

IP CRIME AND ITS LINK TO OTHER SERIOUS CRIMES

Focus on Poly-Criminality



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ISBN 978-92-9156-278-7 doi: 10.2814/090414 TB-01-20-327-EN-N

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JUNE 2020

Foreword

Intellectual property crime case book

This new report on how IP crime supports the activities of organised criminal gangs adds to the growing evidence that counterfeit goods are an attack against society requiring an international response.

The problem of fake pharmaceuticals, which is the subject of a separate report carried out jointly with the Organization for Economic Cooperation and Development, has come under increased scrutiny, notably in the context of the COVID-19 pandemic.

There can be few graver proofs that fake goods of all sorts, whether they are counterfeit medicines, spare parts that may fail, dangerous children's toys, or shoddy fashion items, are at least designed to deceive and are often deadly.

The current report comes in the shape of a case book and presents case examples showing how IP crime is linked to other forms of criminality, including money laundering, document fraud, cybercrime, fraud, drug production and trafficking and terrorism.

It should build awareness of the links between IP crime and other crime areas, help inform law enforcement officials and encourage decision makers to give a higher priority to combating these serious crimes.



Catherine De Bolle
Executive Director
EUROPOL



Christian Archambeau
Executive Director
EUIPO

Executive Summary

Intellectual property crime case book

The aim of this report is to inform law enforcement officials and policy makers about the various ways in which IP crime is linked to other forms of criminal activity. The report is in the form of a case book, presenting case examples where IP crime is linked to other forms of criminality.

There are two ways IP crime can be linked to other criminal activities: with one criminal activity supporting the other, or as parallel activities.

In the case of supporting criminal activities, the relationship can go two ways. First, other forms of criminal behaviour can be used to facilitate IP crime. For example, some organised crime groups (OCGs) produce fraudulent documents in order to sell their counterfeit goods as legitimate ones. In that case, IP crime is the supported criminal activity. Alternatively, criminals might engage in counterfeiting to generate profit that is used for other types of serious and organised crime, such as drug trafficking or terrorism. In that case, IP crime is the supporting criminal activity.

In the case of parallel criminal activities, OCGs engage in different forms of criminal behaviour that are relatively independent of each other. They can either be entirely unconnected or interlinked, but without one activity clearly facilitating the other. An example of the latter is an OCG that uses the same route or transportation method for the trafficking of counterfeit goods and other illicit products.

The case examples in this report illustrate how a wide range of different crimes are linked to IP crime, including money laundering, document fraud, cybercrime, fraud, drug production and trafficking and terrorism. They illustrate that the idea of IP crime as a victimless crime is misguided and can result in a lack of attention for the harm resulting from these criminal activities. Awareness of the links between IP crime and other crime areas can help law enforcement officials to better recognise them in future cases, and support decision makers in addressing them at a policy level.

Introduction

Intellectual property crime case book

Introduction

In 2019, Europol and the EUIPO published a joint threat assessment on intellectual property crime (IP crime)⁽¹⁾. The report highlighted the involvement of organised crime groups (OCGs) in counterfeiting and online piracy. These OCGs can make large profits with relatively low levels of risk, as chances of detection are generally low and sentences for IP crime are considerably lower than for other forms of crime. It also emphasised that IP crime is usually only one of the criminal activities committed by these OCGs. Many OCGs involved in producing and distributing counterfeit goods also engage in other criminal activities.

While the threat assessment highlighted that IP crime is linked to other forms of crime, it did not describe in detail how counterfeiting OCGs engage in multiple criminal activities and knowledge gaps still exist in this area. To start filling these gaps, the EUIPO and Europol examined more in-depth the nature of the links between IP crime and other crime areas, resulting in this report.

The aim of the report is to inform law enforcement officials and policy makers about the various ways in which IP crime is linked to other forms of criminal activity. The report is in the form of a case book, presenting twenty-nine case examples where IP crime is linked to other forms of criminality. Each example will describe, as far as possible, the countries and Law Enforcement Authorities (LEAs) involved, the OCGs and other criminals involved, the modus operandi of the OCG, including transportation routes and other relevant information, the nature of the counterfeits and goods seized during the operation, and the links with other criminal activities.

The report focuses on all forms of IP crime, both offline and online. The focus is on cases since 2016, as these are more likely to have already resulted in a criminal sentence. The examples are clustered on the basis of shared types of IP crime and other forms of crime, and then split according to geographical scope (EU/non-EU).

A wide variety of sources were consulted to find relevant case examples, including Europol data on supported cases, EUIPO data, contributions from EU Member States' LEAs, additional contributions from other stakeholders provided through the EUIPO, and finally, where appropriate and verified, information from open sources.

⁽¹⁾ Europol and EUIPO (2019). Intellectual Property Crime Threat Assessment 2019. Available at: https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2019_IP_Crime_Threat_Assessment_Report/2019_IP_Crime_Threat_Assessment_Report.pdf

EU cases

1. Pharmaceutical crime



Pharmaceutical crime involves the manufacture, trade and distribution of fake, stolen or illicit medicines and other pharmaceutical products (such as performance enhancing substances), as well as medical devices. It encompasses the counterfeiting and falsification of medical products, their packaging and associated documentation, as well as theft, fraud, illicit diversion, smuggling, trafficking, and illegal trade of medical products⁽²⁾.

This chapter refers to various cases in which the main crime is an infringement of intellectual property concerning pharmaceutical products.

Pharmaceuticals is a sensitive and important sector, regulated in many countries out of public health and safety concerns. Counterfeit medicines imply not only possible economic damages for this sector, but also significant health threats, since fake medicines are often not properly formulated and may contain dangerous ingredients.⁽³⁾

All these cases show that the main criminal activity related to counterfeit pharmaceuticals is usually linked to other related offences committed by organised crime groups.

In these cases of counterfeit pharmaceuticals, investigations have identified these other related offences: drugs and illicit substances, crimes against the public health, money laundering, fraud, bribery, document fraud and corruption.

The purchase of counterfeit medicines is mostly carried out in the open web, but can also take place on the darknet where these products coexist with narcotics, weapons and false documents.

The following cases in this chapter are related to both IP and pharma crime:

- Operation Ayurveda ES, FR, UK, US
- Operation Vitra ES
- Operation Dianu ES, DE, FR
- Operation against AlphaBay and Hansa NL, US

⁽²⁾ Europol SOCTA pharma crime definition

⁽³⁾ EUIPO-OECD Trade in counterfeit pharmaceutical products study-March 2020
<https://euiipo.europa.eu/ohimportal/en/web/observatory/observatory-publications>

Operation Ayurveda

ES, FR, UK, US

Case background⁽⁴⁾

This criminal organisation manufactured the medicines in Spain, after having illegally brought the active principles from countries such as India and China, always under a fictitious brand and with fake documents. Similarly, finished products, pretending to have been manufactured in Spain and under a fake Spanish brand, were directly imported from India or China. Dismantling these illegal activities also contributed to safeguarding Spain's good reputation in the manufacture of medicines. These illegal medicines targeted patients suffering from severe ailments such as those provoked by leukaemia, psychosis, anxiety and cardiac conditions and were supposedly composed of drugs such as penicillin, heparin, vincristine and morphine.

The different phases of the operation took place in the Spanish provinces of Teruel, Barcelona, Castellón, Seville, Valencia and Madrid and originated from a communication received by the 'Agencia Española del Medicamento y Productos Sanitarios' (AEMPS) about an Iranian pharmaceutical laboratory that had not received some medicines they had previously ordered and paid for from a Spanish laboratory.



After investigation, the existence of an illegal manufacturing and distribution network of counterfeit medicines in Spain was discovered that imported from Asia, Africa, Europe and America. Whereas in some cases these illegal products were re-exported, in other cases they were introduced into legal distribution channels. As the investigations proceeded, the US Food & Drugs Administration (US FDA) found that this same Spanish laboratory, together with another illegal laboratory located in Mumbai (India), was involved in the illicit trade of counterfeit medicines entering the US and Latin America.

Information source: <https://www.guardiacivil.es/ga/prensa/noticias/6547.html>

⁽⁴⁾ Translated from Spanish using machine translation

Law enforcement authorities

- Spanish Guardia Civil UCO's Sección de Consumo y Medio Ambiente (SECOMA)
- Court #2 of Alcañiz (Teruel) and the provincial prosecutor of Teruel
- AEMPS (Agencia Española del Medicamento y Productos Sanitarios), UK MHRA (the Medicines & Healthcare Products Regulatory Agency)
- French OCLAESP (Office central de Lutte contre les atteintes à l'environnement et à la santé publique) and the US FDA.



Related offences

Crimes against public health, money laundering, fraud, bribery and document fraud.

Corruption is the abuse of power for private gain (in both the public and the private sector). Corruption takes many forms such as bribery (active and passive), embezzlement, trading in influence and abuse of office, illicit enrichment, cronyism, conflict of interest and illegal lobbying⁽⁵⁾.

Document fraud entails the production and use of counterfeit documents as well as the use of genuine documents obtained by means of deception or misrepresentation. Besides identity documents, this includes a wide range of administrative and other documents⁽⁶⁾.



⁽⁵⁾ Europol SOCTA definition for corruption

⁽⁶⁾ Europol SOCTA definition for document fraud (including document counterfeiting)

Operation Vitra

ES

Case background

The Spanish Civil Guard dismantled a network dedicated to the importation and commercialisation of illegal and counterfeit medicines, anabolic steroids and doping substances.

The investigation began in early 2017, after a sports centre in the Balearic Islands (Spain) was found to

be dispensing these substances without any medical or therapeutic checks. Investigators identified the person responsible, who was in contact with other criminal structures with the same criminal purpose and imported the illicit substances from Portugal. In addition, investigators identified other cells of the organisation in various Spanish provinces also involved in the illegal commercialisation of these products.

The modus operandi of this international criminal group consisted of shipping the illegal doping substances – mainly anabolic steroids, hormones and other medicines – through courier companies, from countries like Bulgaria, Greece, Hungary, Latvia, Poland, Portugal and the United States, to Spain. To ensure greater security for their shipping activities, the gang used false identities and commercial structures, sometimes counting on the criminal complicity of the transport companies' employees.

Information source: <https://www.europol.europa.eu/newsroom/news/criminal-group-involved-in-large-scale-trafficking-of-illegal-doping-substances-disrupted>

Law enforcement authorities

The Spanish Civil Guard, started this operation in the Balearic Islands, and worked together with the Team Against Organized Crime (ECO) of the Unidad Central Operativa (UCO), with the support of Europol agents and Civil Guard units from Barcelona, Madrid, Almería, Málaga, Huelva, Toledo, Canary Islands and Tarragona.



Goods seized

112 types of illicit substances were seized, including counterfeit medicines, 4.2 million doses of anabolic steroids, hormones, sexual enhancers and other substances, worth EUR 650 000 in the illegal market. During the investigation, which took place in four different steps, 41 individuals were arrested in various Spanish regions, and 45 searches carried out at homes, stores and gyms across Spain. Among the arrestees were some elite athletes and international bodybuilding and fitness champions.



Related offences

The Civil Guard dismantled this international criminal organisation, bringing charges for committing crimes against public health, as well as laundering the proceeds of this criminal activity.

The criminal organisation sent large amounts of money hidden in postal packages to pay the international suppliers. Around EUR 180 000 in cash was found hidden in printer cartridges in two packages destined for Greece, one seized at Barcelona Airport (Spain) and the other in Cologne (Germany).

Investigations revealed that the criminal network may have made more than 4 400 shipments of parcels weighing approximately 3.1 tonnes in total between 2016 and 2017. It is estimated that the gang could have earned EUR 2 million in illegal profits during this period.

In addition, investigators seized more than EUR 200 000 in cash, five (5) luxury vehicles, small quantities of narcotic substances (speed, hashish, marijuana and cocaine) and various weapons.

Operation Dianu

ES, DE, FR

Case background⁽⁷⁾

The Spanish Civil Guard carried out Europe's largest seizure of medicines, anabolic steroids and prohibited substances in sport. In operation DIANU, 14 people were arrested in Alicante, Valladolid, Valencia and Málaga, including the most important leaders in each area. In 25 searches more than 3 million doses of medicines were seized which could be the largest quantity of medicines, anabolic steroids and substances prohibited in sport seized in Europe. Most of the active ingredients and excipients used for their production were purchased in Asian countries without having undergone health and safety checks and then resented to Spain, Belgium and Germany to meet orders on May 29, 2017.

The Spanish Civil Guard, in cooperation with the Málaga Pharmacy Inspectorate, the German Customs Investigation Office ZKA (Zollkriminalamt) (ZKA Frankfurt/Main) and the French National Customs Directorate DNRED (Direction Nationale du Renseignement et des Enquêtes Douanières), in the course of operation DIANU, dismantled a criminal organisation which manufactured, counterfeited and distributed medicines and substances prohibited in sport in Alicante, Valencia, Valladolid and Málaga. During the operation, considered the most important in Europe due to the volume of medicines involved, 14 people were arrested and 25 searches were carried out in homes, warehouses, shops and gyms, where more than 120 different types of substances were seized (anabolic steroids, hormones, active ingredients and excipients, sexual enhancers, etc.), as well as machinery and tools to manufacture and package them. The investigations began in October 2016 when, thanks to the ongoing collaboration between the Spanish Civil Guard and customs and police forces of other countries, a wholesale distribution route for counterfeit medicines was detected.

Investigations determined that the excipients and some of the medicines already produced originated mainly from China and India, and revealed that in some areas they could have been producing certain medicines and anabolic products on a small scale and without any type of administrative authorisation or health and safety checks. These products, along with other counterfeit medicines, were sold on the black market and distributed mostly through parcel shipments.

