

EUROPEAN PARLIAMENT: MEPS URGED TO GET ANTI-PIRACY DIRECTIVE BACK ON TRACK

The problems of piracy and counterfeiting took centre stage at the European Parliament in Brussels on 23rd April. The lunchtime debate, entitled 'Piracy is not a Victimless Crime', aimed at highlighting the damage inflicted on the European economy and culture ahead of discussions on



L-R: Arlene McCarthy MEP, Iain Grant, Janelly Fourtou MEP, Frances Moore

new enforcement legislation. Organised by IFPI's European Office, the event included representatives from many industries hit by piracy, from toy and food manufacturers to the film and music sectors. It took place days before the European Parliament's first discussions on the proposed EU Enforcement Directive designed to improve the legal framework necessary to fight piracy in all its forms in Europe.

Opening the event, French MEP Janelly Fourtou acknowledged that the piracy situation had worsened dramatically in recent years. Mme Fourtou, who is the Parliament's rapporteur on the Enforcement Directive, remarked that for some

young people piracy had become a part-time hobby or a national sport. She warned that tackling this problem is crucial ahead of the imminent EU enlargement to Eastern European countries, where piracy rates are higher than in the existing 15 EU members.

Speaking on behalf of the music sector, Iain Grant, IFPI's Head of Enforcement, stressed the involvement of organised crime

(continued page 11)

AUSTRIA: LARGE SEIZURE OF ILLEGAL STAMPERS

Anti-piracy investigations in Western Europe received a significant boost when police in Austria seized over 1,500 stampers.

In the latter part of 2002, investigators from the IFPI Secretariat and the Austrian National Group assisted the police during their raids against a suspected pirate operating in Vienna. The raids led to the recovery of some 300,000 illegal sound recordings.

The seizure led to further enquiries by the Austrian National Group and the police. Those efforts were well rewarded when an address in Marktamt was subsequently linked to the

suspect. The premises were raided on 25th February leading to the recovery of 1,569 audio stampers, one of the largest seizures of its kind in the world. The repertoire on the stampers covered the entire 'A-Z' of popular international artists from ABBA to Zappa.

(continued page 5)



Selection of the seized stampers

In this issue:

- 2 United Kingdom
- 3 Northern Ireland
Belgium
- 4 Germany
Netherlands
Portugal
- 5 Austria (cont)
Portugal (cont)
Italy
- 6 Czech Republic
Estonia
Ukraine
- 7 Latin America
U.S.A.
- 8 Malaysia
Japan
Thailand
- 9 Hong Kong
Taiwan
- 10 Israel
Russia/CIS
- 11 Industry news
European Parliament
Internet
- 12 Newsbites
Training/People/Diary

UNITED KINGDOM

PRISON SENTENCE FOR MAJOR MUSIC PIRATE

The ringleader of a major music piracy operation in the UK, Mr David Stanley, was sentenced to four years and five months imprisonment at Maidstone Crown Court on 10th March. He was charged with Conspiracy to Defraud, and Attempting to Pervert the Course of Justice. Stanley's two co-defendants each received 200 hours community service.

The result follows a two-year investigation, 11 arrests and the seizure of hundreds of thousands of pounds worth of illegal MP3 software and music files, CD-Rs and related hardware throughout 2001. Stanley, regarded as one of the UK's most notorious pirate CD manufacturers and distributors, had been trading the CD-Rs containing illegally copied music and software at computer fairs all over the South East of England.

Stanley had been arrested three times throughout the course of the investigation, having committed

further offences while on bail. When passing the sentence, His Honour Judge Croft said that: **"loss to the industry was massive and incalculable"** and Stanley had been in effect **"stealing the property of the producers of these items"**.

BPI investigators were alerted to the scale of the operation when a routine investigation at a Bexleyheath computer fair in May 2001 led to the seizure of illegal

CD-Rs with a street value of over UK£125,000.

Stanley's gang were later arrested and charged with attempting to pervert the course of justice having been filmed removing computers used to manufacture CD-Rs from a private address. Further raids in December 2001 led to six more arrests and the seizure of counterfeit Playstation games, Microsoft business software and films.

"Over the course of our investigation, Mr Stanley emerged as the leader of a large, well-organised operation which was costing the music, film and software industries hundreds of thousands of pounds in lost potential revenue. The sentence awarded to Mr Stanley reflects the size of this criminal enterprise and acknowledges the massive damage that is being caused to the creative industries in terms of job losses and lack of investment through the loss of genuine sales. I am enormously grateful to the BPI's investigators and legal team for their sterling work in bringing this gang of pirates to justice. I would also like to pay tribute to our Trading Standards and Police colleagues from Bexley and Kent for their invaluable support throughout this long and difficult investigation." *David Martin, BPI Director of Anti-Piracy*

RECORD FINE FOR MUSIC PIRATE

The BPI's ongoing campaign against Asian music piracy received a major boost in March when Isleworth Crown Court issued a music pirate with a record fine in addition to three years imprisonment.

His Honour Judge Justice Lowen sentenced Yogesh Raizada, 37, of Hounslow, London, to three years imprisonment and ordered him to pay a record **UK £160,000** confiscation order under the Proceeds of Crime Act.

Having been found guilty on 11 charges under the Trade Marks Act and two charges on the Video

Recordings Act, Raizada was ordered to pay within nine months or face the prospect of a further term of imprisonment of three years with no remission.

