

Mexican and UK courts lead the world in music piracy sentencing

Courts in the UK and the Mexico have delivered some of the harshest sentences ever handed down for music piracy in an exemplary show of no-tolerance for copyright crimes.

IFPI Chairman and CEO John Kennedy said: "So often around the world we see judiciaries prepared to take a lenient view of copyright theft, but here we have sentences that fully reflect the seriousness of copyright crime, the role it plays in organised crime and the impact it has on society and its victims."

In Mexico, a Circuit Judge in the third district of Cuernavaca Morelos sentenced a music and film pirate, who used the internet to sell physical counterfeit product, to an effective prison term of six years and six months and a fine of US\$41,000 for violating intellectual property rights. The sentence, handed down in March, is thought to be the stiffest in Latin American history for copyright infringement.

The case was initiated in September 2007, when industry anti-piracy experts identified a website, known as joyseriestv.com, that offered pirate music, films and television programmes to Mexico and other markets. The experts assisted the Mexican Attorney General's Office in its investigation which led to a search warrant being executed at the site operator's home and the seizure of extensive replicating equipment, pirate product and shipping records.

In the UK, three traders that made a fortune by importing pirate CDs into the UK from the Czech Republic and selling them in a large number of shops and stalls were given lengthy jail sentences in March.

Farhat Nissa, 35, received a jail sentence of four years and six months. Her co-conspirators Wasim Mir, 37, and Naveed Shaikh, 38, received jail sentences of two years and six months and one year respectively.

Nissa's sentence is believed to be one of the lengthiest ever handed down for commercial copyright theft in British legal history.

The case was brought by the Crown Prosecution Service after industry investigators from BPI, which represents the UK recording industry, looked into the supply and distribution of "mixtape" CDs in the country. "Mixtapes" are urban music compilations that are usually recorded and sold without the permission of, or payment to, the artists or labels that released the original music.

The pirate CDs were imported into London from the Czech Republic and sold across the south of England. The "In Da Club" CDs compilation series ran to 15 editions, using tracks by artists such as Destiny's Child and 50 Cent, to become well-known to urban music fans.

The unlicensed CDs were of a high enough standard to convince some legitimate retailers to stock them. They were spotted on sale in three London shops, Red Records and CD Bar in Brixton, and Disc & Dat in Walthamstow in 2005, and were withdrawn from sale after BPI investigations.

Raids followed at Woolwich Market and an industrial unit at the Lea Valley Estate where the conspirators owned a storage unit. Further unlicensed CDs were seized at private premises owned by the conspirators.

BPI and investigators from IFPI, which represents the recording industry worldwide, used state-of-the-art forensics to pinpoint the source of the discs and trace them back to a manufacturing plant in the Czech Republic.

The operators of the Czech plant helped to identify the four convicted UK traders. BPI estimates suggest that more than 400,000 boxsets, which sold for around £12 a title, were imported during the fraudulent operation.

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Police run a huge campaign against pirate CD sellers.



Fake CDs were sold in market stalls across the UK

Pirate CD crime network smashed in Madrid

Spanish police smashed an organised criminal syndicate based in Madrid that was producing counterfeit CDs and DVDs on an industrial scale. The gang operated burners that could produce €600,000 worth of pirate CDs and DVDs each day.

More than 50 officers were involved when Spanish police smashed a Madrid-based organised criminal syndicate that was producing counterfeit CDs and DVDs on an industrial scale. The gang operated burners that could

produce €600,000 worth of pirate CDs and DVDs each day, causing very significant damage to the local legitimate music industry.

Raids in April on two warehouses and four homes in the Madrid area led to the arrest of 32 members of the gang involved in the production and distribution of these counterfeit discs.

The premises were being used to store vast numbers of blank CDs and DVDs, industrial photocopying machines, CD and DVD burners and other equipment.

Police also seized over 460,000 blank discs and over 300,000 recorded CDs and DVDs, as well as 506 burners during the raids. Four vehicles used to deliver the pirate discs to the gang's network of salespeople were also confiscated.

Police discovered that the gang was also involved in people trafficking from China and that its network of salespeople was bonded labour being kept in conditions of semi-slavery.

Polish border guards break up organised crime syndicate

A successful Polish police action netting pirated discs and smuggled firearms and cigarettes has sharply highlighted the links between music piracy and international organised crime.

Polish border police arrested eight people involved in the smuggling and manufacture of pirate CDs and DVDs in a raid carried out in January. Officers also seized illegal firearms, including handguns, a machine gun and a sawn-off shotgun; contraband cigarettes and tobacco; as well as €50,000 in cash.

It is thought the action has revealed only the tip of a big iceberg and that there are other similar operations in Poland that are tightly controlled by organised criminal gangs with an international reach.

Border police from the region of Klodzko broke-up the organised gang who smuggled both music and films believed to be produced in Russia and Ukraine as well as producing their own counterfeit discs. The pirate CDs and DVDs were destined for the German market.

During the raid some 65,000 CDs, DVDs, CD-Rs and DVD-Rs and 110,000 inlay cards were seized along with counterfeit inlays and packaging.

The discs contained a mixture of German and international repertoire. Officers secured the secret laboratory used for the unauthorised reproduction of discs which contained computers, two tower burners and two high-quality printers.

Four of the eight suspects arrested, including one German citizen, were remanded in custody for three months. The other four suspects were released while the investigation continued.

The case highlights the value of a partnership approach between the public and private sector and the close and professional working relationship of the ZPAV, which represents the Polish recording industry, and IFPI.

A representative of FOTA, which represents the film industry in Poland, was also present during the raid to determine the legitimacy of the seized discs. IFPI will be hoping for significant deterrent sentences when the case comes to court.



65,000 discs were seized



Police seized guns and contraband

Raids smash Spanish piracy ring

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Further investigations revealed this network of salespeople spread across nine cities.

The production capacity of the seized burners was estimated at 150,000 units daily and they were operating on a 24-hour basis to produce counterfeit discs with a street value of €600,000 each day or the equivalent of €219 million per year.