In addition, the network adopted important security measures to have greater security for their illegal activity, (using encrypted email servers located abroad, high-security instant messaging applications, etc.), and avoiding voice communication.

⁽⁷⁾ Translated from Spanish using machine translation

To make purchases and channel off profits, the organisation used bank accounts in the name of third parties, carrying out most transactions electronically and with cards – the significant logistical network established for the storage, preparation and distribution of the substances was clear.

Dismantled cell in the province of Málaga

The dismantled cell in Málaga was composed of seven people, one of them a doctor in active service, and led by a famous trainer in the bodybuilding world, who was in charge of the distribution of substances all over Spain and abroad. Thanks to the investigations, the modus operandi used to commit the crimes was revealed, in which they had an active laboratory and several storage places where a large quantity of illegal and prohibited sports medicine was seized. In addition, 2.7 kilos of cocaine were seized from one of the houses searched.

Searches were conducted in six homes and four commercial or storage premises and in two gyms in the towns of Fuengirola and Arroyo de la Miel. It is estimated that the organisation could have earned around EUR 500 000 from these activities in the last three years.

Dismantled cell in the province of Valladolid

This cell was composed of two people, one of them a prominent active bodybuilder, trainer and owner of two gyms in Valladolid, important customers of the cell based in Málaga from which they obtained most of the finished products for distribution in the province.

Searches were conducted in two homes, two gyms and two commercial premises where agents seized a large number of doses of various doping substances, a weapon and about EUR 70 000 in cash.

Information source: Guardia Civil's official YouTube channel

<https://www.youtube.com/watch?v=RCT9jREBCdA>

Law enforcement authorities

- Spanish Civil Guard
- French Customs
- German Customs.

Goods seized

More than 120 different types of substances were seized.

The criminal network received the substances from China and India, sometimes already packaged with their own brands and not subject to any type of sanitary control.

On many other occasions, the packaging was done in Málaga and the network illegally used the name of a famous laboratory to offer an image of greater credibility. Also, on the labels, it mentioned that the product had been produced in countries such as Germany.



Related offences

The consequences of the consumption of these dopants – handcrafted, without administrative authorisation and without sanitary control and sold on the black market – can lead to death, as well as important liver and kidney problems, psychotic outbreaks and strokes, explained the director of AEMPS, who recalled that this trafficking can lead to a jail sentence.

The investigation looked into whether there were federated athletes who had acquired these products. This could aggravate the charges to include sports corruption. Manipulation of sports competitions means an intentional arrangement, act or omission aimed at an improper alteration of the result or the course of a sports competition in order to remove all or part of the unpredictable nature of the aforementioned sports competition with a view to obtaining an undue advantage for oneself or for others.

The phenomenon may cover a wide array of different corrupt practices and includes bribery, match-fixing, doping, betting fraud, money laundering, influencing the arranging and hosting of international sporting events (and subsequent procurement procedures).

Operation against AlphaBay & Hansa

NL, US

Case background

AlphaBay was the largest criminal marketplace on the Dark Web, utilising a hidden service on the Tor network to effectively mask user identities and server locations. Prior to its takedown, AlphaBay reached over 200 000 users and 40 000 vendors. There were over 250 000 listings for illegal drugs and toxic chemicals on AlphaBay, and over 100 000 listings for stolen and fraudulent identification documents and access devices, counterfeit goods, malware and other computer hacking tools, firearms and fraudulent services.

A conservative estimation of USD 1 billion was transacted in the market since its creation in 2014. Transactions were paid in Bitcoin and other cryptocurrencies. Hansa was the third largest criminal marketplace on the Dark Web, trading similarly high volumes in illicit drugs and other commodities. The two markets were created to facilitate the expansion of a major underground criminal economy, which affected the lives of thousands of people around the world and was expressly designed to frustrate the ability of law enforcement to bring offenders to justice.

Europol has been supporting the investigation of criminal marketplaces on the Dark Web for a number of years. With the help of Bitdefender, an internet security company advising Europol's European Cybercrime Centre (EC3), Europol provided Dutch authorities with an investigation lead into Hansa in 2016. Subsequent inquiries located the Hansa market infrastructure in the Netherlands, with follow-up investigations by the Dutch police leading to the arrest of its two administrators in Germany and the seizure of servers in the Netherlands, Germany and Lithuania.

Europol and partner agencies in those countries supported the Dutch National Police to take over the Hansa marketplace on 20 June 2017 under Dutch judicial authorisation, facilitating the covert monitoring of criminal activities on the platform until it was shut down on 20 July 2017. In that time, the Dutch Police collected valuable information on high value targets and delivery addresses for a large number of orders. Some 10 000 foreign addresses of Hansa market buyers were passed on to Europol.

In the meantime, an FBI and DEA-led operation, called Bayonet, was able to identify the creator and administrator of AlphaBay, a Canadian citizen living a luxurious lifestyle in Thailand.

On 5 July 2017, the main suspect was arrested in Thailand and the site taken down. Millions of dollars' worth of cryptocurrencies were frozen and seized. Servers were also seized in Canada and the Netherlands.

In shutting down two of the three largest criminal marketplaces on the Dark Web, a major element of the infrastructure of the underground criminal economy was taken offline. It has severely disrupted criminal enterprises around the world, has led to the arrest of key figures involved in online criminal activity, and yielded huge amounts of intelligence that will lead to further investigations.

But what made this operation really special was the strategy developed by the FBI, DEA, the Dutch Police and Europol to magnify the disruptive impact of the joint action to take out AlphaBay and Hansa. This involved taking covert control of Hansa under Dutch judicial authority first, which allowed Dutch police to monitor the activity of users without their knowledge, and then shut down AlphaBay during the same period. It meant that Dutch police could identify and disrupt the regular criminal activity on Hansa but then also monitor all those new users displaced from AlphaBay who were looking for a new trading platform. In fact, they flocked to Hansa in their droves, with an eightfold increase in the number of new members of Hansa recorded immediately following the shutdown of AlphaBay.

As a law enforcement strategy, leveraging the combined operational and technical strengths of multiple agencies in the US and Europe, it was an extraordinary success and a stark illustration of the collective power the global law enforcement community can bring to disrupt major criminal activity.

Europol played a coordinating role in both investigations. Overall more than 38 000 transactions were identified and Europol sent more than 600 communications. To ensure smooth coordination between the two investigations into AlphaBay and Hansa, Europol hosted a coordination meeting with leading law enforcement partners. Overall, 12 different agencies sat down together and collectively mapped out and agreed the overall strategy for the two operations.

Information source: <https://www.europol.europa.eu/newsroom/news/massive-blow-to-criminal-dark-web-activities-after-globally-coordinated-operation>

Law enforcement authorities (as cited in the press release).

- Federal Bureau of Investigation (FBI)
- The US Drug Enforcement Agency (DEA)
- The Dutch National Police, German,
- Lithuanian authorities
- Canadian authorities
- Thai authorities

Goods seized

Millions of dollars' worth of cryptocurrencies were frozen and seized. Servers were also seized in Canada and the Netherlands.

Related offences

There were over 250 000 listings for illegal drugs and toxic chemicals on AlphaBay and over 100 000 listings for stolen and fraudulent identification documents and access devices, counterfeit goods, malware and other computer hacking tools, firearms and fraudulent services.

A conservative estimation of USD 1 billion was transacted in the market since its creation in 2014. Transactions were paid in Bitcoin and other cryptocurrencies.

2. Drug trafficking



Drug Trafficking – cannabis (herbal, resin, and other) – refers to the activities related to unlawful cannabis production, trafficking and others like diversion of precursors for cannabis production⁽⁸⁾.

The EU ANTI-DRUG ACTION PLAN 2017-2020 (9) stated in its introduction that:

‘Illicit drug use and drug abuse in general is a major problem for individuals, families and communities throughout Europe. In addition to the health and social consequences of drug addiction, the illicit drug market is a major element of criminal activity in European society and even at the global level’.

It is only one step from the production of counterfeit medicines to the production of synthetic drugs, which criminal organisations can easily take.

The cases presented in this chapter show examples that the two criminal worlds of counterfeiting and drug trafficking intersect and coexist to increase the profits of criminal organisations:

- Operation Red-Pale ES
- Operation Reaparecer ES
- Operation Horse ES

⁽⁸⁾ Europol SOCTA

⁽⁹⁾ http://www.emcdda.europa.eu/drugs-library/eu-action-plan-drugs-2017-2020_en

Operation Red-Pale

ES

Case background

The operation was launched as a result of information obtained in other investigations carried out by the Spanish National Police in relation to a wholesale distribution platform of illegal drugs. The common link in this case were some money transfers to a woman with no apparent connection to the criminal offence.



What stood out in this particular case was the wholesale nature of the distribution, and the fact

that the prohibited drugs were not offered publicly, but rather via an ‘invitation’ to trusted individuals who accredited a minimum sale with a significant volume. Moreover, the means of payment was also different, since the OCG only accepted cash, using a branch office of a well-known national parcel company to manage shipments and collections. The manager at this office was also a member of the OCG.

Once police inquiries had revealed the system used to cover up the criminal activities, investigators identified the place where the illegal platform for the distribution of the drugs was located, as well as the nutrition shops, gyms and bars the OCG used to contact prospective clients directly. It was also possible to establish that the medicines the OCG stored for their later wholesale distribution were sourced from places such as Mexico, China, Portugal, Bulgaria or Romania.

As other related offences, the operation also uncovered a marijuana plantation which was used by the OCG to obtain further illegal profits, while some of the group members were found in possession of firearms which they used to protect themselves.

Information source: [Spanish National Police](#)

Law enforcement authorities

Spanish National Police and the Customs Surveillance Operational Unit in Madrid.

Goods seized

Twelve searches were conducted in homes, bars and gyms, among others, as a result of which 10 people were arrested.

Investigators seized around 20 million doses of illegal/false medicines in 300 different formats, as well as EUR 45 000 in cash, a revolver and a plantation of marijuana.

Related offences

An offence against public health, money laundering, unlawful possession of firearms and membership of an OCG.



Operation Reaparecer

ES

Case background

The Spanish National Police, supported by Europol, dismantled three clandestine laboratories and seized more than 5 million doses in an operation against the production of illicit medicines in 2018. Twenty-nine people were arrested and 15 houses searched in Madrid, Valencia and Málaga.

The raw material was imported from China and, once in Spain, transferred to the laboratories where the final product was made. The doses were distributed in several gyms in Madrid and internationally through the Netherlands.

Europol supported the Spanish authorities throughout the investigation with data analysis and information exchange, and by facilitating operational coordination meetings involving other countries.

On the action day, three experts from the Intellectual Property Crime Coordinated Coalition (IPC3) were deployed to Madrid, Málaga and Valencia, equipped with mobile offices and Universal Forensic Extraction Devices (UFED) to support the investigations on-the-spot. Information gathered during the operation was analysed and exchanged in real time and immediately cross-matched against Europol's databases.

Information source: <https://www.europol.europa.eu/newsroom/news/hit-against-production-of-illicit-medicines-three-clandestine-laboratories-dismantled-and-more-5-million-doses-seized>

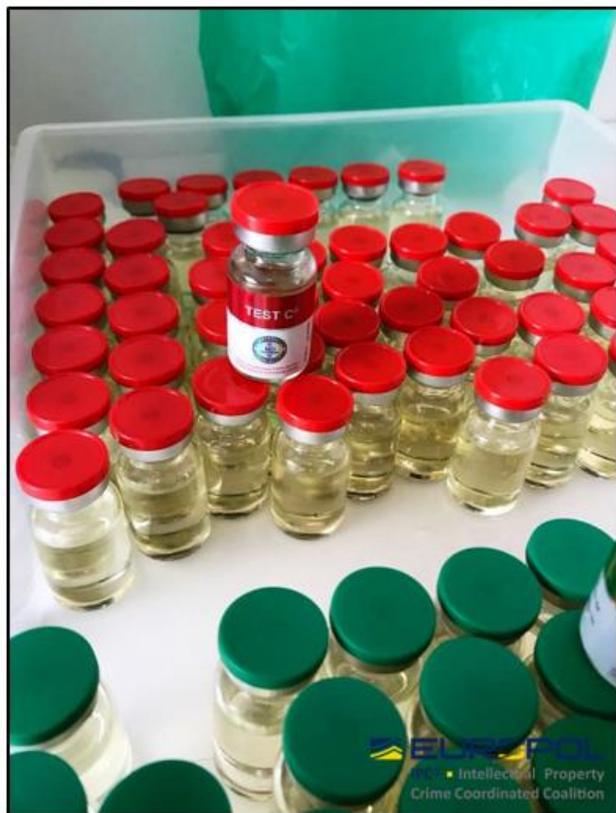
Law enforcement authorities

Spanish National Police.



Goods seized

5 000 000 doses of several different falsified and counterfeit medicines.



Related offences

Drugs and illicit substances:

- 7 litres of testosterone to produce anabolic substances;
- 200 grams of pure active substance;
- 17.5 kilograms of heroin, speed, crystal, ketamine, hashish, cocaine;
- 3 500 doses LSD;
- 42 500 pills MDMA;
- 5 kilograms of marijuana;
- 2 machines to manufacture pills, one encapsulation machine and one sealer;
- Several labels for counterfeit medicines and packaging materials;
- 2 luxury vehicles;
- EUR 25 000.