"This is by far the stiffest punishment we've seen for this type of piracy, and we're hugely encouraged by the result. The size of this confiscation order not only indicates how much money these pirates are making from black market sales of illegal music, but that the UK courts are starting to take these crimes extremely seriously"
David Martin, BPI Director of Anti-Piracy

The court heard that Raizada was the subject of a series of raids carried out by Trading Standards and Police Officers resulting in the seizure of thousands of pirated music CDs, DVDs and video cassettes over 2000 and 2001.

BPI investigators were involved throughout the investigation, following numerous complaints from retailers, record labels and film companies over the distribution and sale of pirated product throughout the UK.

Source: BPI

NORTHERN IRELAND

IFPI HOSTS NORTHERN IRELAND POLICE

Following the visit of Sir John Stevens, Commissioner of the Metropolitan Police, in September 2002, IFPI were pleased to host Detective Chief Superintendent Raymond Leinster, accompanied by Detective Constable Colin Cushley, from the Police Service of Northern Ireland. Chief Superintendent Leinster is Head of the Organised Crime Unit comprising of several teams with varying responsibilities and includes the only IP Crime Unit at any UK Police Service. The Crime Unit is responsible for the investigation of all IP crime within Northern Ireland as well as training and liaison with other law enforcement agencies and the private sector.

During the courtesy visit, discussion centred on the anti-piracy activities of the Unit and general exchange of information. During 2001-02, the division seized over seven million units of diverse products with the greatest proportion of these being music carriers. Year-on-year figures show that total seizures have increased by 40%; replication equipment year-on-year seizure figures show an increase of 70% ranging from single units within home computers to multi-unit towers.

The IP unit is also part of the Organised Crime Task Force, a multi-agency division set up by the Northern Ireland office under the direct supervision of the Security Minister and is aimed at tackling organised crime. The task force have established that 76 organised crime groups are involved in music piracy, and of these, 26 have direct links with paramilitary organisations. There is clear evidence that these organisations are using the profits of music piracy to fund terrorism. As a result of this the Task Force

has facilitated two seminars, one sponsored by the British Phonographic Industry (BPI), to raise the awareness within the judiciary and prosecutors about the wide reaching implications of music piracy within Northern Ireland.

The level of commitment displayed by the IP Crime Unit in tackling their day-to-day investigations is unparalleled. Raids are regularly undertaken with full military support, including air back-up. As a result of the hostile environment within which they operate, officers are flown to and from the crime scene by military helicopters.

Iain Grant, IFPI's Head of Enforcement, praising the unit's efforts, stated:

"Detective Chief Superintendent Raymond Leinster and his team's continued efforts against IP crime in Northern Ireland must be applauded. The ever-increasing involvement of organised crime groups in music piracy has made this a difficult and dangerous battle. Despite this hostile environment, the IP unit has achieved significant successes."

Paul Warren

IFPI Enforcement, Western Europe



N. Ireland: Seized goods being transported by helicopter after raids

BELGIUM

RECORD CD-R BURNERS SEIZURE IN N. EUROPE

Following months of investigations by IFPI Secretariat and, working in close co-operation with IFPI Belgium, police officers from Tournhout raided two residential premises close to the Netherlands border. The officers immediately arrested one individual who was wanted on an international arrest warrant issued in Holland. A subsequent search of the addresses uncovered a complete CD-R replication laboratory, with a total of 169 recently installed high-speed CD-R and DVD burners, a new portable silk-screen printing machine, thousands of copied audio CD-Rs and thousands of blank CD-R discs, all of which were confiscated. The officers also discovered a loaded 9mm handgun during the raid.

The suspects involved in the piracy syndicate are believed to have been linked to a pirate operation pressing compilation discs for distribution in Holland, which had been previously dismantled by the Dutch Authorities and this switch to massive CD-R burning is seen as a response. The police are continuing their investigations and the suspect has been extradited to Holland.

"This is easily the most significant piracy action in recent years in Belgium. The adaptability and resourcefulness of the organisers coupled with the surfacing of a loaded firearm only reinforces the fact that organised crime is behind a great percentage of music piracy. It also illustrates how the public/private partnership approach can make a difference. The police and our industry personnel are to be commended for their efforts." *Iain Grant, IFPI Head of Enforcement*



Belgium: The illegal laboratory

GERMANY

FORENSIC INSPECTIONS PROVE THE ORIGIN OF PIRATED CDS

Two replication facilities in Germany were raided by police following information passed to them by music industry investigators. The action came as a result of investigators cataloguing a number of illegal compilation CDs featuring numerous international artists. Following in-house forensic analysis of the discs, CD plants in Aachen and Hanau were identified as the source.

During the raids, illegal products found within the plant were confiscated. Amongst the pirated products were compilations of songs from artists such as, Aaliyah, Avril Lavigne, Sarah Connor and

other national and international stars. Criminal proceedings have commenced against the operators of both CD plants.

The two raids were the results of close co-operation between the National Groups in Germany, the UK and the Netherlands as well as IFPI Secretariat and the RIAA in the USA.

"We systematically observe the market and trace the pressing of illegal CDs in a reliable way. The current raid of two CD plants unmistakably demonstrates that there is no chance to do business with pirated CDs". Gerd Gebhardt, CEO of German Phonoverbände

Source: IFPI Germany

NETHERLANDS

THE HAGUE: HIGHER PRISON SENTENCE IN APPEAL

The two principal offenders behind the production of the infamous pirate CDs and DVDs Crazybyte and Moviebox, who appealed their four and a half year sentences in the Hague, Netherlands on 6th February, not only lost their appeal, but had their sentences increased by the court.