Antonio Guisasola, Head of Promusicae, said: "This was a magnificent operation that involved cooperation from several arms of Spanish law enforcement. They have managed to smash an organised criminal gang that was making millions of euro in profit while exploiting some of the most vulnerable people in society.

They were also hurting legitimate sales of music and thus throttling the level of investment that can be ploughed back into discovering and nurturing the next generation of artists."

These raids built on the success of Operation Ave, which took place in March, and saw Spanish police successfully tackle another organised criminal syndicate involved in producing and distributing counterfeit CDs and DVDs. Following those earlier raids the Spanish ministers for Culture and the Interior

wrote to the relevant rightsholders confirming the importance to them of tackling organised counterfeiting gangs.

The raids involved officers from the Grupo de Delitos contra la Propiedad Intelectual e Industrial de la UDEV-Central (Economic and Violent Crime Unit of the Spanish National Police), the Grupo VI de la Brigada Central de Redes de Inmigración, de la Comisaría General de Extranjería y Documentación (Unit VI of the Head of the Immigration Squad) and the Grupo XXIII de la Brigada Provincial de Policía Judicial de Madrid (Unit XXIII of the Madrid Local Squad Office of the Judicial Police). Police were assisted by anti-piracy experts from ProMusicae, which represents the recording industry in Spain, and IFPI, which represents the recording industry worldwide.

Len Hynds, Head of Enforcement at IFPI, said: "Some people think that burning counterfeit CDs is a cottage industry, but this criminal operation was running an operation that required massive investment and was the equivalent of a fully-functional legitimate CD plant. This gang was making €600,000 a day from its illegal activities, which shows why CD piracy is such an attractive option for organised crime."



Gang was making €600,000 per day

A 21st century approach to enforcement: Len Hynds



My first six months in charge of the IFPI Anti-Piracy Enforcement effort has quite literally flown by. The review of budgets that was in full swing when I joined is now completed. Development of our strategy going forward is well underway.

Just two weeks into my new role in January I presented our vision for Enforcement to the IFPI Main Board. The themes: Delivering more for less, working in smarter ways for maximum impact and tailoring tactics to meet the modern phenomenon. The Main Board welcomed the new approach and after the first one hundred days, clear progress was charted.

We have by no means embroiled solely in the mechanics of business change, however. The pirates will not take “time out” to restructure and so neither can we. I am proud to report that IFPI Enforcement, in league with the National Groups and its other partners, continues to perform outstandingly:

Enforcement Figures: 1st Quarter 2008

No. of projects/operations	1,765
No. of arrests	288
Seized product (Pressed and Burnt)	24,568,927
Seized burners	5,742
Assets located and/or restrained (value)	£9,700,000

Today, more than ever, we have to adapt to change. The nature of piracy itself is changing. Driven both by evolving technologies and enforcement interdiction tactics, the music pirates have steadily migrated from pressed disc to small and medium scale CD-R and DVD-R burning facilities. For us, that means that tactical options focusing on transshipment of counterfeit product have become less effective in consequence. We need a more holistic appreciation of the pirates’ entrepreneurial behaviours and creation of innovative partnerships.

Obviously, our greatest focus now has to be digital piracy. The exponential growth over the past five to ten years in e-business models globally has meant that online and physical world behaviours have converged. We need to adapt accordingly. Over the years, IFPI has seen its physical and internet anti-piracy capability develop in silos. This should not be seen as a criticism – indeed both the physical and internet teams have had some outstanding successes. We need to build on these successes now, using the full panoply of modern day investigative tools and techniques as we move forward.

I hope to bring extensive experience to this challenge. Law enforcement experts worldwide have been building capacity to police the internet environment since the late 1990s. This is based upon some simple premises: that the internet offers just one more platform for criminals; that crime played out in the virtual world requires a physical world investigation, where core policing skills apply and should be tempered with specialist training; and that private-public partnership is fundamental to our progress. The internet comprises a complex mesh of public-private interests and if we are serious about neutralising the invading pirates we must build increasingly diverse partnerships nationally and internationally.

Successful development of an Anti-Piracy Resource that is fit for purpose in 2008 and beyond therefore needs, amongst other things, much closer integration of functionality within our Enforcement and Internet Anti-Piracy teams.

We will address the full range of pirate methodologies and operate both within and outside the internet space. I believe in the future we should not think about piracy in terms of physical and internet, but more in relation to the skills – technical and investigative - we need to build solutions.

Managing this process will not be for the faint hearted. Success will be dependent upon clear leadership and buy-in from all concerned. There must be a team effort where both supporting and leading roles are acknowledged with equal prominence. This is key to building a productive and healthy attitude and will enable IFPI to create a world-class Anti-Piracy resource for 2008 and the future.

So times are changing. The revised structure for our Enforcement team marks a departure from the rigid regional commands towards centrally-based functional commands with Intelligence and Delivery at its heart. The revamping of this publication is one small example of the new approach that the team is adopting. In future publications we will feature some of the ways that IFPI Enforcement, working with partners, is breathing innovation into traditional investigation and producing tangible and sustainable results. Along the way, of course, the appetite for genuine change will need to be tested with partners affected. The new model puts greater focus on central service so it follows there will be increased reliance upon National Groups to adopt the new solutions for local delivery.

Finally, I do not underestimate the scale of the challenge ahead, but equally I know our teams comprise people of exceptional skills and commitment. By the close of 2008 the IFPI Anti-Piracy resource must amount to the right people, with the right skills and training delivering maximum impact against the pirates.

Len Hynds : Biography

Len Hynds joined IFPI after serving as Assistant Chief Constable and Deputy Director of the UK’s Serious Organised Crime Agency (SOCA).

He has a background of more than three decades service in the police force, including several years as the first head of the UK’s National Hi-Tech Crime Unit. He played a key role in advising the British government on how to tackle hi-tech and cybercrime.