Operation Horse

ES

Case background

Operation Horse cracked down on an OCG specialising in the production, distribution and sale of counterfeit luxury vehicles of Ferrari and Lamborghini, in infringement of industrial property rights. A total of 14 counterfeit vehicles were seized, four of them different Ferrari models, already finished and ready to be sold, while the others were in the process of being manufactured. Investigators also seized different tools and equipment for manufacturing and tampering with these models, as well as emblems, anagrams and even a mould which completely reproduced the body of a Ferrari F430.

Moreover, the OCG leader had a garage at home fitted with equipment installed for the cultivation of marijuana, as well as 950 flower plots with substrate.

The operation was launched following the arrest of an individual accused of an offence against industrial property. He was found in possession of a vehicle which simulated the appearance of a Ferrari F430 and which violated the industrial and IP rights of the manufacturer.



The police officers who made the arrest reported this information to Group II at the Criminal Police Headquarters in Madrid, dealing with crimes against intellectual and industrial property rights. A police operation was subsequently coordinated with Group III against Cybercrime at the Superior Police Headquarters in Catalonia.

As a result of police inquiries, investigators managed to identify the individual who had manufactured and subsequently sold the counterfeit vehicle. This individual used websites [...] to offer replicas of luxury

vehicles [...]. Moreover, a clandestine workshop was located in the town of Sils (Girona) where mid-range vehicles were transformed into supercars.

A police raid resulted in the arrest of the individuals involved in these illicit activities and the seizure of 14 vehicles in different stages of production, including spare parts, emblems and anagrams of the car manufacturers, as well as documentation for the modified vehicles.

Moreover, in a search of the home of the OCG leader officers found a complete installation for the cultivation of marijuana, as well as 950 pots with substrate, lamps, transformers and an irrigation system, all of which



was seized and three people were arrested.

Information source: [Spanish National Police](#)

Law enforcement authorities

Spanish National Police.

Goods seized

- Several technical inspection cards and vehicle registration documents belonging to the modified vehicles.
- Three fibreglass moulds for Ferrari body parts.

In the garage at the home of the OCG leader, investigators found:

- a plantation for marijuana, ready for production, consisting of:
- 950 pots with substrate;
- 28 bags of substrate;
- eight air conditioning units;
- 71 transformers;
- 81 lamps for the cultivation of plants;
- 15 ventilators;
- four fibreglass moulds for Ferrari body parts;
- four already transformed vehicles; two into a Ferrari F430; one into the F40 model and one into the 355 Berlinetta model, with distinctive elements of the vehicle manufacturer ready for sale;
- one counterfeit vehicle in the process of being transformed into a Lamborghini Gallardo;
- one counterfeit vehicle in the process of being transformed into a Renault Alpine 310;
- six vehicles in the process of being transformed into Ferrari cars;
- one scale model of the Ferrari F430;
- one mould of the Ferrari F430;
- different vehicle documents;
- Ferrari stickers, speedometers, anagrams and badges.



Related offences

A continuous offence against industrial property, an offence against public health, power supply fraud.

3. Manslaughter

MANSLAUGHTER



In criminal law, a homicide is the death of a person caused by the improper actions of another. Manslaughter relates to the criminal's reckless behaviour causing the death of another person. In the cases where the death was caused by criminally negligent behaviour, the felon would be facing charges for criminally negligent homicide.

Counterfeit products pose direct and indirect risks to the health and safety of consumers and society in general, but sometimes the working conditions in which counterfeiters operate can also have dramatic consequences.

In the case presented in this chapter, two people died as a result of a fire in a warehouse used by the organisation for its production of counterfeit goods.

Violence and manslaughter are not only related to other forms of crime, but also to intellectual property crime.

Case presented:

- Operation Pastela ES

Operation Pastela

ES

Case background⁽¹⁰⁾

The death of two people and a further 16 injured in a fire in an industrial warehouse in the Polígono de Manzanares (Ciudad Real, Spain), triggered an investigation by the Spanish Civil Guard. The investigators dismantled a criminal organisation dedicated to counterfeiting and smuggling tobacco, and arrested 27 suspects, and seized almost EUR 10 million in goods.

The operation, named Pastela, is especially relevant as the OCGs in question were highly specialised. The group members arrested were aged between 29 and 62 years old, all from Eastern Europe.

This operation led to the dismantling of international OCGs, in cooperation with Europol, disrupting the export of their production to the UK, Italy and Russia. Coordination between the Spanish Civil Guard and Europol helped establish that the criminals were procuring large quantities of raw cut tobacco and transporting it to their warehouses, for cigarette production. From there, the product was distributed, for later shipping to other EU countries.

The investigators intercepted a loaded truck leaving the criminals' premises, and after inspection, they found large quantities of pallets with counterfeit cigarettes, ready for distribution and sale. These were hidden behind two empty pallets. The truck was escorted by a scout car, driving ahead of the truck as a security measure to avoid being intercepted by the authorities. The drivers of both vehicles were arrested.

Information source: <https://www.guardiacivil.es/es/prensa/noticias/6960.html>

Law enforcement authorities

The investigation was performed by the Spanish Civil Guard's Unidad Orgánica de Policía Judicial (UOPJ) from Ciudad Real and the Unidad Central Operativa (UCO), in coordination with Europol.

⁽¹⁰⁾ Translated from Spanish using machine translation

Goods seized

The economic value of the seized material amounted to almost EUR 10 million. In addition to this, during the four months in which the criminal activities took place, the production capacity amounted to EUR 200 million, with a daily rate of production amounting to EUR 1 200 000.

1 154 400 packs of tobacco, 750 kilos of chopped tobacco, 2 000 kilos of rolled cigarettes and two pallets of defective cigarettes were seized.



Related offences

The criminals were charged with manslaughter, excise fraud, smuggling, belonging to a criminal organisation, tax evasion and hiding illegal proceeds of crime through fiscal fraud.

The machinery operators were recruited in eastern European countries to work for periods of approximately one month. They did not raise suspicions since none of these people had a visa to work and had entered Spain as tourists. These workers lived inside the warehouse during the entire stay in Spanish territory and were continually replaced so as not to generate friendly ties with each other, or with the local population.

Three industrial warehouses were searched in Santaella (Córdoba). Twenty-three people who were working there at the time of the searches for the illegal production of tobacco were arrested. The owners of the warehouses, two local residents, were also arrested.

The suspects, along with the proceedings, were made available to the Juzgado de Instrucción No 1 in Manzanares.

4. Illegal weapons possession



Organised crime groups often rely on the availability of weapons to carry out their activities. However, the market for firearms in the EU remains modest in size. Trafficking occurs on a small scale, and the weapons trafficked are intended for either personal use or to meet specific orders⁽¹¹⁾.

Overall, research confirms that Europe faces a serious illicit firearms trafficking problem. This is a problem in its own right, but also as an important factor contributing to other criminal activities such as drugs smuggling and human trafficking as well as terrorist-related activities that threaten the security of EU Member States and their citizens. Trafficked firearms also contribute to increased lethality of criminal violence by adding to firearms availability⁽¹²⁾.

The use of firearms by criminals not only compromises the safety of citizens, but also the safety of law enforcement authorities in their interventions.

Firearms are used by counterfeiters to threaten their workers, gang members and competitors and could be used against law enforcement officers.

Generally associated with other criminal activities, the use of firearms is also present, as we can see in the cases of this chapter, in the activities of counterfeiters:

- Counterfeit goods operation PT
- Operation Santa Barbara GR

⁽¹¹⁾ <https://www.europol.europa.eu/printpdf/crime-areas-and-trends/crime-areas/illicit-firearms-trafficking?t=&page=1>

⁽¹²⁾ <https://op.europa.eu/en/publication-detail/-/publication/723450e3-0783-11e6-b713-01aa75ed71a1/language-en/format-PDF/source-120831276>

Counterfeit goods operation

PT

Case background⁽¹³⁾

The Portuguese Economic and Food Safety Authority (ASAE) seized about 27 000 counterfeit articles, namely clothing and other counterfeit goods whose value was estimated at approximately EUR 22 000. In addition to clothing articles, seven illegal weapons (carbines, shotguns, compressed air guns) and dozens of 12 calibre cartridges were also seized.

The action was triggered by the National Criminal Information and Investigation Unit and resulted from a criminal investigation that started in 2016. Eleven search warrants were issued and, thereafter, executed in houses and in factories. Some of the factories, located in the municipality of Barcelos, were actually located in residential buildings and operated without a registered economic activity and without any licences and were part of an evident parallel market in the textile sector. The action was carried out in collaboration with the Authority for working conditions, which intervened within the scope of its powers.



Information source:

<https://www.asae.gov.pt/espaco-publico/noticias/comunicados-de-imprensa.aspx?v=fb28e7f7-5e39-4d20-bedd-ad84edfda1cc>

Law enforcement authorities

ASAE – Autoridade de Segurança Alimentar e Económica and Authority for working conditions.

⁽¹³⁾ Translated from Spanish using machine translation

Goods seized

Counterfeit clothing.

Related offences

Possession of illegal weapons, illegal working conditions.



Operation Santa Barbara

GR

Case background

On 24 September 2019, the Financial Police Division (FPD) coordinated a large-scale police operation, in the region of Attica, Greece, where a house and a number of shop searches took place simultaneously and three people were arrested.

During the searches, in both the house and nine shops a number of counterfeit goods were found (clothes, shoes and accessories) of famous brand names with counterfeit labels, marks and generally distinctive features of the originals, as well as weapons, money and counterfeit money.

The criminal profit and the financial loss of legitimate companies was estimated at hundreds of thousands of euro by experts.



Information source:

http://www.astynomia.gr/index.php?option=ozo_content&lang=&perform=view&id=89528&Itemid=2325&lang

Law enforcement authorities

Greek police / FPD.

Goods seized

- 10 184 pieces of counterfeit clothes, shoes, glasses, bags, wallets, accessories etc.;
- two hunting rifles, one sub-machine-gun, one army rifle, one replica gun and 426 cartridges;
- EUR 8 750;
- 5 750 counterfeit 2 euro coins
- one flak jacket

Related offences

- forgery;
- money forgery;
- trademark infringements;
- unfair competition;
- possession of illegal weapons.



5. Forced labour

FORCED LABOUR



Labour exploitation refers to imposition of forced labour or services, slavery or practices similar to slavery and servitude⁽¹⁴⁾.

Traditional practices of forced labour, such as vestiges of slavery or slave-like practices, and various forms of debt bondage, as well as new forms of forced labour that have emerged in recent decades, such as human trafficking, also called ‘modern slavery’ to shed light on working and living conditions contrary to human dignity⁽¹⁵⁾.

Forced labour and trafficking in human beings are present in a large number of offences, and intellectual property crime is unfortunately no exception to the use of this modern form of slavery.

Deprived of their autonomy and freedom of movement, individuals in the various cases in this chapter were forced to work in precarious conditions and faced various forms of physical and psychological abuse:

- Operation Hannibal ES, LT, PL, UK
- Tobacco products operation HU
- Counterfeit electronics BE

⁽¹⁴⁾ Europol SOCTA definition of labour exploitation

⁽¹⁵⁾ General Survey on the fundamental Conventions concerning rights at work in light of the ILO Declaration on Social Justice for a Fair Globalization, Report of the Committee of Experts on the Application of Conventions and Recommendations

Operation Hannibal

ES, LT, PL, UK

Case background

On 13 and 14 February 2020, the Spanish Civil Guard dismantled an OCG involved in illegal cigarette manufacture and drug trafficking. Europol supported the operation, which also involved the Lithuanian Customs Criminal Service (Muitinės kriminalinė tarnyba), Polish Police Central Bureau of Investigation (Centralne Biuro Śledcze Policji) and LEAs from the United Kingdom.

The operation uncovered a full range of production facilities operated by the criminal group hidden in a bunker four metres underground. LEAs raided the primary production facility where the raw tobacco was cut and prepared for the second production phase. In the facility, believed to have been operating since 2019, workers made and packed the counterfeit cigarettes; a complete production line under one roof.

Beds and living quarters for the workers were also found underground. This is the first underground factory to be discovered in the EU. Workers there were forced to work in extremely dangerous and toxic conditions. Locked up four metres underground, they were not allowed to leave the facility on their own, and no emergency security was in place.

Similar cases uncovered that criminals blindfold the workers when taking them to and from the factory. Although paid for their work in the facility, workers are usually not allowed to leave, or to make contact with other people while working. Criminals often even seal the premises to enforce this. These illegal activities are estimated to bring in about EUR 625 000 per week in criminal profits.

During the raids, law enforcement officers searched 13 locations and arrested 20 people, suspected of being members of the criminal group. One of them was believed to be the leader of the organisation.

Information source: <https://www.europol.europa.eu/newsroom/news/four-metres-underground-illegal-cigarette-factory-uncovered-in-bunker-in-spain>

Law enforcement authorities

Spanish Civil Guard, Lithuanian Customs Criminal Service (Muitinės kriminalinė tarnyba), Polish Police Central Bureau of Investigation (Centralne Biuro Śledcze Policji) and LEAs from the United Kingdom.

Europol facilitated the information exchange between the participating countries, provided coordination support and analysed operational information against Europol's databases to give leads to investigators.

Goods seized

The production line and the criminal group were dismantled with seizures including:

- over 3 million counterfeit cigarettes;
- 20 kilograms of hashish;
- 144 kilograms of marijuana;
- three weapons;
- eight GPS tracking devices;
- one jamming device.

Related offences

Twelve of the arrested criminals were sent to prison pending trial, and faced charges for smuggling, belonging to an organised criminal group, money laundering, and IP infringement amongst others.

