

United States Department of Justice

PRO IP Act Annual Report FY 2023



PRO IP ACT ANNUAL REPORT OF THE ATTORNEY GENERAL FY 2023

INTRODUCTION

The Department of Justice (the “Department” or “DOJ”)¹ submits this Fiscal Year 2023 (“FY 2023”) annual report to the United States Congress pursuant to Section 404 of the *Prioritizing Resources and Organization for Intellectual Property Act of 2008* (“PRO IP Act” or “Act”), Pub. L. No. 110-403. The Act imposes several annual reporting requirements on the Attorney General, including actions the Department has taken to implement Title IV of the Act (“Department of Justice Programs”) and “a summary of the efforts, activities, and resources the [Department] has allocated to the enforcement, investigation, and prosecution of intellectual property crimes.” The Act requires similar reporting by the Director of the Federal Bureau of Investigation (“FBI”) on its intellectual property (“IP”) enforcement efforts pursuant to Title IV of the Act.

To the extent a particular request seeks information maintained by the FBI, the Department respectfully refers Congress to Appendix B of this annual report.

Section 404(a) of the PRO IP Act requires the Attorney General to report annually to Congress on the Department’s efforts to implement eight specified provisions of Title IV during the prior fiscal year. Those provisions and the Department’s efforts to implement them during FY 2023 (*i.e.*, October 1, 2022, through September 30, 2023) are set forth below.

In addition, working closely with the Office of the Intellectual Property Enforcement Coordinator (“IPEC”), the Department contributes to strategic planning and implementation of U.S. IP policy as well as the IPEC’s annual reports.

¹ Appendix A contains a glossary of acronyms referenced throughout this report.

(a)(1) State and Local Law Enforcement Grants

“(1) With respect to grants issued under section 401, the number and identity of State and local law enforcement grant applicants, the number of grants issued, the dollar value of each grant, including a break down of such value showing how the recipient used the funds, the specific purpose of each grant, and the reports from recipients of the grants on the efficacy of the program supported by the grant. The Department of Justice shall use the information provided by the grant recipients to produce a statement for each individual grant. Such statement shall state whether each grantee has accomplished the purposes of the grant as established in section 401(b). Those grantees not in compliance with the requirements of this title shall be subject, but not limited to, sanctions as described in the Financial Guide issued by the Office of Justice Programs at the Department of Justice.”

In FY 2023, the Office of Justice Programs, Bureau of Justice Assistance (“OJP/BJA”) awarded grants to support state and local IP law enforcement task forces under statutory authority provided by the Department of Justice Appropriations Act, 2023 (Public Law No. 117-328; 136 Stat. 4459, 4535), and as informed by Section 401 of the PRO IP Act. The Intellectual Property Enforcement Program (“IPEP”), as the grant program is known, is designed to provide national support through training and technical assistance and improve the capacity of state and local criminal justice systems to address criminal IP enforcement, including prosecution, prevention, training, and technical assistance. Under the program, grant recipients establish and maintain effective collaboration and coordination between state and local law enforcement, including prosecutors, multi-jurisdictional task forces, and appropriate federal agencies such as the FBI and United States Attorneys’ Offices (“USAOs”). The information shared under the program includes information about the investigation, analysis, and prosecution of matters involving IP offenses as they relate to violations of state and local criminal statutes. The program is administered by the Bureau of Justice Assistance (“BJA”), a component of OJP.

In FY 2023, OJP granted six awards totaling \$2,173,304.00 to state and local law enforcement and prosecutorial agencies. The following FY 2023 new awards cover expenses related to: performing criminal enforcement operations; educating the public to prevent, deter, and identify criminal violations of IP laws; establishing task forces to conduct investigations, forensic analyses, and prosecutions; and acquiring equipment to conduct investigations and forensic analyses of evidence.

Award Number	Grantee	Amount
15PBJA-23-GG-02701-INTE	City of Los Angeles	\$375,000.00
15PBJA-23-GG-02702-INTE	Tulsa County District Attorney	\$375,000.00

15PBJA-23-GG-02703-INTE	North Carolina Department of the Secretary of State	\$375,000.00
15PBJA-23-GG-02704-INTE	City of Houston	\$366,609.00
15PBJA-23-GG-02705-INTE	County of Suffolk	\$374,995.00
15PBJA-23-GG-02706-INTE	County of Essex	\$306,700.00

Since the inception of the program, OJP has awarded over \$38.67 million in grants to support state and local law enforcement agencies, training and technical assistance providers, and an IP public education campaign. Of this total amount of funding, state and local law enforcement agencies have received over \$31.67 million. Throughout the duration of the program, these agencies have made seizures totaling over \$2.654 billion, which includes counterfeit merchandise and other property as well as currency.

During the one-year period July 1, 2022 – June 30, 2023, grantees reported seizures totaling **\$99,261,331** (**\$95,921,514** in counterfeit merchandise, **\$1,696,800** in other property, and **\$1,643,017** in currency). Over this same one-year period, grantees engaged in the following law enforcement activities:

- **125** individuals were arrested for violations of IP laws;
- **71** state and local IP-related search warrants were served; and
- **78** piracy/counterfeiting organizations were disrupted or dismantled.

Examples of how state and local law enforcement used prior IPEP grants in FY 2023 include the following, provided by grantees:

- During the first six months of the grant initiative for the City of New York, investigators created an undercover logistics company with business bank accounts and payment applications to help identify financial accounts of smuggling targets. The company has been backstopped and allocated multiple financial avenues of accepting and transferring payments. Several blitzes of inbound sea cargo were conducted at the ports leading to the seizure of multiple sea containers with smuggled counterfeit goods worth several million dollars. Inspection of air cargo led to search warrants and multiple arrests for intellectual property rights violation. Investigators are currently spearheading a national initiative with members of the recording industry. This initiative will target large-scale organizations following musical acts on tour and mass producing and selling infringing merchandise throughout the nation. If successful, it will serve as a template and hopefully further establish case law in various Circuits to better combat these crimes and hold perpetrators both criminally and financially liable.

- Activity under the award for the City of Austin began in December 2022. Task force investigators worked to develop leads related to counterfeit products such as baby formula by cultivating their own targets during three operations. New training was also procured as the amount of turnover has led to new IP officers. The IP task force also focused on an investigation into an organization selling counterfeit shoe wear. Multiple undercover purchases followed up with hours of research and surveillance led to the execution of a search warrant on May 4, 2023. The search warrant resulted in the seizure of \$12,064.00 cash and 2,247 items seized, with an estimated seller price of \$155,520 and a total estimated MSRP of \$564,066.00. The task force will continue to aggressively investigate and prosecute IP crimes with specific focus on public health and safety, theft of trade secrets and economic espionage, and large-scale commercial counterfeiting and piracy. Project staff will continue enhancing the local IP Task Force and engaging federal agencies (FBI, ICE HSI, USPIS and USAO) in potentially linking IP infringement to organized crime, criminal gangs, and/or drug trafficking.
- The New Jersey State Police (NJSP) Cargo Theft Unit investigated and arrested criminals related to counterfeit goods, seizing \$100,000 worth of counterfeit products and assisting law enforcement partners with seizing an additional approximately \$900,000 worth of counterfeit goods. The NJSP Cargo Theft Unit has also organized and shared data from past investigations and arrests with their allied law enforcement partners. During this reporting time period, the task force executed three search warrants and seized \$1 million worth of counterfeit goods. The task force assisted three out-of-state law enforcement agencies with arrests through investigations initiated by the task force, resulting in seizures of \$1 million worth of goods. The task force also disrupted an importer from China falsifying imported products to avoid a \$3 million fee.
- Over the last six months, the North Carolina Department of the Secretary of State has seized over \$2 million in counterfeit goods and merchandise. The agency continued to work on investigations with statewide partners, such as HSI and North Carolina Alcohol Law Enforcement, and local law enforcement. The agency has coordinated with the import hub in Charlotte, post offices, FedEx, and UPS in curtailing the mailing and shipping of counterfeit goods. The agency has also undertaken a large-scale investigation throughout the state which is focused on the recent public health and safety problem posed by delta-8 THC psychotropic substances in the form of edibles being packaged and marketed using well-known name brands. Agents, taskforce agents, and partners have worked on searches of vape shops that have turned up large amounts of counterfeit packaging, THC, and other types of illegal substances.

- The City of Portland reported that on December 13, 2022, a Happy Valley, Oregon man was sentenced to federal probation for illegally trafficking counterfeit gun accessories, including suppressors, scopes, grips, and sights from China for resale as airsoft gun accessories. The Oregon IPTF also has worked multiple concert and sporting venue missions resulting in 12 suspect contacts with counterfeit product seizures and has completed two counterfeit auto parts investigations. On May 4, 2023, the Oregon IPTF assisted in the execution of a search warrant with HSI Portland, resulting in the seizure of 5,124 counterfeit items with an estimated MSRP of \$375,000 and \$70,000 in seized currency. On June 16, 2023, Oregon IPTF members executed a search warrant with assistance from HSI Portland, on a local business seizing 950 pieces of counterfeit automotive merchandise with an estimated MRSP of \$83,600, leading to the seizure of \$63,000 from the business’s bank account. In addition, the Oregon IPTF conducted outreach activities, including Detective Joseph Cox serving as a featured speaker on an IP crime enforcement panel at the April 2023 IACC Conference in Nashville, TN, and Detective Cheryl Waddell serving as a panel member on the “Prosecuting IP Crime at the Local Level” session at the May 2023 NCFTA Intellectual Property Conference in Pittsburgh, PA.
- For Tulsa County, this reporting period saw an increase of seizures of over \$2.5 million MSRP in counterfeit goods, and over \$30,000 in seized assets for forfeiture. This reporting period saw six people arrested and prosecuted for violating the Trademark Anti-Counterfeiting Act, tax fraud violations, counterfeiting record labels, and weapons law violations. On the State level, the task force successfully elevated a felony False Pretenses case into an ongoing Racketeer-Influenced and Corrupt Organizations (RICO) Act investigation, to include at least 12 victims and multiple conspirators. Federally, HSI Tulsa successfully dismantled an import/export-based counterfeiting operation involved in counterfeit high-end computer components. Including the \$3 million in MSRP from the case held over from the period before the task force was assembled, the Tulsa County Sheriff’s Office, HSI Tulsa, and the Tulsa County District Attorney’s Office ended the year seizing over \$5.9 million in MSRP in counterfeit goods and over \$130,000 in seized assets for forfeiture.

BJA continues to support one-day training events on IP rights for state and local law enforcement agencies across the country through cooperative agreements with the National White Collar Crime Center (NW3C). Between October 1, 2022, and September 30, 2023, NW3C conducted 10 live online training sessions for 203 attendees from 184 agencies. During this time, NW3C also continued to provide online web-based training, reaching 226 attendees from 220 agencies. NW3C also continued to provide technical assistance to IPEP Grantee task forces.

Since the inception of the program, BJA has supported the following:

- 156 IP theft trainings for 3,720 attendees from 2,265 agencies
- 1,620 attendees from 1,456 agencies successfully completing web-based training and utilizing online resources specific to IP-related investigations
- 26 seminars/webinars for 4,212 attendees from 2,911 agencies
- 56 technical assistance meetings for 590 attendees from 149 agencies

NW3C continues to manage IPTheft.org to provide a single location for IPEP grantees and law enforcement to find training, resources, and technical assistance that will aid in their intellectual property crime investigations. The website contains legal resources for prosecutors and judges as well as resources for the general public.

Examples of how attendees utilized the training and technical assistance include:

- NW3C provided guidance and resources to the Fargo, North Dakota Police Department as it pertained to a counterfeit merchandise scam. Officers needed assistance in freezing assets in identified online financial accounts. NW3C representatives assisted with providing a search warrant template for this account and worked with the officers to add a potential money laundering charge to their investigation. Criminal litigation is pending.
- Investigators from the Dallas County District Attorney’s Office, who recently participated in NW3C’s IP training, reached out to NW3C representatives for investigative assistance. The investigators were working a trademark case where the defendant claimed to be a source for the FBI to avoid prosecution. Investigators reached out to NW3C representatives for assistance on verifying this claim. NW3C representatives set up a call with the FBI, who did not have the defendant listed in any field office as a source. This information assisted in the continued prosecution of the subject.

(a)(2) Additional Agents of FBI

“(2) With respect to the additional agents of the Federal Bureau of Investigation authorized under paragraphs (1) and (2) of section 402(a), the number of investigations and actions in which such agents were engaged, the type of each action, the resolution of each action, and any penalties imposed in each action.”

Please see Appendix B of this annual report for further information.

(a)(3) FBI Training

“(3) With respect to the training program authorized under section 402(a)(4), the number of agents of the Federal Bureau of Investigation participating in such program, the elements of the training program, and the subject matters covered by the program.”

Please see Appendix B of this annual report for further information.

(a)(4) Organized Crime Plan

“(4) With respect to the organized crime plan authorized under section 402(b), the number of organized crime investigations and prosecutions resulting from such plan.”

As in FY 2009 through FY 2022, Congress did not appropriate funds to support Section 402(b) of the PRO IP Act in FY 2023.² Nevertheless, the Department has continued to take a number of actions in an effort to implement this provision. The actions, described below, include (1) increased information sharing and coordination and (2) training and outreach. However, the Department will not be able to provide a specific number of prosecutions directly resulting from these increased efforts for at least two reasons. First, the Department can retrieve statistical information from its database based on the statute charged, but not based on the type of defendant or group that committed the offense. Second, it is difficult to determine whether prosecutions involving organized crime groups have resulted directly from these organized crime plan efforts or from other ongoing efforts.