Len Hynds also served as Chairman of the UK Internet Crime Forum and the Association of Chief Police Officers’ National Hi-Tech Crime Working Group.

90 seconds with David Wood, Director of Anti-Piracy, BPI

David Wood heads up a team of 13 people who work with law enforcement and others to combat music piracy in the UK.

Do you think the UK suffers from a high rate of physical music piracy?

Compared to some EU countries such as Italy or Spain, no, but an IPSOS study from 2006 estimated that UK sales of illegal physical discs were in the region of 37m. Half of those directly substituted legitimate sales, or to put it another way, it's a £165m problem annually.

The number of CD-R discs seized has declined since then, but increasingly we're seizing DVD-R discs that often have up to 50 albums on the one disc. These sometimes sell for as little as £2.

Where do you focus your enforcement?

There is some roving trade through word of mouth, where discs are sold in pubs, bars, and the place of work: particularly large industrial units. But most sales to consumers take place at open air markets or car-boot sales.

The recent Proceeds of Crime Act, means many markets now self-police, because the authorities can recover assets from criminal gain far more effectively, which provides them with an incentive to enforce. Using this legislation we successfully prosecuted a market organising company and its directors in 2006, and on the back of the judgment we are raising awareness with market operators and we have already seen a significant reduction in counterfeit sales.

Do you think there is a relationship between organised crime and music piracy?

Selling copied music, film, games and software on discs is a cash cow for organised gangs, and different gangs control supply and distribution in different regions. Controlling territory is lucrative.

In 2006, a gang of ten received sentences collectively amounting to eleven years. Though they ran a highly organised network, they in turn had to pay £1,000 protection per table to a leading gangland figure just to be allowed to trade. As proved in court, the sellers were making a clear profit in excess of £3,000 per table so they could afford it.



What is BPI's working relationship like with the law enforcement authorities in the UK?

Very close, and it has to be. As we don't have the power to arrest, we collect evidence and provide it to the police or trading standards to act. And while we can bring private prosecutions the vast majority are brought by the authorities.

Owing to their regional structure, enforcement can be complex and requires close cooperation. A recent operation saw twenty people prosecuted for controlling the trade in Liverpool and the north West. We worked with two separate police forces, three Trading Standards Authorities and the government department responsible for dealing with benefit fraud.

Together, we proved that two organised gangs worked together to run the markets, fix prices and defraud the benefits system.

New alliances are formed all the time. We are currently developing links with the Welsh Regional Intelligence Unit (RIU), a police resource that specialises in developing intelligence and works closely with the UK Intellectual Property Office.

We are now able to submit police enquiries for things like mobile phone records and bank enquiries, and police can lawfully exchange this information with us to develop criminal cases. And while we have excellent contacts in most regions, we can use the RIU if we lack a contact in a specific area.

Are 'traditional' detective skills useful for combating online piracy?

File-sharing is undertaken on P2P networks, but putting that to one side, digital piracy has blurred the lines between "commercial pirate" and consumer. The operation against OiNK was a case in point, a profitable criminal enterprise, but also used by consumers.

As a former detective, the traditional skills are essential. Whether it's a physical or digital investigation, the premise is the same; we gather evidence of illegal activity and then identify the persons behind it.

Law enforcement officers need clear, watertight evidence that stands up to court scrutiny, and for that detective skills and a deep understanding of the legal system are essential.

“Selling copied music, film, games and software on discs is a cash cow for organised gangs.”

Digital and physical piracy converge: Jeremy Banks

IFPI's Internet Anti-Piracy Unit (IAPU) is a specialist department that works with member companies, IFPI's national groups and law enforcement agencies around the world to tackle problems such as pre-release piracy and the spread of copyright infringing music on file-sharing networks.

It also manages the industry's high-volume notice/takedown programme under which hundreds of thousands of warnings are issued each year, resulting in the shutdown of infringing sites and operations and the removal of millions of infringing files from blogs, cyberlockers and other locations on the internet. It has a proven track record of getting ISPs, site operators and those posting the infringing material to remove it. Additionally the IAPU provides the infrastructure that is core of the recording industry's P2P end user and graduated response programmes.

It is sometimes wrongly assumed that online anti-piracy work is doomed to fail since offenders cannot be identified on the internet. This is a total misconception, as the IAPU has proved; by working with law enforcement and/or using the relevant civil procedures it is possible to identify and act against internet users who seriously infringe copyright laws by uploading music without permission for millions of people to download.

Reflecting the changing nature of the piracy problem we are fighting, the IAPU is today working in closer cooperation than ever before with our colleagues in the enforcement team.

Digital and physical piracy used to be seen as very different beasts. Online piracy would involve technologically savvy people illegally uploading music and sharing it with new kinds of software. Physical piracy ranged from a CD plant churning out fake discs a man on the street corner selling counterfeit CDs. That distinction is now increasingly outdated.

There are many examples of how the worlds of physical and digital piracy interlock. Despite the advances in electronic distribution, most record companies still distribute promotional and demo material on physical media. Most of the online pre-release leaks that we in the IAPU investigate originate from someone obtaining (directly or indirectly) a CD and illegally uploading its content to the internet. Conversely, many of the counterfeit CDs on sale on street corners and in markets are burned from illegal online content.

In recent months our colleagues from the IFPI Enforcement Team have supported ongoing investigations into the operators of websites that are being used to break copyright laws and assisted in identifying people who are leaking

pre-release albums. Additionally, where IAPU investigations have taken on a physical element, the two teams have worked closely to provide the service demanded by our members, national groups and law enforcement partners.

Jeremy Banks is the head of IFPI's Internet Anti-Piracy Unit

“The IAPU is today working in closer cooperation than ever before with our colleagues in the enforcement team.”



Fake discs are burnt from illegal downloads



Pre-release tracks online are often sourced to CDs

Czech Police shut down illegal server

Tight cooperation between the Czech authorities and the recording industry led to action against a pre-release piracy operation that was using a powerful server at the Czech Republic's Academy of Sciences in Prague.