The leader of the organised criminal group was a convicted heroin and amphetamine trafficker who had escaped from Hatfield Lakes prison in the UK. Another of the arrested criminals, of Lithuanian nationality, was also wanted by the authorities of his country for smuggling.

The cigarettes were made in unsanitary conditions and with low-quality ingredients.

The criminal group distributed the cigarettes on the European black market, estimated to represent about 46.3 billion cigarettes in 2018. The OECD/EUIPO studies mention that this costs EU governments about EUR 10 billion a year in lost revenue.

Tobacco products operation

HU

Case background

The Hungarian National Tax and Customs Administration (NTCA, Nemzeti Adó- és Vámhivatal) uncovered an illegal tobacco factory and identified the members of the criminal group behind the operation. The cigarette factory operated in a large rented warehouse in Budapest, which had been completely rebuilt to cater to the network's illegal activities. Renovations were extensive, with separate tobacco cutting, fermenting, filling and packing areas constructed with walls made of brick and fibreboard.

Following an alert from the European Anti-Fraud Office (OLAF), authorities established that the criminal group – primarily Romanian and Moldavian citizens – sourced their materials from abroad, such as machines, tobacco, filters, cigarette papers and cigarette packs infringing registered trademarks. Some of the material was stored in Hungary and used in the dismantled factory; the rest was sent abroad. Given the international scope of the illicit activity, Europol provided the Hungarian authorities with the necessary analytical support to detect the relevant international links and organised an operational meeting to set out the investigation's strategy. Hungarian customs officers arrested 20 factory employees and the ringleaders behind the operation.

During the investigation at the premises, officers found one assembly line in operation and another under construction. They also discovered apparatus for tobacco cutting, fermentation and cigarette packing. In total, investigators found 6 million cigarettes and 35 tonnes of fine-cut smoking tobacco – enough for another 21 million cigarettes – in the factory. A further 300 kg of tobacco powder was also found during the operation (1 kg of tobacco powder can make around 3 million cigarettes).

Information source: <https://www.europol.europa.eu/newsroom/news/illegal-tobacco-factory-dismantled-in-hungary>

Law enforcement authorities

Hungarian National Tax and Customs Administration (NTCA, Nemzeti Adó- és Vámhivatal), European Anti-Fraud Office (OLAF).

Goods seized

Investigators were able to uncover 139 pallets of cardboard used for packs of cigarettes, 76 pallets of filters, 169 pallets of cigarette papers, 43 pallets of foil, 600 litres of liquid glue, 30 pallets of foil paper rolls, and accessories, production equipment and a cigarette rolling machine.

Related offences

The factory employees were forced to live and work in the factory, unable to leave the building, as the soundproof, purpose-built rooms were locked by the ringleaders from outside.

Counterfeit electronics

BE

Case background

The counterfeit unit of DG Economic Inspection became aware of significant quantities of spare parts for smartphones being imported in 2015. The shipments were always delivered to a private home near Brussels. Based on the information gathered, the competent investigating judge authorised the AD Economic Inspection to carry out a search at the address in question.

During this search, an improvised production line for counterfeit smartphones was found in the house. At the time of the raid, some 300 smartphones were in production. Dozens of devices were being charged at the same time. A large stock of packaging was also found. Apparently, unbranded smartphones were fitted with labels and packaging from familiar brands [...]. These counterfeit devices were then offered for sale in shops in Brussels.

The interviews with the parties involved and an investigation of bank details following the abovementioned search revealed that there were other crimes also involved besides the sale of counterfeit goods.

First of all, it became clear during the investigation that the people involved were staying illegally in Belgium and were using false identity documents.

There were also strong suspicions that there was an employer-employee relationship between the group leader and other people. Many elements indicated that the people in charge of the production of the smartphones were being exploited. They only spoke Chinese and lived in poor conditions in the house where the production took place.

Furthermore, it became clear during the investigation that the production of counterfeit smartphones generated significant profits. During the search, one of the group managers had dozens of deposit receipts in his pocket for an amount exceeding EUR 70 000. An analysis of the banking details and an interrogation of the people involved showed that the illegal profit made from trading the counterfeit smartphones was probably many times larger than this amount.

One person from the organisation was responsible for transferring the profits to China. A third person who was not part of the organisation was approached for each individual transaction, clearly with the intention of obscuring the real source of the funds.

Law Enforcement Authorities

- Counterfeit unit of DG Economic Inspection;
- Investigation service of the local police.

Related offences

The evidence of the case revealed that it was very likely that the following offences were also taking place:

- money laundering;
- fraudulent labour;
- use of false identity documents;
- illegal residence;
- illegal employment;
- tax offences.



6. Food fraud



Food fraud is a collective term used to encompass the deliberate and intentional substitution, addition, tampering or misrepresentation of food, food ingredients, or food packaging or labelling; or false or misleading statements made about a product for economic gain⁽¹⁶⁾.

As the counterfeit goods are almost always of substandard quality and produced in unhygienic environments, they can pose a serious risk to the health and wellbeing of consumers. In some cases, counterfeit food has even been found to contain dangerous or hazardous ingredients.– 2019 Intellectual Property Crime Threat Assessment⁽¹⁷⁾

Counterfeiting affects all business activity, including food fraud.

Consumers find themselves exposed to non-compliant or even dangerous products that damage not only the image of companies producing and selling legal products, but also their capacity for innovation and the major role they play in a country's economic activity.

Illegal food and beverages may contain toxic ingredients.

In the cases presented in this chapter, counterfeits profoundly affect the quality of the products sold and claimed to be original:

- Fake sparkling wine IT
- Oro Giallo DE, IT

⁽¹⁶⁾ Europol SOCTA definition of food fraud

⁽¹⁷⁾ Europol and EUIPO (2019). Intellectual Property Crime Threat Assessment 2019. Available at: https://euiipo.europa.eu/tunnel-web/secure/webdav/guest/document_library/observatory/documents/reports/2019_IP_Crime_Threat_Assessment_Report/2019_IP_Crime_Threat_Assessment_Report.pdf

Fake sparkling wine

IT

Case background

Padua's Guardia di Finanza concluded an operation in the sector of counterfeiting and alteration of food products and commercial fraud, seizing 9 200 bottles of wine, 40 000 labels and 4 200 boxes, all unduly bearing a French geographical indication for sparkling wine. The sale of only the recovered bottles would have yielded an income of around EUR 350 000 to the organisation; an amount that would have increased to over EUR 1.8 million considering the tens of thousands of ready-to-use trademark infringing labels seized. Eight suspects were identified and the machinery necessary to label and package the bottles was seized.

The investigation originated from a check carried out by the financiers at a commercial establishment in the province where, they detected the label of a bottle of [the French sparkling wine] without the manufacturing batch number.

From there and after an intense investigative, they raided a building in the open countryside, on the border between the municipalities of Selvazzano and Abano, in the province of Padua. It was being used as a clandestine laboratory, where counterfeit champagne labels of a well-known brand were affixed on bottles containing a plain sparkling table wine.

At the time of the raid, eight people were present packing and boxing the bottles of wine. Some of them were of Sinti origin, with extensive criminal records. The raid was carried out just before the Christmas holidays, so the fake [wine] would have ended up on the tables of unsuspecting consumers in Italy and beyond.

Subsequent home searches were carried out as ordered by the Public Prosecutor of Padua, which led to the seizure of documentation deemed of interest to the investigation.

The analysis of the seized wine, carried out by the chemical laboratory of the Customs Agency, ruled out the authenticity of the product, which was classified as a 'sparkling white wine' with an alcoholic strength of 11.62 %.

Information source: <http://www.gdf.gov.it/stampa/ultime-notizie/anno-2016/febbraio/maxi-sequestro-di-bottiglie-di-champagne-contraffatte>

Law enforcement authorities

Italian Guardia di Finanza.

Goods seized

9 200 bottles of wine, 40 000 labels and 4 200 boxes, all unduly misrepresenting a protected geographical indication for French sparkling wine.

Related offences

Food fraud.

Oro Giallo

DE, IT

Case background

The investigation began in May 2015, with the identification of a criminal organisation suspected of tampering with large quantities of sunflower oil in Italy. The gang made this poor quality oil look like extra virgin olive oil by adding chlorophyll and beta-carotene to seed oil. After this process, the suspects sold the counterfeit oil on the German market, trying to sell it to restaurant owners.



The activities at this olive oil mill were carried out in unsanitary conditions.

While some of the workers were responsible for the production and packaging of the product, the others with better credit worthiness delivered the fake oil in lorries every two weeks.

Once in Germany, the counterfeit product was stored at logistics companies waiting to be distributed onto the German market. In some instances, the fake olive oil completely replaced the genuine one.

Twenty house searches were carried out in Italy and Germany and a total of 150 000 litres of fake olive oil seized at different locations, including five lorries transporting 23 000 litres of counterfeit oil each.

It is estimated that the suspects made profits of around EUR 8 million every year, taking into account that they acquired 1 million litres of seed oil every year for approximately EUR 1 million, and then they sold the counterfeit product between EUR 5 and EUR 10 per litre.

Information source: <https://www.europol.europa.eu/newsroom/news/150-000-litres-of-fake-extra-virgin-olive-oil-seized-%E2%80%98well-oiled%E2%80%99-gang>

Law enforcement authorities

Italian NAS Carabinieri and German Tribunal of Darmstadt.

Goods seized

The operation was concluded with a day of action, in May 2019, and resulted in the following:

- 24 arrested (2 Italians arrested in Germany by European Arrest Warrant);
- an estimated volume of business worth EUR 8 million per year;
- the counterfeit oil was sold to restaurants and shops in Stuttgart, Frankfurt and Berlin;
- every two weeks the OCG sent to Germany 23 000 litres of fake extra virgin olive oil;
- 28 seizures of about 150 000 litres of counterfeit olive oil;
- every year criminals bought 1 million litres of seed oil to be coloured and packaged as olive oil;
- One litre of seed oil cost EUR 1.20 and 1 litre of counterfeit oil was sold between EUR 10 and EUR 15 per litre;
- an oil factory, cash money and several financial documents were seized.



Image source: Europol

Related offences

The first group of criminals, was charged under Article 416 of Italian Penal Code, criminal association (When three or more people join together for the purpose of committing multiple crimes, those who promote or set up or organise the association are punished, for this only, with imprisonment from 3 to 7 years).

The second group was also charged under Article 516 of the Italian Penal Code, collaboration in the sale of non-genuine foodstuffs as genuine (anyone who offers for sale or otherwise puts on the market as genuine non-genuine food substances is punished with imprisonment of up to six months or a fine of up to one thousand thirty two).

Article 648 receiving stolen goods, (who, in order to obtain a profit for himself or others, buys, receives or hides money or things coming from any crime, or in any case intrudes in making them buy, receive or conceal is punished with imprisonment for 2 to 8 years). Eventually, Article 5 law 283/1962 (badly preserved food).



This was not a mafia-style OCG, as they did not use violence, intimidation or other methods used by mafia clans. On the other hand, this OCG was powerful because of its in-depth knowledge of the market allowing it to subtly infiltrate it, avoiding detection.



7. Excise fraud



Excise fraud is the illegal evasion of excise duty on goods such as tobacco, alcohol and oils. This includes illegal manufacturing, smuggling, diversion and abuse of duty suspension schemes. Excise duties are indirect taxes generally collected inland, as opposed to customs duties, which are generally import taxes collected at borders. The most commonly taxed excise goods are tobacco, alcohol and oils (e.g. road fuel and heating oils). Tobacco product duty is usually calculated by weight or retail value ⁽¹⁸⁾.

For governments, counterfeiting means lost tax revenues, higher unemployment and greater expenses incurred – both to ensure compliance with anti-counterfeiting legislation and to react to public safety threats and labour market distortions ⁽¹⁹⁾.

The reduction in value, false declarations of tariff classification and origin of imported counterfeit goods cause significant losses of tax revenue for the European Union and its Member States.

Highly organised crime groups, with well-established structures since the mid-1990s, have caused high revenue losses.

These significant cases tend to demonstrate the existence of this double fraud:

- Operation Citrus CY, CZ, BE, IT, NL, PL, RO, UK
- Operation Lerna ES
- Counterfeit products operation PT
- Counterfeit spirits ES, NL

⁽¹⁸⁾ Europol

⁽¹⁹⁾ Trends in Trade in Counterfeit and Pirated Goods – EUIPO-OECD March 2019.

Operation Citrus

CY, CZ, BE, IT, NL, PL, RO, UK

Case background

Authorities from seven countries, with the active support of Eurojust, Europol and the European Anti-Fraud Office OLAF, dismantled an international OCG which was involved in the large-scale illegal trade of tobacco. During an action day, coordinated at Eurojust, 18 persons of different nationalities were arrested, suspected of money laundering and the illegal trade and storage of around 670 000 kilos of tobacco. Three suspects from Italy were heard. The illegal trade has led to a loss of customs and excise duties for the Dutch fiscal authorities of approximately EUR 70 million. A total of 29 searches took place in Italy, Poland, Belgium, the United Kingdom and the Netherlands, mainly in the south-eastern province of Limburg. Over 250 police officers, fiscal police and customs were deployed during the action day in the Netherlands, Italy, the United Kingdom, Poland and Belgium.

The criminal organisation allegedly bought tobacco in Italy, which was then processed and sold to traders for the use in illegal cigarette factories. The criminals played a role as well in the brokerage of illegally produced cigarettes and bought, sold and repaired machinery for cigarette production.

As a result of international cooperation, illegal cigarette factories were dismantled in Poland, the Czech Republic and the Netherlands, whose operators had close links to the criminals who were arrested.

