

# The hidden dangers of counterfeits – know who you buy from

Expert Insight by Steve K. Francis



**Steve K. Francis is Assistant Director for the Global Trade Investigations Division and Director of the National Intellectual Property (IPR) Coordination Center in Arlington, Virginia, USA.**

**In his position he focuses on protecting public health and safety, national security and the economy. Steve K. Francis helps to maintain a wide network of public and private sector partners, which includes all major manufacturers, brands, pharmaceutical companies and safety organizations like UL. Together with these organizations, the National IPR Coordination Center helps keep people safe by combating fraud and counterfeiting.**

---

Counterfeiting and digital piracy pose wide-reaching dangers to society. The most important message for consumers to understand is that counterfeiters and fraudsters are out to make as much money as possible, no matter how much harm it causes to others. Additionally, buying counterfeits – even though it may seem harmless to a consumer – hurts local and global economies, endangers people’s health and generates revenue for organized crime and even terrorism.

In today’s society, consumers are increasingly interested in learning more about who they are purchasing from. That’s good! Do manufacturers produce sustainably? Do they treat workers fairly? Do they support worthy causes or charities? Do they refrain from animal cruelty? When it comes to counterfeits, we should all be asking those questions too, because counterfeiters definitely do not play by the rules of civil society. They frequently exploit their workers, resorting to child or slave labor, and they cut corners in production which can endanger people’s health.

## Counterfeiters & COVID-19

Obviously, a health crisis like the current pandemic has spread a lot of insecurity and kept people largely at home. Counterfeiters have had no qualms about taking advantage of this situation, e.g. we have seen the incidence of online fraud skyrocketing.

Recently, for instance, an organization was shut down in Pennsylvania for providing millions of dollars in funding to ISIS, and it was all related to COVID-19 fraud. The organization never actually sent out any products, but it made consumers think they were buying them. In fact, the consumers were getting financially scammed.

Another example was on the dark web, where people were selling websites like “conoronaprevention.org” that would be attractive to counterfeiters as an opportunity to defraud a lot of people. We at Homeland Security Investigations went undercover and purchased the website in order to get the information we needed to catch the criminals working in the background. In the USA alone, over 1,000 such websites a day have been sinkholed during the pandemic due to suspected COVID-19 fraud. That’s over 68,000 websites shut down as of October 2020.

At the National IPR Coordination Center, we also anticipated that there would be a surge in counterfeit goods at international borders. With dizzying speed, counterfeiters from over 40 countries were able to shift their focus to the production of substandard PPE and counterfeit pharmaceuticals, such as hydroxychloroquine and other drugs that were getting media attention as potential COVID-19 treatments. Law enforcement and anti-counterfeiting organizations around the world teamed up to help combat this situation and they are still working hard to seize counterfeit PPE, disinfectants and drugs every day.

## ***“Digital piracy is the fastest growing threat in the world of intellectual property crime.”***

---

### **Digital piracy**

While the harm in counterfeit medication or PPE may be obvious, many consumers still wonder what harm can come from illegally streaming a Hollywood movie or downloading a pirated videogame.

Digital piracy is the theft and distribution of digital content, e.g. unofficial online streaming and pirated content, software or video games. One of the main problems with digital piracy simply boils down to the fact that it is an illegal activity. As role models to our friends and family, it is important that we do not normalize illegal activities.

However, this is not just an ethical issue. Using pirated content is a very risky activity. Among users of illegal streaming and digital content, 44% have subsequent problems with malware. Criminal organizations that provide free streaming services are not trying to help others save money. They are infecting computers and devices with the goal of mining users' personal data and financial information. This, in turn, can lead to unauthorized bank account withdrawals, credit card fraud and identity theft. Just recently, bad actors used stolen social security numbers to apply for COVID-19 relief, thereby creating delays for the people who actually needed that financial help.

Some illegal streaming providers offer unlimited access to pirated digital content in return for a monthly fee. When people sign up for this, they are willfully providing their financial data and funds to a criminal organization, which is not a wise thing to do. These organizations turn around and sell that information on the dark web, or save it for a time in the future when they can exploit users' personal identification numbers or financial information.

### **What you can do**

When it comes to combating counterfeits, education is equally, if not even more important than law enforcement – for our youth. We have several outreach programs to educate the public on how piracy and counterfeiting harms both society and the innovators who create the products and content we enjoy.

That is where I also come back to our personal duty as role models. Consumers are beginning to fully understand the dangers of counterfeit products – we see videos of electronics catching fire and many of us know someone who has been scammed with substandard PPE. Every one of us needs to take our position as a role model to peers, friends and family very seriously, especially when it comes to children and young people. The more we as consumers become aware and learn to avoid counterfeits, the safer and more just our world will be.

Besides being prudent about what you do online, as a rule of thumb, it is always important to inspect products before you buy them. Was the packaging tampered with? Does the printing look off? Is the language full of mistakes? If the items are purchased online, you should also physically inspect them when you receive them.

If you suspect that you have purchased a counterfeit, it is very important that you contact the marketplace where it was purchased, because the burden should not be on you as a consumer to resolve the issue. By contacting the online vendor and asking for a replacement or refund, you are helping to ensure that the online marketplace will hold the individual sellers accountable.

**You can learn more here** about my work at the National IPR Coordination Center and what we are doing to fight counterfeiting and educate consumers. Thanks for helping in the fight against counterfeiting!