

## Mexico Plus Project underway

The Mexican music market has been damaged by high levels of piracy exacerbated by the poor economic situation. Unit sales have fallen from 73 million in 1999 to 56.9 million in 2003. The anti-piracy campaign has largely been restricted to Mexico City due to limited investigative and prosecutorial resources. The industry has initiated 'Mexico Plus' with a view to encouraging the authorities to extend the fight against piracy to Guadalajara; a region with a traditionally strong and vibrant music market that has been devastated by piracy.

Two high-profile raids were carried out on 26th August in the City of Guadalajara, Jalisco State, in the market of San Juan de Dios and El Parían. The objective of the searches was to combat the wholesale trade of pirate product and to further one of the objectives of 'Mexico Plus' - the conversion of illegal traders to licensed sellers.

The first raid uncovered 32,800 pirate CDRs in 14 outlets and the second

resulted in the seizure of 628,000 pirate CDRs in 42 outlets. In this second location a firearm and 38 rounds of ammunition were also found. The operations were carried out by officers from the Fiscal Police, tax auditors, and public security from the State of Guadalajara, Federal investigators and experts in Intellectual Property crimes.



An array of illegal product uncovered during the operations in Guadalajara markets

The actions were extensively publicised throughout the state on radio and television.

Up to the end of September a total of 51 raids resulting in seizures in excess of 1.5 million discs have occurred but the pressure must be maintained if the scheme is to have a realistic chance of success.

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## UK: Intl bootlegger jailed and assets forfeited

A British judge jailed a notorious international music bootlegger for three and a half years on 8th July. Mark Purseglove is estimated to be one of the biggest bootleggers in the world, amassing an estimated **UK £6.6 (US \$12.5) million** fortune in 11 years of music piracy. Purseglove sold his bootlegs in Europe, Japan and across the world via an international network of wholesale dealers. He had also used Internet auction sites such as eBay, falsely advertising the discs as rare items, charging as much as US \$240 per CD. He was arrested in June 2002 after protracted investigations by the British Phonographic Industry (BPI) and IFPI.

Purseglove's assets included homes in Chelsea in London, in Brighton and an Aston Martin sports car. He was jailed and ordered to forfeit all of his assets after being sentenced to three and a half years imprisonment on charges of Conspiracy to Defraud the UK recorded music industry. The confiscation order, amounting to **UK £1.8 million (US \$3.4 million)**, is a British record for music piracy.

Delivering the sentence, Judge Pontius made it clear that Purseglove's decision to "flout the law to reap considerable financial rewards" would not be tolerated and that he "needed to pass a sentence

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## NIGERIA

### Nigeria initiates plant visits and raids

In a territory where piracy is rife and the legitimate music market is virtually dying, it is encouraging to note recent actions by authorities against two CD plants suspected of being involved in the illegal manufacture of optical discs. The operations resulted in the seizure of millions of discs, stampers and PCs.

Nigeria has a very wide demand for music from local artists to current international stars as well as older acts but the high level of piracy in the marketplace has prevented the legitimate industry from thriving. Stepped up anti-piracy efforts by the local industry, in co-operation with IFPI, have been underway for some time. Akeem Aponmade, National Coordinator (IFPI Nigeria) and Richard Rademan, RAPEC Africa, spent many months developing intelligence on the pirate business. IFPI Nigeria then approached the Nigerian Copyright Commission (NCC), headed by Ms Njoku, who enthusiastically took on the challenge of bringing plants which are illegally pressing music CDs to book.

With the assistance of Insp. Thomas of the Nigerian Police Force, two plants were raided in Lagos. The first plant had brought three lines into the country from Malaysia and was pressing an array of movies, local and international music and possibly pornographic material, which is illegal in Nigeria. Less than six weeks later the second plant, running eight replication lines, was also raided. In this case, the Nigerian operator and his Malaysian partner were found to be pressing many millions of discs, including local and international repertoire, pre-release movies and pornography. Both plants have been shut down by the NCC. The Economic Financial Crimes Commission (EFCC) will further be investigating the issue of undeclared earnings.

After the arrests were made public, Ms Njoku made it clear that entities who think they can operate in this manner in Nigeria will not be tolerated.

Similar cases would be dealt with swiftly under the law. Ms Njoku called on the industry to work with the NCC in eradicating music piracy. The NCC, with assistance from IFPI, will now be conducting visits on all CD replication plants in Nigeria.



Members of the Nigerian Police, Copyright Office and IFPI inspect counterfeit CDs



L-R: Mr Aiyegbusi (NCC), Insp. Thomas (Nigerian Police), Mr Aponmade (IFPI Nigeria)

## SENEGAL

At the request of the Coalition Interprofessionnelles des Producteurs Et Phonographiques du Sénégal (CIPEPS), IFPI visited Dakar to assist in evaluating and dealing with the piracy situation. The piracy rate is in excess of 90% and consists mostly of CDs and CDRs of both local and international repertoire.

