 15 months imprisonment for fraud and trade mark offences with half to be served on licence. He also recommended that Xue be deported at the end of his sentence.

As part of the same investigation another wanted IP fraudster was also found and sent to prison in February 2017.

The IP connection

Mr. Rui-Xing He (25), of Sydenham, had pleaded guilty, and then been sentenced in absence to 22 months' imprisonment, back in 2014 for a sophisticated DVD piracy operation where 50,000 counterfeit DVDs were seized from a manufacturing unit in Rye Lane, Peckham. Mr. He had been lying low until the Southwark team spotted him at a rented South London property whilst carrying out surveillance on the same OCG and he was duly arrested.

At the Inner London Crown Court, Mr. He was handed an extra four months for bail offences and will now serve a total of 26 months in prison.

Organised Crime Gangs and IP Crime revealed

The link between IP crime, OCGs and the drugs trade could not be more explicit than in this case. Here Southwark Trading Standards Officers discovered £100,000 worth of cannabis in two self-storage units they searched as part of the same counterfeit tobacco investigation.



Large amounts of counterfeit tobacco seized



Cannabis seized in two self-storage units

SOUTHWARK COUNCIL

Triple whammy for Southwark

Award winning investigating officer reveals postal worker's counterfeit DVD fraud

MR VARINDER SINGH Saini, who was a Bermondsey Post Office manager, was jailed for 25 months after being convicted of selling over 7,000 counterfeit DVDs on eBay – titles included Disney favourite, Frozen.

The sentence was delivered in November 2016 at the Inner London Crown Court following a prosecution by Southwark Council Trading Standards. Saini ran his operation from a Post Office located on Southwark Park Road, London SE16. He pleaded guilty to offences relating to the supply of around 7,000 counterfeit DVDs, including Frozen and box sets such as Breaking Bad.

His wife Mrs Samiti Saini also pleaded guilty to an offence relating to the possession and supply of fake designer sunglasses which were being sold on the same eBay account.

FACT finder

The offences took place throughout 2014 and were initially discovered by film industry anti-piracy investigators FACT. The crimes were reported to Southwark Council's Trading Standards team who led on the investigation.

Prosecution

The Court heard that two test purchases were made by Trading Standards Officers, followed by a number of raids of the defendant's flat and the Post Office where he worked.

Searches of the home revealed a well organised and highly profitable enterprise was ongoing with Mr Saini ordering the goods from China and then packaging them up at home for postage via the Post Office he managed.

Post Office managed by the defendant used to post fake goods to customers

Counterfeit Disney hologram stickers were also found which were being stuck on certain DVDs to make them appear genuine. The business flourished in late 2014 despite a warning letter from HM Border Force advising that they had detained a consignment of DVDs addressed to Mr Varinder Saini as it was believed they were infringing goods.

Saini also sought to head off negative feedback on eBay by advising any disgruntled customers to contact him directly rather than use the legitimate mechanisms available.

Sentence

In sentencing Mr Saini to an immediate custodial sentence, for offences under the Fraud Act 2006 and Trade Marks Act 1994, His Honour Judge Wood QC said it was a substantial business that was defrauding both customers and trade mark owners. Mrs Saini was sentenced to a community order for one offence under the Trade Marks Act and must undertake 50 hours of unpaid work within six months.

The council is now pursuing confiscation proceedings under the Proceeds of Crime Act 2002 with a view to recovering the criminal benefit obtained.

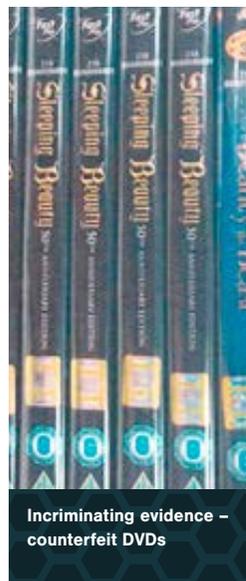
Feedback

Councillor Barrie Hargrove, Southwark Cabinet Member for Communities and Safety said: “The considerable jail sentence should serve as a stark reminder of just how seriously DVD piracy is taken. Mr Saini thought he could make easy money from duping thousands of customers into buying dodgy DVDs whilst at the same time depriving legitimate businesses of their trade. I am pleased that thanks to the investigative skills of our Trading Standards team the business was halted and any profits he made are likely be confiscated.”