In addition to the ongoing activities detailed in PRO IP Act Reports for fiscal years 2009 through 2022, the Department has taken the following additional actions to address this important issue:

² Section 402(b) provides that “[s]ubject to the availability of appropriations to carry out this subsection, and not later than 180 days after the date of the enactment of this Act, the Attorney General, through the United States Attorneys’ Offices, the Computer Crime and Intellectual Property section, and the Organized Crime and Racketeering section of the Department of Justice, and in consultation with the Federal Bureau of Investigation and other Federal law enforcement agencies, such as the Department of Homeland Security, shall create and implement a comprehensive, long-range plan to investigate and prosecute international organized crime syndicates engaging in or supporting crimes relating to the theft of intellectual property.”

Increased Information Sharing and Coordination

The Department, through the Criminal Division, is continuing to coordinate with federal investigatory agencies to work with the International Organized Crime Intelligence and Operations Center in an ongoing effort to develop and implement a mechanism to contribute data to the Center to address intelligence gaps as they relate to IP, among other things. The Center has provided operational, intelligence, and financial support to investigations where international organized crime groups are involved in IP offenses.

Training and Outreach

In FY 2023, the Computer Crime and Intellectual Property Section (“CCIPS”) of the DOJ’s Criminal Division has continued to strengthen the Department’s ability to combat organized IP crime through training and outreach with international counterparts and organizations, which often encounter IP crime committed by organized crime groups. These training and outreach activities are described in section (a)(7)(B) of this Report.

(a)(5) Authorized Funds Under Section 403

“(5) With respect to the authorizations under section 403—

- (A) the number of law enforcement officers hired and the number trained;*
- (B) the number and type of investigations and prosecutions resulting from the hiring and training of such law enforcement officers;*
- (C) the defendants involved in any such prosecutions;*
- (D) any penalties imposed in each such successful prosecution;*
- (E) the advanced tools of forensic science procured to investigate, prosecute, and study computer hacking or intellectual property crimes; and*
- (F) the number and type of investigations and prosecutions in such tools were used.”*

Section 403 related to funds appropriated during FY 2009–2013. In FY 2023, funds were neither appropriated under this section nor expended based on funds previously appropriated under this section. Information about the cases, defendants, and types of investigations carried out by the Department may be found in greater detail below.

Please see also Appendix B of this annual report for details on FBI allocation of resources.

(a)(6) Other Relevant Information

“(6) Any other information that the Attorney General may consider relevant to inform Congress on the effective use of the resources authorized under sections 401, 402, and 403.”

The Department did not receive any authorizations under Sections 402 and 403 of the PRO IP Act in FY 2023.

(a)(7) Efforts, Activities and Resources Allocated to the Enforcement of IP Crimes

“(7) A summary of the efforts, activities, and resources the Department of Justice has allocated to the enforcement, investigation, and prosecution of intellectual property crimes, including—

- (A) a review of the policies and efforts of the Department of Justice related to the prevention and investigation of intellectual property crimes, including efforts at the Office of Justice Programs, the Criminal Division of the Department of Justice, the Executive Office of United States Attorneys, the Office of the Attorney General, the Office of the Deputy Attorney General, the Office of Legal Policy, and any other agency or bureau of the Department of Justice whose activities relate to intellectual property;*
- (B) a summary of the overall successes and failures of such policies and efforts;*
- (C) a review of the investigative and prosecution activity of the Department of Justice with respect to intellectual property crimes, including—*
 - (i) the number of investigations initiated related to such crimes;*
 - (ii) the number of arrests related to such crimes; and*
 - (iii) the number of prosecutions for such crimes, including—*
 - (I) the number of defendants involved in such prosecutions;*
 - (II) whether the prosecution resulted in a conviction; and*
 - (III) the sentence and the statutory maximum for such crime, as well as the average sentence imposed for such crime; and*
- (D) a Department-wide assessment of the staff, financial resources, and other resources (such as time, technology, and training) devoted to the enforcement, investigation, and prosecution of intellectual property crimes, including the number of investigators, prosecutors, and forensic specialists dedicated to investigating and prosecuting intellectual property crimes.”*

(a)(7)(A) Review of the Department’s Policies and Efforts Relating to the Prevention and Investigation of IP Crimes

The Department investigates and prosecutes a wide range of IP crimes, including those involving copyrighted works, trademarks, and trade secrets. Primary investigative and prosecutorial responsibility within the Department rests with the FBI, the United States Attorneys’ Offices, CCIPS in the Criminal Division, the Counterintelligence and Export Control Section (“CES”) in the National Security Division (“NSD”), and, with regard to offenses arising under the Food, Drug, and Cosmetic Act, the Consumer Protection Branch of the Civil Division. Each of these components is described briefly below. In August 2023, NSD established the

National Security Cyber Section (“NatSec Cyber”), which has primary responsibility for investigating, disrupting, and deterring cyber-enabled economic espionage under 18 U.S.C. § 1831.

In addition to enforcing existing criminal laws protecting IP, the Department has continued its tradition of identifying areas for legal updates and providing technical assistance in major legislative developments in criminal IP laws.

Examples include:

- The Protect Lawful Streaming Act of 2020, which provided felony penalties for the unlawful streaming of copyrighted content;
- The Defend Trade Secrets Act of 2016, which was notable not only for creating a federal civil cause of action for misappropriation of trade secrets, but also for increasing criminal fines for organizational defendants who steal commercial trade secrets, and allowing prosecutors to bring racketeering charges based on the theft of trade secrets;
- The Foreign and Economic Espionage Penalty Enhancement Act of 2012, which increased fines for theft of trade secrets committed with the intent to benefit a foreign entity;
- The Theft of Trade Secrets Clarification Act of 2012, which clarified that the Economic Espionage Act applies to trade secrets that are “related to a product or service used or intended for use in interstate or foreign commerce”;
- The National Defense Authorization Act for FY 2012, which enhanced penalties for certain offenses involving counterfeit military goods;
- The Food and Drug Administration Safety and Innovation Act, which created a new offense for trafficking in counterfeit drugs;
- The PRO IP Act of 2008;
- The Family Entertainment and Copyright Act of 2005, which criminalized “camcording” (the illegal copying of movies in a theater) and unauthorized distribution of pre-release works over the internet;
- The No Electronic Theft Act of 1997, which criminalized the unauthorized reproduction and distribution of copyrighted works even without a commercial purpose or financial gain; and

- The Economic Espionage Act of 1996, which criminalized the theft of trade secrets, including economic espionage.³

The Department looks forward to working with Congress as it considers additional proposals.

The Department coordinated closely with the IPEC in addressing the Administration’s priorities on IP enforcement and implementing the IPEC’s 2020–2023 Joint Strategic Plan (“JSP”) on Intellectual Property Enforcement.

CCIPS and CHIP Program

The Department carries out its overall IP criminal prosecution mission through the United States Attorneys’ Offices and CCIPS, which works closely with a network of over 270 specially trained federal prosecutors who make up the Department’s Computer Hacking and Intellectual Property (“CHIP”) program.

CCIPS is a section within the Criminal Division consisting of a specialized team of forty-six prosecutors who are devoted to enforcing laws related to computer and IP crimes. Seventeen CCIPS attorneys are assigned to IP enforcement. These attorneys prosecute criminal cases, assist prosecutors and investigative agents in the field, and help develop and implement the Department’s overall IP enforcement strategy and legislative priorities. CCIPS attorneys are available to provide advice and guidance to agents and prosecutors on a 24/7 basis. CCIPS attorneys also provide training on criminal enforcement of IP laws to prosecutors and investigative agents both domestically and abroad.

CCIPS also houses the Cybercrime Lab, which provides support in evaluating digital evidence in IP cases. The Lab is currently staffed with eight computer forensics experts. In addition to evaluating digital evidence, the Lab’s experts have provided extensive training on the use of digital forensics tools in IP cases to law enforcement audiences around the world.

CCIPS continues to place a high priority on fostering international cooperation and coordination of criminal IP enforcement efforts. The Section has developed relationships with foreign law enforcement through international casework as well as through training and outreach. An important component of the Department’s international enforcement efforts is the U.S. Transnational and High-Tech Crime Global Law Enforcement Network (“GLEN”) of regional International Computer Hacking and Intellectual Property (“ICHIP”) attorneys (formerly, the Intellectual Property Law Enforcement Coordinator (“IPLEC”) program). With the support of the State Department, DOJ has posted ICHIPs in Bucharest, Romania; Hong Kong; São Paulo, Brazil; Abuja, Nigeria; Bangkok, Thailand; Kuala Lumpur, Malaysia; The Hague, Netherlands; Panama City, Panama; Zagreb, Croatia; and Addis Ababa, Ethiopia. The GLEN also now includes two ICHIPs based in the United States, to serve as global subject

³ For an overview of the Department’s policies and efforts in the five years prior to the enactment of the PRO IP Act in October 2008, the Department’s PRO IP Act First Annual Report 2008–2009 may be found online at <https://www.justice.gov/criminal-ccips/ccips-documents-and-reports>. The Department’s FY 2010–FY 2020 PRO IP Reports are available at the same location.

matter experts on dark web and cryptocurrency issues and internet-based fraud and public health issues; and Global Cyber Forensic Advisors, based in Washington, D.C.

The CHIP program is a network of experienced and specially trained federal prosecutors who aggressively pursue computer crime and IP offenses. Each of the 94 United States Attorneys' Offices has one or more CHIP coordinators. In addition, 25 United States Attorneys' Offices have CHIP Units, with two or more CHIP attorneys.⁴ CHIP attorneys have four major areas of responsibility including: (1) prosecuting computer crime and IP offenses; (2) serving as the district's legal counsel on matters relating to those offenses and the collection of electronic evidence; (3) training prosecutors and law enforcement personnel in the region; and (4) conducting public and industry outreach and awareness activities.

CES, NatSec Cyber, and the NSCS Network

Within NSD, CES and NatSec Cyber—two of NSD's principal litigating components—are responsible for coordinating and conducting investigations and prosecutions of a wide variety of national security offenses, including, under 18 U.S.C. § 1831, economic espionage and cyber-enabled economic espionage, respectively.⁵ In June 2015, NSD, recognizing the increasingly acute and costly threat that economic espionage poses to the U.S. national and economic security, released its “Strategic Plan for Countering the Economic Espionage Threat.” This plan aims to heighten awareness of the threat in order to deter and mitigate economic espionage. The plan also seeks to coordinate efforts within the government to counter the threat, including through operational disruption, increased and improved training, and the provision of technical advice and expertise. CES is in the process of implementing that plan.

In January 2017, CES released its “Strategic Plan for Countering the National Security Cyber Threat,” which recognizes that our nation's adversaries are also stealing intellectual property through cyber-enabled means and proposes a strategy specifically designed to disrupt such efforts. NSD considers implementation of that plan to have been a success, culminating in the August 2023 creation of NatSec Cyber.

In 2012, the Department established the National Security Cyber Specialists (“NSCS”) Network to create a “one-stop-shop” for attorneys, investigators, and members of the private sector looking to disrupt national security cyber threats—including economic espionage and trade secret theft—with all appropriate legal tools. Each U.S. Attorney's Office has at least one representative to the NSCS Network, and NSCS Network representatives have convened annually in the D.C. area for specialized training focusing on legal and other issues at the intersection of national security and cybersecurity. The NSCS representative provides technical

⁴ CHIP Units are currently located in Alexandria, Virginia; Atlanta, Georgia; Austin, Texas; Baltimore, Maryland; Boston, Massachusetts; Brooklyn, New York; Chicago, Illinois; Dallas, Texas; Denver, Colorado; Detroit, Michigan; Kansas City, Missouri; Los Angeles, California; Miami, Florida; Nashville, Tennessee; Newark, New Jersey; New Haven, Connecticut; New York, New York; Orlando, Florida; Philadelphia, Pennsylvania; Pittsburgh, Pennsylvania; Sacramento, California; San Diego, California; San Jose, California; Seattle, Washington; and Washington, D.C.

⁵ In 2015, CES changed its name from the “Counterespionage Section” to the “Counterintelligence and Export Control Section” to better reflect the scope of its work.

and specialized assistance to his or her colleagues within the relevant U.S. Attorney’s Office and serves as a point of contact for coordination with the Department’s headquarters. Although it is managed primarily by NatSec Cyber (and CES before August 2023), all NSD components, CCIPS, and other relevant sections of the Criminal Division are members of the Network. The Department relies on the NSCS Network to disseminate intelligence and other information to the field, to train prosecutors on investigating national security cybercrimes, and to coordinate and de-conflict national security cyber investigations.

Interagency Coordination

In addition to investigating and prosecuting IP crime, the Department has worked closely with federal law enforcement agencies directly, and through the National Intellectual Property Rights Coordination Center (“IPR Center”), to improve IP enforcement domestically and overseas.⁶ These activities have included training investigators and prosecutors in the investigation and prosecution of IP crimes; contributing to the Office of the United States Trade Representative’s Special 301 process of evaluating the adequacy of our trading partners’ criminal IP laws and enforcement regimes; helping to catalogue and review the United States government’s IP training programs abroad; and implementing an aggressive international program to promote cooperative enforcement efforts with our trading partners and to improve substantive laws and enforcement regimes in other countries.

(a)(7)(B) Summary of Overall Successes and Failures of Such Policies and Efforts

The Department achieved notable success in FY 2023 both domestically and abroad. Some of these efforts are highlighted below:

Prosecution Initiatives

The Department continues to prioritize IP-related investigations and prosecutions that involve (1) health and safety, (2) trade secret theft or economic espionage, and (3) large-scale commercial counterfeiting and online piracy. The Department has also increased its focus on IP crimes that are committed or facilitated by use of the Internet or perpetrated by organized criminal networks. Examples of DOJ’s criminal IP enforcement efforts in these areas include:

⁶ These federal agencies include Customs and Border Protection (“CBP”), the Federal Bureau of Investigation (“FBI”), the United States Postal Inspection Service (“USPIS”), the Food and Drug Administration’s (“FDA”) Office of Criminal Investigations, the Department of Commerce’s International Trade Administration, the Naval Criminal Investigative Service, the Defense Criminal Investigative Service, the Defense Logistics Agency’s Office of Inspector General, Homeland Security Investigations (“HSI”), the United States Nuclear Regulatory Commission, the United States Patent and Trademark Office (“USPTO”), the General Service Administration’s Office of Inspector General, the Consumer Product Safety Commission, the National Aeronautics and Space Administration’s Office of Inspector General, the Department of State’s Office of International Intellectual Property Enforcement, the Army Criminal Investigation Command’s Major Procurement Fraud Unit, the Air Force Office of Special Investigations, the U.S. Postal Service Office of Inspector General, the Federal Maritime Commission, and the Department of Veterans Affairs Office of Inspector General.