Eurojust held a coordination meeting and set up a coordination centre during the action day and provided assistance with the issuing of European Investigation Orders (EIOs) and European Arrest Warrants (EAWs).

The operation was based on an analysis of a special operational taskforce set up in February 2018 between Europol, the UK's HM Revenue & Customs (HRMC) and FIOD, and on an investigation conducted by OLAF in other EU Member States where the same criminal organisation was involved.

The operation was one of the first cases which forms a vital part of the ongoing intelligence picture. Regular meetings at Europol between the taskforce members helped identify numerous high value targets against which actions were taken in the framework of this operation.

Information source: <https://www.europol.europa.eu/newsroom/news/illegal-tobacco-trade-halted-after-international-operation>

Law enforcement authorities

Authorities from Italy, Poland, Belgium, the United Kingdom, the Netherlands, mainly in the south-eastern province of Limburg and the Customs Administration of the Czech Republic. Authorities from Romania and Cyprus contributed actively to the operation, also counting on the active support of Eurojust, Europol and the European Anti-Fraud Office OLAF.

Goods seized

670 000 kilos of tobacco.

Related offences

Excise fraud, money laundering.



Operation Lerna

ES

Case background⁽²⁰⁾

The Spanish Civil Guard, within the framework of operation ‘LERNA’, dismantled four clandestine tobacco counterfeiting factories in the provinces of Toledo and Seville. The investigation was carried out by the Central Operational Unit (UCO) under the direction of the Investigating Court No 7 of Illescas (Toledo). Two of the factories were in the process of production, one in Seseña, Toledo and the other in Mairena de Alcor, Seville, while the other two were inactive waiting to receive the final components to complete them. All four factories were controlled by the same criminal organisation.

The factories were installed during the summer months, and their activity was detected in late September. The criminal organisation formed, in both active factories, two teams of seven specialised workers, in order to ensure production 24 hours a day.

The security measures imposed by the organisation were extreme, in movement of merchandise by establishing counter-surveillance measures and in the work and accommodation regimes applied to its workers, who could not leave the facilities during the months they worked there. For this reason, the factories were divided into two main areas, one for production and storage and the other for accommodation, where the operators had various cots, kitchen utensils, food, drinks and a rudimentary gym.

They produced 34 000 packs of tobacco per hour

The two factories that were in operation produced around 34 000 packs per hour, equivalent to EUR 153 000 per hour, defrauding in turn more than EUR 120 000 an hour. The operation resulted in 47 people being arrested (nine Ukrainians, one Bulgarian, six Romanians, 28 Moldavians, one French national and two Spanish nationals), and seven house searches in the province of Toledo, one in Madrid and seven in the province of Seville. Among other effects, the authorities seized more than EUR 600 000, presumably from the sale of part of the production produced.

⁽²⁰⁾ Translated from Spanish using machine translation

Biggest blow to the production of counterfeit tobacco in Spain

This represents a record blow to the industrial production of counterfeit tobacco in Spain, dismantling four illegal factories, along with their production, with 16 members of a criminal gang in prison.

In addition to members of the Central Operational Unit of the Spanish Civil Guard, additional operational units participated in the operation 'LERNA', such as GRS, the Cynological Service, USECIC units from Toledo and Ciudad Royal, as well as units of the Judicial Police of Toledo and Seville.

Information source: Guardia Civil official YouTube channel
<https://www.youtube.com/watch?v=fxTSEuRkY2E>

Seized goods

The criminals used counterfeit packages of well-known brands on the international tobacco market, which facilitated their distribution, having seized counterfeit cardboard ready to make up almost two million more packages. 2 373 000 packs with a value of EUR 7 500 000 were seized. Likewise, 69 tonnes of tobacco destined for the industrial manufacture of counterfeit tobacco was seized in the production chain, with an estimated value of EUR 16 000 000.

Law enforcement authorities

Spanish Guardia Civil.

Related offences

All the clandestine factories were controlled by a single criminal gang with alleged connections with drug trafficking which the Spanish Guardia Civil was investigating.

Counterfeit products operation

PT

Case background⁽²¹⁾

In 2018, the Portuguese Food and Economic Security Authority (ASAE), through its National Information and Criminal Investigation Unit, carried out an operation to combat counterfeiting and the sale and circulation of counterfeit products in the towns of Barcelos, Guimarães and Vila Nova de Famalicão.

In the course of the operation, a heavy goods vehicle loaded and ready to move was intercepted next to a textile manufacturing site. It was bound for Paris, with about 2 000 pieces of counterfeit clothing, hidden in the middle of the load and amongst packed cushions, to hinder any inspection that may have been done along the way.

Inside the office of the textile manufacturing site, 550 more articles of clothing and footwear allegedly counterfeit were found, as well as 229 packs of tobacco without tax stamps, that is, without having been subject to the payment of mandatory excise duties.

This operation was specifically targeted at textile and footwear production units, included the inspection of five more serigraphy and printing facilities. Stamping frames and other tools used in the production of counterfeits were seized, totalling 3 682 articles. The total value of the seizure amounted to EUR 70 000.

Information source: <https://www.asae.gov.pt/espaco-publico/noticias/comunicados-de-imprensa/asae-apreende-mais-de-70-mil-euros-de-artigos-contrafeitos-.aspx>

Law enforcement authorities

Portuguese ASAE – Autoridade de Segurança Alimentar e Económica.

Goods seized

Counterfeit clothing and tobacco products.

⁽²¹⁾ Press release translated into English using machine translator

Related offences

As a result of this operation, four criminal charges were filed for counterfeiting and two fines for dumping polluted water and excise fraud (tobacco for consumption).



Counterfeit spirits

ES, NL

Case background

One of the biggest seizures in the EU involving fake spirits took place just two days before Christmas. A well-coordinated action in the Netherlands between OLAF and the Dutch customs authorities led to the seizure of more than 147 000 bottles of counterfeit rum, an equivalent of 10 containers. The final destination of the seized bottles of counterfeit rum was Spain.

Starting in July 2019, OLAF received information that counterfeit rum was being smuggled from the Netherlands into Spain. Following several inspections, OLAF carried out in close cooperation with the Spanish and the Dutch authorities as well as the analysis of thousands of documents, OLAF investigators figured out the modus operandi of the rum smugglers, and identified a warehouse of possible concern in the Netherlands.

As a result, OLAF and the Dutch authorities jointly inspected the warehouse on 23 December 2019. The operation, carried out in cooperation with the brand holder of the rum, showed that 96 % of the bottles contained counterfeit rum, which amounted to an estimated value of EUR 2 million. [...]



A related OLAF investigation concerning the infringement of IP rights is still ongoing.

Information source: https://ec.europa.eu/anti-fraud/media-corner/news/12-02-2020/no-fake-rum-spain-christmas-nearly-150000-bottles-seized-olafs-help_en

Law enforcement authorities

Customs authorities from Spain and the Netherlands, coordinated by the European Anti-Fraud Office (OLAF).

Goods seized

More than 147 000 bottles of counterfeit rum, equivalent to 10 containers.

Related offences

The trade of counterfeit products results in vast illicit profits and huge losses of tax revenues for the EU and its Member States. The smuggling of counterfeit products harms the European economy, damages legitimate business and stifles innovation, putting many jobs at risk in Europe. Counterfeiting also poses serious risks to the environment and to health and safety, in particular in case of counterfeit foodstuffs.

OLAF is competent to conduct investigations related to the smuggling of counterfeit goods, thereby protecting the EU and its Member States from customs and tax revenue losses. OLAF particularly focuses on the smuggling of potentially dangerous products.

8. VAT fraud



VAT frauds are highly complex forms of tax fraud relying on the abuse of the VAT rules for cross-border transactions. VAT fraudsters generate multi-billion euro profits by avoiding the payment of VAT or by fraudulently claiming repayments of VAT by national authorities following a chain of transactions. The most common form of VAT fraud is Missing Trader Intra-Community (MTIC) fraud.

Changes in commodity prices have an impact on the profitability of MTIC fraud schemes involving specific commodities or services. This is particularly true for fraud schemes involving the energy sector and related commodities, which are subject to frequent price fluctuations⁽²²⁾.

The results provided by the recent OECD-EUIPO reports are truly alarming for the particular case of the European Union. In 2013, the OECD estimated that counterfeit and pirated products accounted for up to 5 % of EU imports from non-EU countries and, in 2016, the more recent estimation reached 6.8 % of EU imports from non-EU countries, to the value of EUR 121 billion⁽²³⁾

In view of these figures, there is an urgent need to reduce the economic impact of crime against intellectual property rights by combating this problem more effectively.

VAT is not paid by criminals in a black market economy, or, if infiltrated in the legal supply chain, due to the generally lower value of goods, less VAT is paid. In the importation scenario, counterfeit products are often smuggled (i.e. they are not declared to customs) in which case customs duties and VAT are also evaded.

The fight against counterfeiting must be a priority in order to ensure the health and safety of citizens, but also to protect the economic interests and revenues of the Member States and therefore of the European Union.

The following cases illustrate the considerable losses to the European economy:

- Operation Renegade BG, ES, IT, NO / Asia
- Operation Silver Axe

⁽²²⁾ Source: Europol SOCTA 2017, p. 44

⁽²³⁾ OECD-EUIPO: Trends in Trade in Counterfeit and Pirated Goods. 2019

Operation Renegade

BG, ES, IT, NO / Asia

Case background

Over 70 000 counterfeit auto spare parts, including grills, oil and air filters and fuel pumps, along with 590 cylinders of CFC refrigerant commonly used in air conditioning and refrigeration systems were seized in a large-scale joint customs operation coordinated by the European Anti-Fraud Office (OLAF). These fake items could not only be harmful to the environment, but also be potentially dangerous to the safety and health of citizens. An additional 400 000 counterfeit goods, including chewing



gum, toys, perfumes, headphones, garden appliances and sunglasses, which can be found in many homes around the European Union and are often staple products in the daily lives of citizens, were also halted at the EU's doorstep.

Operation Renegade particularly targeted the international trade of counterfeit auto spare parts by shipping container. Under the coordination of OLAF, EU and Asian customs authorities carried out targeted physical checks on more than 400 containers.

Most of the European ports were involved in the operation, which, over the course of two weeks, uncovered a wide array of counterfeit goods, cigarettes as well as prohibited goods. [...]

Information source: https://ec.europa.eu/anti-fraud/media-corner/news/26-06-2017/operation-renegade-halts-thousands-potentially-dangerous-auto-spare_en

Law enforcement authorities

The operation was coordinated by OLAF, with the support of a team of six customs liaison officers from Bulgaria, Italy, Spain, Norway, China and Europol, all working together in Brussels.

During the operational phase of Renegade, OLAF facilitated the cooperation between the EU Member States, Norway, 12 Asian countries (Cambodia, China, India, Japan, Lao, Malaysia, Pakistan, the Philippines, the Russian Federation, Singapore, Thailand and Vietnam), Interpol, Europol and the Regional Intelligence Liaison Office for Western Europe (World Customs Organization).



Goods seized

An additional 400 000 counterfeit goods, including chewing gum, toys, perfumes, headphones, garden appliances and sunglasses.

Related offences

Drug trafficking: 668 kilos of cocaine were seized.

VAT fraud and customs import fraud.

The seizures of 56 million cigarettes alone prevented the loss of EUR 12 million in customs duties and taxes. The evasion of duties on goods imported into the EU is financially damaging to legitimate industry and the EU taxpayer and include undervaluation ,anti-dumping, misclassification, false declaration of origin etc.

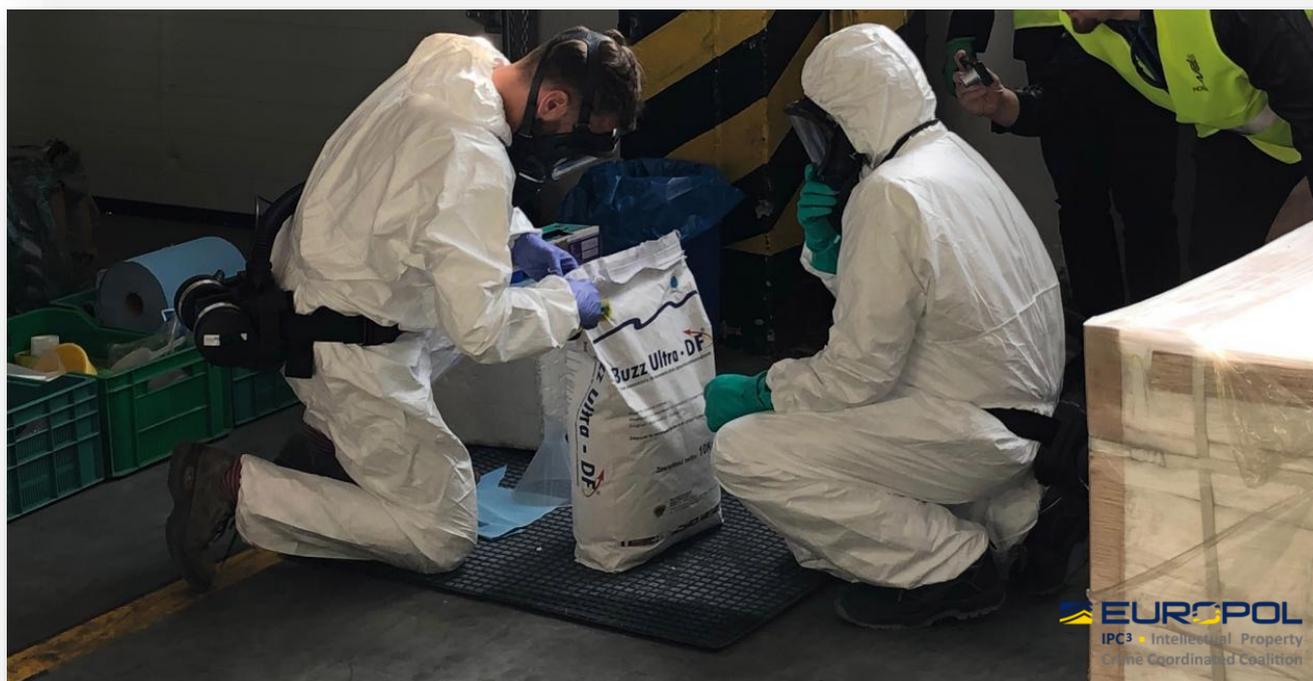


Operation Silver Axe

Case background

A new milestone for one of Europol’s annual operations, supported by the European Anti-Fraud Office (OLAF) and involving nearly 30 countries. Operation Silver Axe began in 2012 to target the illegal trade of pesticides. Since its launch, 1 222 tonnes of illegal and fake counterfeit products have been seized. In 2019, 550 tonnes of goods were confiscated in Europe and three individuals arrested.