Czech police shut down the computer server which was being used to store and upload large amounts of copyright infringing music and film onto the internet. The server was hosted at the Academy of Sciences of the Czech Republic in Prague which, although owned by a private legal entity, was used to power the topsite 'BA' or 'blind alley'. Toppersites are websites used by groups of

users known as "release groups" to leak pre-release music onto the internet. Police discovered the server contained an estimated four terabytes of copyright infringing music, film, games and software and was connected to the internet by a fast one gigabyte line to enable the material to be distributed quickly and efficiently. This makes it one of the most powerful servers ever closed in police action. The topsite was used by several "release groups" including AG, CaF, DMU, FCR, iTWINS, NBP and SWE6RUS. The police raid in April followed an investigation by local and international anti-piracy experts from IFPI.

They gathered evidence of the infringement being facilitated by the server and made a criminal complaint. The police were able to verify the evidence, acquire a warrant from the public prosecutor and conduct a raid within 10 days.

Jeremy Banks, Head of the IFPI's Internet Anti-Piracy Unit, said: "Pre-release music piracy hurts artists, composers and producers who have spent months working to make an album. We are working to identify the "topsites" that are being used to post pre-release music illegally onto the internet and secure the closure of the servers that power them.

Australia vows to rein in the rip offs

Victoria Police raided music retailers in Melbourne earlier this year seizing thousands of allegedly pirate music CDs and DVDs to mark the launch of a nationwide campaign "Operation Rein in the Rip Offs".

During the first raid a retailer specialising in Arab music was forced to close its doors to the public as police searched the premises and removed 5,000 discs openly on sale and extensive burning equipment that was housed in a back room. A second raid in Melbourne 24 hours later saw police net thousands of allegedly pirate Greek music discs from a shop on the same street.

The nationwide operation is being spearheaded by Music Industry Piracy Investigations (MIPI) and will target unscrupulous retailers across Australia that are blatantly selling pirate music discs and ripping off consumers, songwriters, artists and legitimate music retailers.

Sabiene Heindl, General Manager of MIPI commended the Victorian Police on their commitment to tackling pirate activity in the state and said: "These proactive raids by the Victorian Police signal the start of a national campaign by the Australian music industry to crackdown on rogue traders that are damaging the music industry and ripping off consumers by

selling pirate music. No matter where they are located, we will find illegal traders that are selling pirate music and take appropriate enforcement action."

Ian Harvey, Executive Director of the Australian Music Retailers Association (AMRA) added: "Many Australian music retailers are small family run businesses that simply cannot compete with pirates that are selling inferior music product at lower prices. AMRA wholeheartedly supports actions by the Australian music industry and law enforcement to hold these pirates accountable."

...more news from Australia

The last few months have seen a lot more anti-piracy activity in Australia. Some of the other highlights include:

- Police in Victoria raided three residential premises in Melbourne in January, seizing close to half a million pirate optical discs and 100 optical disc burners. One of the premises was raided last year at which time 200,000 optical discs and over 70 burners were seized. The seizure of pirate Western and Asian films, music and software represents the largest in Australia to date.
- Magistrates in Ballina convicted copyright brothers Stephen and Michael McCarthy of a number of copyright offences in February and ordered them to hand over thousands of dollars worth of computer equipment, fining them A\$9,000 plus court costs. The brothers had been running a sophisticated DVD piracy operation with a website that offered hundreds of film, music and software titles for sale nationwide.
- A new licence for DJs to legally transfer music onto their laptops was launched in March, leaving DJs with no excuses for using illegal

music at their gigs. The new Australian Recording Industry Association (ARIA) DJ licence created a one-stop shop for DJs to get permission from most major record labels to format shift their music for use at gigs. A corresponding licence is also offered for the musical works by the music publishers through AMCOS.

MIPI has re-launched its guide entitled "Music for DJs – Are You Doing the Right Thing?" (available at <http://www.mipi.com.au>) to incorporate the new DJ licence. Criminal penalties for DJs involved in music piracy are up to \$60,500 and five years imprisonment per offence. On-the-spot fines of \$1,320 may also apply. Owners or operators of bars or nightclubs may also be held liable for authorising copyright infringement at their premises by allowing the DJ to use pirate discs or illegal MP3 files.

- Police in Victoria successfully raided an illegal optical disc burner lab in Melbourne, in March, with the assistance of investigators from MIPI and Verifact Investigations. The raid netted close to 10,000 burnt DVDs and extensive burning equipment.



Police raid stores selling counterfeits



Burners and discs seized across Australia

Eleven charged for evasion

Eleven people were criminally charged for evasion of neighbouring rights in April after police action in various parts of Italy.

The arrests came after a three month campaign against the evasion of neighbouring rights in pubs, discos and during sport events.

The Italian Fiscal police, assisted by the industry's anti-piracy unit (FPM), carried out several raids in the Province of Bergamo and in Florence. The raids uncovered widespread

violation of public performance rights, which is a criminal offence under Italian copyright law.

The suspects, mostly owners of pubs and discos, were charged after the police raids, which also uncovered several violations of safety and labour legislation in addition to fiscal evasion. Dozens of computers and more than 50,000 music files were seized during the raids.

More waves of enforcement actions have been planned for the future in several Italian regions.



Dozens of computers were seized

Internet cafes are targeted

Internet cafes are a major source of illegal music uploading around the world. Two recent operations highlight the fact that law enforcement is waking up to the problem.

Civil Police in the Brazilian state of Sao Paulo conducted more than 335 raids on internet cafes, known locally as Lan Houses, throughout the region in January. The joint IFPI/ MPA anti-piracy group Associacao Anti-pirateria de Cinema e Musica (APCM) provided significant intelligence to help make these raids a successful operation.

Independent market surveys have shown that over 20 per cent of illegal downloading and burning in Brazil is taking place in internet cafes. It is estimated that Brazilians are illegally downloading more than 1.8 billion tracks annually. The continuation of these raids is a key element in the general anti-piracy campaign and has resulted in the seizure of 2,339 computers with more than a million illegal music files. A total of 600 police officers from 93 districts of the Special Operations division participated in the raids.