Crazybytes pirate compilations were released monthly on CD and DVD, and contained movies, software, music and games. Moviebox, released only four times, contained several movies in divx-format on a single DVD.

The case had revealed a bizarre story of how the main defendants kidnapped and tortured two other offenders - for selling CDs and DVDs without their permission.

The Court of Appeal confirmed the original judgement that the two principal offenders were guilty of illegal deprivation of freedom, inflicting bodily harm and extortion and increased their sentences to five years imprisonment.

A thorough financial investigation was carried out alongside the main enquiry and the case to confiscate the illegal proceeds of the two will be heard later this year.

The criminal investigation of the case began in 2001, when masters were ordered from a pressing plant in the Netherlands. The suspect who ordered the masters and pressing was subsequently detained. This, in turn, led to the arrest of the two main offenders and other suspects. Among them were three students who had downloaded the source material for the discs from the internet using their University's network.

Source: BREIN Netherlands

PORTUGAL

PIRACY AND GUNS IN OPORTO

An investigation in December last year into the activities of suspected pirates operating in Matosinhos County, Oporto revealed that the targets were heavily involved in the piracy of music, film, video games and mobile phones. Enquiries were carried out by AFP, the local music industry association, and the Brigada Fiscal of the National Guard in conjunction with the General Inspector of Cultural Activities (IGAC).

Four search warrants were executed in different parts of the county on 4th February. Officers found five computers used for piracy together with 1,800 CDs, a large quantity of CD-Rs and documents indicating the extent of the gang's activities. Significantly, the officers also recovered three illegal handguns and a substantial quantity of ammunition. During the course of the raids two people linked to the investigation were arrested and two others were detained when they arrived at one of the raided premises and it was discovered they were involved in phone cloning. The total value of the goods seized is estimated at Euros 50,000.

The two main suspects appeared before the Criminal Court in Matosinhos and face up to five years imprisonment. Piracy can be punished with up to three years imprisonment and the unlawful possession of firearms can lead to two years imprisonment.

This was a good example of co-operation between the relevant authorities and AFP who have been lobbying the Portuguese Government about the serious economic and cultural consequences of this kind of

(continued page 5)

PORTUGAL

(continued from page 4)

criminal activity. The existence of the illegal firearms and the level of organisation shown by this gang clearly demonstrate the ruthlessness of syndicates involved in music piracy.

AFP continues its anti-piracy programme focussing on co-operation with the GNR Tax Brigade and IGAC, and offering training to officers of these units.

Source: AFP Portugal

AUSTRIA

(continued from page 1)

Although investigations are continuing, it is clear that this seizure has severely interrupted the illegal activities of the pirate syndicate involved. The original action, which was coordinated with raids in the United Kingdom, by Scotland Yard officers and IFPI, came as a result of investigations across Europe by IFPI investigators in the UK, Germany, Austria and Luxembourg.

“This is an outstanding result. The Austrian police and IFPI Austria are to be commended for their vigilance and thorough follow up investigations.” *Iain Grant, IFPI Head of Enforcement*



Warehouse facility raided in 2002 (above) led to the identification of further suspect premises (inset) in Marktamt

ITALY

ITALIAN MAFIA BOSS GIVES THE INSIDE STORY ON PIRACY

A well-known Mafia boss has, for the first time, publicly exposed the role of Italian organised crime gangs within music piracy during a recent unprecedented court hearing in Italy. The court was given a unique insight into the operations of criminal syndicates and their approach to piracy. The court hearing resulted from an investigation into a Naples Mafia family, who were active in controlling music piracy under the direct control of the court witness.

The infamous Camorra boss from downtown Naples was initially arrested two years ago and offered an immunity to turn State's evidence; providing information on organised crime activities and strategies in Naples over the past 20 years. Appearing before the Public Prosecutor, he described how the Camorra clans earn around Euros 100,000 each week dealing in drugs, extortion and involvement in the manufacture and distribution of illegal copies of sound recordings.

He went on to detail how his organisation managed their illegal operations in Naples and how separate gang members controlled the drugs sales, illegal betting and the massive production of counterfeit CDs throughout the suburbs in the city areas. The local gangs were allowed to keep part of the illegal income, after depositing money in Camorra gang leaders accounts. In relating how the Camorra gangs were directly involved in the production and distribution of pirate music discs, he explained they controlled all aspects of the criminal enterprise to the extent that violence was often used to ensure a continuing source of illegal revenue. The court was told that during the early 1980's a major war existed

within the various crime groups. Dozens of people were killed during a gang war, until the 'Cupola', the illegal main board of the criminal alliance, agreed on sharing the distribution of the illegal activities, including music piracy, with the various gangs. The court was told this 'gang land agreement' even allowed for the criminal networks to expand the emerging piracy business.

The case has publicly exposed the extent to which crime syndicates exploit music piracy with sophisticated, well-structured internal organisation and gang leaders controlling all aspects of the circulation of illegal sound recordings in return for significant financial gain. Interpol has already appointed an IPR officer in response to the recognition of organised crime involvement in counterfeiting and Europol, in The Hague, is in the process of examining ways of interacting with existing law enforcement agencies in fighting the organised elements involved in piracy. These developments show the increasing priority being given to IPR crime in law enforcement circles.