The Ministry of Culture, under Mme. Safiatou Diop, is attempting to address the problem and a hologram scheme was introduced in 2002. However, the scheme has proved less than effective giving the legitimate music industry only limited protection against the pirates. In an effort to tackle the problem, Mme Diop intends to raise concerns about the hologram scheme with Mme Diabe Siby of the Copyright Office and discuss means to implement it more effectively. According to CIPEPS Chairman Mamadou Konte, the hologram could serve to eradicate piracy if policed and administered properly.

Mme Safiatou Diop also declared that her office would be looking at organising a



L-R: Mamadou Konte (CIPEPS), Mme Diop (Min. Culture), Richard Rademan (IFPI)

conference later this year with copyright offices in surrounding countries to assess if more could be done to address the piracy problem. These initiatives are very encouraging; the efforts of CIPEPS are applauded and it is hoped that the efforts of the Ministry of Culture and the Copyright Office will begin to address piracy in Senegal.

Reports by Richard Rademan  
IFPI Enforcement, Africa

## BENIN

Since the detention of the six shipping containers of 1.7 million CDs in Durban, South Africa a year ago and their subsequent release to Nigeria, much has happened. The goods were repacked into three 40ft containers and there was an attempt to ship them into Cotonou, Benin, and then illegally across the border to Lagos, Nigeria. Mr S Gadzama of the Nigerian Drug Liaison Enforcement Agency (NDLEA) was approached for assistance. He made it quite clear that from the Nigerian perspective every effort would be made to stop the counterfeit CDs from getting onto the streets. Extensive discussion between various government bodies, the US Embassy in Benin and IFPI led to the detention of the three containers by the Benin police in the port of Cotonou. Mr Ahokpa of BUBEDRA (Copyright Office) in Benin is also currently handling the issue from a copyright perspective. It is encouraging that the authorities in Benin and Nigeria have both publicly stated their determination to stop the illegal consignment entering the public domain.

## UNITED KINGDOM

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to deter you and others and send a strong message that the courts will provide effective protection of the rights of producers, composers and publishers" and "deprive you of as much as I lawfully can" adding that the "loss to the recording industry was likely to be considerable".

The Judge took into account Purseglove's "contempt of previous injunctions" and "repeated flagrant and blatant disregard for the law" and ruled that failure to hand over his **UK £1.8 (US \$3.4) million** fortune before the 31st March 2005 deadline would result in a further five year prison term.

The court had heard that Purseglove had built his bootlegging empire by amassing a massive collection of illegal recordings of classic and contemporary artists from Led Zeppelin, David Bowie and Pink Floyd to Supergrass and Coldplay. He paid people to make illegal recordings, copied broadcasts and illegally counterfeited legitimately released recordings.

Purseglove was the subject of a court injunction in 1991 but he continued bootlegging and after numerous investigations by BPI and IFPI, was caught six years later in the US. After a sting operation executed by the Recording Industry Association of America (RIAA), and the FBI, he was deported and ordered not to return to the US for twenty years. Purseglove was arrested in 1999 selling fakes at the Reading festival in the UK leading to a four month prison sentence.

"This exemplary case highlights the excellent results that can be achieved through a public/private partnership. The fact that Purseglove was sentenced to a lengthy term of imprisonment and, more importantly, had his assets seized sends a very strong message." *Michael Ellis, IFPI Enforcement Western Europe*

## ITALY

### Fiscal Police dismantle major music crime gang

Following several months of investigation, the Fiscal Police of Cremona arrested four members of a well-known family involved in music piracy in the Naples area. Raids on 29th July resulted in the seizure of approximately 50,000 CDRs.

The Fiscal Police initially monitored a number of key express courier offices in Cremona tailing various shipments from Naples addressed to local Senegalese people suspected to be active in the distribution of large quantities of CDs in Northern Italy. Surveillance operations led to the identification of the local 'sales manager' of the organisation, a man responsible for the management of the street vendor network. After further investigation, the Fiscal Police were able to reconstruct the whole structure of the organisation, identifying the family in question as the head of the illegal network.

During the raids police seized more than 30,000 CDRs and located one of the CD burning facilities, made up of 100 high speed burners, owned by the organisation. They were also able to interdict various

shipments destined for different regions of Italy, seizing another 20,000 CDRs. The estimated annual production capacity of the facilities run by the syndicate was four million CDRs. Police calculated that their illegal trade in music generated in the region of 18 million Euros per year. During the operation ten people were charged for copyright violation. It is believed that they had been active in music piracy since the eighties, including CDR burning and illegal production of compilation music discs.

### 70 CD burners seized in Naples: three arrested

Three individuals were arrested by the Fiscal Police (GdF) on 25th July during an operation that led to the seizure of 70 high speed CD burners as well as more than 40,000 CDs and DVDs. This action was part of another investigation which had resulted in the seizure of around 50,000 CDs and DVDs and 65,000 inlays a week earlier.

Source: FPM Italy

## SPAIN

Spain was named as one of the top ten priority countries in IFPI's Commercial Piracy Report released in July. These are countries that, in IFPI's view, are failing to protect and enforce intellectual property rights and tackle unacceptable levels of piracy. IFPI's Western European team, together with the National Group AFYVE have been focusing on Spain and engaging with law enforcement agencies throughout the territory to raise the level of their awareness and commitment to the menace of music piracy.