(1) Health and Safety

The Department's health and safety initiative brings together private, state, and federal enforcement resources to address the proliferation of counterfeit goods posing a danger to consumers, including counterfeit and illegally prescribed pharmaceuticals, automotive parts, and military goods. In FY 2023, this initiative resulted in a number of significant prosecutions, including those set forth below:

- *Leader of a Conspiracy to Manufacture, Import, and Sell Counterfeit Military Clothing and Gear Sentenced.* On October 13, 2022, a Brooklyn, NY, clothing and goods wholesaler who directed the development, manufacture, and importation of \$20 million worth of Chinese-made counterfeit U.S. military uniforms and gear that were passed off as genuine American-made products was sentenced to forty months in federal prison and ordered to forfeit the \$20 million in proceeds that he obtained from the sale of the counterfeit goods. Ultimately, substandard, counterfeit goods manufactured in China were sold to the U.S. government to be worn or carried by Airmen in the U.S. Air Force. Some of these products lacked crucial safety features or failed to meet safety specifications, endangering the health and safety of the military personnel who wore them. At least 13,332 counterfeit jackets visible to night vision goggles and 18,597 non-flame-resistant hoods were among the counterfeit products that entered the military supply chain destined for U.S. Air Force bases around the world. Ramin Kohanbash pleaded guilty in June 2019 to conspiracy to commit wire fraud and trafficking in counterfeit goods. Kohanbash agreed to make restitution totaling \$750,000 to the individual companies victimized by his conduct, including a Rhode Island company that reported a loss of more than \$639,000 in profits and significant damage to its relationships with long-standing military clients due to the distribution of counterfeit products distributed by Kohanbash. A co-defendant in this matter, Bernard Klein of Brooklyn, was sentenced in April 2021 to eighteen months of incarceration to be followed by three years of federal supervised release; ordered to pay a fine of \$15,000; and to pay restitution in the amount of \$400,000. In tandem with the criminal case, Klein also entered into a civil settlement agreement under which he has paid \$348,000 to resolve liability to the United States under the federal False Claims Act for goods sold to certain government purchasers. A third defendant, Terry Roe of Burlington, North Dakota pleaded guilty in February 2022 to conspiracy to commit wire fraud and traffic in counterfeit goods, and on October 20, 2022, Roe was sentenced to 24 months in federal prison. Roe, a now-former manager at a North Dakota supplier that purchased counterfeit clothing and gear from members of the conspiracy, acted as the point-of-contact with personnel at military Base Supply Centers.
- *Happy Valley Man Sentenced for Illegally Trafficking Counterfeit Gun Parts for Use as Airsoft Accessories.* On December 13, 2022, a Happy Valley, Oregon man was sentenced to federal probation for illegally trafficking counterfeit gun accessories, including suppressors, scopes, grips, and sights, from China for resale as airsoft gun accessories. Johnny Li was sentenced to five years' federal probation, including 180 days of home detention, and ordered to pay \$281,628 in restitution. According to court documents, sometime in 2019, Li began trafficking counterfeit gun parts he purchased

from China—often through Alibaba.com, one of the world’s largest online commerce companies—into the U.S. for resale online via his website SupplyAirsoft.com. In December 2019, U.S. Customs and Border Protection seized 35 counterfeit laser sights, labeled as “Toy Telescopes”, sent from a Chinese company to Li’s home in Happy Valley. CBP sent Li a letter notifying him of the seizure. Several months later, in May 2020, CBP seized additional rifle sights en route to Li and again notified him of the seizure. On October 27, 2020, federal agents executed a search warrant on Li’s residence and seized hundreds of counterfeit firearm parts and accessories. Altogether, the counterfeit items seized had an estimated value of more than \$281,000. On November 9, 2021, a federal grand jury in Portland returned an indictment charging Li with trafficking in counterfeit goods. On June 23, 2022, he pleaded guilty to the single charge.

- *CEO of Dozens of Companies Pleads Guilty to Massive Scheme to Traffic in Fraudulent and Counterfeit Cisco Networking Equipment.* On June 5, 2023, Onur Aksoy, the CEO of multiple front companies engaged in trafficking of counterfeit and fraudulent Cisco networking products plead guilty. He was charged in D.N.J. in 2022 with running a massive trafficking operation that imported and sold counterfeit and fraudulently modified Cisco equipment from China, worth hundreds of millions of dollars. Some of the counterfeit product ended up at hospitals, schools, government agencies, and the military. This matter is a recent example of how the sale of counterfeit goods on e-commerce platforms threatens of government supply chain as well as the health and safety of consumers. Aksoy ran at least 19 companies formed in New Jersey and Florida as well as at least 15 Amazon storefronts, at least 10 eBay storefronts, and multiple other entities that imported tens of thousands of fraudulent and counterfeit Cisco networking devices from China and Hong Kong and resold them to customers in the U.S. and overseas, falsely representing the products as new, genuine, high-quality, and factory-sealed. The devices had an estimated total retail value of over \$1 billion. Aksoy’s companies generated over \$100 million in revenue, and Aksoy received millions of dollars for his personal gain.
- *19-Year-Old Oregon Woman Faces Federal Charges for Running Social Media Drug Distribution Service Targeting Minors.* On July 12, 2023, a Clacamas County, Oregon woman was charged with federal drug charges and counterfeit drug trafficking charges related to her use of social media to advertise, sell, and distribute illegal drugs to minors in and around Portland. Averi Rose Dickinson, a resident of Damascus, Oregon, was charged with conspiring to distribute and distributing controlled substances and possessing a firearm in furtherance of a drug trafficking crime, as well as trafficking in a counterfeit drug and sale of a counterfeit drug. According to court documents, in January 2023, the FBI began investigating Dickinson after learning she ran a drug distribution service called “Kiki’s Delivery Service” that advertised and took orders for illegal narcotics on various social media applications including Instagram, Snapchat, and Telegram. Investigators soon discovered that Dickinson had been operating the service for up to three years, taking and fulfilling orders for cocaine, LSD, MDMA, ketamine, marijuana, and various forms of pills, both real and fake. Investigators also identified Dickinson as a source of supply within a larger drug distribution chain responsible for several juvenile drug overdoses. On June 14, 2023, investigators executed federal

warrants on Dickinson's Damascus residence and vehicle. They located and seized quantities of cocaine, ketamine, marijuana, and counterfeit Xanax bars; \$3,000 in cash; a Glock 9mm handgun with extended magazine; an AR-style assault rifle; and a bulletproof vest. Dickinson told investigators she believed approximately 50% of her drug distribution clients were minors and that she used several minors as runners to deliver drugs. Dickinson made her first appearance in federal court on June 15, 2023, and she was ordered detained pending further court proceedings.

- *Ringleader Sentenced to 25 Years for Counterfeit Drug Trafficking Conspiracy.* On September 18, 2023, Tunji Campbell pleaded guilty to conspiracy, trafficking in counterfeit drugs, and money laundering conspiracy. Campbell, who partnered with the leader, Byron A. Marshall, to hatch the scheme, was sentenced to 135 months imprisonment. Cheryl A. Anderson, one of the 11 defendants, pleaded guilty to conspiracy and was sentenced to 60 months imprisonment. According to the indictment, from April 2014 until August 2021, Marshall conspired with ten others including Adam P. Runsdorf, the owner and president of Woodfield Pharmaceutical LLC based in Boca Raton, Florida. According to information presented in court, Marshall utilized Woodfield Pharmaceutical's manufacturing facility and employees in Houston to produce more than 500,000 pints of counterfeit cough syrup. Marshall's drug trafficking organization sold the counterfeit drugs across Texas, Louisiana, Mississippi, Alabama, Georgia, South Carolina, Tennessee, Wisconsin, California, Florida, Arkansas, and Ohio. Prices generally ranged from \$100 to more than \$1,000 per one-pint bottle. Depending on the market and brand of cough syrup, prices went as high as \$3,800 to \$4,000 per pint. During the conspiracy, Marshall communicated directly with Runsdorf regarding production of the counterfeit cough syrup. At Runsdorf's request, Marshall paid Woodfield Pharmaceutical in cash only, and Woodfield employees mailed the cash directly to Runsdorf in Boca Raton. Runsdorf pleaded guilty to conspiracy, trafficking in counterfeit drugs, and money laundering conspiracy and was sentenced to 72 months in federal prison.

(2) Protecting American Business from Commercial and State-Sponsored Trade Secret Theft

In FY 2023, Department prosecutors and the FBI have continued to emphasize the investigation and prosecution of commercial and state-sponsored trade secret theft. This continuing focus has led to the investigation and prosecution of numerous trade secret thefts and economic espionage cases. Recent cases include:

- *Engineer Sentenced to Federal Prison After Admitting Conspiracy to Steal Aircraft Design Secrets.* On October 20, 2022, a South Carolina man who led a conspiracy to steal trade secrets from aircraft companies was sentenced to nearly seven years in prison. Gilbert Basaldua, of Hilton Head, SC, was sentenced to 80 months in prison after previously pleading guilty to Conspiracy to Steal Trade Secrets and Interstate Transportation of Stolen Property. Basaldua was also ordered to serve three years of supervised release after completion of his prison term. As spelled out in court documents and testimony, Basaldua worked as a numerical control engineer contractor for an aircraft

manufacturer from October 2016 through November 2018. During that time, Basaldua conspired with his co-conspirators to steal valuable proprietary aircraft wing designs and anti-icing testing information from various aircraft manufacturers, including the company where Basaldua worked. The conspirators intended to use the stolen information to accelerate the process of obtaining Federal Aviation Administration certification for another company's product. Basaldua was on trial on the charges in September 2021 when he pled guilty during the second day of testimony.

- *Bixby Man Sentenced to Serve Five Years in Federal Prison for Conspiracy to Steal Trade Secrets from Oklahoma City Oil and Gas Company.* On November 14, 2022, Joshua Decker of Bixby, Oklahoma, was sentenced to serve 60 months in federal prison for conspiracy to steal trade secrets. On May 26, 2021, the government filed a one-count Superseding Information charging Decker with conspiracy to steal, download, and possess trade secrets. According to the Superseding Information, Decker was a controller for the valve division of an oil and gas company that serves customers engaged in drilling and production. With its valve operations headquartered in Oklahoma City, the company manufactures compact manifold ball valves sold across the United States. In March 2017, while employed as the controller at the company, Decker registered with the Oklahoma Secretary of State a new company called Legacy Valve Systems ("Legacy"). He then recruited co-workers at the victim company to join him at Legacy. On June 2, 2021, Decker pleaded guilty to conspiracy to steal trade secrets. Decker admitted that the victim company undertook several measures to protect their information as trade secrets. Decker admitted that he, along with others, planned to take and use the drawings of the victim company's valves to create products for Legacy. He also admitted that he possessed many of the drawings on his own laptop. Decker also admitted that he instructed those working with him to delete their communications about the drawings they took. At the sentencing hearing, Decker was sentenced to serve 60 months in federal prison for his conduct, followed by three years of supervised release. Decker was also ordered to pay a total of \$1,116,885.49 in restitution to the victim oil company.
- *Chinese Government Intelligence Officer Sentenced to 20 Years in Prison for Espionage Crimes, Attempting to Steal Trade Secrets from Cincinnati Company.* On November 16, 2022, the first Chinese government intelligence officer ever to be extradited to the United States to stand trial was sentenced in federal court in Cincinnati. Yanjun Xu was sentenced to 20 years in prison. Xu targeted American aviation companies, recruited employees to travel to China, and solicited their proprietary information, all on behalf of China. On Nov. 5, 2021, a federal jury in Cincinnati convicted Xu on all counts: conspiracy to commit economic espionage, conspiracy to commit trade secret theft, attempted economic espionage and attempted trade secret theft. Xu was a career intelligence officer, beginning in 2003 and rising to the rank of deputy division director at the Chinese Ministry of State Security (MSS), the intelligence and security agency for China. According to court documents and trial testimony, beginning in at least December 2013, Xu targeted specific companies in the United States and abroad that are recognized as leaders in the field of aviation. Xu used aliases, front companies and universities to deceive aviation employees and solicit information. He identified individuals who worked for the companies and recruited them to travel to China, often initially under the

guise that they were traveling to give a presentation at a university. Xu and others paid the individuals stipends in addition to covering travel costs. The scheme was executed with full coordination between the MSS and China's aviation entities. Xu worked with others in the MSS to hack or copy computers in hotel rooms while the aviation employees – his “guests” – were taken to dinner by the MSS. Xu also openly talked about efforts to obtain U.S. military information in addition to commercial aviation trade secrets. The evidence at trial showed Xu recruited insiders within a French aircraft engine manufacturer's facility in China who were willing to spy on Xu's behalf. Xu and his assets targeted a French employee of the company that often traveled to the facility in China for work. In 2013, Xu directed one of his assets within the company to plant malware on the French employee's work computer, with the ultimate goal of being able to infiltrate the company's network in France. The evidence at trial also showed Xu's integral role in the installation of the malware, his instructions to destroy the malware, and Xu's monitoring of the success and cover-up of the operation.