Kieron Sharp, Director General of FACT said: “Many people think copyright theft is a victimless crime and that buying a fake DVD or watching a film from a pirate site has no direct consequences. However, this could not be any further from the truth. Not only does piracy starve the creative industries and UK economy of millions of pounds a year, but it also impacts the livelihoods of thousands of people who support and work in the industry.

“We would like to thank Southwark Trading Standards for their efforts in this extensive investigation and will continue to work with them to protect consumers and legitimate businesses from falling victim to intellectual property crime.”

Investigating Officer Andy Miles, a former ACG award winner for individual excellence in anti-counterfeiting, has led many of Southwark’s larger IP fraud investigations and is now training to be an Accredited Financial Investigator.



Incriminating evidence – counterfeit DVDs



Post Office managed by the defendant used to post fake goods to customers



Hologram stickers used to make DVDs appear genuine

Counterfeit phone and tablet cases seized

A STREET PEDLAR, Ndiasse Faye, was found in York selling branded mobile phone covers from a mobile stall.

In March 2015 a test purchase was made and an officer purchased an Apple mobile phone cover for £6. Officers visited the stall and seized approximately 80% of the goods. The seized goods included mobile phone cases, computer tablet cases and accessories. Brands seized included Chanel, Louis Vuitton, Gucci and Michael Kors.

A total of 860 mobile phone and tablet covers were seized at this time.

Second offence

The Public Protection department received further information that Mr Faye was selling counterfeit products in the city centre. In April 2015 an officer made a test purchase of a mobile phone case displaying the Apple logo. A warrant was obtained for Mr Faye's home address and was executed with three Trading Standards Officers and officers from West Yorkshire Police on 29 May 2015. At the property was a vast amount of mobile phone covers in the basement. The basement was racked out as a shop would be with all the mobile phone covers organised by brand.

Faye's vehicle was also searched and the pedlar's cart that he used was found to be full of branded mobile phone and tablet covers.

In total over 15,000 branded phone and tablet covers were seized.

Third offence

On 15 August 2015 two Trading Standards Officers were in the city centre and noticed Mr Faye selling branded mobile covers once again. An officer made a test purchase from Mr Faye of a Chanel phone cover. Mr Faye was selling items identical to those that were seized from him on the previous two occasions.

Another warrant was obtained for Mr Faye's home address and was executed with five Trading Standards Officers and officers from West Yorkshire Police on 17 November 2015. The van was again found outside the property, this was searched and again the pedlar's cart that Mr Faye used had the branded mobile phone and tablet covers displayed on it.

Documents found at the house indicated that Mr Faye may have had a unit in a secure storage facility in the city centre of Leeds. Mr Faye made no mention of this unit when the warrant was executed and he was fully aware of the reason for executing the warrant.

New location

Paperwork found at the property showed that Mr Faye was renting a storage unit in Leeds. Once the property and vehicle had been searched officers visited the secure storage unit, Safe Store on Bridge Street in Leeds.

Mr Faye was renting a unit at Safe Store and the unit was opened by a member of staff. In the unit was the racking that Mr Faye had in his basement and there was a vast amount of branded mobile phone and tablet covers.

Nearly 11,000 branded mobile and tablet covers were seized. In total over 27,000 branded mobile and tablet covers were seized.

From invoices seized Mr Faye was buying the phone cases at approximately 20p each. Had Mr Faye sold all these items he would have made nearly **£157,000**.

Guilty

Mr Faye pleaded guilty at York Magistrates Court on 12 April 2017 and he was sentenced to a 12 week prison sentence suspended for a year and was ordered to pay a fine of £1,280 and carry out 300 hours of unpaid work.