Spanish police recently executed a series of raids in and around Madrid, focusing on the activities of an organised gang of Chinese nationals suspected of running a complex and well funded operation. The premises contained a complete CDR/DVDR

laboratory with over 50 burners and thousands of copied and blank discs, along with a colour photocopier and, unusually, a worktop mounted silk screen printer which was used to give the discs high quality printed artwork. Four Chinese nationals were arrested and the matter is currently in the hands of the Spanish authorities.

Additionally over a period of three months the National Group have made seizures of over 380 burners and 100,000 infringing discs.

Tackling the unacceptable levels of piracy in Spain remains a high priority with the objective being Spain's eventual removal from the list of IFPI priority countries.

Source: AFYVE

## CROATIA

In Croatia, as in other popular tourist destinations, many pirate products can be found at vending stands along the coast during the holiday season. The Croatian Phonographic Association - HDU - has been conducting targeted actions for several years now, aimed at curtailing the supply of pirate products. The most common source of pirate products is the long and porous border with Bosnia-Herzegovina.

During the summer, a co-ordinated and comprehensive action launched by the HDU, with the assistance of the police and the National Inspectorate, was conducted from 1st June to 10th August to remove vending stands selling pirated CDs. The action encompassed all major tourist destinations along the Croatian coast. Since the beginning of the year, these modest, but important, actions have resulted in the confiscation of a total of 6,243 CDs, 161 MCs and 376 DVDs.

*Source: HDU, Croatia*

## CZECH REPUBLIC

### A hot summer for pirates!

The Czech National Group, working with police and customs, turned up the heat and increased the cost of doing business for pirates in the territory this summer. During July and August, their efforts resulted in 281 criminal cases, of which 14 involved Internet piracy. Around 130,000 pirate CDs were seized with a value in excess of one million Euros. This compares with 175 criminal cases handled in the same period in 2003. This is a particularly encouraging development as the holiday period is generally characterised by a relative reduction in pirate activity.

The actions included the seizure of 8,000 CDs from four vendors in the city of Chomutov, Western Bohemia. Further raids included an action at the notorious 'Excalibur' market in Znojmo, the Southern

## UKRAINE

### Police and IFPI Kiev smash illegal network operation

The first half of this year was marked by increased pressure on pirates from the law enforcement agencies. Through numerous raids, the amount of seized products and the number of illegal CD/CDR workshops and duplicating laboratories identified have grown. In six months alone, the same amount of offences as within the whole of the previous year were registered, and double the total of illegal products were seized.

Following from the recent discovery of an illegal CDs/DVD warehouse in Lugansk, at which more than 100,000 pirate discs were seized, the Donetsk Anti Organized Crime Police discovered another underground centre distributing and burning pirated discs.

On 27th July, after some months of investigation conducted by Gorlovka Organised Crime Regional Unit of Ministry of Interior of Ukraine, with IFPI Kiev Office involvement, three organised crime groups engaged in optical disc piracy were uncovered. Some 25,000 pirate video and music CD/DVD discs, inlays for video and music, 12 computers with 20 burners, eight high quality printing devices, counterfeit hologram stickers, and book-keeping

documentation were seized from three music shops owned and operated by the groups. A number of the seized discs contained violence and pornographic material.

It was established that samples of the recorded discs were supplied to criminals from Moscow, Warsaw and Dnepropetrovsk (Ukraine) by road, rail and air transportation channels, for local copying and distribution.

*Source: IFPI Kiev*



Gorlovka police raid at the retail shop

Bohemia city on the border with Austria. Police officers from Znojmo discovered a packing operation behind one stand that contained 5,000 complete units and a large quantity of packaging materials.

Customs officers assisted in many raids that turned up several thousand units and that contributed to the successful summer for anti-piracy fighters.

*Source: IFPI Czech Republic*



One of the stalls at the notorious 'Excalibur' market in Znojmo, Southern Bohemia, bordering Austria

**POLAND**

A criminal group of computer hackers operating in Poland, the United States, Australia, the UK and Slovakia has been closed down by the police unit combating economic crime at the Provincial Police Headquarters in Gorzow, Wielkopolski.

Police IT specialists had been investigating the group since October 2003. The offenders hacked into computer systems of Polish and foreign academic (mainly technical) institutions and used the free space of their in house computers, facilitating fast connections and large storage space. The offenders stole new releases of computer games, software, films and music and distributed them on a large scale both on the Internet and at the local markets, often removing academic data to obtain more space. Some members of the group were bold enough to offer temporary access to academic resources at a charge!

The group consisted primarily of hackers, network administrators and individuals close to people involved in legitimate distribution. This piracy exposed the producers of software, computer games, films and music to huge financial losses and endangered many academic institutions in Poland and abroad. At one stage of the investigation, the FBI, as well as police in the UK and Slovakia, were involved.

The Police in Gorzow initially arrested eight prime players of the group and in order to secure damning evidence, a search of academic premises and other institutions was conducted. The evidence discovered allowed Prosecutors to press charges carrying penalties of up to eight years imprisonment.

The case is ongoing and ZPAV will be monitoring developments.

Source: ZPAV Poland

**MEXICO**

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The pirates continue to be well organised and it will require joint efforts of the State Government, the Prosecutors' Office, the law enforcement authorities and both the local industry and local legitimate traders to bring this to fruition.