- *Former GE Power Engineer Sentenced for Conspiracy to Commit Economic Espionage.* On January 3, 2023, a New York man was sentenced to 24 months in prison for conspiring to steal General Electric (GE) trade secrets, knowing or intending to benefit the People's Republic of China (PRC). Xiaoqing Zheng of Niskayuna, New York, was convicted of conspiracy to commit economic espionage, following a four-week jury trial that ended on March 31, 2022. According to court documents, Zheng was employed at GE Power in Schenectady, New York, as an engineer specializing in turbine sealing technology. He worked at GE from 2008 until the summer of 2018. The trial evidence demonstrated that Zheng and others in China conspired to steal GE's trade secrets surrounding GE's ground-based and aviation-based turbine technologies, knowing or intending to benefit the PRC and one or more foreign instrumentalities, including China-based companies and universities that research, develop, and manufacture parts for turbines. Zheng was also sentenced to pay a \$7,500 fine and serve one year of post-imprisonment supervised release.
- *Former Engineer Sentenced for Possessing Stolen Semiconductor Trade Secret.* On June 1, 2023, a Lexington, Mass. man was sentenced in Boston federal court for possessing the stolen prototype design of a microchip, known as the HMC1022A, which was owned and developed by his former employer, Analog Devices, Inc. (ADI), a semiconductor company headquartered in Wilmington, Mass. This chip is used in both aerospace and defense applications. Haoyang Yu was sentenced to six months in prison to be followed by three years of supervised release, during which he may not work in the microchip industry. Yu was also ordered to pay a fine of \$55,000 and restitution to be determined at a later date. In May 2022, following a month-long trial, a federal jury convicted Yu of possessing ADI's stolen trade secret. The jury acquitted Yu of alleged possession of other stolen trade secrets, wire fraud, immigration fraud, and the illegal export of controlled technology. Between 2014 and 2017, Yu worked at ADI, where he designed microchips used by the communications, defense, and aerospace industries. Through his employment, Yu had access to various kinds of ADI intellectual property, including present and future microchip designs, schematics, layouts, modeling files, customer lists, and ordering histories. While employed at ADI, Yu used this information to start his own

microchip business, Tricon MMIC, LLC. Forensic analysis later showed that Yu's personal, at-home computer held exact, bit-for-bit copies of hundreds of ADI intellectual property files. Trial evidence showed that Yu had accessed these files on ADI's secure servers, copied them, changed their filenames – often to those of cartoon characters, and then saved them on his personal electronic accounts and devices. Trial evidence showed that all of the chips Yu's business sold were built with ADI's stolen intellectual property. In particular, Yu used the stolen HMC1022A design to manufacture two knock-off versions of ADI's chip. Yu then began selling his versions of the HMC1022A to ADI's customers and others even before ADI went to market with its own completed design. In all, before his arrest, Yu manufactured about 10,000 chips built with stolen ADI property and grossed about \$235,000. ADI cooperated fully in the government's investigation.

(3) Large-Scale Commercial Counterfeiting and Online Piracy

The Department continues to pursue significant, large-scale piracy and counterfeiting operations. In FY 2023, the Department has had a number of significant prosecutions, including those set forth below:

- *Florida man sentenced to prison for selling counterfeit computer parts.* On October 31, 2022, a 65-year-old man was ordered to serve 48 months in federal prison for trafficking in counterfeit goods. Murtaza Juma from Orlando, Florida, pleaded guilty on March 25, 2022. The court found Juma's conduct harmed Hewlett Packard Enterprises (HPE), Cisco and Intel by at least \$5 million. At the hearing, representatives from HPE and Cisco addressed the court and testified as to the harm this crime causes to their companies and consumers in the United States. Juma was ordered to pay restitution in the amount of \$263,000 to the three companies and to serve three years of supervised release upon completion of his prison sentence. Juma had illegally purchased and imported counterfeit computer parts from China and sold them to unwitting customers in the United States.
- *Two Russian Nationals Charged with Running Massive E-Book Piracy Website.* On November 16, 2022, in federal court in Brooklyn, an indictment and a complaint were unsealed charging Russian nationals Anton Napolsky and Valeriia Ermakova with criminal copyright infringement, wire fraud and money laundering for operating Z-Library, an online e-book piracy website. The pair was arrested on November 3, 2022, in Cordoba, Argentina at the request of the United States. At the same time, Z-Library's network of online domains was taken offline and seized by the U.S. government, pursuant to a court order. As alleged in the indictment and court filings, Z-Library bills itself as "the world's largest library" and claims to offer more than 11 million e-books for download. Z-Library, which has been active since approximately 2009, offers e-book files in a variety of file formats, stripped of their copyright protections, and encourages users to upload and download titles. Many of the e-books offered by Z-Library are protected intellectual property for which authors hold copyrights and publishers hold exclusive distribution rights, and which Z-Library has no license or authorization to distribute, and which are available elsewhere only with anti-circumvention measures applied. As such, a central purpose of Z-Library is to allow users to download

copyrighted books for free in violation of U.S. law. In addition to its homepage, Z-Library operates as a complex network of approximately 249 interrelated web domains. As part of this action, those domains were taken offline and seized by the U.S. government.

- *Maryland U.S. Attorney's Office Announces the Seizure of 78 Domain Names that Allegedly Violated Copyrights by Illegally Live Streaming the World Cup.* On December 18, 2022, the U.S. Attorney's Office for the District of Maryland announced the seizure of 23 websites for allegedly live streaming World Cup tournament games, an infringement of Fédération Internationale de Football Association (FIFA) copyrights. Individuals visiting the sites now see a message that the site has been seized by the federal government and are redirected to another site for additional information. This is the second round of seizures related to FIFA World Cup match streaming. On December 12, 2022, 55 websites were seized. FIFA is the international governing body of association football and holds the exclusive rights to sanction and stage the FIFA World Cup 2022, which was hosted in multiple cities in Qatar. Beginning in September 2022, HSI received information from a representative of FIFA identifying multiple sites being used to distribute and transmit copyright-infringing content, without FIFA's authorization. After the initial round of seizures executed on December 10, HSI Agents in Maryland observed public internet messages and social media posts identifying additional, alternate sites offering illicit streams of World Cup matches. Agents then reviewed World Cup games and other infringing content being offered through these sites and confirmed a list of additional domain names subject to seizure. As detailed in the affidavit, free access to live sports-related copyright-protected content can attract heavy viewing traffic, which makes websites offering such content a potentially lucrative way to serve advertisements. Based on the pervasive use of advertising on each site, the affidavit alleges that the purpose for distributing the infringing content is the private financial gain to these websites' operators. By seizing the subject domain names, the government prevents third parties from acquiring the name and using it to commit additional crimes, or from continuing to access the websites in their present forms.
- *Columbia Couple Sentenced for Selling Counterfeit Disney Movies on eBay.* On February 8, 2023, a Columbia, Mo., couple was sentenced in federal court for a scheme to smuggle counterfeit Disney DVDs into the United States and sell them on eBay. Tabitha Nicole Rodgers and her husband, Clint Travis Rodgers were sentenced in separate appearances. Tabitha Rodgers was sentenced to four years in federal prison. Clint Rodgers was sentenced to one year in federal prison. The court also ordered Tabitha Rodgers to pay \$26,573 in restitution to the government for Supplemental Nutrition Assistance Program (SNAP) benefits she was not entitled to receive. The court ordered Clint Rodgers to pay a \$10,000 fine. The sentencing followed Tabitha Rodgers' guilty plea to one felony count of criminal copyright infringement for profit, and Clint Rodgers' guilty plea to a misdemeanor count of criminal infringement of a copyright. According to court documents, the majority, if not all, of the Rodgers' income was derived from this criminal activity. They had been notified by Beachbody and Otter Products to cease and desist from selling counterfeit products yet continued to sell counterfeit goods. Ebay cancelled multiple accounts controlled by the Tabitha and Clint

Rodgers due to counterfeit merchandise being sold, but they recruited others to sell the products. Although they derived substantial income from selling counterfeit goods, Tabitha Rodgers sought and obtained SNAP benefits from the government to which she was not entitled. Her fraudulent conduct in obtaining benefits was considered by the court in determining an appropriate sentence and in ordering restitution.

- *Man Caught with Counterfeit Designer Phone Cases Heads to Federal Prison.* On February 16, 2023, a man from Fairfield, IL was sentenced to 33 months in prison after he admitted to importing more than 800 counterfeit designer phone cases from Hong Kong to resell in the U.S. Trevor J. Edwards pled guilty to two counts of trafficking counterfeit goods. In addition to his prison sentence, he is subject to three years of supervised release and ordered to pay \$1,367.20 in restitution and \$500 in fines. In February 2021, Customs and Border Protection seized 500 counterfeit designer cellphone cases when the shipment reached the U.S. border from Hong Kong. According to court documents, Edwards was listed on the box as the recipient. The phone cases were counterfeit Chanel, Louis Vuitton, Burberry and Gucci and retailed an estimated \$212,500. Once intercepted, the government sent a receipt to Edwards to notify him of his illegal activity. Months later in May 2021, Edwards was pulled over by law enforcement in Washington County and a search of his vehicle found 336 counterfeit designer cell phone cases, \$241,000 in cash and 2,909 vape pens and cartridges containing cannabis. The retail value of the phone cases is estimated at \$101,340.
- *Leader of Illegal Copyright Infringement Scheme Sentenced to 5 ½ Years' Imprisonment.* On March 8, 2023, Bill Omar Carrasquillo of Swedesboro, NJ, was sentenced to 66 months' imprisonment, five years of supervised release, more than \$30 million in forfeiture, and more than \$15 million in restitution for crimes arising from a wide-ranging copyright infringement scheme that involved piracy of cable TV, access device fraud, wire fraud, money laundering, and hundreds of thousands of dollars of copyright infringement. As the Indictment set forth, from about March 2016 until at least November 2019, Carrasquillo along with his co-defendants operated a large-scale internet protocol television (IPTV) piracy scheme in which they fraudulently obtained cable television accounts and then resold copyrighted content to thousands of their own subscribers, who could then stream or playback content. The defendants also made fraudulent misrepresentations to banks and merchant processors to obtain merchant processing accounts. During the period of their scheme, the defendants earned more than \$30 million. Carrasquillo, in particular, converted a large portion of his profits into homes and dozens of vehicles, including high-end sports cars. When agents attempted to seize those items pursuant to judicially-authorized warrants, Carrasquillo made false statements about and attempted to hide some of those vehicles, including a Freightliner recreational vehicle and a McLaren sports vehicle. Carrasquillo was convicted of one count of conspiracy; one count of violating the Digital Millennium Copyright Act; one count of reproduction of a protected work; three counts of public performance of a protected work; one count of access device fraud; one count of wire fraud; one count of making false statements to a bank; one count of money laundering; one count of making false statements to law enforcement officers; and one count of tax evasion. In addition to a sentence of 66 months' imprisonment, the court ordered Carrasquillo to pay \$10.7 million

in restitution to the victim cable companies, more than \$5 million in restitution to the IRS, and to forfeit over \$30 million in illegal proceeds that he reaped from the scheme.

- *Minnesota Man Sentenced to Three Years in Prison for Scheme to Commit Computer Intrusion and Illegally Stream Content from Four Major Professional Sports Leagues.* On March 16, 2023, Joshua Streit, a/k/a Josh Brody, was sentenced in Manhattan federal court for conducting intrusions into Major League Baseball (“MLB”) computer systems and illegally streaming copyrighted content from MLB, the National Basketball Association (the “NBA”), the National Football League (the “NFL”), and the National Hockey League (the “NHL”) on a website that Streit operated, which offered the illegally streamed content to the public for profit. Beginning in or about 2017 to in or about August 2021, Streit operated a website which streamed copyrighted content, primarily livestreamed games from major professional sports leagues, including MLB, the NBA, the NFL, and the NHL, which Streit had no authorization to stream. Streit obtained the copyrighted content by gaining unauthorized access to the websites for those sports leagues via misappropriated login credentials from legitimate users of those websites. One of the victim sports leagues sustained losses of approximately \$3 million due to Streit’s conduct. In addition, at the same time Streit was illicitly streaming copyrighted content from MLB, Streit attempted to extort approximately \$150,000 from MLB via a threat from Streit to publicize unrelated vulnerabilities in MLB’s internet infrastructure. Specifically, in multiple communications with MLB employees, Streit claimed that he knew MLB reporters who were “interested in the story,” and stated that it would be bad if the vulnerability were exposed, and MLB was embarrassed. In October 2021, Streit was charged with the computer intrusions, wire fraud, interstate threats to extort, and illicitly streaming copyrighted content, and in July 2022, he pleaded guilty to computer intrusion. In addition to the prison sentence, Streit was sentenced to three years of supervised release and ordered to pay \$2,995,272.64 in restitution and \$500,000 in forfeiture.
- *Five Family Members Sentenced to Prison and Ordered to Forfeit a Combined \$51.9 Million Dollars in Proceeds from Their Fraudulent Sale of Counterfeit Trademarked Cellular Phones and Accessories.* On March 21 through 23, 2023, five family members were sentenced to prison for their roles in a conspiracy to commit wire fraud, mail fraud, and conspiracy to traffic in counterfeit trademarked goods, all in connection with their online sale of counterfeit cellphones and accessories. On August 1, 2022, a jury found Pavel Babichenko, Piotr Babichenko, Timofey Babichenko, David Bibikov, and Mikhail Iyerusalimets guilty after a three-month trial. Pavel Babichenko, Piotr Babichenko, Timofey Babichenko, David Bibikov, and Mikhail Iyerusalimets operated a multi-million dollar scheme wherein they sold counterfeit cellphones and cellphone accessories on Amazon.com and eBay.com that the defendants misrepresented as new and genuine Apple and Samsung products. The counterfeit cellphones and cellphone accessories were obtained in bulk from manufacturers in Hong Kong, repackaged in the Treasure Valley, ID and then individually resold to consumers online as genuine and new. Pavel Babichenko was sentenced to 72 months in federal prison, a \$21,000 fine, and three years of supervised release. A \$33,708,700.30 forfeiture money judgment was entered against him. Piotr Babichenko was sentenced to serve 48 months in federal prison, a \$10,000 fine, and three years of supervised release. A \$3,316,882.40 forfeiture money judgment

was entered against him. Timofey Babichenko was sentenced to serve 48 months in federal prison, a \$10,500 fine, and three years of supervised release. A \$9,230,196.82 forfeiture money judgment was entered against him. David Bibikov was sentenced to serve one month in federal prison, nine months of home detention, and three years of supervised release. A \$4,710,207.11 forfeiture money judgment was entered against him. Mikhail Iyerusalimets was sentenced to serve two months in federal prison, nine months of home detention, and three years of supervised release. A \$953,411.95 forfeiture money judgment was entered against him. A future hearing will determine restitution and repayment of public defender attorney fees.