Basement house storage set up like a street shop



Over 27,000 branded phone covers seized in York

NEWPORT CITY COUNCIL

Operations Husky and Raleigh

One successful operation leads to another

IN APRIL 2014 Newport City Council Trading Standards began receiving intelligence that shops in the Maindee and Pill areas of Newport were selling counterfeit cigarettes and hand rolling tobacco.

In response Newport Trading Standards Officers organised Operation Husky, a series of visits to shops in the area – concentrating on the ones where it was believed most illegal product was on sale.

At each visit a tobacco search dog was in attendance and large amounts of counterfeit tobacco were uncovered.

Results of Operation Husky

- 4 ‘days of action’
- Seizures of 373,135 cigarettes and 34 kg of hand rolling tobacco – worth £244,000 approximately
- One Formal Caution
- 18 Prosecutions
- Fines adding up to £22,380
- Prison sentences adding up to 76 months

- Conditional discharges adding up to 84 months
- Follow up – Operation Raleigh

Ruth Harris, the senior officer on the case felt that, whilst Operation Husky was a great success, an opportunity to move further forward still existed. A second operation was ordered whereby officers, with a search dog, visited all the storage units in Newport. After a long day of visits the search unit rammed with counterfeit tobacco was discovered.

It transpired that the unit was rented by the owner of one of the shops subject to Operation Husky. An immediate visit to the shop proved fruitless, but there was evidence that the tobacco had been quickly moved out moments before Newport Trading Standards Officers arrived on the scene.

Financial enquiries identified where the subject lived and, after attaining a warrant, the subsequent raid revealed huge amounts of tobacco and £42,000 cash hidden under a bed.

Further enquiries revealed that the subject had purchased, in cash, the entire building in Pill which contained the shop itself and the three flats above. One flat, situated immediately above a shop, was rented by an assistant in the shop who we had identified by analysis of a CCTV system was selling the illegal tobacco. In the subsequent raid on the flat more counterfeit tobacco was discovered and a chute between the flat and the shop – and a baby monitor in the shop – and its pair upstairs in the flat.

Results of Operation Raleigh

- Four people convicted of fraud
- Seizure of approximately 750,000 cigarettes and 300 kg of hand rolling tobacco
- Prison sentence for the main subject for 36 months
- Combined prison sentence for the other three defendants of 40 months
- Other penalties are a combined total of 650 hours of unpaid work and 38 days of rehabilitation activities
- POCA case pending (criminal benefit figure so far is approximately £1 million)
- Throughout both cases the partnership, working with HMRC and Gwent Police, was a vital component to the successful outcome.

HAMPSHIRE COUNCIL

Phoney business

A total of 16,000 counterfeit items seized

OPERATION SHERIDAN CONCERNED offences against the Trade Marks Act 1994 and the Proceeds of Crime Act 2002. In July 2015, we received a complaint from a consumer regarding a counterfeit Disney phone case sold via eBay. Four sample test purchases were obtained via our covert accounts, with subsequent examinations confirming them to be counterfeit.

Enquiries revealed that the seller was using a number of eBay IDs and PayPal accounts but the main accounts were in the name “icasesandmore”.

Detailed transaction histories were obtained from eBay and PayPal which showed that two people were involved and that an amount in excess of £195,000 had been deposited into their PayPal account from the sale of goods suspected of being counterfeit over a period of approximately four years.

The business was essentially financed by one defendant and operated by the other. The phone cases and other items were purchases for about 40 pence from China and Hong Kong and sold in the UK for an average of £4.00.

In November 2015 an Entry Warrant was executed and in excess of 16,000 counterfeit items were seized, with the majority being phone cases, but also lanyards, bracelets and light switches.

Five Trading Standards Officers attended the execution of the warrant and three officers were involved in cataloguing all the items. A large number of representative samples were sent to the relevant trade mark representative (mainly Disney; Warner Bros; FACT and Marvel).