Meanwhile in Australia, a major piracy racket allegedly operating out of a Sydney internet café was shut down in December after a raid by

Australian Federal Police (AFP) in conjunction with music and film industry investigators.

The popular internet café in the inner city was allegedly offering unlimited access to pirated music and movies and charging customers an hourly rate to download the illegal files onto computer hard drives. It is alleged the brazen operation employed several people to load files from pirate websites onto three servers being accessed via more than 80 computers. AFP officers seized three computer servers containing eight terabytes of allegedly pirated music and movies and extensive computer equipment allegedly being used to support the piracy racket.



Internet cafes are used by illegal uploaders

Moscow raid nets 500,000 pirate discs

Russian police raided a warehouse near Moscow and seized 500,000 copyright infringing optical discs. The 9th Unit of the Moscow City Police's Economic Crime Department undertook the raid acting on intelligence of organised criminal activity.

The pirate discs have been transferred to "Informzashchita" storage facilities and the police are following up leads about the involvement of the "Deymos" plant in Tver.

Russia remains the second biggest market for counterfeit discs in the world after China. The recording industry is calling for the police to get the resources they need to tackle the organized gangs behind the trade and that the judiciary hand down deterrent sentencing to help tackle this problem.

Fake IDs catch fake CDs

Every legal US citizen has a social security number. These nine numbers not only solidify citizenship, but also represent a personal identity. Your address, birthday, marital status or even your credit rating can all be determined by a social security number. At a time when most Americans are paranoid that someone might steal their identity, officials in Oregon discovered a gang trying to create their own.

A raid was sparked after officials from the Beaverton Police Department received counterfeit social security cards, along with permanent resident alien cards from a subject. In January, local police worked with Department of Homeland Security immigration officials to bust the counterfeit selling location.

When officials entered the residence they found much more than they bargained for. The subject was running a fully-fledged illegal trafficking operation. Officers discovered 371 pirated CDs, methamphetamine, marijuana and a .22 calibre handgun. The CDs and IDs may have been fakes, but unfortunately for the subject, the drugs and felony charges are all too real.

Anti cross-border trafficking campaign in China

Law enforcement agencies and industry anti-piracy experts in the southern Chinese province of Guang Dong are being kept busy by their campaign against cross-border and cross-province pirate disc trafficking.

The campaign is jointly organised in Guangzhou by the IFPI Asian Regional Office and its local counterpart the Guang Dong Chamber of Audio and Video Distribution (GDCAVD). Enforcement officers from local Ministry of Culture (MOC) and Traffic Administration were also in action against the traffickers.

Their efforts have so far resulted in total seizures of 25,000 counterfeit discs and two vehicles transporting them. The discs contained international titles and were only printed in English, suggesting that they were intended for export.

In March, as a result of information obtained during the campaign, five rural locations in Guangzhou suspected to be packing and storage facilities for pirate syndicates were also inspected and raided by the local MOC officials. Two locations were confirmed to be pirate packing facilities. As the two locations were not in operation during the raids, only 23,500 counterfeit discs were seized, while the operators were brought in for questioning.

The size of the establishments and the enormous amount of inlay cards of the latest music titles and empty jewel boxes that were discovered reveal the scope of the illegal activity and its ability to get large quantities of pirate product into the retail chain in very short order, and we hope that these actions will continue and be replicated throughout China so as to meaningfully reduce the availability of pirate product.



CD piracy is a huge problem in China

US action nets drugs and discs

Eleven people were criminally charged for evasion of neighbouring rights in April after police action in various parts of Italy.

It is not easy to spot someone who pirates CDs. People who burn crack pipes on the other hand.. their physical traits stand out a little more. These characteristics may have helped Texas officials bust a subject for running a CD burning operation.

Drug Enforcement Agency (DEA) agents worked alongside officials from the Henderson Police Department to raid a Houston residence. On 16th January, officers performed an undercover purchase of crack cocaine. A digital audio/video recorder was used to record the transaction.

After contacting the DEA, the Court authorized a "No Knock" entry into the residence. No longer needing permission to enter, officials made their move. On 22nd January, officers raided the residence and determined the subject was burning more than crack pipes when they also uncovered a CD/DVD burner lab.

After the drug investigation, officers were able to seize a total of three burners, 1,476 CD-Rs, 1,332 DVDs and 100 jewel cases.

Awards for Polish law enforcement

In December 2007 the Anti-Piracy Coalition, founded by organisations representing the Polish music industry (ZPAV), film industry (FOTA) and computer software companies (BSA), granted the "Golden Badge" Awards to police units which had excelled in anti-piracy enforcement in 2007.

- The Regional Police Unit in Katowice and Municipal Police Economic Crime Department in Warsaw received the awards for closing down an illegal distribution network of pirate computer software and films.

- The Regional Police in Wroclaw received the award for shutting down a computer server at the Technical University which was used to illegally post music onto the internet before its official release dates

Tadeusz Budzik, Head of Polish Police, emphasised that the police will continue their efforts to curb intellectual property crimes and to protect the rights of authors, artists and producers.

Spanish action against CD pirates

Six gang members supplying street sellers in various provinces of Spain with counterfeit discs were arrested by agents from the Comisaria General de Policia Judicial. It is estimated the six were earning up to €240,000 per day and were believed to be responsible for burning up to 80,000 discs per day.

The Minister for Culture, César Antonio Molina, commented on the case, saying that the "breach of the rights of the creators destroys employment and the value of a sector which provides four percent of national income."

The investigation began in December 2007 in a suburb of Madrid. Agents from the Intellectual and Industrial Property Crime Group discovered that the gang was using a van to deliver the product in bags and were in turn receiving payments in cash. It became apparent that the gang had a catalogue of inlay cards which the client marked with the quantity of discs required. The discs ordered were then copied and delivered the following day.