Source: IFPI Latin America



Illegal stocks made available at the markets

**PARAGUAY**

**More than three million blank CDRs seized in Asuncion**

The bulk of the Brazilian pirate music market is fed by blank CDRs that are imported into Paraguay from Taiwan. The blank CDRs are smuggled into Brazil where they are burned with music in local laboratories. Stopping this flow of raw materials into Brazil is one of APDIF Paraguay's primary tasks.

In a recent highly successful operation they were able to interdict and seize 3.25 million blank CDRs that were destined for Brazil. The CDRs were imported in three containers into Paraguay. The manifest of each described the contents as 'Computer Parts'. In doing so the importers were hoping to reduce their import tax costs by more than half. However, they were taking a big risk and also committing a serious offence.

APDIF Paraguay had received intelligence as to the true contents of the containers; they informed the Director General of Intellectual Property at the Ministry of Industry and Commerce (MIC) who arranged for the containers to be searched upon their arrival in Asuncion, Paraguay. Once their true contents were revealed the entire shipment was seized and the importers will be liable to heavy penalties.

This seizure represents a small part of major investigations looking at the illegal import of pirate CDRs into Paraguay. These investigations will be the subject of an in-depth article in a future issue of the Enforcement Bulletin.

Source: IFPI Latin America



Search of the shipments on arrival in Asuncion revealed the true contents as blank CDRs

**CANADA**

**CRIA applauds major strike by Toronto Police**

Two Toronto area men have been convicted of criminal copyright infringement in a case involving over CA\$550,000 worth of seized infringing sound recordings, movies and manufacturing equipment.

On 21st May, Clive Brown and Owen Brown entered a guilty plea to one count each of exposing or offering for sale infringing copies under Section 42(1)(b) of the Copyright Act. The individuals received a monetary fine and were ordered to forfeit copies of the infringing goods and manufacturing equipment, valued at over CA\$550,000.

The conviction followed a lengthy investigation by the Toronto police, with the assistance of the Canadian Recording Industry Association (CRIA). CRIA assisted Toronto Police Service 52 Division Major Crime Unit over the course of several months in early 2003 in an investigation into the availability of illegal copies of popular urban music sound recordings.

Retail stores operated by the convicted infringers were believed to be manufacturing and offering for sale unauthorised CDR copies of sound recordings and supplying these infringing discs to flea market booths. Execution of warrants at these retail outlets helped dismantle a distribution network across the Greater Toronto Area.

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"The Canadian recording industry applauds the diligence and professionalism of the members of the 52 Division Major Crime Unit. CDR piracy is a serious threat to the recording industry. Low cost, ease of duplication and the anonymity of setting up this type of duplicating facility have made CDR the format of choice for many pirates."  
*Brian Robertson, President, CRIA*

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Source: CRIA

**ISRAEL**

**Authorities/IFPI keep up pressure on CDR pirates**

Investigations by IFPI Israel led to the identification of a suspect believed to be involved in the operation of an illegal CDR burning laboratory. Following extensive surveillance, a raid was conducted in July at a residential address owned by the suspect's parents. The raid resulted in the recovery of more than 40 burners, thousands of inlay cards and more than 7,000 burned CDR discs carrying infringing music repertoire.

In a separate case, a taxi driver at the heart of a complex manufacture and distribution network for pirated CDR discs was arrested, together with members of his family, after a raid in early September at their home address led police to discover a burning laboratory in an outbuilding. Pirate discs, burned inside the laboratory, would be handed to fellow taxi drivers who would distribute them to retail sales points at markets in the Tel Aviv area.

The successful operation was the direct result of an intensive surveillance operation, and illustrates the commitment of the IPR Unit of the Israeli Police to combat the escalating CDR piracy problem in the region.

Source: Moti Amitay  
 IFPI Israel



CDR burners and discs found in Israel



Destruction of pirate discs and cassettes in Russia

**RUSSIA**

**IFPI Head of Enforcement visits Russia/CIS**

Iain Grant, IFPI Head of Enforcement, visited Russia and the CIS in July to pursue the improvement of enforcement practices and encourage enhanced legislation to curb the high levels of pirate music products produced in, and exported from the territory. In meetings with the RF General Prosecutor's Office, Mr Grant highlighted the need for greater education of judiciary members specialising in IPR cases and referred to recent prosecutions which had failed to reach a successful resolution.

Further meetings in the Republic of Kazakhstan with the Ministry of Justice, Agency for Economic Crime and Corruption Control, General Prosecutor's Office and Customs Control Agency led to further commitments for improved exchange of information between rights holders and Law Enforcement Agencies to track and identify the movement of counterfeit products. IFPI has appointed a regional representative for Kazakhstan to ensure that this agreement for increased co-operation is fulfilled.

Emphasising these increased levels of co-operation with Russian Authorities, on 12th August the RF Ministry of Interior Economic Crime Police carried out the destruction of more than 600,000 pirated music products at a public ceremony. A number of celebrated Russian artists and media representatives saw World War II tanks crushing the discs and cassettes (see picture below), generating widespread television coverage.