- *Ferndale, Washington Woman Sentenced to Six Months for Trafficking Hundreds of “Knock-off” Designer Goods.* On April 7, 2023, a Ferndale, Washington woman was sentenced to three months in prison and three months home confinement for trafficking in counterfeit goods. Kara Suneva Allen, aka Kara Suneva Mitchell, pleaded guilty in October 2022. According to records filed in the case, Allen operated a business named ‘Keepin Up With Kara’ LLC. The business was located in a warehouse space in Ferndale, Washington. As of March 2022, a website associated with the business advertised 467 different items for sale that appeared to be products made by Adidas, Burberry, Cartier, Chanel, Christian Dior, Fendi, Gucci, Hermès, Louis Vuitton, MCM, Nike, Prada, Saint Laurent, Tiffany & Co., Tory Burch, and UGG. All the products were priced substantially below the suggested retail price for the genuine items. An investigation by Homeland Security Investigations, U.S. Customs and Border Protection, and the Whatcom County Sheriff’s Office revealed that in August and September 2021, three shipments destined for Allen and her company were seized from the mail in Oakland, California. The shipments, which originated in China and Hong Kong, contained a wide variety of counterfeit goods, including handbags, wallets, and jewelry. Allen was notified of these seizures, but never petitioned to have the goods in the shipments released. An analysis of shipping records revealed that between September 2021 and March 2022, approximately 46 shipments from China and Hong Kong had been sent to the Ferndale warehouse where ‘Keepin Up With Kara’ operated. To document Allen’s sale of counterfeit goods, an undercover agent made online purchases from the company’s website. In one instance, the agent made an undercover purchase of a Louis Vuitton-branded handbag for \$110. The suggested retail price for that specific authentic Louis Vuitton handbag is \$1,690.00. A Louis Vuitton representative confirmed the handbag purchased from the website was counterfeit. On May 2, 2022, law enforcement executed search and seizure warrants at Allen’s place of business, home, and vehicle. Over 1,800 items of suspected counterfeit merchandise were seized, including purses, scarves, belts, luggage tags, sunglasses, tumblers, and other accessories. In total, between June 2021 and May 2022, Allen acquired, attempted to acquire, or sold more than 1,900 counterfeit items with an estimated retail value of \$185,842. Her profit over that time was approximately \$43,430.
- *Computer System Administrator and Spouse Plead Guilty in Massive Scheme to Sell Pirated Business Telephone System Software Licenses.* On September 19, 2023, a computer system administrator and his spouse pleaded guilty to participating in a massive international scheme to make millions of dollars by selling pirated business telephone

system software licenses. The entire scheme allegedly resulted in the sale of software licenses with a retail value of over \$88 million. According to court documents, Raymond Bradley Pearce, aka Brad Pearce, and Dusti O. Pearce, both of Tuttle, Oklahoma, conspired with Jason M. Hines, aka Joe Brown, Chad Johnson, and Justin Albaum of Caldwell, New Jersey, to commit wire fraud in a scheme that involved generating and then selling unauthorized Avaya Direct International (ADI) software licenses. Brad Pearce, a long-time customer service employee at Avaya, used his system administrator privileges to generate tens of thousands of ADI software license keys that he sold to Hines and other customers, who in turn sold them to resellers and end users around the globe. The retail value of each Avaya software license ranged from under \$100 to thousands of dollars. Dusti Pearce handled accounting for the illegal business. Hines was by far the Pearces' largest customer – buying over 55% of the stolen licenses – and significantly influenced how the scheme operated. Hines operated Direct Business Services International (DBSI), a de-authorized Avaya reseller, in New Jersey. Brad Pearce and Dusti Pearce pleaded guilty to conspiracy to commit wire fraud. They both face a maximum penalty of 20 years in prison. Pursuant to the plea agreement, Brad Pearce and Dusti Pearce must forfeit a money judgment of at least \$4 million as well as cash, gold, silver, collectible coins, cryptocurrency, and a vehicle. They must also make full restitution to their victims. In July 2023, Hines pleaded guilty to conspiring with the Pearces.

Domestic Training

During the past fiscal year, the Department provided a number of training programs for federal, state, and local prosecutors and agents investigating IP crimes. These training courses covered a range of IP enforcement issues and were designed to increase coordination between prosecutors and investigators as well as coordination among federal, state, and local law enforcement agencies. Examples of such training included:

- In January 2023, CCIPS trained 130 prosecutors, special agents, and analysts from across the intellectual property rights space (including personnel from HSI, GSA OIG, Army CID, CPSC, NCIS, VA OIG, USPTO, NASA OIG, and State) as part of HSI's Introduction to IP and Trade Enforcement Investigations Seminar. CCIPS explored crimes associated with trademarks, copyrights, and trade secrets, and presented strategies for successfully investigating and prosecuting those crimes.
- In February 2023, CCIPS and the Office of Legal Education hosted the Intellectual Property Crimes Seminar. Over 250 AUSAs and federal agents registered for the virtual training, which covered legal structures and case considerations in prosecuting trademark counterfeiting, copyright infringement, and theft of trade secrets, along with segments on sentencing topics, online attribution, and international issues. Additionally, a panel of representatives from e-commerce platforms Amazon and Alibaba provided information on developing criminal cases in coordination with the platforms' legal teams.
- In February 2023, CCIPS presented at the National Intellectual Property Rights Coordination Center during the all-hands meeting of the members of Operation Chain

Reaction. That operation is a comprehensive initiative that targets counterfeit goods entering the supply chains of various government agencies, particularly the Department of Defense. The presentation discussed CCIPS's capabilities and role in the investigation and prosecution of counterfeit goods, and highlighted the joint efforts of the IPR Center, HSI, and CCIPS in prosecuting several cases of supply chain infiltrations.

- In February 2023, at an Intelligence Community (IC) facility in the Washington, DC, metro area, CES hosted its annual National Security Cyber Specialists (NSCS) Conference. Attendees included prosecutors from U.S. Attorneys' Offices and Main Justice components, with a keynote from the Deputy Attorney General. The conference provided the roughly 100 attendees with specialized training focused on legal and other issues at the intersection of national security and cybersecurity. Specific topics of discussion included the collection of electronic evidence, working with victims and the IC, and other unique issues that often arise in investigations involving classified information.
- In June 2023, CCIPS participated in a training course at the National Intellectual Property Rights Coordination Center in Crystal City, Virginia. The course provided training to approximately 30 Homeland Security Investigations and U.S. Customs and Border Protection personnel on intellectual property rights and trade fraud detection investigations. CCIPS discussed criminal enforcement of intellectual property rights.
- In June 2023, CCIPS hosted the Electronic Evidence Seminar at the National Advocacy Center in Columbia, South Carolina. Approximately 100 students attended the three-day seminar. Students received instruction on issues including obtaining evidence from third-party service providers pursuant to the Stored Communications Act, the Pen/Trap Statute, and the Wiretap Act; basic principles relating to the Internet; virtual currency; the use of electronic evidence at trial; and relevant statutes governing computer and intellectual property crime.
- In July 2023, CCIPS discussed the criminal enforcement of intellectual property rights for current and incoming State Department officers. The presentation provided an overview of criminal IP enforcement in the United States, the role of the ICHIP network and ICHIPs' coordination with State Department Bureau of Economic and Business Affairs officers on Special 301, Notorious Markets List, and identification of program participants, and DOJ's efforts in supporting international programs related to IP and cybercrime.
- In August 2023, CCIPS hosted an Introduction to Computer Hacking and Intellectual Property (CHIP) Prosecutors' webinar to almost 400 attendees. The training introduced the CHIP network, CHIP responsibilities, and support available to CHIPs. CCIPS attorneys also presented on the core substantive areas covered by CHIPs, including collecting and litigating using electronic evidence, intellectual property theft, and cybercrime.
- In August 2023 at the National Advocacy Center in South Carolina, CCIPS hosted its annual Computer Hacking and Intellectual Property (CHIP) Prosecutors' Conference.

Attendees included prosecutors from U.S. Attorneys' Offices and Main Justice components, with a keynote from a representative of the Dutch High Technology Crime Unit. The conference provided the roughly 120 attendees with the latest information and guidance on the collection and use of electronic evidence, computer crime, intellectual property crime, and related issues.

- In September 2023, CCIPS provided a training to HSI program managers at the IPR Center on CCIPS resources. HSI was recently provided access to CCIPS Online, and this presentation focused on the resources available on CCIPS Online and how to use the ISP list to generate legal process. CCIPS also discussed relevant information specific to intellectual property investigations and legal process to obtain attribution evidence in online investigations.

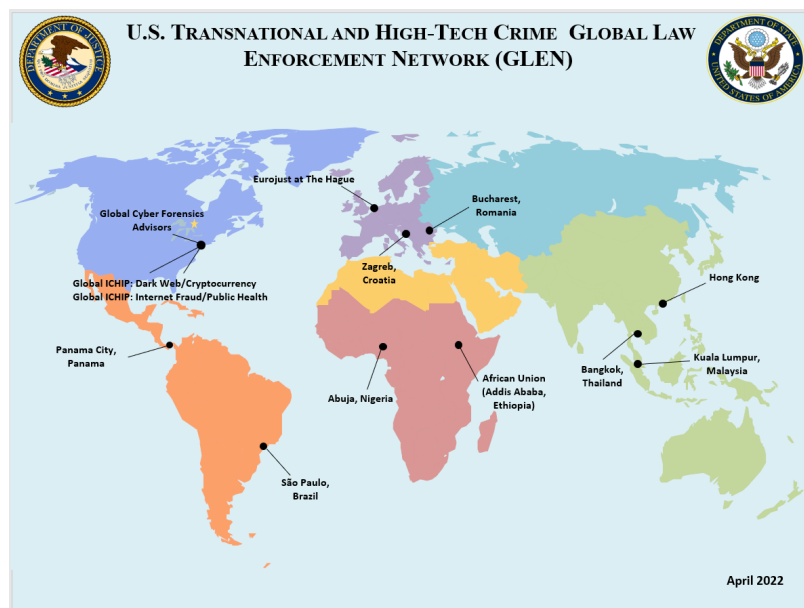
International Outreach and Training

Global IP crime, from the manufacture and worldwide distribution of counterfeit goods to the sprawling online businesses designed to reap profits from the distribution of copyrighted works, continues to grow and change in an effort to stay ahead of law enforcement. As a world leader in efforts to combat criminal IP infringement, the Department actively seeks to develop training and technical assistance programs to assist other countries in effectively enforcing IP laws and reducing the trafficking of counterfeit and pirated goods. Despite constraints related to the COVID-19 pandemic, in FY 2023, the Department worked extensively with its law enforcement counterparts around the world. The Department sought to engage foreign law enforcement through meetings of officials, ranging from the Attorney General to line attorneys and agents.

CCIPS and DOJ's Office of Overseas Prosecutorial Development, Assistance and Training ("OPDAT") worked with State Department grants, and in cooperation with other United States agencies in FY 2023, to provide training to foreign officials on effective enforcement of IP laws. The Department's IP trainings are designed to increase cooperation between various law enforcement agencies with responsibility for IP offenses; to utilize various types of charges, including economic and organized crime statutes to combat IP crime; and to increase awareness amongst enforcement officials and the judiciary of the importance of reducing counterfeiting and piracy.

In FY 2023, the Department, with assistance from the State Department, continued to support the U.S. Transnational and High Tech Crime Global Law Enforcement Network ("GLEN") of International Computer Hacking and Intellectual Property ("ICHIP") attorneys (formerly, the Intellectual Property Law Enforcement Coordinator ("IPLEC") program). DOJ has posted experienced prosecutors in Bucharest, Romania; Hong Kong; São Paulo, Brazil; Abuja, Nigeria; Bangkok, Thailand; Kuala Lumpur, Malaysia; The Hague, Netherlands; Panama City, Panama; Zagreb, Croatia; and Addis Ababa, Ethiopia. The GLEN also includes two ICHIPs based in the United States to serve as global subject matter experts in dark web and

cryptocurrency issues (“DWC”) and internet-based fraud and public health (“IFPH”) issues. Additionally, the GLEN includes Global Cyber Forensic Advisors based in Washington, D.C.⁷



Examples of DOJ’s international engagement regarding criminal IP enforcement include:

ASIA

Four Intellectual Property Rights Enforcement Workshops and Discussion. In September 2022, in Ulaanbaatar, Mongolia, the ICHIP Hong Kong, USPTO, and the U.S. Embassy co-hosted four Intellectual Property Rights (IPR) enforcement workshops and a roundtable discussion for more than 150 Mongolian officials. USG expert presenters included CCIPS GCFA Thomas Song, Judge David Carter of the U.S. District Court for the Central District of California, and Judge Edmond Chang of the U.S. District Court for the Northern District of Illinois, as well as representatives from the National IPR Center and HSI. The programs addressed the role of judges in IPR cases, best practices in enforcing IPR laws, criminal IPR investigations and prosecutions, the importance of electronic evidence, and the utility of the G7 24/7 High-Tech Crime Network.