Source: FPM Italy

“These are all excellent results largely due to the professionalism and effective co-operation between IFPI, the local industry associations and law enforcement authorities in the various countries. Music piracy is big business in Western Europe and is often linked to organised crime. We must continue to maintain this aggressive approach.”

Mick Ellis, IFPI Regional Enforcement Coordinator for Western Europe, commenting on the recent successes in the region.

CZECH REPUBLIC

INAUGURAL BEST ANTI-PIRACY WARRIOR AWARDS 2002

The Czech National Group of IFPI launched a new award in April: 'The Best Anti-Piracy Warrior Awards'. The award's objective is to select and award the best cooperating enforcement officers or teams from the National Police, Customs and Trade Inspection - authorities without which IFPI enforcement work would not be possible. Winners were carefully selected by the IFPI enforcement team based on results in fighting domestic music piracy in 2002.

One officer and two enforcement teams were each awarded an official IFPI certificate and a PC package. Karel Kucera, Managing Director of IFPI Czech group and leading Czech pop singer Helena Vondrackova presented awards to Cpt. Miroslav Zahalka from the Czech Police in Litomerice (Northern Bohemia), the Czech Trade Inspection team from Usti nad Labem (Northern Bohemia) and the Customs team from Cheb (Western Bohemia) during a very well-attended press conference at the Hotel Marriott in Prague.

IFPI Czech anti-piracy enforcement statistics for the year 2002 show it was the most successful to date. In total, 763 cases of music piracy were logged. These cases resulted in the seizure of over 370,000 CDs with an estimated value of over CZK 120 million (approx. US\$ 4.5 million).

ANTI-PIRACY HIGHLIGHTS

Czech market figures during the first quarter of 2003 are comparable with previous years. However, the number of disclosed piracy cases increased by 31 compared to the first quarter of 2002.

The second quarter of 2003 saw the highest number of disclosed cases. There were 96 cases disclosed in total during raids conducted across the Czech Republic and more than 33,000 CDs were seized in total with an estimated value of CZK 10,009,200 (US\$ 380,000). The amount of CDs seized has tripled in comparison with April 2002.

One of the most significant anti-piracy actions was the raid on the Potucky market place in early May. More than 3,500 CDs and DVDs with an estimated value of CZK 1,129,000 (US\$ 42,000) were seized, in co-operation with Czech Police.

*Karel Kucera
IFPI Czech Republic*



L-R: Cpt. Miroslav Zahalka, Karel Kucera and pop singer Helena Vondrackova

ESTONIA

APARTMENT RAIDED IN TARTU

Following investigation and surveillance by the Economic Crime Division of Tartu Police, a raid was made in April on a residential apartment in Tartu city centre (Eastern Estonia). Police discovered some 22,000 pirate CDs and DVDs containing music, films, and games. Finnish repertoire music CD-Rs were also found.

The apartment, which was unfurnished, and clearly used solely for storage purposes, was located in a relatively upmarket area of the city. Tartu Police are continuing their investigation.

The Estonian Organization for Copyright Protection (EOCP) and IFPI congratulate the Tartu Police on a significant strike on a key distribution line serving pirate outlets in the East of the country.

*Gerry Corbett
IFPI Enforcement, Eastern Europe*



Estonia: The raided apartment in Tartu City

UKRAINE

IFPI AND MPA CO-OPERATION

A clear sign of the developing co-operation between IFPI and MPA has been the agreement to expand MPA's representation in the IFPI Kiev office. Although both bodies have had an agreement for over a year to 'house' an investigator in IFPI Kiev working on MPA issues, this has

recently been expanded to include a Regional Manager. Office expenses are now shared on a 50:50 basis.

Anatoliy Ruchkin, the newly appointed Regional Manager (MPA Representative) brings further strong investigative experience to the Kiev office. Through this appointment, it

is anticipated that the Kiev office's ability to investigate all facets of optical disc piracy in the region will be increased significantly, as will its ability to provide quick and comprehensive support to Ukrainian law enforcement agencies when dealing with cases of music and film piracy.

LATIN AMERICA

MEXICO: NINE PEOPLE SENTENCED TO JAIL ON PIRACY RELATED CHARGES

Four people - Isaías Chávez García, Neiser Zacarías Martínez, Fidias Zacarías Martínez, and Durvel Feliz Palomeque-were sentenced to four months and fifteen days in jail without bail and to fines of up to US \$25,000 for selling illegal CDs on the streets of Tabasco, Mexico. This ruling sets a legal precedent for the crime of selling illegitimate CDs on the streets.

Likewise, in Toluca, in the state of Mexico, four sentences were handed down against José Jarillo Reyes, David Arturo Jarillo Reyes, Juan Luis García Treviño, and Jorge Hernández Martínez, all charged with 'illegal reproduction'. The convicted individuals will be required to serve a sentence of three years and six months in jail, in addition to a fine equivalent to 5,000 days of minimum salary. In Merida, Yucatan, another sentence was issued against Alejandro Solís Bote for the crime of 'transporting illicit materials'. This individual was sentenced without bail to three years in jail in addition to a fine equivalent to 2,000 days of minimum salary, or 114,280 Mexican pesos [US \$10,955].