Initially both defendants entered “not guilty” pleas, but subsequently pleaded “guilty” to trade marks offences.

On 23 March 2017, both were sentenced at Winchester Crown Court. Both received 12 months’ custody suspended for two years, and one of the defendants was also ordered to undergo 15 days of Rehabilitation Activity Requirement. All goods were forfeited.

On Friday 21 July 2017, a confiscation hearing was held at Winchester Crown Court. Each of the two defendants were ordered to repay £41,083.20 (Total £82,166.40). They have been granted three months in which to pay the Confiscation Orders, or face eight months’ imprisonment in default.

Scotland and Wales take the lead policing social media sales

Facebook fakes

IN APRIL 2016, East Kilbride resident Derek Walker was fined £1,350 at Elgin Sheriff Court and ordered to pay a further £8,000 to Proceeds of Crime.

Walker was snared as part of an investigation by Moray Council Trading Standards into local woman, Tammie Morrison. Morrison was fined £450 at Elgin Sheriff Court in March for supplying counterfeit goods. Walker appeared at Morrison's address with a delivery of counterfeit clothing during a joint police and Trading Standards raid in 2013. The goods were seized along with £1000 in cash. The goods, with an estimated street value of £19,000, included fake Ugg boots, Barbour jackets and Dr Dre Beats headphones. The investigation started when Trading Standards Officers found cut-price branded goods being offered on Facebook.

In November and December 2016, Moray Council Trading Standards carried out three separate investigations into the supply of counterfeit goods. The goods including fake branded perfumes, clothing, electricals and accessories were advertised on secret Facebook groups, accessible by invitation only. Trading Standards gathered sufficient intelligence to request Police Scotland to obtain warrants. The warrants were executed by Police Scotland accompanied by Trading Standards at the homes of all three sellers. Counterfeit goods with a total street value of over £20,000 were seized. Brands included GHD, Beats, Chanel, Lacoste, Mac, Thierry Mugler and many more. Notebooks, bank statements and mobile phones were also seized and evidence obtained through forensic diagnosis.

All three sellers have been reported to the Procurator Fiscal.

RHONDDA CYNON TAF COUNCIL

Fake designer goods sold via social media

Fake Christmas on Facebook

A PENRHYS MAN who claimed the fake counterfeit goods he was selling on Facebook were “surplus Christmas presents” because he had “bought too many”, has narrowly escaped prison.

Dean Rees was arrested and charged as part of an award-winning approach to the sale of counterfeit goods by Rhondda Cynon Taf Council’s Trading Standards Team.

Warrant

Officers executed a search warrant at his home in January 2016 and seized 217 items from his loft, which were believed to be counterfeit.

Specimen examples were later examined and confirmed to be fake. Trade marks counterfeited in the scam included Adidas, Hugo Boss, Armani, Stone Island, Ralph Lauren, Nike and Superdry.

The retail value of these items, had they been genuine, was £18,000 and their sale value as counterfeits would be approximately £3,500.

Merthyr Crown Court heard on March 8 how Dean Rees claimed to have bought a number of items from Manchester as Christmas presents, then realised he had bought too many, then tried to sell them on to recover some of the money he had spent.

He said in interview he had sold the items but denied he had made “big bucks”. He said he bought the trainers for £20 a pair and knew it was an offence to sell counterfeit goods.

The court heard how he sold the items on a Facebook page set up for him by his family and had been selling during the four to five weeks leading up to Christmas and had made £400-£500 profit. He said he was thinking of his family at the time, not the consequences.

No early Christmas for a faker

JUDGE TOM CROWTHER QC told Dean Rees that officers had found a “hoard” of counterfeit items at his house and it was “nonsense” that they had been Christmas presents. He said the sales were a commercial scheme as it had been advertised on Facebook and the goods were of a low quality and no one would have been fooled, looking at the quality, that the items were genuine.

He recognised Dean Rees had cooperated with the investigation and would be given credit for his early plea, but that the offences were so serious, they crossed the custody threshold.