**Anti-piracy actions**

In August, Moscow regional police in co-operation with IFPI Moscow investigators raided a large warehouse used as a distribution centre for pirate discs carrying the "Balalaika Records" logo. Officers seized more than two million products featuring domestic and international music works, films and computer games, together with paperwork indicating that they were intended for distribution in Russia, Ukraine and the CIS Region. In the same month, the Economic and Tax Crime Service seized more than 180 large packages from a mail train on route from Kazan to Moscow. Almost 3,000kg of infringing discs and artwork carrying the logos "Baza Records" and "Sound Plus" had been packaged for customers in Belarus, Moscow and Mirmansk. Authorities are now investigating the source of these products.

Sergei Avdienko

IFPI Enforcement, RUS/CIS

## HONG KONG

### Jail for couple in counterfeit VCD piracy operation

The international recording industry has hailed as 'exemplary' jail sentences of six and a half years handed down to two former directors of a Hong Kong-based company found guilty of involvement in a massive disc piracy operation.

Tsoi Chung-wang, and his wife, Ng Yee-nei, former directors of the Hong Kong based company Golden Science Technology Limited, were charged following an investigation by Hong Kong's Independent Commission Against Corruption (ICAC) and Hong Kong Customs for counterfeiting HK\$300 million worth of copyrighted optical discs.

The sentence is believed to be one of the most severe ever handed down for the manufacture of pirate optical discs. The conspiracy charge stated that Tsoi and Ng had conspired with other people to defraud copyright owners in relation to dishonestly copying, manufacturing and distributing films, computer games, sound recordings and computer software between June 1997 and April 1998. The court heard that in April 1998 Hong Kong law enforcement officers raided four factories, an office and warehouse premises where millions of counterfeit optical discs, covering 75 titles, were seized. In addition, the authorities seized a total of 41 optical disc replicating lines, 38 of which were working at the time of the raid. Of the 38 replicating lines, 31 were making unauthorised discs worth HK\$300 million.

Both defendants were originally charged with copyright related offences in November 2001,

however they fled Hong Kong and were not re-arrested until mid 2003. With the assistance of the Interpol National Central Bureau (NCB) China, Lanzhou Municipal Public Security Bureau, and the Hong Kong Police's Liaison Bureau, Tsoi returned to Hong Kong from the Mainland on 14th October last year.

Subsequently the Royal Canadian Mounted Police in Vancouver arrested Tsoi's wife on 30th October last year on ICAC's behalf. She waived extradition proceedings and returned to Hong Kong to face trial.

The original raids on the Golden Science empire were instigated as a result of an IFPI investigation and the music industry assisted the authorities throughout the duration of the attempts to bring the two suspects to justice.

*Mr. Iain Grant, IFPI Head of Enforcement said: "This was a 'conspiracy to defraud' on a truly huge scale and this exemplary investigation and this prosecution illustrates that intellectual property crime should no longer be viewed as a low-risk criminal enterprise. The verdicts and sentences reflect great credit upon the professionalism and determination of both the ICAC, Hong Kong Customs and the Department of Justice in pursuing this investigation not only in Hong Kong but also in China and Canada. IFPI investigators filed the initial complaint and supported the case throughout its course; clearly demonstrating the value of an effective public and private sector partnership in tackling complex crime."*

### 'Queen of piracy' arrested

Hong Kong Customs recently smashed an extensive optical discs piracy syndicate allegedly run by a woman dubbed the 'queen of piracy' and her sons. In excess of HK\$1.5 million worth of pirated copies and manufacturing equipment were seized in the operation.

The family pocketed more than HK\$1 million a month from selling pirated CDs over a four-year period. The alleged mastermind, her youngest son and six other people were arrested when over 150 officers raided more than ten locations. It is understood that her two other sons are being sought by customs officers.

The authorities claimed the illegal operation was one of the largest local piracy syndicates in Hong Kong.

The operation was dismantled after undercover customs officers infiltrated the syndicate, collected evidence and identified core members. The raids included eight on the syndicate's retail outlets, a factory and three storage centres.

### Raid on karaoke lounges engaging in hard disk piracy

IFPI assisted the Intellectual Property Investigation Bureau (part of HK Customs & Excise) in the simultaneous raids on 26th August of five karaoke lounges resulting in the confiscation of twenty-four computer hard disks and twenty-four computer servers whilst the managers of the five lounges were arrested.

In April 2004, complaints received by IFPI revealed that pirate copies of members-owned music videos were being used in the karaoke lounges in Hong Kong. Investigations by the IFPI Hong Kong anti-piracy team led to a number of complaints to the local authorities.

Preliminary examinations conducted after the raid revealed that thousands of pirate copies of the latest karaoke music videos were loaded in the seized equipment. The sources of music videos included edited promotional copies of original music videos and recorded MTV broadcasts. According to a senior customs officer, at least two suppliers were involved in the business of providing karaoke systems loaded with illegal copies of music video and updating the systems with the latest pirate music albums. The illegal business was believed to have been in operation since early 2004.