PARAGUAY: REPRESENTATIVE OF CD-R IMPORTING ENTERPRISE SENTENCED TO TWO YEARS JAIL

Mauro Tileria Benitez, the principal officer in an import & export company named M&M, has been sentenced to two years in prison for tax evasion. Benitez acted as the 'front' man for a company responsible for importing millions of blank CD-Rs into Paraguay.

This conviction was a result of an investigation initiated in February 2002, by Paraguayan authorities, in which 12.9 million blank CD-Rs were seized at one of Paraguay's Customs facilities.

Mauro Tileria Benítez was sentenced to a two-year prison sentence and a fine of US \$14,000. In addition, Benítez must pay custom duties in the amount of US \$53,000, plus US \$168,714 for value-added taxes, warehouse fees and interest. This is the first time that someone has been convicted and sentenced to jail for tax evasion charges related to the importation of blank CD-Rs.

LATIN AMERICA: 17 PEOPLE JAILED FOR MUSIC PIRACY

The anti-piracy associations and the judicial authorities of several Latin American countries have had their hands full due to the results of investigations and the conclusion of cases being processed by the courts of several countries. During the month of April, a total of 17 people were jailed in Brazil and Mexico, due either to convictions or preventative detention.

THE PIRACY FIGHT INTENSIFIES

Any action that results in the dismantling of piracy operations is good news for an industry that has seen its sales drop during the last six years. Raúl Vázquez, Regional Director of IFPI Latin America-the organization that represents the music industry in the region, stated:

"The industry has intensified its fight against piracy in Latin America, focusing on the legal actions that can-and must-be taken against the offenders."

Reports by Lucia Rodriguez, IFPI LAM

U.S.A.

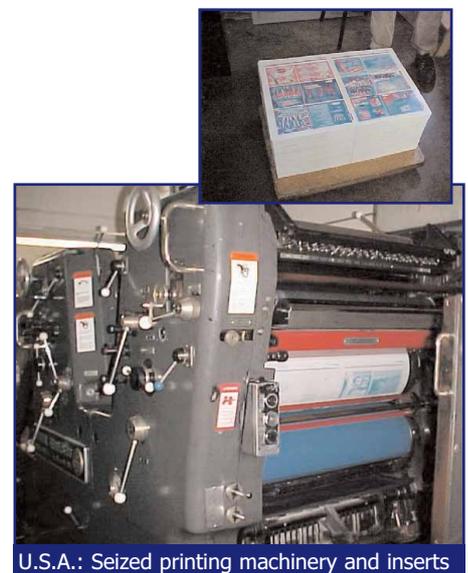
MULTI-MILLION DOLLAR ILLICIT PRINTING PLANT RAIDED IN CALIFORNIA

Following a lengthy investigation by the RIAA's Anti-Piracy Unit, a search warrant was executed on 16th April 2003 at the business premises of a printing company in South El Monte, California, involved in the illicit printing of CD inserts. Officers of the Los Angeles County Sheriff's Department carried out the raid.

A wide range of equipment was confiscated including: 2 x two colour Heidelberg printing presses; 2 x negative cameras; 1 x plate making machine; 4 x computer systems; 1 x perforating/scoring machine; 1 x paper cutting machine and 1 x developing equipment.

Also seized were over 650 sets of printing plates and negatives, which would indicate that the company had produced over 2,000 different CD insert titles. With an average production run of 3,000 inserts per title, it is estimated that this firm had produced in excess of 6 million unauthorised inserts.

Mike George
RIAA



U.S.A.: Seized printing machinery and inserts

MALAYSIA

SIGNIFICANT BLOW TO ORGANISED CRIME OPERATIONS

Personnel from the Malaysian Ministry of Domestic Trade and Consumer Affairs (MDTCA), accompanied by IFPI, raided a residential address suspected of being a storage facility for a notorious large-scale music piracy syndicate on 10th March.

Since 2000, IFPI has been targeting the manufacturing sources and supply chain network of the largest music piracy syndicate in SE Asia. To date this has resulted in several significant and notable operations including the neutralization of two licensed factories and several syndicate distribution centres, recovering over two million pirate music CDs.

Following the March raid, another major blow was struck later in the month when MDTCA and IFPI raiding personnel uncovered the syndicate's pre-mastering operation.

Inside the raided premises, the enforcement team uncovered a state of the art computer system containing an extensive collection of MP3 files, remixed compilations, art work for albums (including pre-releases) and business records, as well as a vast number of inlays, sales records and other documentation relating to the syndicate's activities.

This operation is ongoing and IFPI is actively assisting the Malaysian authorities in dismantling the syndicate's complex organizational structure.

UNLICENSED PLANT RAIDED

In a separate operation, MDTCA personnel carried out a raid on a two-line unlicensed replication facility on 28th March which resulted in six arrests. In early

2003, the MDTCA Intelligence Division received non-specific information about the operation of an underground optical disc manufacturing factory active in the Klang Valley area. Sources were tasked to corroborate and verify the information resulting in the identification of the target address. Covert surveillance confirmed that the plant, located on the ground floor of a two-storey warehouse in an industrial estate, was active. A raid followed on 28th March 2003.

At time of entry, both lines were pressing pornographic VCDs. Six Chinese people were arrested and are currently on bail pending further enquiries. It is anticipated that the factory workers will be charged under the penal code (in respect of the pornographic product) and Optical Disc Act for the operation of the unlicensed facility.

IFPI personnel attending the scene recovered evidence indicating that some personnel had been previously employed by licensed factories. Production record analysis showed previous film and local audio production.