He was sentenced to six months in custody for each of the offences, to run concurrently. The sentences were suspended for two years.

Dean Rees was also ordered to complete 120 hours unpaid work in the community, to be completed within 12 months and to pay £500 costs and a victim surcharge.

Feedback

Paul Mee, Rhondda Cynon Taf Council’s Service Director for Public Health and Protection, said: “Our dedicated Trading Standards Team was awarded nationally last year for its work to deal with those who sell fake items and protect the public and genuine businesses from the impact of the sale of counterfeit goods.

“These items were sold in the weeks leading up to Christmas and I have no doubt many people opened a present on Christmas Day to find a fake designer item which was far from a cracker.

“Perhaps people bought these items as they were cheaper and we understand the need for tight budgets at Christmas. But while counterfeit goods may be cheaper than the real thing, they are of poor quality and can, especially with electrical items, be dangerous.

“Counterfeit sales also have a huge impact on legitimate businesses. People may think it is OK because the brands are from global corporations that make billions of pounds and can afford a small loss, but that is not the case.

“It is the high street shops, run by people in our communities that suffer, when they have worked hard to operate within the law and provide the highest quality, authentic items.”

Fake designer goods sold via social media

A TONYPANDY WOMAN who sold fake designer goods via social media has been prosecuted by Rhondda Cynon Taf.

Leanne Walker, 37, of Thomas Street was one of a number of people dealt with by RCT Trading Standards in response to a national operation to deal with the sale of fake, poor quality and even dangerous brand name rip-offs.

Coordinated through Operation Jasper

Rhondda Cynon Taf Trading Standards’ work in this operation, which involved over 70 local authorities across the UK, led to the team securing a national award for its achievements.

Officers stepped in after receiving a complaint that Leanne Walker was selling fake items, including clothes, accessories, purses, handbags and speakers, via Facebook.

Some of the brand names that were being counterfeited included Beats by Dr Dre, Michael Kors, Ralph Lauren and Ugg.

Warrant

A search warrant was executed at Leanne Walker’s home on December 3 last year, as a result of the complaint, and speakers, handbags, a purse, sweaters, tracksuits and woollen hat and scarf sets were seized. Samples of all of the seized items were tested and confirmed as counterfeit.

Charged

As a result, Leanne Walker was charged with six offences under the Trade Marks Act 1994, relating to the exposing for sale and possession for sale of counterfeit clothing, accessories, handbags and a purse.

She admitted all of the offences at Pontypridd Magistrates’ Court on July 18.

The Court was told she had sold some of the items and given some away as gifts, but could not remember how much she sold them for. She said she didn’t think she was doing anything wrong, as lots of people were selling such items on Facebook.

RHONDDA CYNON TAF COUNCIL

National Award

She was fined a total of £720 and ordered to pay costs of £162 and a £20 victim surcharge. The Court also made an order to ensure all the fake items seized were forfeited and destroyed.

Feedback

Paul Mee, Rhondda Cynon Taf Council's Service Director for Public Health, said: "Just a few weeks ago, Rhondda Cynon Taf Council's Trading Standards Team was presented with a prestigious award from the National Markets Group, for the outstanding way in which it responded to Operation Jasper, a national campaign against counterfeit goods sold on social media.

"This case was one of the ones that arose from our activity during the operation and several others have already gone to court and been publicised.

"The use of social media to sell counterfeit goods has overtaken car boot sales, markets and pubs, in terms of the scale of sales being made.

"People use their own profiles or selling pages to offer what they present as a bargain but is, in fact, a poor quality copy. In the cases of counterfeit brand name cigarettes, tobacco and electrical goods, it can also be dangerous as the necessary labelling and safety standards are not met.

"Whether you unwittingly buy a fake designer item on social media, thinking it is the real thing, or you knowingly buy a counterfeit item to save some money, you need to think about whether you are getting what you pay for.