The organisation distributed two types of film; the majority being copies of original titles already on sale but also titles which had been directly recorded in cinemas and some which were yet to be released by the studios. Music compilations were also found and it was clear that these had been downloaded from the internet.

The police located different warehouses that the gang were using in Madrid and a duplication centre housing the largest clandestine factory yet dismantled by the police in Spain. Three of these warehouses situated in Madrid were used to store the CD-Rs and blank DVD-Rs, industrial photocopiers, burners, papers and other effects. The duplication site was discovered in a house in Arganda del Rey.

During the raids 40,000 DVDs with videos and films, another 40,000 with music, 60,000 blank DVD-Rs, 15,000 blank CD-Rs, 5,816 sticky labels for CDs and DVDs plus 161,700 plastic sleeves were seized. The scale of these seizures illustrates the nature and extent of the business. The officers involved in the investigation were congratulated by the Secretary of State for Security, Antonio Camacho, for their "good work".

Malaysian authorities keep up pressure

The Ministry of Domestic Trade and Consumer Affairs (MTDCA) in Malaysia has remained in the forefront of the battle against music piracy.

In December, the MDTCA acted on information from industry anti-piracy experts to obtain search warrants for a suspected pirate storage and distribution centre in Kuala Lumpur.

On entry some 13,000 infringing music titles were recovered, the significance of which only became clear when examining the titles which disclosed that the majority of the discs were product of the notorious Red Dragon/Vigin syndicate.

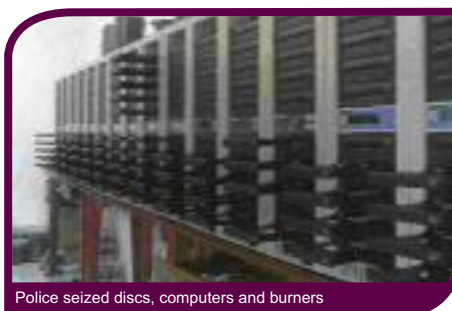
The New Year saw the MDTCA acting on another industry tip-off and it raided a further building in Kuala Lumpur on suspicion that an illegal mastering facility was housed there. Entry was delayed until the officers began to force their way in, prompting a woman to unlock the main door.

A thorough search of the premises identified all the elements of the downstream mastering process and gave indications that the plant had been in operation immediately prior to entry.

Although the Laser Beam Recording machine was not located, officers seized several computers and sealed the plant for further investigation.

The MDTCA was back in action in early February, responding to industry experts who had identified a large burner operation in Selangor province.

The resulting search warrant was executed at a residential home by using forced entry. The raid disclosed a facility of 12 computers serving 152 burner trays. An estimated 200 suspected 'master' copies of domestic and international music titles were recovered along with 44,000 recorded CD-Rs. The resident of the premises was arrested and faces charges of copyright infringement.



Police seized discs, computers and burners



Police raided warehouses

DirectConnect hub shut down

A DirectConnect Hub, identified as "Sunnydale", which aided large-scale online file-sharing of copyright infringing content such as music, comics and videogames was shut down by the authorities in Mexico in July. A hub is a computer server primarily dedicated to facilitating the exchange of copyright infringing content by indexing the files available on network participants' computers.

The Mexican Attorney Generals' Office (PGR) acted on information supplied by the local industry anti-piracy group (APCM Mexico). The information, which was available to anyone who searched the internet, identified the administrator enabling the PGR to take enforcement action. The PGR asked the responsible internet service provider to shut down the hub's online connection. The hub has shown no sign of activity since 3rd July and is currently offline and unavailable to its users.

The Sunnydale Hub had more than 1.5 terabytes of illegal content, including local and international music repertoire. Users had to supply a minimum of two gigabytes of content to be connected to the service.

The enforcement action forms part of IFPI Latin America's regional strategy to shut down all hubs in the region.

False licensing ring busted in Chile

The authorities in Chile raided an office and store belonging to a small record label that had purchased allegedly counterfeit licenses to distribute music. The raids, which took place in July, were the culmination of a two-year investigation, undertaken in conjunction with local industry anti-piracy groups IFPI Chile and Apdif Chile. The operation used evidence received from a major enforcement operation in Spain.

The raids led to the seizure of four computers with 53 burners, 8,000 pirate CDs and 15,000 inlay cards. The titles seized included albums by artists such as Eric Clapton, The Carpenters, Barry White, Ana Gabriel and Antonio Aguilar. In addition, the authorities found around 40 suspect licenses for products by well-known artists such as Vicente Fernandez and Marco Antonio Solis. The owner of the record label was arrested following the raid.

The Chilean prosecutor requested the arrest of one of the main targets of the Spanish investigation who allegedly provided the suspect licenses sold to the Chilean label. The case is ongoing with further arrests and seizures expected.

Emilio Garcia of IFPI Latin America said: "This case was the result of a coordinated team effort involving law enforcement agencies, two IFPI regional teams and three national group offices all focused on dismantling this international ring that had been operating with almost total impunity for years."

Belgian topsite felled after raid

Simultaneous law enforcement operations in Belgium and the Netherlands in June led to the seizure of a powerful computer server that was being used to upload copyright infringing music, games and films onto the internet.

Belgian federal judicial police are now investigating the server's links to a university in Leuven and a school in Brussels. They have confiscated the server, which had a huge capacity of 4.5 terabytes, for forensic investigation.

Such fast and powerful servers are used to sustain 'topsites', which are the primary source of copyright infringing music, games and films online. The files illegally uploaded on these 'topsites' then spread across the internet through peer-to-peer networks, blogs, forums and website links.

The widespread availability of copyright infringing music online has led to a situation where there are 20 illegal downloads for every legal digital music track sold. This has reduced income to record companies that typically invest up to 20 per cent of their revenues in discovering and nurturing new musical talent.

The operation came out of investigations by IFPI's Internet Anti-Piracy Unit. Their attention had been drawn to the server after they traced it as the source of large volume of illegal downloads of music, games and films amounting to approximately 300 gigabytes a day.