Training Provided to 40 Indonesian Investigators, Prosecutors, IP Officials, and Regulators. In January and February 2023, in Jakarta, Indonesia, the ICHIP Hong Kong partnered with ICHIP Bangkok and other USG officials to train 40 Indonesian investigators, prosecutors, IP officials, and regulators from Indonesia’s IP Task Force, including officials from the Directorate General of Intellectual Property (DGIP), Attorney Generals’ Office, BPOM/Indonesia FDA, and Indonesian police. The program was hosted by the IPR Center and HSI, with the Embassy Jakarta DCM, HSI Regional Attaché in Singapore, and the Acting Director General of DGIP

⁷ For more information about CCIPS’s international outreach, see <https://www.justice.gov/criminal-ccips/overseas-work>.

delivering opening remarks. Presenters included representatives from the IPR Center, HSI, USPTO, Embassy Jakarta's Econ Section and Legal Attaché's Office, Customs and Border Protection, OIA, and Pharmaceutical Security Institute. The ICHIP has been working with Indonesia's IP Task Force to address enforcement issues, as Indonesia has been on the USTR's Priority Watch List since 2009.

ICHIP Presented at a Workshop to Prosecutors for an Online IP Crime Program. In February 2023, the ICHIP Hong Kong presented at a workshop titled "IP Crime in the Digital Environment" organized by WIPO and Korea's Ministry of Justice (MOJ) in Seoul, Korea. Approximately 20 prosecutors from Thailand, Vietnam, Malaysia, Laos, Cambodia, the Philippines, Singapore, and Brunei and 20 Korean prosecutors from MOJ participated. The program aimed to enhance the attendees' abilities to prosecute online aspects of IP crime and combat counterfeiting crimes involving health and safety. The ICHIP taught sessions on online attribution, best practices for IP prosecutors, interagency and international cooperation, and recruited HSI Seoul to present on new trends in IP crime. The workshop is part of ICHIP's efforts to conduct IP and cyber capacity building programs with Korea.

DOJ and USPTO Meeting with Indian Intellectual Property Office. In March 2023, CCIPS provided an overview of DOJ's role in IP enforcement as part of a presentation to the Indian Intellectual Property Office on techniques and best practices in building an effective IP enforcement framework. The meeting was hosted by the U.S. Patent and Trademark Office and included speakers from multiple U.S. agencies with responsibility for intellectual property rights.

Advisory Group Meeting on Digital Piracy for INTERPOL's Stop Online Piracy Project. In April 2023, the ICHIP Hong Kong virtually participated in the Advisory Group Meeting on Digital Piracy for INTERPOL's Stop Online Piracy (I-SOP) Project. The meeting was chaired by the I-SOP Project Coordinator in Lyon, France and included INTERPOL Singapore, UK law enforcement, and private sector representatives, such as individuals from the Motion Picture Association and the International Federation of the Phonographic Industry. The ICHIP discussed recent capacity building efforts in Asia and offered suggestions for future engagement with rightsholders.

IP Enforcement Program for Customs Officials, Police, Prosecutors, and IP Officials. In May 2023, in Bangkok, Thailand, ICHIPs Hong Kong and Bangkok, along with the ICHIP SA, spoke at an IP enforcement program hosted by USPTO and the ASEAN Secretariat for approximately 70 customs officials, police, prosecutors, and IP officials from Brunei, Indonesia, Laos, Philippines, Singapore, Thailand, Vietnam, Vanuatu, and Tonga. The workshop focused on food fraud, counterfeit food and beverages, and counterfeit agricultural products. Speakers also included the Food and Drug Administration's Office of Criminal Investigations (FDA-OCI), CBP, INTERPOL, and private sector representatives. The ICHIPs spoke about interagency, international, and public and private-sector cooperation in prosecuting criminal IP cases.

Regional IP Program for Customs Officials, Investigators, and Attorneys. In May 2023, in Kathmandu, Nepal, ICHIPs Hong Kong and IFPH, along with the ICHIP SA, participated in a regional IP program hosted by HSI New Delhi and the IPR Center for 60 customs officials, investigators, and attorneys from India, Nepal, Bangladesh, Bhutan, Sri Lanka, and Maldives.

The program focused on digital piracy, counterfeit pharmaceuticals, and counterfeit goods in the military supply chain. Speakers also included the U.S. Ambassador, USTR, USPTO, FDA-OCI, CBP, Defense Criminal Investigative Service, GSA-OIG, and private sector representatives. ICHIPs Hong Kong and IFPH spoke about the U.S. approach to criminal IP enforcement, best practices in investigating and prosecuting IP cases, and presented a case study on digital piracy. The ICHIP SA discussed lessons learned and overcoming challenges in IP cases.

Participation in the U.S.-Central Asia Trade and Investment Framework Agreement IP Working Group. In July 2023, the ICHIP Bangkok SA participated in the U.S.-Central Asia Trade and Investment Framework Agreement (TIFA) IP Working Group in Tbilisi, Georgia. On July 19, the ICHIP SA engaged in discussions regarding recent developments in IP protection and enforcement in Kazakhstan, Kyrgyz Republic, Tajikistan, Turkmenistan, and Uzbekistan. Officials from these countries also participated in discussions on recommendations from the 2022 TIFA IP Working Group meeting. A USTR representative gave an overview of the 2023 TIFA meeting and IP Working Group recommendations.

Participation in the HSI Delhi IP Workshop for Maldivian Customs, Police, and Prosecutors. In August 2023, in Male, Maldives, the ICHIP Hong Kong and the ICHIP SA participated in the HSI Delhi IP Workshop for Maldivian Customs, Police, and Prosecutors. This was a basic IP crime program to assess the needs of Maldives. From discussions, Maldives needs assistance with crafting and implementing a trademark counterfeiting law. The ICHIPs will follow-up, noting that positive engagement in Maldives will also serve to counter malign influence.

ICHIP and ICHIP SA Conducted a Series of Programs on Counterfeit Goods and Electronic Evidence. In September 2023, in Ulaanbaatar, Mongolia, ICHIPs Hong Kong and Bangkok SA conducted a series of programs on counterfeit goods and electronic evidence for 32 Mongolian IP Officials, 30 judges (including three from the Mongolian Supreme Court), 30 prosecutors, and 30 police officers. The ICHIPs partnered with an official from Korea's Supreme Prosecutors Office (SPO) who spoke about why Mongolia should join the G7 24/7 Network. During the program, the ICHIP learned for the first time that Mongolia's Ministry of Justice has formed a working group on the Budapest Convention.

NORTH AFRICA AND THE MIDDLE EAST

Program Law Enforcement and Prosecutors from Different African Countries. In October 2022, the ICHIP Abuja convened law enforcement and prosecutors from Benin, Gabon, Nigeria, Lesotho, the Gambia, Senegal, Cameroon, Congo (Brazzaville), the Democratic Republic of the Congo (DRC), and Morocco in Accra, Ghana for a program focused on international cooperation, internet piracy, counterfeit pharmacy, and presentation skills. Attendees will use these skills in the courtroom and during national training programs. In the near future, participants will develop presentations on IP enforcement for their home country with the support of the ICHIP.

ICHIP Participated in WIPO's Arab Regional Conference. In March 2023, the ICHIP Bucharest participated in WIPO's Arab Regional Conference in Cairo, Egypt. The ICHIP delivered two

presentations; one on the role of the prosecutor in IP cases and a second on practices and the challenges involved in investigating online copyright infringement.

ICHIP Delivered a Presentation on Digital Piracy Crime at a USPTO IP Workshop. In March 2023, the ICHIP Bucharest delivered a presentation on digital piracy crime at a USPTO IP workshop in Cairo, Egypt for Egyptian judges.

Meeting on ICHIP Cooperation on a Regional Program. In March 2023, the ICHIP Abuja, along with colleagues from USPTO, met with representatives from the Alliance for Creativity and Entertainment (ACE) and the Motion Picture Association (MPA) regarding ICHIP cooperation on a regional program focusing on technical and legal training related to audio-visual piracy for judges, prosecutors, and lawyers from Northern and sub-Saharan Africa, to be held tentatively in June in Ivory Coast.

Facilitation of Portions of a Cybercrime Workshop by the ICHIP. In July 2023, the ICHIP Addis Ababa facilitated portions of a cybercrime workshop in Cairo, Egypt, hosted by OPDAT's Egypt RLA. Approximately 14 Egyptian prosecutors attended this two-day workshop, where the ICHIP and RLA were joined by Karen Kilberg of FBI Detroit and U.S. Magistrate Judge Stephen Welby of Missouri. The Egyptians had many questions on cryptocurrency and the dark web following the ICHIP's presentations on those topics, especially considering both of those areas being essentially illegal in Egypt. The workshop concluded with a panel discussion led by Keller and featuring the ICHIP, FBI agent, and judge.

CENTRAL AND SOUTH AMERICA

Search and Seizure Warrants Executed of Copyright-protected Books and Reading Material. In September 2022, a member of the ICHIP São Paulo-mentored specialized anti-piracy section of the Dominican Republic Attorney General's office executed search and seizure warrants against criminals who illegally printed tens of thousands of copyright-protected books and other reading material. The prosecutor identified the location of the printing presses and storage warehouse using ICHIP-supplied best practices on open-source investigations. The Dominican Republic team seized over 500 metal press sheets used to print the offending books and reams of counterfeit paper. This effort reflects a broader ICHIP-mentored overhaul of the public prosecutor's office and demonstrates the Dominican Republic's ongoing commitment to changing the IP culture.

Two-day Virtual Training on Sports Piracy for Law Enforcements and Public Authorities. In October 2022, the ICHIP São Paulo and ICHIP Panama City Staff Attorney conducted a two-day virtual training on sports piracy for approximately 240 Argentinian, Brazilian, Chilean, Colombian, Costa Rican, Dominican Republic, Ecuadorean, Mexican, Panamanian, Paraguayan, Peruvian, and Uruguayan law enforcement officials, and public authorities. The program focused on the connections between digital piracy and malware, ransomware, and credential stealing software, and provided best practices and techniques for analyzing digital content from websites using developer tools and open-source software to determine the true source of pirated content. Finally, key partners from Brazil and Peru demonstrated the local impact and importance of IPR protection coupled with innovative methods they have used to combat these

offenses. Given the anticipated increase in digital piracy and trademark counterfeiting relating to the upcoming World Cup, the program garnered significant attention from various countries and provided a nice foundation for the ICHIP's plan for a regional IPR working group in the Western Hemisphere.

Member of ICHIP-Mentored Coalition Discovered and Arrested an Operation on Streaming Copyright-protected Content. In October 2022, a member of the ICHIP São Paulo-mentored Intellectual Property Coalition in São Paulo, Brazil, discovered and arrested an operation dedicated to streaming copyright-protected content. The criminal organization provided premium television packages using pirated signals to thousands of customers in the region. Members of the Civil Police and the state prosecutor's offices used ICHIP-provided best practices to pinpoint the infrastructure and base of operation of the digital pirates. The ICHIP will continue to assist during the prosecution of the defendant.

2,000 Tons of Counterfeit Goods Seized by a Task Force of Federal and Local Authorities. In December 2022, a task force of federal and local authorities, including members of the Federal Revenue Service of Brazil, revealed the results of a month-long enforcement effort against the U.S. Trade Representative (USTR)-listed Notorious Market area of Rua 25 de Março in Sao Paulo, Brazil. The task force, trained and mentored by the ICHIP São Paulo, judicially authorized enforcement against over 2,000 different stores in the notorious market and seized over 2,000 tons of counterfeit goods. During the operation market vendors attacked Brazilian law enforcement officers by throwing rocks and iron bars at police cars and damaging at least three government vehicles. The approximate value of the seized goods is expected to be over U.S. \$225 million. The interagency operation represents the largest effort ever by Brazil's Federal Revenue Service against counterfeit goods, and one of the largest seizures of counterfeit goods in the world.

Disruption of Online Sports Piracy Websites for the Final Rounds of the 2022 FIFA Men's World Cup. In December 2022, CCIPS, HSI, National IPR Center, and ICHIPs São Paulo and Bucharest led an international effort to target and disrupt online sports piracy websites in conjunction with the final rounds of the 2022 FIFA Men's World Cup. The operation, dubbed "Operation Offsides," targeted approximately 70 popular piracy sites that used U.S.-based infrastructure, and complemented similar actions around the world, including in Peru, Bulgaria, Brazil, and Argentina. The action targeted many large-scale distributors at a crucial moment during the World Cup finals, including sites that accounted for over 31 million unique visits from Argentina in November. The concerted effort also spurred additional actions in partner countries to further their investigations into piracy operators.

Discovery of a Factory Producing Counterfeit Clothing. In January 2023, a Sao Paulo police officer and member of the ICHIP São Paulo-mentored interagency task force on counterfeit goods used ICHIP-provided open-source investigation training to discover a factory producing counterfeit clothing infringing on U.S. and other rightsholders, including Tommy Hilfiger, Calvin Klein, Nike, and others. The factory contained numerous industrial sewing and fabric machines and contained over 20 tons of infringing articles of clothing. The factory owner was arrested, and charges are pending.

Use of Digital Open-Source Investigation Techniques to Uncover a Storehouse with Counterfeit Perfume. In March 2023, a team of Brazilian police used digital open-source investigation techniques provided by the ICHIP São Paulo to trace email and payment information to a storehouse holding over 1,500 bottles of counterfeit perfume affecting U.S. brands, such as Ralph Lauren, Carolina Herrera, and others. The investigators arrested the individual selling the goods online, but he was released soon after due to a failure to obtain an expert report demonstrating that the counterfeit goods were in fact chemically counterfeit. The ICHIP will continue to work with the Brazilian authorities to educate the judiciary and prosecutors on ways to advance these cases in the absence of technical reports.

First Ever Judicial Order Signed in Argentina to Target 30 Online Piracy Sites. In March 2023, an ICHIP São Paulo-trained federal judge in Argentina, who received extensive training on dynamic blocking of pirated signals during ICHIP trainings on sports piracy in October 2022, signed the first ever judicial order in Argentina targeting 30 online piracy sites. The sites, which included several of the most popular destinations to stream Argentinian soccer, attracted millions of unique visits per month and were part of a larger ecosystem that cost rightsholders in Latin America and throughout the world millions of dollars in lost revenue and likewise deprived public coffers of tax revenue. The judge’s order permits rightsholders to work closely and quickly with authorities to block signals as pirates change URLs and other infrastructure, raising the operating costs of committing piracy. The ICHIP will use this historic ruling and the example of a public-private partnership to encourage further action in the region against digital and signal piracy.