"Counterfeit items not only trick the public, they also damage the trade of companies and businesses, including local shops on our

own high streets, that work hard to ensure the brand names they sell are authentic and of the highest possible quality."

National Award

RHONDDA CYNON TAF Council's Trading Standards Team has won a national award in recognition of its outstanding work to stop the sale of fake designer and brand name goods on social media.

Some 70 local authorities took part in the recent Operation Jasper, a national initiative to target those who sell counterfeit goods online, endangering consumers and also affecting the businesses of those who work hard to sell genuine goods.

When it came to recognising and commending the professionalism and dedication shown during the operation, judges at the National Market Group unanimously and immediately chose Rhondda Cynon Taf.

Operation Jasper

OPERATION JASPER WAS organised by the National Market Group, which coordinates and drives the efforts of agencies across the UK to form an effective response to those who sell counterfeit and pirated goods at car boot sales, markets and online.

Operation Jasper was additional to the daily work undertaken by RCT Trading Standards to protect the public. It saw officers execute 17 search warrants at addresses and seize counterfeit items, including clothes, trainers, watches, perfume and cigarettes.

Clear message

During the Operation, Rhondda Cynon Taf Council Trading Standards sent a clear message to those who use their Facebook profiles and pages to sell fake designer goods and potentially dangerous brand name items such as electric toothbrushes and cigarettes.

Not only does the sale of counterfeit goods affect consumers, who pay money for items they think are the real deal, which turn out to be fake, it also undermines the efforts of local businesses that work hard to sell good-quality, genuine designer goods.

Feedback

Cllr Joy Rosser, Rhondda Cynon Taf Council's Cabinet Member for Prosperity, Wellbeing and Communities, said: "Everyone at Rhondda Cynon Taf Council is extremely proud that our Trading Standards team has secured a national commendation for its work – it is well deserved.

"We are committed to protecting our communities and businesses from the actions of those who sell poor quality, fake designer items. This used to be a big issue at car boot sales and markets but, increasingly, it is social media that is being used to sell such items.

"Trading Standards have embraced the change and worked hard to ensure offenders are still dealt with – even if they have moved their salesroom from the streets and pubs to online.

"Our residents have a right to get the quality and product they are paying for and must be protected from the potential danger of fake brand name electronics and cigarettes, which do not meet the safety and labelling guidelines in place.

"As has already been made clear, many people think the big designer names can afford to take a hit on their profits, but this is not just about them, this is about protecting the many independent shops and boutiques across Rhondda Cynon Taf, which employ local people, that sell branded items."

Feedback

Graham Mogg, Chair of the National Market Group added: "I have worked with the Rhondda Cynon Taf Council Trading Standards team for many years and have always been impressed with their diligence, passion and professionalism in tackling internet crime and dealing with counterfeiters and pirates that seek to undermine legitimate businesses and harm the consumer, whether that be through fraud or the sale of harmful products."

False fragrances

TRADING STANDARDS OFFICERS who smelled a rat when "designer" fragrances and watches offered for sale via Facebook turned out to be fakes have prosecuted an Ystrad man.

Rhondda Cynon Taf Council's Specialist Trading Standards team is dealing with an increasing number of complaints of fake goods including clothing, footwear, watches, perfume and even DVDs which are sold via selling sites and personal profiles on the social media network.

A Llwynypia man was prosecuted and fined for selling fake designer clothes via the same site.

RHONDDA CYNON TAF COUNCIL

False fragrances

Next it was the turn of James Michael Lewis Williams, 25, of Heol Y Mynydd, who faced Pontypridd Magistrates' Court on 20 June 2016 charged with seven offences relating to the sale of counterfeit perfume, aftershave and watches.

Officers received complaints from consumers who had seen or purchased the fake Chanel, Christian Dior, Paco Rabanne, Lacoste and Jimmy Choo items on selling pages on Facebook.

As a result, a search warrant was executed at Williams' home on 9 November 2016, where a small quantity of perfume, watches and aftershave were seized by officers. Subsequent examination of the items confirmed they were fake.