Now in its fourth year, operation SILVER AXE IV saw law enforcement officers carry out checks at major seaports, airports and land borders. Production and repackaging facilities were also checked in the 29 participating countries.



Environment and health at risk

Pesticides must undergo rigorous testing before being put on the market. Illegal pesticides are not tested so pose a threat to the environment and the health and safety of users and consumers. Operation Silver Axe focuses on the sale and market availability of counterfeit pesticides, (including infringements of IP rights like trademarks, patents and copyright) and targets the illegal trade of pesticides.

During the action phase, Europol experts exchanged and analysed data received from the countries participating in the operation and liaised with stakeholders from 34 private companies involved in the production and commerce of pesticides.

Alongside this analytical support, Europol deployed six on-the-spot experts to support actions in Member States.

OLAF provided Europol and the participating countries with information on 120 suspicious shipments of pesticides shipped into the European Union.



Private sector and public sector cooperation

Cooperation with private industries and European and international bodies was crucial to the success of the operation.

Private sector partners CropLife International, the European Crop Protection Association (ECPA) and the European Crop Care Association (ECCA) represented the plant protection industry during the operation. The European Commission’s Directorate-General for Health and Food Safety DG SANTE, OLAF, Interpol and the Food and Agriculture Organization of the United Nations (FAO) from the public sector also participated in the preparation phase and the operation.

Catherine De Bolle, Europol's Executive Director stated 'This is only the fourth time this operation has taken place and we have beaten previous records again. With operation Silver Axe, Europol underlines that the public's health and safety comes first. It is of critical importance that we team up with our partners to tackle these types of crimes together head on and bring those who are responsible to justice.'

Hans Mattaar, Technical Director of ECCA said 'Every new Silver Axe operation shows how improving cooperation between law enforcement agencies leads to more efficiency in the fight against illegal pesticides. ECCA is pleased to see the result of Silver Axe IV, but at the same time is concerned about the ongoing illegal business. We look forward to continuing our contribution to Europol in broadening the scope of Silver Axe. To increasing the pressure is the only way to discourage the criminal organisations behind this illegal trade.'

Christian Archambeau, EUIPO executive director said: 'Counterfeit pesticides can have serious damaging effects for the environment and for the health and safety of citizens and consumers. EUIPO is committed to continue developing research to substantiate the impact of IPR infringement, analysis of the trends of counterfeiting as well as support enforcers' efforts in the fight against fakes. The EUIPO's research shows an economic loss of EUR 1.3 billion in the EU every year, due to counterfeit pesticides.

Information source: <https://www.europol.europa.eu/newsroom/news/operation-silver-axe-strikes-for-fourth-time-seizing-over-550-tonnes-of-illegal-pesticides>

Law enforcement authorities

Authorities from Austria; Belgium; Bulgaria; Croatia; Cyprus; Czechia; Denmark; Estonia; Finland; France; Germany; Greece; Hungary; Ireland; Italy; Latvia; Lithuania; Luxembourg; Malta; Netherlands; Poland; Portugal; Romania; Slovakia; Slovenia; Spain; Switzerland; Ukraine and United Kingdom.

Goods seized

550 tonnes of illicit, substandard and counterfeit pesticides. Customs officials said the discovery, made in the first days of January, was one of the biggest, comparable to what is normally seized during a year.

Related offences

Import tax evasion.

9. Bribery & corruption



OCGs use corruption to infiltrate public and private sector organisations relying on bribery, conflicts of interest, trading in influence and collusion in order to facilitate their criminal activities. Corruption distorts legitimate competition and erodes public trust in authorities and legal systems.

Corruption is used to enable all types of criminal activity. However, the prevalence and scale of corruption associated with different crimes vary. Some criminal activities use corruption as an integral part of their modus operandi. Corruption is increasingly facilitated by online services. Some criminals use cryptocurrencies and alternative banking platforms to transfer funds to their accomplices in the public and private sector. The use of these techniques makes it more difficult to detect financial flows and to uncover corruption ⁽²⁴⁾.

Corruption and its consequences are devastating for States. They are a danger to political, social and economic stability and threaten the security of our societies as a whole.

Corruption is one of the means used by criminal organisations, including IP criminals, to achieve their objectives.

Criminals sometimes benefit from the complicity of corrupt officials in their illicit activities.

In this chapter we see one significant case where corruption has played a facilitating role for a criminal organisation:

- Operation Monkey Box GR

⁽²⁴⁾ Source: Europol SOCTA 2017, p. 16

Operation Monkey Box

GR

Case background

In the context of the Monkey Box case, the Financial Police Division disrupted two independent organised criminal groups that systematically imported and distributed, at least since 2016, large quantities of counterfeit products and sports footwear, of famous brands, from Turkey to Greece. These products were sold to consumers as genuine.

The members of both OCGs had an hierarchical structure with distinct roles and duties in order to contribute to criminal activity. The leading members of the first OCG recruited three customs officers who facilitated the organisation's activity, in order to avoid checks and administrative fines.

The other members, three of which were active in Turkey, were responsible for the supply, shipping, storing and distributing of the illicit products and, in some cases, the collection of payments for the goods.

The members of the same OCG had legal wholesale and retail businesses (clothing stores, footwear stores, etc.) as well as e-shops, for the distribution of the illegal goods to other legal businesses or to the final customer. They were also engaged in outdoor trade in different areas of the country.

The counterfeit products were loaded at a company premises in Istanbul Turkey onto international transport trucks and imported with fake documents to Greece – via Kipon customs or Bulgaria – every 10-15 days.

The goods were also shipped to Greece by Bulgarian companies, which were probably managed by the members of the criminal network. The imports were carried out by transport companies set up on behalf of the OCG's members, by paid straw men.

OCG used a central warehouse, in Thessaloniki. From there, the goods were moved to various areas of the Greek territory, via Athens, Komotini and Xanthi.

Payments were made in cash and funds were transferred abroad bypassing the banking system.

OCG members used VoIP applications and third-party cell phone connections, to communicate.

It is estimated that their illicit profits, both of the criminal organisation and of the 'virtual' companies / importers, exceeded EUR 3 637 015.

The investigation also revealed that OCG's members were laundering money by reinvesting in commodities owned by the OCG's members, with multiple overlapping transactions, with purchases of buses and through a tourist office in Thessaloniki.

The second OCG developed a similar modus operandi. About once a week, its members imported large quantities, either exclusively of counterfeit items or at the same time with non-branded items.

Specifically, they supplied goods with counterfeit labels, marks and generally distinctive features as if they had come from a legitimate business, imported them from Turkey by bus (undisclosed or in disguise of their kind) and stored them in premises in Thessaloniki and Attica, from where they were available for sale to consumers.

The investigation revealed that, through this procedure, EUR 1 551 226 was transferred to Turkey during 2016-2018, without being declared to the competent customs office.

In addition, from 13/03/2018 to 02/12/2018, the OCG members generated EUR 1 340 901 for the transport of counterfeit and non-branded products produced in Turkey, while the quantity of goods transported at the same time exceeded 8 374 parcels.

Twenty people were arrested, including four public servants and 86 people were prosecuted.

Two police officers were implicated in the case, one of whom was arrested for facilitating the work of the OCG by providing information, while the other one was charged with a breach of duty.

Information source: http://www.astynomia.gr/index.php?option=ozo_content&lang=&perform=view&id=83652&Itemid=2191&lang=

Law enforcement authorities

Greek Police / Financial Police Division

Goods seized

- 6 051 items of various imitation products (clothes, lingerie, bags, wallets, accessories, shoes, etc.), 35 fashion house logos;
- 96 gold pounds;
- two laptops and tablets, and two tape recorders;
- three weapons and 40 cartridges;
- 34 mobile phones, six SIM cards and connection pack;
- EUR 696 015, USD 3 740, TRY 1 095 (Turkish pounds) and BNG 1 380 (Bulgarian levs);
- one watch, a lighter and gold leaf with a certificate of origin and authenticity in English; [...]

Related offences

- criminal organisation;
- forgery;
- employee bribery;
- passive corruption;
- abuse of power;
- misdemeanour related to the relevant service;
- breach of confidentiality;
- acceptance and disposition of criminal offences;
- criminal laws;
- rules regulating product purchasing and service and other provisions;
- legalisation of money laundering from criminal activities and tax evasion.

10. Money laundering

MONEY LAUNDERING



Commonly, the OCGs involved in counterfeit goods and copyright infringements use other cash intensive business to mix criminal and legitimate incomes, or use cryptocurrencies, the banking system or payment platforms to transfer money. Criminal proceeds are also reinvested in their criminal activities, using the remaining profits to sustain a lavish lifestyle.

By recent estimates of the United Nations (UN), the proceeds of crime laundered each year represent between 2 % and 5 % of the world's GDP, i.e. USD 1 600 to 4 trillion a year. Money laundering is the operation that allows offenders to reap the benefits of their activities. Many of these offences or crimes directly threaten the stability of the economy by recent estimates.

Like all other criminal activities, criminal organisations involved in counterfeiting face the same problem: How to turn totally illegal profits into a legal source of income?

The answer is simple but implementation is complicated because three main criteria for money laundering must be put in place:

- Investment, which consists of introducing funds from criminal activities into a country's financial system.
- Stacking, which makes it possible to conceal the origins of the funds by the use of multiple banking or financial operations involving various accounts, institutions, persons, products and countries.
- Integration, which aims to invest funds fraudulent in origin into the legal channels of the economy and to take advantage of them.

In this chapter we have selected five specific cases, but the issue of money laundering is typically omnipresent for counterfeiters, and can be found in all cases presented in this report:

- Operation Fake DE, ES
- Operation Xstream Codes BG, DE, FR, GR, IT, NL
- Operation TV Pirates II BG
- Operation Pinar ES, FR, PT
- Counterfeit goods BE

Operation Fake

DE, ES



Case background

A joint investigation by the Spanish National Police and Tax Authorities, with the support of the German local Hanau police, Europol and Eurojust, resulted in the dismantling of a criminal network specialised in the illegal distribution of pay-TV channels in Spain. The illicit distribution was done through pirated decoders (cardsharing) and the internet. In total, 30 suspects were arrested in Spain, and 48 800 decoders seized, alongside EUR 183 200 in cash, 10 luxury vehicles, one counterfeit luxury car, a private plane, several financial documents and IT equipment.

Operation FAKE began when a legitimate Spanish provider of decoders filed a complaint against another company for counterfeiting and selling their decoders.

The investigations revealed the existence of a sophisticated network of companies, including shell companies, through which an organised crime network illegally distributed pay-TV content. The arrestees imported decoders from China, designed the firmware used to decrypt the TV signals and distributed it to the final customers via dedicated web pages and internet forums controlled by them. The criminal group also used Internet Protocol television (IPTV) technology to illicitly offer more than 1 600 TV channels from different countries. They used servers located in various European countries, including Germany which took down the server upon request of the Spanish authorities.

During a joint action day on 18 May 2016, 38 house searches were carried out simultaneously in seven cities in Spain. Europol supported the investigations by deploying two on-the-spot experts equipped with mobile offices to the premises of the main target company in Barcelona. This allowed for real-time intelligence analysis and cross-checks against Europol's databases, as well as extractions of data from phones and data storage devices.



Operation FAKE represents a great example of cross border cooperation against online IP right infringements. Michael Rauschenbach, Head of Serious and Organised Crime at Europol, said: ‘This operation shows that these types of crimes are not left unpunished. Thanks to the excellent cooperation between law enforcement agencies across Europe and beyond, they can be effectively investigated and prosecuted. Europol stands ready to continue to offer its full support to EU Member States to investigate and tackle this crime’.

Information source: <https://www.europol.europa.eu/newsroom/news/spanish-network-behind-illegal-distribution-of-pay-tv-channels-dismantled>



Law enforcement authorities

- Spanish National Police
- Spanish Tax Authorities
- German local Hanau police
- Eurojust.

Goods seized

A joint investigation by the Spanish National Police and Tax Authorities, with the support of the German local Hanau police, Europol and Eurojust, resulted in the dismantling of a criminal network specialised in the illegal distribution of pay-TV channels in Spain. The illicit distribution was done through pirated decoders (card sharing) and the internet.

In total, 30 suspects were arrested in Spain, and 48 800 decoders seized, alongside EUR 183 200 in cash, 10 luxury vehicles, one counterfeit luxury car, a private plane, several financial documents and IT equipment.