## CHINA

### Raid on a pirate AV product warehouse

Millions of visitors to the People's Republic of China pass through Shenzhen in Southern Guangdong every year. Predictably pirates target these tourists for the sale of counterfeit goods including pirate optical discs. Liaison between IFPI and the Public Security Bureau (PSB) officers at Lowu District border crossing area secured evidence of the activities of the criminal gang involved in this practice. Consequently, on 14th July, PSB officers raided retail premises, a warehouse and residences linked to the gang. The raids resulted in the arrest of four people and seizure of 17,320 pirate CDs.

## CHINA

Currently, only one in ten music products sold in China is legal; pirates sales are estimated to be worth in excess of US \$500 million. IFPI welcome the pledge of the Chinese Vice Premier WU Yi to reduce the crippling levels of piracy and counterfeiting in China and look forward to co-operating with the authorities in a nationwide campaign to crack down on piracy. The first 'European Union-China dialogue on Intellectual Property Rights' to be held in October is a further sign of the recognition of the high importance of intellectual property to the Chinese economy and augurs well for future governmental and industry co-operation.

## INDONESIA

### Illegal discs seized in multiple raids by Police

**A**SIRI, the Recording Association of Indonesia, supported by Jakarta police raided three locations on 31st July in pursuit of suspected music pirates. The first, a replication facility in the north of the capital, resulted in the sealing of four replicating machines, and the seizure of 47,000 infringing optical discs and approximately 11 tonnes of polycarbonate. A criminal prosecution was initiated against two directors of the plant, and the factory manager.

The same day, in a nearby location, the raiding party discovered another illegal replicating facility. At these premises two replicating lines were sealed and 3,000 suspect discs were seized. On this occasion the company director and secretary were both arrested, and also face criminal prosecution.

Finally, the enforcement teams moved to an unlicensed distribution centre in the Maggna Dua area of Jakarta, renowned for the retail of pirate products. Entry to the premises revealed 223,000 infringing optical discs stored inside. The discs included both international and local music repertoire, and an extensive collection of karaoke and VCD titles. Two people were arrested at the scene.

## MALAYSIA

### Cassette replication facility raided

**A**cting on their own information MDTCA personnel, accompanied by IFPI representatives gained forcible entry to a suspected cassette replication facility on 21st August located at commercial premises on the island of Sabah, East Malaysia. The premises were unoccupied at the time of entry however a master player and one slave replicator were found on site. Although no finished product was discovered, 66 master reels containing music products were located and seized. MDTCA subsequently identified the occupant of the premises and are conducting follow-up enquiries.

In an unrelated raid on the Malaysian peninsular, on 12th August, MDTCA investigators conducted simultaneous raids on two adjacent premises in the Cheras area of Kuala Lumpur. A total of 239,869 audio CDs were recovered, bearing hallmarks of a notorious Malaysian pirate distribution syndicate which is under active investigation by IFPI. Enquiries are ongoing to identify the tenants of both premises.

Since 2003 IFPI has been involved in five raids on storage facilities linked to this particular music pirate syndicate resulting in the seizure of more than 415,000 pirate music discs.



Above: Inside raided illegal cassette factory

Right: Royal Malaysia police officers from Batang Kali raided DVD factory warehouse on 20th June

### Enforcement targets underground plants

**T**hree unlicensed optical disc replication facilities were raided by the Ministry of Domestic Trade and Consumer Affairs (MDTCA), Royal Malaysia Police units and members of the copyright industries between 20th June and 19th July.

On 20th June, Royal Malaysia Police officers from the Batang Kali police station stormed a single storey factory warehouse where five men were found operating an illegal DVD line. They were arrested and 3,000 DVDs seized. MDTCA were called in to take over the case. As the factory was unlicensed under Malaysia's Optical Disc legislation, all manufacturing machinery was removed.

On 6th July MDTCA's Unit 'Khas Cakera Optik' (UKCO - Special Optical Disc Unit), accompanied by IFPI, raided an unlicensed replication facility in the Kajang area of Selangor. A one line injection mould and printer were seized and removed from the scene together with 3,000 film and local music audio CDs.

On 19th July MDTCA HQ's officers together with IFPI, gained forcible entry to a one line unlicensed replication factory in Ulu Tiram. The illegal factory was set up in the partitioned off area of a machine parts manufacturer. The owner of the premises was detained pending further enquiries and all replication machinery removed together with more than 30,000 infringing optical discs and 663 stampers.

The continued presence of underground plants in Malaysia, in addition to 44 licensed factories, some of which are known to be engaged in pirate production, demonstrates the continuing demand for pirate product in that country.



## PHILIPPINES

### Enforcement update

Anti-piracy activities in the Philippines have recently been characterised by actions to combat an increase in imports of infringing optical media. During the first six months of the year the Bureau of Customs announced the interception of over nine tonnes of discs being brought into the republic by air from nearby Asian countries including Malaysia and Indonesia. Additional intercepts were made as a result of information passed by IFPI to the Bureau of Customs.

Recent operations have also included enforcement action taken in shopping malls notorious for large-scale distribution of pirated music and video discs. One such raid at the end of August at a shopping complex in suburban Manila, resulted in the seizure of 30,000 infringing discs despite violent opposition from vendors, which resulted in 16 people, including law enforcement personnel, being injured.