JAPAN

Officers of the Hyogo Police Department accompanied by RIAJ and JASRAC officers raided a flat in Amagasaki-shi, Hyogo on 25th February. The Police seized more than 3,000 music DVDs carrying, inter alia, 240 Japanese titles. It was later established that the DVDs had been supplied by an identified Taiwanese company, who in turn had not obtained authorisation from the Japanese copyright owners.

Follow-up investigation with the two people arrested revealed the pirate DVDs were brought into Japan via express mail service and then placed on Internet auction sites. It was also uncovered that the individuals concerned had been engaged in their illegal activities since August 2000.

Subsequently six Japanese record companies filed a criminal complaint against the people arrested. Follow-up investigations into this case are continuing with the assistance of the IFPI Regional Enforcement Office.

THAILAND

POLICE ACTION ON CD PLANT

Acting on information relating to the illegal replication activities of an optical disc plant in Bangkok, the local Thai recording association (TECA) applied for a search warrant and, in conjunction with local police authorities, raided the suspect facility on the evening of 26th April.

Inside the premises, the raiding team discovered two injection moulding machines in full operation

producing counterfeit music CDs involving works by popular international artists. In total, the team uncovered 7,000 pirate music discs, 13 x 750-kilo bags of high quality polycarbonate and a number of stampers containing additional music titles.

The authorities arrested the female operator of the facility and confiscated the production machinery. In addition a warrant for the arrest of the plant owner has been applied for.

HONG KONG

CUSTOMS & MUSIC INDUSTRY IN MAJOR ENFORCEMENT ACTION

Following the discovery on the Hong Kong market of high-quality counterfeit music products, Hong Kong Customs authorities, in conjunction with IFPI, conducted a territory-wide operation against a large number of retail outlets.

Between 28th and 30th April, over 100 Hong Kong Customs officers joined anti-piracy personnel from IFPI's SE Asian Regional Office, the local Hong Kong Group and representatives from major music companies on raids of 56 retail outlets located in various areas of Hong Kong. The raiding teams seized just under 20,000 counterfeit music CDs and arrested 35 people for copyright related offences.

During the operation, a licensed plant surfaced as being involved in the production of illegal music products and was raided by the authorities on 29th April. The plant was caught in the act of manufacturing an illegal 3,000 run of a famous local artist.

Based on the preliminary examination by IFPI personnel at the scene, the Customs officers arrested the operator of the plant, seized the infringing production and sealed the replication machinery.



Taiwan: Underground plant

TAIWAN

HIGHLIGHTS OF OPERATIONS

In late 2002, IFPI identified the mastermind behind the operation of several pirate product warehouses. Having alerted the Taichung Prosecutor's Office, IFPI anti-piracy personnel began to work closely with the authorities and on 26th March 2003, a raid was conducted resulting in the recovery of 17 CD-R duplication drives, 3,900 pirate optical discs and a significant quantity of documentation outlining the extent of the illegal operation. Simultaneously, another raiding team entered a packaging centre also linked to the syndicate and uncovered one packaging machine line, 50,000 pirate music CDs and 170,000 jewel boxes. Three packaging workers and a delivery worker were arrested. Two vehicles believed to be used for delivering pirate products were seized.

In a separate action, at an illegal CD-R duplication centre raided by IFPI and local enforcement officers on 24th April an individual wanted for previous copyright offences was arrested. Information at this location led to a second raid netting a total of 87 CD-R burners, 1,424 pirate music CD-Rs and the arrest of several syndicate members. In addition, boxes of inlays were found in the premises where a large number of CD-R burners were installed. These boxes contained over two million inlays, showing the output of this operation greatly exceeded the 115,000 burnt discs seized.

UNDERGROUND PLANT RAID

Intelligence obtained by IFPI in April revealed goods vehicles that appeared to be covertly loading boxes of optical discs at premises situated at Lungchang St, Yung kang City. On 23rd April 2003, surveillance was conducted by a joint IFPI/IPR Task Force Investigation Team in the Yung kang City vicinity. Surveillance led the team to a factory compound where the driver was observed delivering approximately 30 boxes of optical discs

to a cargo mailing centre, having previously changed the registration number of the vehicle.

On 30th April a search warrant was obtained and a raid conducted at the industrial compound in Chungchua County, which resulted in the discovery of an unregistered CD replication facility. The team subsequently seized three CD replication machines, two silkscreen-printing machines (one of which was printing the latest album of a member company's artist) together with a significant quantity of finished pirate optical discs and stampers. Seven people were subsequently arrested for copyright infringement offences.

As a result of intelligence uncovered at the factory raid, the authorities conducted a second operation at a warehouse and an underground packaging centre in the vicinity. Over 100,000 pirate optical discs, 898 stampers and more than 2,000 silk-screens were recovered and the replication and printing machines were officially sealed.

With the continued crackdown on CD piracy by the authorities in Taiwan and the considerable reduction in night market traders openly selling pirate music, IFPI is observing a significant change in the way retail pirates supply the public with counterfeit music products, namely the use of mail order via dedicated websites. This phenomenon, whilst not entirely new in Taiwan, has seen expanded activity over the past few months. As an example of such cases, IFPI, working closely with the government IPR Task Force has conducted a number of operations against these syndicates in past months resulting in the recovery of 30,000 pirate music CD-Rs, CD-R burners and desk top computer systems. A number of arrests have also been made and charges filed under the copyright law.