IFPI alerted the Belgian Entertainment Association (BEA) to the problem since the range of IP addresses of the server was located in Belgium. BEA alerted the Belgian authorities to the problem in February 2008. The Brussels Computer Crime Unit subsequently traced the server to a datacentre in the Netherlands and alerted Dutch law enforcement to its presence.

Major jukebox raid in Brazil

Brazilian Federal Police raided a major jukebox plant and distributor in the state of Santa Catarina on 2nd July. They seized a total of 12 machines at the plant and another 26 unlicensed machines at nearby commercial establishments.

The plant is suspected of supplying at least 250 jukeboxes throughout the state. Each machine has approximately 10,000 illegal music tracks. The owner of the plant was arrested in the process of assembling another machine. Intelligence for the operation was provided by APCM, the joint anti-piracy operation funded by MPA, which represents the movie industry worldwide, and IFPI, which represents the recording industry worldwide.

The Jukebox enforcement programme is an important part of IFPI Latin America's regional strategy. The objective is to engage national enforcement units to support the local collecting societies' licensing programmes.

At the moment, the national enforcement units have been providing intelligence and raid execution support in three main areas: licensing of jukeboxes, discotheques and other music providers.



Jukeboxes contained 10,000 illegal tracks

12 arrested in Italy

Rome Fiscal Police arrested 12 members of a gang involved in the distribution of pirate CDs and DVDs. The arrests, which took place in May in Naples and Milan, followed several months of investigation by the police.

A series of raids uncovered six pirate factories, five in Naples and one in Milan, which contained 350 burners. More than 70,000 CDs and DVDs were seized during the raids, alongside more than 100,000 counterfeit inlay cards.

The gang members have been charged with conspiracy and copyright infringement and now face jail sentences of up to six years. The Italian authors' society SIAE provided technical assistance to the Fiscal Police.

Raids in Hungary

Hungarian police took action in March against two 'topsites' specialising in the illegal distribution of music on the internet before it is legitimately available for sale online.

The topsites are clusters of high-speed computer servers on which copyright infringing music is uploaded for users involved in "release groups" to distribute further over the internet.

The clusters of servers seized by the police were called XXS and Z and contained a total of eight terabytes of copyright infringing content that was distributed by several release groups, notably XXL and RAGEMP3. The servers were all hosted by a Hungarian company called Sigmanet.

All topsites operate under high security but the Hungarian authorities were provided with the evidence they required to take action,, assisted by ProArt, the Hungarian anti-piracy organisation, and technical experts from IFPI who were able to gather proof of infringement. Jeremy Banks,

Head of IFPI's Internet Anti-Piracy Unit, said: "These raids are an excellent example of how the recording industry can work with law enforcement authorities to combat cybercrime.

"A new album sells the bulk of its copies in the first few weeks after its release. If the music it contains is leaked onto the internet prior to that it can have a devastating impact on sales. This is not a victimless crime – it can ruin an artist's career and it reduces the money available to invest in the next generation of talent."

Labs dismantled in Brazil

Brazilian police conducted a major raid in the town of Presidente Prudente in April which led to the dismantling of a network of illegal replicating facilities in a city regarded as a major distribution point for pirate CDs and DVDs.

The Regional Organized Crime Unit of the Military Police (GAECO) in the State of Sao Paulo conducted the operation in the town, some 300 miles from city of Sao Paulo.

The operation was directed at 11 major points of sale throughout the town and three separate replicating laboratories. A total of almost 200 burners and 40,000 discs containing counterfeit music and movies were seized. One laboratory alone had 104 burners that produced approximately 12,500 pirate discs daily. More than 50 police officers were deployed in the operation.

The local anti-piracy unit, APCM Brazil, a joint venture between the film and music industries, provided logistical and technical support to the operation.

Italian BitTorrent site closed

Colombo-BT.org, the largest BitTorrent tracker site in Italy, was closed following police action in July. BitTorrent trackers help users find and exchange the computer files they want on certain peer-to-peer networks, enabling them to distribute uploaded copyright infringing material.

The police undertook the action in cooperation with FPM, the Italian anti-music piracy group affiliated with IFPI, which represents the recording industry worldwide.

Colombo-BT.org was run by three Italian men who have now been charged by the police with infringing copyright law and face potential prison terms of up to three years and heavy financial penalties through administrative sanctions. The operators were making money by accepting online donations from users.

Police investigations revealed the three men had tried to conceal their activities by using the name of another individual who loaned his identity for all the administrative procedures required by the site's Czech-based service provider and for all online payment transactions.

The police closed the service, seizing several computers and freezing two bank accounts.

Beatles pirate jailed

The owner of a website in Brazil that sold pirate copies of music from The Beatles was sentenced to more than 18 months in prison in February. The case followed five months of investigations by IFPI's Brazilian Anti-Piracy Unit.

The counterfeit compilations of music from The Beatles were compacted into .mp3 format without authorisation from the copyright holders and sold for an average price of R\$15 (approximately US\$7). Buyers could complete the transaction through a direct bank deposit, after which the counterfeit compilations were mailed to the buyers anywhere within Brazil.

Following the investigation, the case was presented to the specialist cybercrime police division in São Paulo. A search and seizure raid was conducted and the police seized computers belonging to the website administrator, as well as a CD burner and pirate CDs. The equipment was sent for a forensic examination which concluded that it had been used to persistently violate copyright.

The 18th Criminal Court of São Paulo sentenced the pirate website operator to one year and eight months imprisonment. The court recognised the crime had been perpetrated more than 140 times under similar conditions and this factor increased the length of the prison sentence by two-thirds.

Equipment seized in Israel

Two successful raids were undertaken in February by enforcement agencies against pirate CD-R burning labs in Israel. Both were carried out with the assistance of IFPI Israel.