Routine plant inspections have also yielded results. In August an OMB/IFPI plant inspection disclosed the replication of infringing music titles by a Manila-based licensed replication facility. Upon disclosing the illegal activities, search warrants were obtained and two replication lines and support machinery were seized.



Enforcement actions in shopping malls in the Manila suburbs resulted in 30,000 discs seized

## SINGAPORE

### Singapore Police raid OD plant

The Intellectual Property Rights Branch (IPRB) officers of the Singapore Police Force raided an optical disc mastering and replication facility on 11th August based on information provided by IFPI. The facility is suspected of having had links with the large-scale manufacture of pirate music CDs recovered in late 2003 in countries outside Singapore.

Computer forensic examination of the plant's stamper testing machinery showed

records for quality control checks on suspect stampers dating back to 1999. The hard disk of this computer was seized by IPRB and subsequently mirrored. Analysis of the mirrored hard drive resulted in the recovery of evidence linking the plant to pirate music titles found overseas.

The authorities are now preparing a case to put before the government prosecutorial service.



IPRB officers examine plant disc drives

## TAIWAN

### Simultaneous raids on duplication centres

Simultaneous raids on suspect premises by IFPI anti-piracy personnel on 25th May have resulted in the recovery of 367 CDR and 49 DVD-R burners and more than 270,000 optical discs containing infringing music and videos. The action was the result of an investigation by the Taiwanese authorities which commenced back in May.

Additionally, on 4th August, IFPI was invited to assist the authorities in a raid that resulted in the seizure of 228 CDR and 49 DVD-R burners. Nearly 30,000 pirate optical discs and 24,000 blank CDRs were also recovered.

## THAILAND

### Pirate CD storage & distribution centre raided

Thai police officers and personnel attached to the Anti-Money Laundering Office raided premises located in central Bangkok on 10th August in the belief that illegal narcotics were being stored there. However, on entering the premises officers discovered approximately 900,000 pirate CDs and material indicating the address was being used for the storage and distribution of illegal optical disc products. Two Thai nationals were arrested.

Reports by Bob Youill  
IFPI Enforcement, S.E. Asia/Pacific

## MEETINGS &amp; EVENTS

## IFPI World Anti-Piracy Enforcement Conference: Dublin, 30th Jun-2nd Jul 04

John Sheehan, Chairman of the Irish Recorded Music Association (IRMA), welcomed 150 delegates and guests to Dublin, Ireland, at the opening of the IFPI World Anti-piracy Enforcement Conference on 30th June. Dublin, a city renowned for the warmth of the people's hospitality and a rich, vibrant music heritage proved to be a superb venue for the conference.

The aim of the conference is to ensure that every resource is utilised in the effort to combat the criminals that threaten our industry and the diverse musical heritage of many nations. The emphasis remains upon communication building effective partnerships between governments, law enforcement and the recording industry.

IFPI were delighted to welcome officials from many law enforcement agencies including: **Pat Brehony** of Garda Siochana (Ireland); **Mrs Li Yan** of the Customs People's Republic of China; **Nodlaig Lynch** of Irish Customs; **Mario Cordova Lopez**, Mexican Customs; **Colin Cushley**, Police Service of Northern Ireland (PSNI) and **John Newton** of Interpol. The presence of **General Anatoly Koulikov**, Deputy Chairman of the Security Committee of the Russian Parliament (State Durma) and his denunciation of the high levels of piracy in the Russian Federation was most encouraging.

Presentations by these officials left no doubt that organised crime groups control music piracy in many jurisdictions. In Italy, where the merging of police and judiciary databases has been carried out, it was found that 20% of people convicted of counterfeiting offences have links with organised crime. Colin Cushley, PSNI, articulated the strategic aim of both law enforcement and industry: to **'CREATE A DETERRENT'**. In a hard-hitting presentation, he described how profits from piracy provide seed funding for paramilitary groups. Numerous case studies may be found in the fourth edition of the IFPI publication "Music Piracy: Serious, Violent and Organised Crime" which was launched at the conference.

The conference provided an opportunity to recognise the sterling efforts of a number of officials in fighting piracy in recent years. The industry is indebted to many but the work of **Mario Cordova Lopez**, Director General Mexican Customs; **Inspector Erik Madsen** of the Danish Police; **Inspector Riedinger** of the Austrian Police and **Ricardo Hipolito** of IGAC Portugal, is tremendously important and was recognised by the presentation of awards to them by **Jay Berman**, CEO and Chairman of IFPI.

A key element of the success of this conference was the participation of executives from IFPI member companies. **Rick Dobbis**, President of Sony Music International, in the opening address, left no doubt as to the importance the companies ascribe to fighting music piracy and their appreciation for the efforts of the delegates in confronting this scourge. Subsequently, in a highly informative panel discussion chaired by **Richard Cottrell**, Senior VP Anti-Piracy, EMI Music, **David Benjamin**, Senior VP Anti-Piracy Universal Music, described music piracy as the **"rampant strip mining of our cultural heritage"**. Fellow panel members, **John Conway**, BMG, **Jacques Campet**, Sony Music and **Serene Sass**, Warner Music, emphasised the importance of the synergy between IFPI member companies and anti-piracy personnel in National Groups and regional teams.