*Reports by Bob Youill
IFPI Enforcement, SE Asia/Pacific*

ISRAEL

LONGER SENTENCES FOR ANTI-PIRACY VIOLATIONS

Prison sentences for piracy in Israel have shown a marked increase in recent months and piracy has been upgraded from a misdemeanour to a crime.

Until recently, piracy offences rarely attracted substantive prison sentences and there was a tendency for the courts to suspend sentences. However, as a result of growing awareness within Government and the Judiciary of the criminality involved, immediate custodial sentences are being imposed.

In Tel Aviv, a repeat offender, Gonen Va'aknin, was sentenced to two years imprisonment on 6th February. He had previously been convicted as the manager of a 'burning' factory and placed on probation for one year. Soon after starting that probation, he was arrested a second time for a similar offence. The court, no doubt influenced by his contempt for the law, had no hesitation in sending him to prison.

In a separate case, another two recidivists discovered, to their cost, the price of repeat offending. They had been arrested on numerous occasions in possession of pirated discs. Following their trial in February, one was sentenced to one year immediate imprisonment with a further two years probation, whilst the other received six months community

service and one year probation. Finally, Albert Salman appeared before the Magistrate's Court in Tel Aviv on 13th April charged with operating a burner factory and selling pirate CDs. He had previously been warned for simply selling pirate discs and this arrest was his first in connection with the actual manufacture of discs. In the interim, however, the activity had been upgraded from a misdemeanour to a crime. He was sentenced to 20 months imprisonment with a further 12 months probation.

The efforts of IFPI Israel have proved very effective in raising awareness on the impact of music piracy and its links to organised crime. This played a significant part in upgrading piracy offences as crimes and the resultant deterrent sentences are very encouraging.

SUSPECT WAREHOUSES RAIDED

In the course of targeting the Carmel Market in central Tel Aviv, IFPI investigators, working in co-operation with the Police Intellectual Property Unit, identified a suspected CD-R burning facility in a nearby building. On 19th March 2003 the authorities conducted a raid and discovered multiple burning towers and a number of photocopying machines. Enquiries at the scene turned up two additional addresses and more raids followed. It transpired that these premises were being used as warehouses to store ready-for-sale pirate CD-Rs and inserts. In total over 20,000 burnt CD-Rs and in excess of 100,000 inserts were seized. Three suspects were arrested and it was later established that one of them also owned several stalls in the market. It is anticipated formal criminal proceedings will be initiated.

*Moti Amitay
IFPI Israel*



Israel: Thousands of seized inlay cards

RUSSIA/CIS

BELARUS

A seminar on intellectual property protection and the prevention of copyright infringement was held in Minsk on 30th April. The seminar was organised by the Belarus Ministry of Interior for officers from various organised crime departments. More than 70 officials attended the seminar, amongst them, representatives from Belarus Police, the Prosecutor's Office and the Courts. Anatoly Mordvinov, IFPI Moscow Chief Investigator, gave a presentation on IFPI and its anti-piracy efforts. IFPI's numerous training products were very well-received. Attendees discussed enforcement issues and shared experiences of investigation in the field of copyright infringement and the unauthorised use of intellectual property.

ST. PETERSBURG

St. Petersburg's (Russia) law enforcement representatives accompanied by IFPI Moscow personnel raided three music stores based at UNONA market in April 2003. As a result of this action, approx. 25,000 music CDs and 7,000 DVDs containing albums and compilations of international and local artists were uncovered and seized. The local Forensic Laboratory is currently examining the products and the investigation is ongoing.

Moscow

The First Russian Conference 'IP protection in business', organised by Russian Human Rights Representative took place in Moscow on 29th April 2003. Among the attendees were representatives from legislative, executive and judicial authorities, officials from different enforcement bodies and directors of some optical disc plants. The problems of protecting intellectual property in Russia, issues of state policy in the field of copyright protection and questions relating to the manufacturing and distribution of counterfeit products were discussed. Sergey Avdienko, IFPI Regional Enforcement Coordinator (RAPEC) for Russia, Alexander Popov, Deputy RAPEC, took part and delivered presentations at the Conference.

Sergey Avdienko

EUROPEAN PARLIAMENT

(continued from page 1)

syndicates in pirate operations where profits are high and penalties are minimal. He urged MEPs to work on the proposed EU Enforcement so that it becomes a truly dissuasive measure in the fight against piracy.

"The Commission's current proposal, as it stands, is a missed opportunity. The proposal is too limited in scope. It is simply inadequate," he said. **"The Commission's proposal fails to introduce desperately needed measures to stem the epidemic of piracy and counterfeiting in Europe. That is why we need your help in getting this Directive back on track."**

Mr Grant called for the Parliament to improve the draft Directive and

propose truly effective and harmonised procedures, along with deterrent remedies, in both the criminal and civil laws of Member States. He outlined some of the music industry's other priorities for the legislation, including mandatory identification codes (SID codes) on all CDs, DVDs and CD-Roms.

Film producer Nicolas Seydoux, President of the Gaumont cinema chain, said that new technologies allow pirates to make perfect quality copies of movies at low cost. Pirate copies are often on sale in the streets before the films are officially released in cinemas. **"I believe sincerely that if there is no real effort to deal with this, then cinema in Europe is dead,"** he said.