ICHIP Led Events in Three Countries for World IP Day. In April 2023, the ICHIP São Paulo led events in three countries for World IP Day. On April 24, the ICHIP provided a keynote speech at the University of Costa Rica in San José, highlighting the global economic and security importance of IP protection and enforcement. The speech marked the first time that the country’s private and public sectors met to discuss an overall strategy to combat IP theft. The event also highlighted three women leaders in IP enforcement in Costa Rica, in line with this year’s World IP Day theme. On April 25, the ICHIP met with a group of approximately 20 Panamanian prosecutors and police officials. He highlighted the importance of the Panama Free Trade Zone and the country’s role as a major port of entry and transit point for illicit counterfeit goods. The ICHIP highlighted potential changes to Panamanian customs regulations, including the implementation of counterfeit bonds on importers to make them responsible for the shipment of counterfeit goods. By shifting this responsibility to importers and their insurers, the Panamanians can move the costs of infringement away from victims and to the perpetrators of these offenses. Finally, on April 26, the ICHIP presented at and moderated a panel featuring four women innovators and leaders in IP enforcement for an audience of approximately 50 students, professors, and private sector representatives at Austral University in Buenos Aires, Argentina. The panel discussed the importance of IP enforcement in enabling women to avoid domestic violence, create new economic opportunities, and to identify members of society that might be vulnerable to exploitation.

Panamanian Cyber and IP Prosecutors Mentored on the “Operation Maverick” Case. In May 2023, the ICHIP Panama City mentored Panamanian cyber and IP prosecutors on the “Operation Maverick” case. The prosecutors explained that they made controlled purchases from the

distributor and had a brand expert determine that the products were counterfeit. The prosecutors expressed their intention to press charges for IP crime and money laundering due to the size of the suspect's operation. The ICHIP shared best practices to help determine if the suspects' banking movements are related to the distribution of illicit goods or whether there is legitimate activity related to their assets. The ICHIP will continue to assist prosecutors with this investigation.

ICHIP and ICHIP SA Hosted a Counterfeit Pharmaceutical Conference. In June 2023, the ICHIP Panama City and the ICHIP São Paulo SA hosted a counterfeit pharmaceutical conference for approximately 25 Panamanian, Peruvian, Mexican, Colombian, and Ecuadorian prosecutors, police, judges, and customs inspectors in Panama City, Panama. The program, one of the first of its kind in the region, focused on counterfeit pharmaceutical investigations and prosecutions. The U.S. experts provided advanced instruction on effectively pursuing these cases in the complex pharmaceutical landscape. CCIPS Attorney Michael Christin, FBI Supervisory Special Agent (SSA) Joshua Udy and SSA Aneddail Torres-Ayala, DEA Diversion Investigator Ian Brecht (Houston FO), DEA Task Force Officer (TFO) Walter Hamman, and AUSAs Jonathan Lee and John Ross covered a diverse array of topics during their presentations, including best practices in online undercover techniques for law enforcement, navigating the intricate pharmaceutical landscape to advance investigations, leveraging the benefits of international cooperation through the 24/7 Network, and emphasizing the significance of robust partnerships between the public and private sectors. Audience members also learned about the grave threats to health that counterfeit pharmaceuticals pose.

Seizure of More than 64,000 Counterfeit Toys. In September 2023, in São Paulo, Brazil, using ICHIP São Paulo-provided training, São Paulo State Police seized more than 64,000 counterfeit toys sold in a USTR-listed Notorious Market in downtown São Paulo. This operation sought to seize counterfeit toys that are harmful to public health or are more likely to cause accidents. The ICHIP will follow up with authorities as needed.

EUROPE

Intellectual Property Enforcement Study Tour of 12 Romanian Officials to Washington, D.C. In October 2022, the ICHIP Bucharest brought a delegation of 12 Romanian officials to Washington, D.C. for an intellectual property enforcement study visit. The delegation was led by Romania's new National IP Coordinator and included members of a new unit of Romania's National Police that focuses on digital piracy investigations. The delegation met with Assistant Attorney General Kenneth A. Polite and visited FBI headquarters, CCIPS, OPDAT, the Office of the U.S. Trade Representative (USTR), the White House's Office of the Intellectual Property Enforcement Coordinator (IPEC), the U.S. Patent and Trademark Office (USPTO), and the U.S. State Department. Members of the delegation also observed a criminal trial in the Eastern District of Virginia (EDVA) before U.S. District Court Judge Leonie M. Brinkema and discussed various aspects of the proceedings with her following the trial.

ICHIP Presented at the Romanian National Institute of Magistracy on IP. In November 2022, the ICHIP Bucharest delivered a presentation on "Protecting IP in the Online Environment" to prosecutors and law enforcement officials at the Romanian National Institute of Magistracy

(NIM), as part of a NIM seminar entitled “Challenges for the Online Protection of Copyrights and Related Rights.” Romania’s new IP Coordinator and the head of the Directorate for the Investigation of Economic Crimes (DICE) also spoke at the conference about the lessons learned during the recent OPDAT study tour to Washington, DC.

Participation in a Workshop on Combating Counterfeits. In November 2022, in Vilnius, Lithuania, the ICHIP Bucharest participated in The Department of Commerce’s Commercial Law Development Program’s (CLDP) Central Asia-Lithuania workshop on combating counterfeits. The workshop focused particularly on small parcel interdiction, and the ICHIP spoke about the U.S. perspective on anti-counterfeit enforcement.

Digital Piracy Workshop for Law Enforcement Officials and Prosecutors. In November and December 2022 in Riga, Latvia, the ICHIP Bucharest and Baltics RLA, Michael Grant, conducted a digital piracy workshop for law enforcement officials and prosecutors from Latvia, Lithuania, and Estonia. The event was hosted by the Latvian Prosecutor General’s Office and participants heard presentations related to digital piracy, the rising importance of ad revenue, the prevalence of malware, non-fungible tokens (NFTs), and web site investigations. The program was well-received and concluded with the participants working in groups to determine proper investigative steps in a hypothetical infringing bit-torrent web site case.

Two-day IP Criminal Enforcement Workshop for Law Enforcement and Prosecutors. In February 2023, the ICHIP Bucharest delivered a two-day IP criminal enforcement workshop for law enforcement and prosecutors from Central Asia (Kazakhstan, Kyrgyzstan, Tajikistan, Turkmenistan, and Uzbekistan) in Tashkent, Uzbekistan. Day one of the program focused on physical counterfeit goods, whereas day two focused on digital piracy. The participants used the knowledge gained during the program to work through a hypothetical illicit streaming scenario, identifying key pieces of evidence and next investigative steps.

ICHIP Led a Virtual Assessment of IP Prosecutions and Investigations in Ukraine. During the third week of March 2023, in response to a request from the Head of the Office of Protection of Investors’ Rights within the Ukraine Office of the Prosecutor General, the ICHIP Bucharest led a virtual assessment of IP prosecutions and investigations in Ukraine. CCIPS and National IPR Center also participated in the assessment.

ICHIP Hosted a Regional Workshop on Counterfeit Car Parts. In April 2023, the ICHIP Bucharest hosted a regional workshop on counterfeit car parts for law enforcement and prosecutors from Turkey, Romania, Bulgaria, Moldova, and Hungary at the ILEA facility in Budapest, Hungary. AUSA, and incoming ICHIP IFPH, Cam Le, gave a presentation on investigations involving online marketplaces. Presenters also included U.S. and European law enforcement officers and prosecutors, as well as several representatives from major European auto manufacturers, who displayed examples of genuine and counterfeit parts (e.g., airbags). The day before the event, Stellantis (Chrysler) organized an enforcement action in Hungary involving alleged counterfeit car keys, and a Stellantis representative discussed this during the workshop. To conclude the event, William Hardy from the National IPR Center presented Alex Velev from Bulgaria’s Organized Crime Directorate (GDBOP) with an award recognizing GDBOP’s partnership in a previous U.S.-led counterfeit car parts investigation.

ICHIP Delivered a Civil and Criminal IP Workshop for Bulgarian judges. In May 2023, ICHIP Bucharest, in partnership with USPTO, delivered a civil and criminal IP workshop for 30 Bulgarian judges in Sofia, Bulgaria. Judicial participants at the workshop discussed the legislative frameworks in the U.S. and Bulgaria, as well as the proposed legislative changes to Bulgaria's criminal code. U.S. District Court Judge Virginia Covington from the Middle District of Florida (MDFL) participated in multiple discussions moderated by the ICHIP, allowing for an information exchange about judicial approaches to IP cases as well as docket management strategies.

ICHIPs Attended the Eurojust IP Crime Regional Meeting. In May 2023, ICHIPs Bucharest and The Hague attended the Eurojust IP Crime Regional Meeting in Tallinn, Estonia. The ICHIPs presented on U.S. IP crime statutes, including a case study on counterfeit goods prosecution, to an audience of 30 prosecutors and investigators from Estonia, Latvia, Lithuania, Czech Republic, Slovakia, and Poland.

ICHIP Delivered a Workshop on Counterfeit Alcohol Products. In July 2023, the ICHIP Bucharest delivered a workshop on counterfeit alcohol products in Warsaw, Poland. Participants included law enforcement and prosecutors from Poland, Latvia, Lithuania, and Estonia. Private-sector representatives from a variety of international alcohol brands provided detailed briefings as to the sources and supply chains for counterfeit alcohol, and public-sector presenters discussed methods and tools for combatting this type of crime.

ICHIP Delivered a Counterfeit Pharmaceutical Workshop for Law Enforcement and Prosecutors. During the second week of September 2023, the ICHIP Bucharest delivered a counterfeit pharmaceutical workshop for Romanian, Ukrainian, and Moldovan law enforcement and prosecutors in Cluj, Romania.

SUB-SAHARAN AFRICA

Assistance Provided to a South African Member of the African Regional Pharmacrine Working Group. In October and November 2022, the ICHIP Abuja and AUSA Michael Chu (formerly ICHIP IFPH) assisted a South African member of the African Regional Pharmacrine Working Group in improving interagency coordination in the fight against pharmaceutical crime in South Africa. 20 attendees representing the country's customs, police, regulators from the South African Health Products Regulatory Authority (SAHPRA), and attorneys with the National Prosecution Authority (NPA) attended and began working towards greater interagency coordination. An academic specializing in pharmacrine in Africa discussed the need for collaborative efforts. An NPA attorney explained that better collaboration between prosecutors and investigators would improve the quality of prosecutions.

In-person Meeting of the African Regional Pharmacrine Working Group. In November 2022, the ICHIP Abuja and a Southern District of Texas AUSA (former ICHIP IFPH) led an in-person meeting of the African Regional Pharmacrine Working Group in Pretoria, South Africa. Working Group Members from Chad, Niger, Nigeria, Sierra Leone, Benin, South Africa, Ghana,

Senegal, Botswana, Burundi, the Gambia, Liberia, Namibia, Uganda, and Zambia made country presentations, highlighting gaps in enforcement.

ICHIP Hosted a Meeting of the African IP Bench Book Working Committee. In November 2022, the ICHIP Abuja hosted a meeting of the African IP Bench Book Working Committee, which took place in conjunction with the World Intellectual Property Organization (WIPO) Judges Forum in Geneva, Switzerland. At the meeting, judges from Nigeria, Malawi, Liberia, Ethiopia, Tanzania, Rwanda, Kenya, Sierra Leone, Uganda, Namibia, and South Africa joined forces to create a more holistic outline for the African Regional IP Bench Book (IPBB).

Meeting between ICHIP, Chair of the African Regional IP Bench Book Working Committee, and WIPO. In November 2022, the ICHIP Abuja and Judge Lydia Mugsambe-Ssali, Chair of the African Regional IP Bench Book working committee, met with Eun Joo Min, Director of the WIPO Judicial Institute, and Nahal Zebarjadi, WIPO Judicial Institute Legal Officer, to further debrief on the judicial forum and to continue discussing WIPO's collaboration on the African Regional IP Bench Book.

First Meeting of the South African Interagency Pharma Crime Task Team. In February 2023, the ICHIP Abuja virtually attended the first meeting of the South African interagency Pharma Crime Task Team, a follow-up on the bilateral program with ICHIPs Abuja and IFPH in November 2022. This meeting, organized by a South African working group member of the African Regional Pharma Crime Working Group, included customs, investigators, prosecutors, and the pharma regulatory agency as well as members of the private sector. These meetings will be held quarterly and aim to enhance collaboration in criminal enforcement while sharing successes, both nationally and with the Africa Regional Pharma Crime Working Group.

ICHIP Participated in an IP Enforcement Program with CCIPS and the National IPR Center. In March 2023, the ICHIP Abuja participated in an IP enforcement program with CCIPS and the National IPR Center in Swakopmund, Namibia. This program included enforcement officers, prosecutors, customs officials, and regulators from Namibia, Botswana, Malawi, Zambia, and South Africa.

ICHIP Participated in an IP Enforcement and Awareness Building Event. In April 2023, in commemoration of World IP Day, the ICHIP Abuja participated in an IP enforcement and awareness building event in Gaborone, Botswana. This half-day event brought together representatives from the Police Service, the United Revenue Service (Customs), magistrates, the Department of Public Prosecution (DPP), and the Companies and Intellectual Property Authority (CIPA). In the afternoon, the ICHIP Team joined Post Gaborone and CIPA for an awareness-building event, celebrating the theme "Women and IP: Accelerating Innovation and Creativity." Specifically, the ICHIP Abuja Staff Attorney moderated a panel featuring women from Botswana's creative industries. As a result of the foregoing engagement and ICHIP Abuja's suggestion, the DPP Director agreed to embed a DPP attorney within CIPA to improve IP enforcement in Botswana.