Related offences

Money laundering.

The criminal gang used various methods to launder the money, such as Bitcoin mining. In the framework of the investigations the Spanish authorities discovered and subsequently dismantled 6 Bitcoin mining centres. The criminals used these centres to launder the illicit profits into virtual currency. At least 78.3 Bitcoins (worth a total of EUR 31 320) were seized.

Operation Xtream Codes

BG, DE, FR, GR, IT, NL

Case background

A multi-country action day coordinated by Eurojust in The Hague led to the dismantling of an international criminal network that was committing massive pay-TV fraud, showing that organised crime had expanded its illegal activities to large-scale violations of audiovisual copyright. The actions taken in this unique case in the European Union were the result of complex investigations conducted by prosecutors from Naples and Rome, with the support of judicial and police authorities from Bulgaria, Germany, Greece, France and the Netherlands, as well as Eurojust. The damage caused by the criminal gang amounted to approximately EUR 6.5 million, jeopardising the existence of many legal providers of pay-TV.

More than 200 servers were taken offline in Germany, France and the Netherlands and over 150 criminal PayPal accounts were blocked. Eurojust, the EU's Judicial Cooperation Unit, set up its 100th coordination centre, since the first in 2011, to support national authorities on-the-spot in swiftly disrupting illicit activities. The simultaneous operation led to the disruption of the signal for illegal pay-TV viewers in Europe, who were benefitting from a subscription fee far below market value.

A press conference on the case was held at Eurojust [...]. A link to the recording of the press conference is available [here](#).

Eurojust ensured fluid information exchange with the Member States involved, as well as the proper and fast execution of judicial orders, including several European Investigation Orders and freezing orders. During the action day, evidence, including servers, digital equipment, payment instruments, record sheets and other infrastructure (Load Balance) were seized. A total number of 22 suspects of different nationalities were identified.

Activities of the criminal network

In 2015, the OCG started illegally re-broadcasting and selling pay-per-view products and services, similar to the ones offered by Sky Italy, Mediaset Premium, Netflix, Dazn and Infinity in various Member States and non-EU countries. The skilled criminals used the most sophisticated and efficient software to commit the fraud. Several retransmission stations were set up with special servers to disable the encryption of the original programmes and generate the illegal IPTV signal in violation of intellectual property law.

The gang members offered to a wide audience of unknowing clients the latest pay-TV programmes, cinematographic works and on-demand content at a very low price. The illegally obtained profits were subsequently transferred to foreign bank accounts.

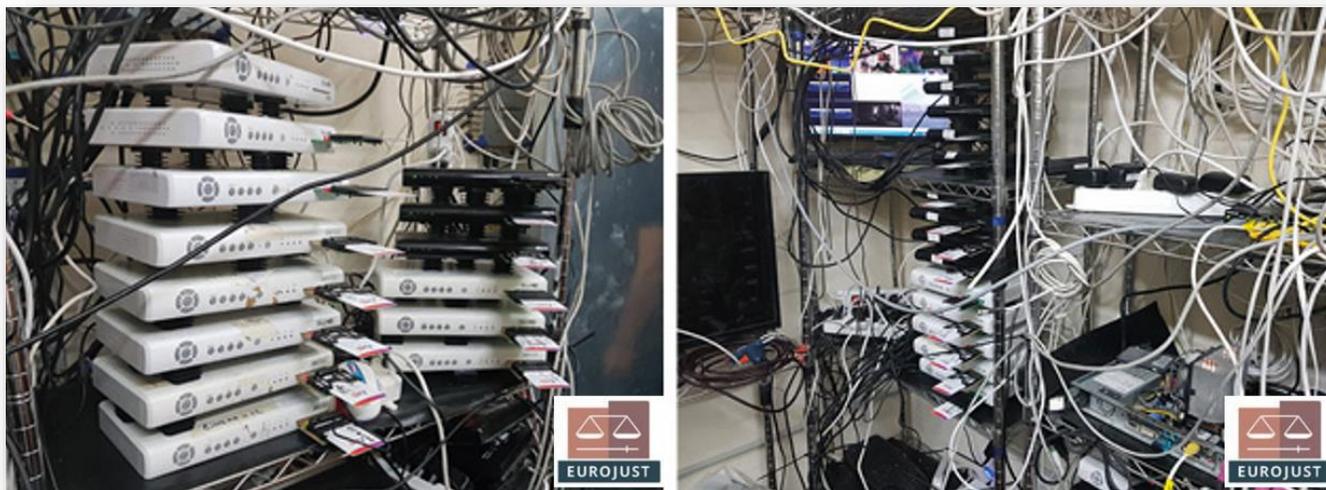
The members of the OCG were suspected of having committed large-scale fraud, cybercrime and money laundering.

Information source: <http://www.eurojust.europa.eu/press/PressReleases/Pages/2019/2019-09-18.aspx>

Law enforcement and judicial authorities

Due to the transborder dimension of the criminal activities, a case was opened at Eurojust to advance the Italian investigation. A link was also discovered with another investigation conducted by the PPO of Rome, which was supported by the Polizia di Stato – Servizio Polizia Postale e delle Comunicazioni – Sezione Financial Cybercrime.

- Italy: Naples and Rome Public Prosecutor Offices, State Police – Postal and Communications Police Service – Financial Cybercrime Unit, and Nucleo Speciale Tutela Privacy e Frodi Tecnologiche della Guardia di Finanza di Roma.
- Greece: Extradition and mutual legal assistance (MLA) Office of the Appeals PPO of Athens, MLA Office of the Court of First Instance of Athens, First Instance PPO of Athens, Court of First Instance of Thessaloniki, First Instance PPO of Thessaloniki, Hellenic Police – Cybercrime Division, Hellenic Police – Northern Greece Cybercrime Subdivision.
- Bulgaria: PPO of the Republic of Bulgaria, Ministry of Interior of the Republic of Bulgaria.
- France: Direction Régionale de la Police Judiciaire de Lille, Parquet du Tribunal de Grande Instance de Lille.
- Germany: General Prosecutor’s Office of Frankfurt am Main – Zentralstelle zur Bekämpfung der Internetkriminalität, PPO of Wuppertal, Hessian State Police.
- The Netherlands: International Cooperation Unit (IRC) of the PPO of The Hague and the National Police, The Hague.



Goods seized

More than 200 servers were taken offline in Germany, France and the Netherlands and over 150 of the criminals' online payment accounts were blocked.

During the action day, evidence, including servers, digital equipment, payment instruments, record sheets and other infrastructure were seized.

Related offences

Twenty-two people of various nationalities, suspected of having committed large-scale fraud, cybercrime and money laundering were identified.

Cyber-dependent crime can be defined as any crime that can only be committed using computers, computer networks or other forms of information communication technology (ICT). Such crimes are typically directed at computers, networks or other ICT resources. In essence, without the internet criminals could not commit these crimes. It includes such activities as the creation and spread of malware, hacking to steal sensitive personal or industry data and denial of service attacks to cause financial and/or reputational damage.

Operation TV Pirates II

BG

Case background

In February 2020, Europol supported a massive crackdown on illegal IPTV distributors in an operation executed by the Bulgarian authorities. This was Bulgaria’s third successful operation against illegal IPTV distributors, supported by Europol.

The investigation targeted six companies active in the Bulgarian cities of Sofia and Varna and the region of Burgas. The examination of the evidence concluded that at least 30 000 people were subscribed to the illegally distributed signal. One of the six companies involved was fined EUR 650 000. Following this action, six pre-trial proceedings were opened.

Europol’s Intellectual Property Crime Coordination Coalition (IPC3) supported the investigation on the ground by deploying two experts to Bulgaria. Europol officers exchanged information in real time and cross-checked operational data gathered against Europol’s databases.



Information source: <https://www.europol.europa.eu/newsroom/news/huge-hit-to-illegal-iptv-distributors-in-bulgaria>

Law enforcement and judicial authorities

Cybercrime Unit of the Bulgarian General Directorate Combating Organised Crime (Главна Дирекция Борба с Организираната Престъпност) of the Ministry of Interior, led by the Bulgarian Supreme Prosecutor’s Office of Cassation and Europol.

Goods seized

The national authorities carried out 17 house searches and seized a large number of documents and digital information.

Related offences

A cryptocurrency mining farm was found on-site, typically used for money laundering (concealing and disguising the identity of illegally obtained proceeds, making their origins appear legitimate and leaving no link to the real source of the funds, their real owners or intended beneficiaries).

Operation Pinar

ES, FR, PT

Dismantlement of an international OCG specialising in crimes against industrial property and money laundering.

The group operated in the border area of La Junquera and Le Perthus, a traditional black spot in the breach of industrial property rights in Europe.

This was the largest police operation ever against industrial property crimes and money laundering conducted in Spain, based on the following criteria: the amount of goods seized, the variety of the goods seized, particularly their value on the market, the number of business premises closed down, the amount of financial assets frozen, the length of the investigation (3 years), the number of police officers involved (around 400 officers), the targets to cover and the complexity of the area.

Case background

The operation cracked down on an international OCG specialising in crimes against industrial property and money laundering. The group operated in the border area of La Junquera and Le Perthus, a traditional black spot in the breach of industrial property rights in Europe. The OCG had a horizontal structure consisting of three perfectly coordinated groups which shared supply channels, warehouses and money laundering mechanisms. Two of the groups were made up of Moroccan nationals and the third one consisted of 'Jews', which was the name the OCG used when referring to them.

Pending the analysis of the documents seized, the volume of illicit sales was estimated at 5 200 939.48 EUR, with the money laundered amounting to 9 032 540.28 EUR. A total of 264 980 counterfeit products were seized, worth over EUR 8 000 000 on the illicit market.



Spanish National Police launched the investigation in December 2013 after they learned about the alleged breach of industrial property rights in the border area of La Junquera and Le Perthus.

The targets' expertise, most of them had previous police records for offences against intellectual and industrial property, slowed down the inquiries and hampered police surveillance because of the security measures they used.

On 14 November 2014 investigators submitted an investigation report to the Prosecutor's Office at the Spanish Audiencia Nacional, which later opened the corresponding investigation proceedings.

Police inquiries continued aimed at identifying the hierarchical structure and the modus operandi of the OCG, while focusing on the targets' assets and their money laundering activities.

The international nature of the OCG and the modus operandi used, together with the money laundering structure and the importation of illicit goods, made it necessary to liaise with other national and international agencies. Throughout the investigation Spanish National Police cooperated closely with the Spanish Assistant Directorate for Customs Surveillance, the Portuguese ASAE, the French Judicial Customs and Europol.

At the same time, ANDEMA (Association for the Defence of Trademarks) and several well-known brands filed 12 police reports for breaches of industrial property rights, including the submission of 29 proofs of purchase.

The National Police Forensic Police Headquarters conducted a forensic analysis of these samples and concluded they were all counterfeit.

As already mentioned, the structure of the OCG was atypical, as there wasn't a group leader as such, but rather a horizontal structure consisting of three perfectly coordinated groups which shared supply channels, warehouses and money laundering mechanisms. Two of the groups were made up of Moroccan nationals and the third one consisted of 'Jews', which was the name the OCG used when referring to them.

Modus operandi:

- The OCG used several companies to import counterfeit goods from different countries, in particular China, Turkey and Portugal.
- Some products, mostly leather belts and goods, were counterfeited in Spain. In this case they purchased non-branded products which they later fitted with the accessories, logos and/or names of well-known brands.
- It's worth noting the volume and variety of the counterfeit products sold by the OCG – clothes, shoes, watches, sunglasses, leather goods, jewellery, etc.
- The group relied on an alert system consisting of different individuals located in strategic places whose task was to be on the lookout for the police. This allowed the group to close all their premises in a matter of minutes if they detected a police presence.

- The group had no fixed opening or closing times.
- In several of the premises used by the OCG, investigators found seven warehouses hidden behind false walls where the goods were kept, with only samples being displayed to customers. This way they would avoid losing the best-selling products in the event of a police raid.
- As for money laundering, pending the analysis of the documents seized, the volume of illicit sales was estimated at 5 200 939.48 EUR, with the money laundered amounting to 9 032 540.28 EUR.
- The group made use of shell companies/people.
- There was also a banking network linked to the different people and companies.
- They made use of an apparently legal business structure to launder the profits from the sale of the counterfeit products by means of false invoicing.
- The group sent money abroad, including cash by road to other European countries where they also had a business infrastructure.
- Loans between family relatives to simulate movements of money with the ultimate purpose of laundering their profits.
- The group also had professional financial counselling: The OCG had engaged the services of four conniving finance counsellors who helped them hide the profits of their illicit activities.

Once the Prosecutor's Office had finished with the investigation proceedings, they were forwarded to the Juzgado de Instrucción número two in Figueras, pursuant to Preliminary Proceedings 276/16.

On 29 November 2016 a police action day took place with the following result.

Law enforcement authorities

- Criminal Police Headquarters Spanish National Police;
- Europol;
- Regional Police Headquarters in Catalonia;
- Regional Police Headquarters in Madrid;
- Regional Police Headquarters in Valencia;
- Public Security Police Headquarters (UIP);
- Subdirectorato-General for Logistics (GOIT);
- Forensic Police Headquarters;
- Assistant Directorate for Customs Surveillance (DAVA);
- ASAE (Portugal);
- French Judicial Customs.

Results

Persons arrested:

- 67
- seven persons pending arrest
- searches and inspections
- search warrants served: 6
- searches conducted: 34 business premises, three industrial premises, four warehouses, all of which were closed down pursuant to court orders;
- documents seized from four legal counsellors pursuant to court orders.
- Assets frozen:
- 150 bank accounts. At the date of publication there was no information on the amount of money in these accounts.
- Real estate (8 different properties).
- 30 vehicles, some of them top-of-the-range.