Joris Pollet of consumer goods company Procter & Gamble pointed out that low quality counterfeit products, which may carry serious

health risks, are misleading customers. What was once a localised, cottage industry has now become a massive, sophisticated global business involving the manufacturing and sale of counterfeit versions of everything from shampoos, razors and batteries to car parts and medicines.

In her closing remarks British MEP Arlene McCarthy, said that the Enforcement Directive should act as a wake up call to governments to make a priority of tackling the growing piracy problem. **"We need to close the loopholes in the law which pirates exploit in different Member States,"** she said. **"Different Member State laws mean that currently there is no uniform punishment, it is a pirate's paradise."**

*Francine Cunningham
IFPI European Office*

EASYINTERNET PAYS DAMAGES TO RECORD INDUSTRY

EasyInternet Café Ltd has agreed to pay compensation to the BPI and IFPI following the record industry's victory in the High Court this January.

Under the settlement, which also covers cafes outside the UK, EasyInternet Café Ltd will pay UK£80,000 in damages for copyright infringement plus BPI and IFPI's legal costs. This brings the total amount paid by EasyInternet to date to over UK £210,000, excluding its own legal costs.

The settlement follows the provision by EasyInternet of new financial information that enabled BPI and IFPI to assess the level of compensation that EasyInternet was liable to pay. EasyInternet also confirmed that it would not run

unlicensed CD burning services in the future.

"EasyInternet Café is liable for a clear and profound breach of copyright and I am glad that Stelios has seen sense and agreed to settle this case. The irony should not be lost on anyone that someone who aggressively protects their own intellectual property, as is the case with Stelios and the Easy Group, should seek to offer a commercial music service without paying the creators of the copyright." Peter Jamieson, BPI's Executive Chairman

In the summary judgment hearing in January, the judge dismissed all of EasyInternet's defences including its argument that what it was doing was exempted as 'timeshifting'. UK copyright law grants a narrow exemption for timeshifting, specifically introduced

to allow viewers to record programmes for watching at a more convenient time. In EasyInternet's case, this defence was clearly not relevant since it was offering a commercial service. Nor does the exemption cover unlicensed online services and CD burning for domestic purposes - the law is clear and there are no loopholes.

EasyInternet had sought to appeal against this part of the summary judgment, claiming that it was doing so for the benefit of the consumer. However, after obtaining leave to appeal, EasyInternet immediately approached BPI and IFPI seeking settlement. As a result of this agreement, EasyInternet's appeal has been abandoned and the judge's decision will stand.

Source: BPI

Training

CROATIA - MAY 2003

In May, IFPI Secretariat and IFPI Eastern Europe attended a training seminar organised jointly by IFPI and Hrvatska Diskografska Udruga (HDU), the Croatian music group. The seminar was specifically designed to inform Croatian Police, Customs and Market Inspectors of the latest trends in music piracy and the assistance available to them from IFPI Secretariat and the music industry. The seminar was held at the Ministry of Trade and Commerce, Zagreb and attended by seventy-five persons from the above organisations. Also in attendance were Croatian members of BMG and another Croatian music producer.

The presentations concentrated on the recognition of pirate and counterfeit music product including the recordable formats and the services and assistance offered by IFPI to law enforcement officers in the investigation of piracy offences. Jacek Zochowski (IFPI) gave an overview of the Eastern European region and the seminar ended with a presentation about the proven links between music pirates and organised crime syndicates. Kristina Delfin Sinovcic, a lawyer representing HDU gave an overview of the current Croatian Copyright legislation.

Hrvoje Markulj, General Secretary of HDU who was the driving force behind the organisation of this

seminar, said that he was extremely pleased with the outcome and the interest shown by those attending. Music piracy in Croatia is now approximately 40% of the market and recently a clear change of tactics has been seen with a move away from imported pressed discs to locally duplicated CD-Rs. Only six delegates stated that they had prior knowledge of the identification features of CD-Rs and could reliably distinguish this format from CDs. For this reason alone the seminar provided essential information and should now enable the proactive targeting of CD-R pirates and distributors.

A recent IFPI publication written expressly to assist with the identification of music products was translated into the Croat language prior to the seminar by HDU and copies were provided to each of the delegates. This useful aid reinforced the presentation on identification and will provide a key reference document for each investigator.

Graham Hagger
IFPI Training Officer



Hrvoje Markulj, General Secretary of HDU introduces the Anti-piracy Seminar in Zagreb

Diary 2003

2-3 Jun	WCO Training (Cyprus)
23-24 Jun	IFPI Training (Paraguay)
24 Jun	IFPI European Executive Committee (Paris)
22 Aug	Deadline for EB submissions
28 Sep-2 Oct	Interpol General Assembly (Benidorm)
30 Sep	IFPI European Executive Committee (Athens)

Last word...

General anti-piracy enquiries and requests for information relating to enforcement issues should be sent to the following email address:

enforcement@ifpi.org

The next EB issue will be **September 2003**.

Contributions / comments are welcomed and these should be forwarded to the editor no later than **22nd August 2003** (see below for details).

Mailing list enquiries should also be addressed to the editor.

People

Departures

Chris Merchant Central Support Coordinator (Secretariat) (May 2003)

Appointments

Dave Stansfield Regional Investigator - S.E. Asia (Jun 2003)

 **ENFORCEMENT BULLETIN**

This Bulletin is edited by Isabelle Betsy, Executive Administrator @ IFPI Secretariat.

Fax: +44 20 7878 7990
email: isabelle.betsy@ifpi.org