On 2nd February in the town of Nahariya, four burning towers, each containing 10 burners, were seized as well as a colour copying machine, cutting and packing machine, blank discs and thousands of CD covers. The suspect was arrested and remanded in police custody. In a second action on 17th February, in the town of Holon, four burning towers, three containing eight burners and one 12 burners, were seized as well as a copying machine, CD covers and blank discs. The suspect was known to the police from previous counterfeiting activities.



Police seized product in Israel

Street pharmacist busted selling CDs

In January, officials from the Broward County Sheriff's Office executed a narcotics search warrant. During the search, officials discovered the street pharmacist was pushing more than just weight. The subject was also "slangin" illegal CDs and DVDs. A total of six CDs and 438 DVDs were seized along with 173 grams of drugs.



Drugs seized in raid

Preloaded piracy in the Philippines

Anti-piracy experts from IFPI and PARI, the Philippine recording association, investigated staff at retail outlets in Manila who distributed infringing music by loading tracks onto newly purchased devices. The Intellectual Property Department of the Philippine National Bureau of Investigation executed six simultaneous raids on outlets and recovered computers used by staff. Preliminary examination of the computers suggested many thousands of tracks were maintained on them and made available for download.

Anti piracy raids continue in Mexico

Mexican police raided the pirate market "La Cuchilla" in the State of Puebla in July. The raid was part of the campaign that is targeting major distribution centres and is the third action against the same market this year. Based on a complaint filed by the industry investigators from APCM Mexico, a total of 100 commercial establishments and two active laboratories dedicated to the distribution and replication of illegal music and films have been closed down. 300 police officers participated in the operation, along with experts from the Attorney General's office (PGR), the Investigation Agency (AFIS) and the Federal Preventive Police (PFP).

63 burners seized in Sicily

Fiscal Police from Catania seized 63 high-speed CD burners in March as part of an operation against an organisation involved in the production and distribution of pirate CDs and DVDs in the area of eastern Sicily. Officers also seized more than 15,000 illegal CDs and DVDs in addition to seven professional printers. Two people were arrested during the raid.

Sex sells..literally

There is a famous saying in advertising: sex sells. For a store in South Carolina selling illegal CDs, the idea of selling sex took on a literal meaning. Anti-piracy Investigators were contacted after members of the Chester County Sheriff's Department busted a store that was not only selling pirated music and movies, but also running an illegal escort service for prostitution. Investigators were able to help seize 165 pirated CD-Rs along with 610 DVDs.

Crackdown in Cordoba

Police in the Argentine city of Cordoba netted more than 185,000 counterfeit discs containing music and films during a series of ten raids over the course of Christmas and New Year. Several suspects were identified for subsequent questioning. Police sources indicated that quite apart from sales to the public many of the sites were also used as centres for wider distribution of wholesale quantities of discs.



Police netted 185,000 discs

Raids in Indonesia

West Java Police acting on a complaint from GAPERINDO, an Indonesian composers and music producers association, raided an optical disc facility in April. The factory, which had previously been subject to police raids and administrative closure by the authorities, was searched and 159,000 suspected infringing music titles in CD and VCD format were recovered. The plant owner was arrested and taken into custody.

Two days earlier, Krimssuss, the Special Economic Crimes unit of the Jakarta Metro Police, conducted an enforcement action at the notorious Ratu Plaza mall in South Jakarta. The traders, concentrated on the third floor of the premises, had all infringing product seized by police, who estimated the haul at approximately 100,000 discs. Twenty two stalls were closed down as a result of the action.



Illegal facilities were closed

Police shut Italian file-sharing forum

Police shut down Downrevolution.net, a copyright-infringing music forum that provided links which 30,000 registered subscribers used to swap music and films. The four alleged operators of the site, which was founded in 2007 and was earning revenues from banner advertising, are being prosecuted for violating Italian copyright law. They face potential imprisonment for up to three years, a fine of €15,000 and administrative sanctions running into hundreds of thousands of euro.



Illegal operators face jail

Second Interpol intellectual property course

Building on the success of the first course held in November 2007, INTERPOL held their second Intellectual Property (IP) Crime course at the Guardia di Finanza (GdF), Scuola Polizia Tributaria in Ostia, Rome.

The course was attended by 38 officers from around the world including the Americas, Africa, Australasia, Asia and Eastern Europe who heard lectures from rights owners and other law enforcement officers, experts in the investigation of intellectual property crime offences. The students also were required to give an overview of the IPR problems they faced in their respective countries and how these offences were dealt with both during the investigation and prosecution.

IFPI was invited to attend and gave an overview of the investigation of music piracy offences including those in the online environment. During a later session IFPI again participated in the practical group exercises which were designed to enable the students to discuss and evaluate IPR offences in a classroom environment and tease out best practices.

As on the previous occasion those attending the course are charged with developing a training course in their respective countries on their return home with back-up from the instructors and industry representatives.

The excellent facilities of the GdF have again been offered for a further INTERPOL course scheduled to be held in the autumn of 2008.



Course follows on from initial success

Tips for parents

Working with partners from across the music industry and internet children's charity Childnet International, IFPI launched a new guide to explain to parents and teachers about how to keep children safe and legal when enjoying music online.

The guide provides useful tips and offers simple advice on the do's and don'ts of downloading music.

It explains that while digital music offers huge advantages to young people, there are security and legal issues that need to be taken into consideration. PDFs of the guide can be downloaded from www.pro-music.org and hard copies can be obtained by emailing parents@pro-music.org



Cover of new guide

New Pro-Music site

IFPI and its partners from across the music industry have recently relaunched the www.pro-music.org website.

It is an educational resource that aims to explain all people need know about music online. The website describes how you can legally obtain music online and features a wealth of information about the music industry.



New look pro-music.org

At a glance.

People. Arrivals.

Helen Saunders

People. Departures.

Kenny Wright

Vitor Robalo

Alex Kotlyarevsky

Willem van Adrichem

Alejandro Camino

Allan Deaves

Nick Roberts

Diary. 2008.

21st August Training at Swedish Patent Office

15 - 19th Sept UNESCO Regional Training seminar

Mid October WIPO Regional Training event Croatia

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