Goods seized

264 980 products infringing industrial property rights, worth over EUR 8 000 000 on the black market.

- two stamping plates;
- thousands of accessories used to counterfeit non-branded goods;
- bank documents;
- documents related to the criminal activities, still pending analysis;
- EUR 13 250 in cash.

Related offences

- offences against industrial property
- smuggling
- money laundering
- criminal organisation.



Counterfeit goods

BE

Case background

The DG Economic Inspection's Counterfeit Unit carried out an investigation for about five years concerning a group selling counterfeit clothes in stores in the border region of Lille (France) and Courtrai (Belgium). A typical feature of the group was its strong ability to reorganise itself after the counterfeit goods were seized by the enforcement authorities. After each inspection, activities were quickly resumed, using another company active in another shop, but in the same neighbourhood. New straw men were also used every time.

It was found that violence was used to persuade employees of adjacent stores to sell counterfeit goods for the group.

During the searches, 500 counterfeit goods were seized, mainly luxury brand shoes and handbags. Only a left or right shoe was found instead of a pair. Dozens of photographs of other luxury goods were also seized, and a catalogue was always available from which customers could order goods. The real stock of counterfeit goods was obviously kept in another place, possibly across the French-Belgian border. The shops in question were always in the immediate vicinity of the border.

The group leaders were never present during the searches. The people working for them as shop employees did not provide any usable information about the group during the searches.

Moreover, the members of the group were difficult to trace in Belgium. They all had their permanent residence in France and only used vehicles with French number plates.

There were also indications that the group had set up legal structures in France (real estate, restaurants...) with income illegally acquired in Belgium.

During a last search in mid-2018, the enforcement authorities managed to confiscate two smartphones that contained a lot of incriminating information. This made it possible to gather evidence against the group leaders. Based on the analysis of this information, as well as on interviews conducted, it was possible to show that the official managers knew very little about the activities of the companies involved. In addition, it became clear that the group leaders actually controlled the sale of counterfeit goods.

The people involved regularly travelled abroad (Turkey, China), always for short periods of time, evidently as part of their trade in counterfeit goods.

As a result of the searches carried out in mid-2018, the enforcement authorities closed down the shops used by the group.

After this last search, the group no longer resumed its activities.

Law Enforcement Authorities

- Counterfeit unit of the DG Economic Inspection
- Investigation service of the local police.

Related offences

The elements of the case reveal it was very likely that the following offences were also taking place:

- money laundering;
- undeclared/fraudulent labour;
- illegal residence;
- threats;
- Aggravated assault;
- use of forgeries;
- tax offences



Non-EU cases

Outlaw paramilitary activity

Counterfeit goods

UK

Case background

Northern Ireland paramilitary groups have been repeatedly found to trade on counterfeit and illicit goods as a low-risk source of income. Trade in counterfeit goods is just one of these OCGs' rackets, amongst a wide range of other criminal activities, like extortion and drugs trafficking.

The PSNI, HMRC and National Crime Agency officers have been working in dedicated task forces, aiming at disrupting the illegal activities carried out by these paramilitary groups.

Several such operations were widely reported by the media in 2018²⁵ and 2019²⁶:

In December 2018, three people were arrested under the Terrorism Act on suspicion of paramilitary activity connected to the INLA after several raids, where Class A, B and C drugs, counterfeit clothing and illicit cigarettes were seized. These raids were carried out following investigations on money laundering and a paramilitary style attack that took place on 14th November 2018.

In January 2019, Police seized cigarettes and cash linked to (INLA) loyalist paramilitaries as well as other counterfeit goods and football shirts. This case was followed by another in February and another in November 2019.

Law enforcement authorities

Northern Ireland's paramilitary crime taskforce – a team of PSNI, HMRC and National Crime Agency officers.

⁽²⁵⁾ <https://www.belfasttelegraph.co.uk/news/northern-ireland/three-arrested-in-inla-investigation-drugs-cigarettes-and-counterfeit-goods-seized-in-londonderry-37599306.html>

⁽²⁶⁾ <https://www.belfasttelegraph.co.uk/news/northern-ireland/police-seize-4-8m-cigarettes-in-raids-on-loyalist-crime-gangs-37767524.html>

Goods seized

Class A, B and C drugs were seized in December 2018.

A total of 4 886 580 cigarettes and 695.93 kilograms of hand-rolling tobacco, worth an estimated GBP 1 896 797 in lost tax revenue, was found during searches in the Banbridge, Carryduff and Ballyclare areas in January 2019.

Related offences

In November 2019 PCTF concluded an investigation in to the sale of counterfeit goods by persons linked to the West Belfast UDA. Among the counterfeit goods seized were Premier League Football jerseys. These goods were destined for sale on online market places. This resulted in two suspects being charged with money laundering offences in excess of GBP 200 000.

Manslaughter and drugs trafficking

Fentanyl

US

Case background

In what is believed to be the first fentanyl distribution case using the dark web and cryptocurrency in the Southwest Organized Crime Drug Enforcement Task Force (OCDETF) Region, a federal judge in San Antonio sentenced a 30-year-old man to 30 years in federal prison for distributing approximately 245 kilograms of fentanyl, cocaine, methamphetamine, oxycodone and [trademark protected Alprazolam]. The distribution of fentanyl-laced oxycodone pills, through the use of the dark web and cryptocurrency, resulted in the overdose death of a US Marine, and serious bodily injury to two North Dakota residents.

In addition to the prison term, a USD 14.32 million money judgment against the sentenced based on his online dark net sales profit. The sentenced also had to forfeit to the government his San Antonio residence, valued at approximately \$270K; five firearms including an AR style assault rifle; approximately \$28K in US currency; more than \$21K in cryptocurrency, jewellery valued at over \$31K, four (4) vehicles, and any and all rights in a 'DRNK coffee + tea' franchise (in California). [...]

The co-conspirators attempted to conceal their activities by operating through the dark web and using seven different cryptocurrencies.

This investigation began in 2015, when the San Antonio Police Department and the University of Texas at San Antonio (UTSA) Police Department began looking into a surge in various prescription pills found on the campus and in the student housing. The sentenced was identified as the manufacturer and supplier of the pills. By pleading guilty, he admitted that beginning in 2015, he purchased fentanyl and industrial size pill presses from the dark net website called AB, where he also sold the pills once laced fentanyl or methamphetamine, accepting payments in seven different cryptocurrencies.[...]

There are a total of eight defendants in this federal indictment. Three, have been sentenced. Five have entered guilty pleas and are awaiting sentencing. A ninth defendant, is charged with conspiracy to launder monetary instruments, as he used his illegal proceeds to purchase interest in a business, vehicles, residences and jewellery. [...]

Information source: <https://www.justice.gov/usao-wdtx/pr/fentanyl-distributor-who-used-dark-web-and-crypto-currency-furtherance-his-criminal>

Law enforcement authorities

Agents and officers with the DEA, US Postal Inspection Service, IRS Criminal Investigation, Naval Criminal Investigation Service (NCIS), San Antonio Police Department and the University of Texas at San Antonio Police Department conducted this OCDETF investigation.

Nature of the counterfeits and goods seized

On May 17, 2017, authorities executed a search warrant at the suspect's stash house and seized ½ kilogram of fentanyl powder, ½ kilogram of crystal methamphetamine, ½ kilogram of powder cocaine, 10 kilograms of Hydrocodone pills laced with fentanyl, four kilograms of [trademark protected amphetamine] pills laced with methamphetamine, five kilograms of [trademark protected Alprazolam] tablets, multiple industrial size pill presses and four firearms. The total number of pills he distributed on the dark web during his scheme is estimated to be around 850.000, including:

- Oxycodone laced with fentanyl (359.553 pills / Weight 35.9 kilograms),
- [Trademark protected amphetamine] laced with methamphetamine (342.551 pills / Weight 173.6 kilograms),
- [Trademark protected Alprazolam] (45.395 pills / Weight 32.36 kilograms).

Related offences

In June 2019, the sentenced pleaded guilty to one count of conspiracy to possess with intent to distribute fentanyl resulting in death and serious bodily injury, one count of possessing a firearm in furtherance of a drug trafficking crime and one count of conspiracy to commit money laundering.

Counterfeit pills marketed as oxycodone or alprazolam, but made with fentanyl can be deadly. Fentanyl is 25 to 50 times stronger than heroin and up to 100 times more potent than morphine. The current fentanyl consumption epidemic has taken lives in many countries.

More recently in October 2019, an online drug dealer was sentenced to 15 years for distributing the counterfeit oxycodone pills containing deadly fentanyl that caused the overdose death of a La Jolla resident in June of 2018. He pleaded guilty to distribution of fentanyl resulting in death. In his plea, he admitted that he posted online advertisements for the illegal sale of prescription pills. The investigation revealed that he

was warned about the danger of the pills he was selling on two separate occasions. In late 2017, he was warned that the pills he was selling were counterfeit and contained fentanyl that was much stronger than oxycodone pills. Then, just two months prior to the victim's death in mid-2018, he was explicitly warned that counterfeit pills containing fentanyl had caused the overdose of a San Diego resident, but he was undeterred and continued to sell the counterfeit pills.

Information source: <https://www.justice.gov/usao-sdca/pr/online-drug-dealer-sentenced-15-years-distributing-counterfeit-pills-containing>

Conclusions

The case examples in this report illustrate how IP crime is often linked to other forms of serious and organised crime. In many cases, these other crimes are also commonly linked to other offences, such as money laundering. Much like criminals involved in other types of crime, criminals involved in IP crime need to find ways to launder their illicit proceeds. OCGs involved in counterfeit goods and copyright infringements commonly use cash intensive businesses, including legitimate ones, to mix criminal and legitimate incomes and hide the criminal origins of the money. More cyber savvy criminals, such as those involved in the illegal distribution of high-quality subscription TV channels through the IPTV technology, also use cryptocurrencies to launder their proceeds.

Whereas money laundering is used to hide the criminal origin of proceeds obtained through counterfeiting or piracy, bribery and corruption are used by OCGs to enable the sales of counterfeit goods in the first place.

Another crime commonly committed in order to facilitate IP crime is document fraud. Counterfeiters employ both counterfeit and forged documents. A common method is to forge administrative documents providing evidence of the authenticity or origin of counterfeit goods. Document fraud is often linked to another crime that is commonly committed by counterfeiting OCGs: excise fraud or VAT fraud. OCGs involved in the trafficking of counterfeit goods often fail to declare the VAT values of the goods, or to pay excise duties. When importing their illicit goods into the EU, these criminals resort to document forgery and false declaration of goods in the relevant import declarations.

Finally, more serious forms of crimes are also used by counterfeiting OCGs to facilitate their illegal business model. Several case examples show that IP criminals used labour exploitation to force people to work for them, for example in illegal tobacco factories.

There are also instances where other criminal acts are not intentionally committed by criminals and OCGs involved in IP crime, but are a consequence of their criminal business model. For example, in two cases the activities of criminals resulted in charges for manslaughter, after people died because of counterfeit drugs and a fire in a warehouse, respectively. Somewhat similarly, in cases involving counterfeit pesticides or other substances that are potentially harmful to the environment, IP crime can be linked to environmental crime.

Piracy, including the illegal distribution of streaming services through IPTV technology, is often linked to cybercrime and identity fraud. People who download these illegal movies, music or computer games are frequently targeted by ransomware or have their personal information stolen.

Cases where IP crime is used for the financing of other forms of serious and organised crime are well documented and particularly worrisome. As has previously been demonstrated, paramilitary organisations trade in counterfeit cigarettes and other illicit goods to fund their illegal activities.

In terms of poly-criminality, the most common type of other criminal activity occurring alongside IP crime is the production and trafficking of drugs. Not surprisingly, especially OCGs involved in pharmaceutical crime are sometimes also involved in the production of illicit synthetic drugs, such as MDMA, amphetamines and methamphetamines. However, counterfeiters have also been found to be involved in trafficking cocaine, marijuana and heroin. In some cases, they rely on the same routes to transport different types of illegal goods, and can use the same labs, chemists and equipment for synthetic drug production as for manufacturing counterfeit medicines.

IP crime is often seen as 'victimless' crime, causing relatively 'little' harm. However, in addition to causing harm to the economy in general and to companies owning IP (including small and medium sized ones) in particular, in many cases IP crime is conducted by OCGs and can cause damage to the health and well-being of consumers, the environment and society.

Moreover, the case examples in this case book illustrate that counterfeiting OCGs are frequently involved in other forms of serious and organised crime, for example drug trafficking, that can result in considerably harsher punishments. Awareness of these links can also help law enforcement officials to better recognise them in future cases, and support decision makers in addressing them on a policy level.

Acronyms and abbreviations

EU European Union
EUROPOL European Union Agency for Law Enforcement Cooperation
EUIPO European Union Intellectual Property Office
OCG Organised crime group
OLAF European Anti-Fraud Office
UNODC United Nations Office on Drugs and Crime
AT Austria
BE Belgium
BG Bulgaria
CY Cyprus
CZ Czechia
DE Germany
ES Spain
FR France
GBP British Pounds
GR Greece
HU Hungary
IP Intellectual Property
IPC³ Europol's Intellectual Property Crime Coordinated Coalition
IT Italy
LEA Law Enforcement Authority
LT Lithuania
LV Latvia
NL The Netherlands
NO Norway
PL Poland
PT Portugal
RO Romania