Charged and sentenced

James Williams was charged with six specimen offences under the Trade Marks Act 1994 in relation to the exposing for sale and possession for sale of counterfeit perfume, aftershave and watches and one charge under the Fraud Act 2006 in relation to knowingly carrying out a fraudulent business, namely selling and distributing counterfeit goods.

He admitted the offences and the Court was told, in his defence, he only had a small number of items and hadn't actually managed to sell any goods and this was the first time he had ever done something like this.

He was fined £360 and ordered to pay prosecution costs of £500 and a victim surcharge of £20.

All of the goods seized by officers in the warrant were ordered to be forfeited and destroyed.

Feedback

Paul Mee, Head of Public Health and Protection at Rhondda Cynon Taf Council explained: "Social media has become one of the most popular means by which people sell or swap items and people's timelines are awash with items to sale – from second hand furniture and bundles of baby clothes to, what sellers claim, are genuine, designer items.

"The rules in place to protect the rights of consumers and also to protect the trade marks of those who work hard to operate in a legal manner and offer only the highest-quality goods are in place even on social media.

"Officers acted swiftly and efficiently in this case, which is one of a growing number of online trade marks offences, in order to remove the fake items from sale and deal with the culprit.

"I hope this serves as a message to consumers to ensure what they are buying is the real deal – if an offer seems too good to be true, it probably is.

"It should also serve as a warning for others that items offered for sale on social media are still subject to the same checks and authenticity standards as the goods sold in shops and our officers will deal with offences.

"Those who work hard to sell genuine, high-quality designer items should also be reassured that we continue to work to protect their livelihoods."

Self-storage industry now on Trading Standards' radar

THE SELF-STORAGE INDUSTRY is a growing trade sector across Wales and the UK. Fundamentally, self-storage facilities are for legitimate purposes, for times when people need access to more space. Not surprisingly, some of the most common storage needs involve moving house, storing stock or equipment, or archiving business records.

There is growing intelligence criminals seeking to avoid detection are using self-storage facilities. This is based upon Trading Standards seizures of counterfeit perfume and clothing, as well as illegal tobacco either directly at sites in Wales or in transit to them. Addressing this potential for criminal abuse, and following on the heels of a funded London project, Trading Standards services across Wales have visited 44 storage premises with a view to raising awareness of legal issues, promoting self-regulation to an industry standard, and stronger working relationships with local Trading Standards services.

In the main, officers were welcomed by the trade, who they found quite knowledgeable when it came to the law on counterfeit goods. Whilst some operators already conducted certain checks, over three quarters of the businesses pledged a commitment to introduce further good practice checks or join the recognised "Tick Box" scheme as a means of raising standards. The types of checks required by the Tick Box scheme include:

- Asking customers about the purpose of renting, and recording the fact;
- Asking for various proof of identification and address;
- Having a system for reporting suspicious activity to enforcement bodies.

Feedback

Matthew Cridland, Chair of the Wales Heads of Trading Standards, said: "We are really pleased with the response we have had from the industry so far. We now have a better understanding of their business/customer relationship which means that operators might rarely see what is being stored in their units, as this is all part of respecting client confidentiality. If illegal goods are being stored, this might unwittingly implicate the business. However, there are certain measures the operators can follow to safeguard themselves and be of help to the authorities. Their pledge to commit to a simple checking system under the Tick Box scheme is welcomed, and this will help businesses in the long run by enhancing their credibility and reputation – all good for their customers. We are confident that there is better awareness of our role amongst the operators we visited, and we are keen to work with the industry on an ongoing basis to tackle criminality."



REPORTING INTELLECTUAL PROPERTY CRIME

citizens
advice

Citizens Advice Consumer Helpline

<http://www.citizensadvice.org.uk>

03454 04 05 06

For a Welsh-speaking advisor

03454 04 05 05



Crimestoppers

If you wish to remain anonymous, contact

www.crimestoppers-uk.org

0800 555 111

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