In closing the conference, Jay Berman paid tribute to the determination of delegates, recognising that there is now reason for optimism but that a great deal of very hard work lies ahead to sustain the present momentum. This was Jay Berman's final conference prior to retirement. Jay Berman has been tireless and determined in fighting piracy throughout his tenure: **"The Perfect Skipper in a Perfect Storm"**. Jay Berman will be missed but the determination of the industry to **'CREATE A DETERRENT'** is undiminished.



Rick Dobbis



Member company representatives



Mario Cordova Lopez



Mrs Li Yan

**TRAINING**

**Mexico**

IFPI in conjunction with APDIF Mexico and AMPROFON, the Mexican National Group, participated in two training sessions on 3rd and 5th August. The first, in the city of Guadalajara, was timed to coincide with the launch of 'Mexico Plus' an important initiative instigated by the Federal Government of Jalisco in collaboration with the above mentioned organisations and the Mexican music industry. The Government of Jalisco have stated that it is their intention to remove piracy from the streets and hope to achieve this through the introduction of strong legislation, coupled with effective enforcement and administrative procedures and the licensing and supervision of previously illegal street sellers. The industry will supply 'budget' products to legal sellers and all discs must bear SID Codes.

'Mexico Plus' marks a new phase in the battle against the pirates in Mexico and is scheduled to run for a period of six months. If successful it may serve as a model for other states in Mexico and indeed other countries in the region.

The second training session was held in Mexico City for members of the state prosecutor's office including those responsible for forensic examination of optical discs.

*Graham Hagger, IFPI Training Officer*

**DATABASE**

**Global CD plant database goes live**

IFPI Secretariat launched the new 'CD Plant Database' to all National Groups worldwide in August. The aim in creating the database is simple; to provide a comprehensive, up to date repository of optical disc manufacturing and replication plant information.

The database is held on a server based at the IFPI Secretariat in London and can be accessed by authorised users through a web page. Once CD Plant is opened, simple navigation allows the user to choose whether to submit information on plants, run bespoke searches or create automated reports based on information in any of the fields. The data fields include owner details, plant address, manufacturing capacity, machinery serial numbers, mould SID code, LBR / Master code and the plant status.

Plant information can be easily added or updated and search results can be exported into Word or Excel for further analysis.

As well as keeping an up to date record of manufacturing plants, the database has practical investigative applications. It has already been used to identify the original manufacturing plant from the mould codes of seized discs, trace the movement of second hand equipment believed to be involved in counterfeit production, and prioritise plant visits.

*Iain Grant, Head of Enforcement comments, "I encourage you to take full advantage of this system. By keeping it up to date with the latest plant information we are allowing ourselves the best chance of identifying the source of pirate product."*

Queries from National Groups regarding the database should be directed to Allan Deaves at IFPI Secretariat in London ([CDPlant@ifpi.org](mailto:CDPlant@ifpi.org)).

*Allan Deaves  
IFPI Intelligence Analyst*

Below: IFPI CD Plant Database front page



## IFPI publications/products

### Joint IFPI/MPA Z Card

The English version card which was announced in the December 2003 edition of the bulletin has now been translated and published in Arabic by the regional office in Dubai. Chinese and Spanish versions are currently being prepared and will be published in the next quarter.

Please address any requests to Graham Hagger at [training@ifpi.org](mailto:training@ifpi.org).

### Distance Learning Guide on CDR

The training unit launched a guide on CDR at the worldwide anti-piracy conference. The self teach guide which functions as a remote web site contains information about the fabrication and identification of discs, both pressed and recordable formats, organised crime as well as links to IFPI and its National Groups.

Please address any requests to Graham Hagger at [training@ifpi.org](mailto:training@ifpi.org).

### Commercial Piracy Report 2004

The recording industry's commercial piracy report was published on 22nd July. Highlights of the report include:

- Ten priority countries identified for government action
- Illegal music sales valued at US \$ 4.5 billion in 2003
- A record 35% of all music discs sold worldwide are illegal copies
- Traffic in fake CDs grows more slowly, with stepped up enforcement actions

The report is available from the Market Research Dept at the IFPI Secretariat and from IFPI's website, [www.ifpi.org](http://www.ifpi.org).

## People

### Appointments/Movement

Emilio Garcia      Regional Co-ordinator (Latin America)      Aug 04

### Departures

Dave Stanfield      Regional Investigator (S.E. Asia)      Aug 04

## Diary 2004

29 Sep-1 Oct	PHARE Seminar (Tallinn)
7-8 Oct	WCO IPR Group Training (Panama)
11-12 Oct	APDIF/IFPI Training (Costa Rica)
21-22 Oct	WCO IPR Group Training (Rome)
10 Nov	Main Board Meeting (New York)
15-17 Nov	IFPI Regional Enforcement Meeting (Buenos Aires)

## 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](mailto:enforcement@ifpi.org)

Information is also available from IFPI's website: [www.ifpi.org](http://www.ifpi.org)

The next EB will be in **December 2004**.

Contributions / comments are welcomed and these should be forwarded to the editor no later than **26th November 2004** (see below for details).

Mailing list enquiries should also be addressed to the editor.



**ENFORCEMENT BULLETIN**

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