ICHIP Participated in an African Judges' Colloquium. In May 2023, in Swakopmund, Namibia, the ICHIP Abuja participated in an African judges' colloquium, co-sponsored by the African

Regional Intellectual Property Organization (ARIPO) and the EU-funded AfrIPI, a project for enhancing African intellectual property rights and innovation. The ICHIP and the African Regional IP Bench Book (IPBB) committee formally announced the bench book at the colloquium. To acknowledge the WIPD 2023 theme, the IPBB women’s committee members drafted essays on their experiences with IP. The ICHIP published those essays along with the outline of the bench book and distributed them to all participants. The judges were excited about the project and anxious use the completed IPBB. U.S. Circuit Judge Bernice Donald also attended and delivered valuable presentations.

Study Visit of 13 Members of the African Regional Pharma Crime Working Group. In June 2023, ICHIPs Abuja and IFPH escorted 13 members of the African Regional Pharma Crime Working Group for a study visit in Washington, D.C. This study tour included visits with the Assistant Attorney General, Kenneth Polite; the Philadelphia Customs House; the US District Court; the National IPR Coordination Center; and the USPTO. CPB and FDA-OCI presented a session on “Investigating & Prosecuting Pharmaceutical Crime: Combatting the Trafficking of Fraudulent Medicines” to the working group.

ICHIPs Hosted a Meeting of the African Regional Pharma Crime Working Group. In August 2023, ICHIPs Abuja and IFPH hosted a meeting of the African Regional Pharma Crime Working Group in Gaborone, Botswana. Approximately 35 working group members attended from Botswana, Chad, Ghana, Kenya, Liberia, Namibia, Nigeria, Sierra Leone, South Africa, The Gambia, Uganda, and Zambia. Working group members were able to discuss their current cases and recent experiences with the ICHIPs and their colleagues from neighboring countries. The ICHIPs identified seven public health fraud cases which ICHIP IFPH will follow up on to provide case-based mentoring.

ICHIPs Hosted an IP Enforcement Program for 15 Officials. In August 2023, ICHIPs Abuja and IFPH hosted an IP enforcement program for 15 officials from the Botswana DPP in Gaborone, Botswana. This program built upon previous ICHIP-led trainings for the group. Topics discussed included IP enforcement best practices and evidence collection procedures.

Outreach to the Private Sector

The Department continues to reach out to the victims of IP crimes in a wide variety of ways, including during the operational stages of cases and through more formal training programs and conferences. For example, in FY 2023, CCIPS hosted its Sixteenth Annual IP Industry and Law Enforcement Meeting in November 2022. The yearly meeting gives representatives from a broad range of industries an opportunity to communicate directly with the law enforcement agents and prosecutors most responsible for federal criminal enforcement of IP law at the national level. This year, due to the ongoing COVID-19 pandemic, the meeting was held for the first time in a hybrid format. Senior law enforcement officials from DOJ, HSI, FBI, CBP, and FDA-OCI provided updates on their agencies’ enforcement efforts and initiatives. Approximately 200 industry and government representatives attended the meeting, including senior representatives from a broad range of industries such as pharmaceuticals, software, luxury goods, electronics, apparel, motion pictures, music, consumer goods, and automobiles.

In the past year, the Criminal Division’s high-level officials and CCIPS and ICHIP attorneys, as well as the Civil Division’s Consumer Protection Branch attorneys, have also presented at a variety of domestic and international conferences, symposia, workshops, and events attended by IP rightsholders and law enforcement officials. These events included, among others:

- In October 2022, CCIPS presented on criminal trade secrets issues at Practicing Law Institute’s Advanced Trade Secrets Seminar. The presentation discussed how to prepare cases for referral to the federal government and how to navigate parallel criminal and civil proceedings. The audience consisted of approximately 50 attendees live in San Francisco and hundreds of practitioners attending via Webex.
- As noted above, in November 2022, CCIPS hosted a hybrid meeting with approximately 50 in-person attendees and 150 virtual attendees. Senior law enforcement officials from DOJ, ICE, FBI, CBP, and FDA-OCI provided updates on their agencies’ enforcement efforts and initiatives, and CCIPS moderated an open discussion between law enforcement and industry members. In total, approximately 200 industry and government representatives attended in-person and virtually, including senior representatives from a broad range of industries such as pharmaceuticals, software, luxury goods, electronics, apparel, motion pictures, music, consumer goods, and automobiles.
- In November 2022, CCIPS presented on criminal trade secrets issues as part of a panel discussion at the New York Intellectual Property Law Association’s One-Day Patent CLE Seminar. The panel discussed how to prepare cases for referral to the federal government, how to navigate parallel criminal and civil proceedings, and the use of protective orders. The audience consisted of approximately 75 attendees live in New York City.
- In December 2022, CCIPS participated in a one-day training for state-level IP prosecutors from multiple states. Michigan State University’s Center for Anti-Counterfeiting and Product Protection (A-CAPP) organized the training, which was held at DePaul University’s College of Law in Chicago. CCIPS presented on a federal government panel alongside HSI and USPTO representatives, and also participated in prosecutorial strategy breakout sessions.
- In March 2023, CCIPS spoke on a panel session discussing the life cycle of the victim’s role in an intellectual property criminal case at the Center for Anti-Counterfeiting and Product Protection’s Brand Protection Strategy Summit. Members of law enforcement, industry, and academia attended the summit, the focus of which was current issues affecting brand protection and anti-counterfeiting, including technology, online sales, and emerging policy.
- In April 2023, CCIPS attended the annual conference of the International Anti-Counterfeiting Coalition (“IAAC”) in Nashville, Tennessee. The IAAC conference included over 530 participants from companies, associations, brands, platforms, and law

firms focused on IP from dozens of countries. CCIPS spoke on one panel about the future of IP enforcement and another about following the money in counterfeit and piracy cases.

- In April 2023, CCIPS met with the Automotive Anti-Counterfeiting Council (“A2C2”) in Nashville, Tennessee. CCIPS gave an hourlong presentation regarding strategies for investigating and prosecuting counterfeit automobile parts and answered questions. A2C2 is an association consisting of 28 North American vehicle manufacturers focused on stopping counterfeit automobile components that could harm United States consumers.
- In April 2023, CCIPS attended a U.S. Chamber of Commerce event and presented on a panel discussion along with USPTO and two private sector representatives. The event was keynoted by CBP Deputy Executive Assistant Commissioner for Trade John Leonard. This panel provided an opportunity for CCIPS to engage with rightsholders on trademark counterfeiting and other intellectual property rights violations to encourage victim companies to report such crimes to law enforcement and preserve evidence of criminal conduct.
- In May 2023, Assistant Attorney General Kenneth A. Polite provided the keynote address for the Intellectual Property Rights (“IPR”) Center Summit, in Arlington, Virginia. Over three days, the IPR Center brought together government and industry IPR leaders to discuss IPR enforcement and protection challenges as well as case studies. CCIPS joined in the discussion over the course of the summit. In addition, CCIPS participated on panels dealing with, respectively, IPR from the prosecutor’s perspective, investigating and prosecuting counterfeit pharmaceuticals, and working overseas with international partners.
- In May 2023, CCIPS spoke on a panel at the National Cyber-Forensics and Training Alliance (NCFTA) Disruption 23 Conference. The panel entitled “Strategies for Assisting Local and Federal Authorities to Address Counterfeiting” also included an HSI agent, Oregon detective, and North Carolina state prosecutor. This is the first year that the NCFTA Conference included an intellectual property track on the agenda.
- In May 2023, CCIPS participated virtually on a webinar panel hosted by the nonprofit Governors Highway Safety Association. Other panelists included representatives from car manufacturers and the National Highway Traffic Safety Administration. During the webinar, representatives from public health, the private sector, and law enforcement discussed the risks of counterfeit vehicle parts.

The Department maintains a website that, among other things, provides the public with information on the Department’s IP enforcement efforts, assists victims in understanding where and how to report an IP crime, and provides guidance on case referrals. That site can be found at <https://www.cybercrime.gov>. The IPR Center also has a website where the public can report IP theft. That site can be found at <https://www.iprcenter.gov>.

Several years ago, NSD placed additional focus on the protection of national assets from the threats of nation states, including economic espionage and trade secret theft. These changes included creating a new Deputy Assistant Attorney General position focused on protecting national assets. Pursuant to this increased focus over the last several years, NSD leadership and other attorneys have reached out to senior managers and counsel at many companies to educate them about the Department’s resources and efforts to combat economic espionage and trade secret theft and other national security threats. These outreach efforts have included presentations at universities and think tanks, cybersecurity summits and roundtable discussions, as well as one-on-one meetings with senior executives at Fortune 500 and other companies. The NSCS Network also has periodically disseminated talking points and other resources to its members nationwide to facilitate outreach to companies and other organizations in their home districts. The NSCS Network has also facilitated FBI field offices’ efforts to educate AUSAs on the national security threats in their districts and to include them in FBI’s outreach efforts in their districts.

(a)(7)(C) Investigative and Prosecution Activity of the Department with Respect to IP Crimes

As the cases highlighted above show, the Department has sought to increase the quality and scope of its investigations and prosecutions over the past years. Numerical statistics do not adequately convey the quality or complexity of these prosecutions, but they provide some insight into the effectiveness and impact of the Department’s prosecution efforts. Accordingly, we have provided the chart below that contains statistics for FY 2023, listing the number of defendants and cases charged, the number of defendants sentenced, and the length of those sentences.⁸ Section 404(b) of the PRO IP Act also requests statistics on the number of arrests made. Please see Appendix B of this annual report for an accounting of arrest statistics.

⁸ Case statistics were compiled by the Executive Office for U.S. Attorney’s (“EOUSA”). The chart includes data on criminal cases/defendants where the following charges were brought as any charge against a defendant: 17 U.S.C. § 506 (criminal copyright infringement); 17 U.S.C. § 1201 (circumvention of copyright protection systems); 18 U.S.C. §§ 1831 (economic espionage) & 1832 (theft of trade secrets); 18 U.S.C. § 2318 (counterfeit labeling); 18 U.S.C. § 2319 (criminal copyright infringement); 18 U.S.C. § 2319A (live musical performance infringement); 18 U.S.C. § 2319C (illicit digital transmission services); 18 U.S.C. § 2320 (trafficking in counterfeit goods); and 47 U.S.C. §§ 553 & 605 (signal piracy). The database does not contain data on cases charging 17 U.S.C. §§ 1202 to 1205 and 18 U.S.C. § 2319B. The statutes were grouped together to eliminate double counting of cases and/or defendants where more than one statute was charged against the same defendant. This chart may not include cases or defendants if only a conspiracy to violate one of these offenses was charged.

District Totals	FY 2023
Investigative Matters Received by USAOs	112
Defendants Charged	37
Cases Charged	28
Defendants Sentenced	40
No Prison Term/Term Served	15
1-12 Months	9
13-24 Months	2
25-36 Months	2
37-60 Months	5
61 + Months	7

In addition, the chart below details FY 2023 statistics for criminal IP cases broken down by type of charge.⁹

Charge	Cases charged	Percentage
Trademark <i>Trafficking in counterfeit goods, 18 U.S.C. § 2320</i>	21	78%
Copyright <i>Criminal copyright infringement, 17 U.S.C. § 506; 18 U.S.C. § 2319</i>	1	4%
<i>Counterfeit labels, 18 U.S.C. § 2318</i>	0	0%
<i>DMCA, 17 U.S.C. § 1201</i>	0	0%
Economic Espionage Act <i>Economic espionage, 18 U.S.C. § 1831</i>	0	0%
<i>Theft of trade secrets, 18 U.S.C. § 1832</i>	5	18%
Total	27	100%

⁹ EOUSA compiled the statistics for number of cases charged broken down by IP statute. These statistics may not reflect cases where only a conspiracy to violate one of these offenses was charged, and there may be double-counting of cases where more than one statute was charged in the same case.

(a)(7)(D) Department-Wide Assessment of the Resources Devoted to Enforcement of IP Crimes

The Criminal Division currently devotes 17 full-time attorneys, along with paralegals and support staff, in CCIPS to IP issues. CCIPS also provides substantial support to the IPR Center, assigning at least one attorney, and sometimes more, to help identify and de-conflict investigative leads, as well as develop and execute national enforcement initiatives.

The CHIP Network consists of AUSAs who are specially trained in the investigation and prosecution of IP and computer crimes. Every U.S. Attorney's Office has at least one CHIP attorney, and those districts that have historically faced the highest concentration of IP and high-tech crimes tend to have multiple CHIP attorneys.

Over the last year, more than 25 NSD attorneys have worked on hacking investigations (most of which involve the theft of information, including but not limited to trade secrets) and/or economic espionage investigations. As described above, the NSCS Network consists of more than 100 AUSAs and attorneys at Department headquarters who receive specialized annual training in the investigation and prosecution of national security cyber offenses, including the theft of IP and other information.

Under the ICHIP program, DOJ has had a Department attorney stationed in Bangkok, Thailand, since January 2006 to handle IP issues in Asia. Between November 2007 and March 2011, a separate DOJ attorney was stationed in Sofia, Bulgaria, in order to handle IP issues in Eastern Europe. While funding for this position expired in 2011, DOJ worked with the Department of State to post a DOJ attorney in Bucharest, Romania, beginning in 2015 to continue to handle IP issues in that region. DOJ also expanded its ICHIP program in FY 2015 by placing a DOJ attorney in Brasilia, Brazil, for a six-month term. With the assistance of the State Department, DOJ expanded the ICHIP program in FY 2016 by posting new regional ICHIPS in Hong Kong and São Paulo, Brazil. In FY 2017, the State Department and DOJ prepared to field a new ICHIP position in Abuja, Nigeria, which was deployed in October 2017. In FY 2019, the State Department and DOJ added regional ICHIP positions in Kuala Lumpur, Malaysia, and The Hague, Netherlands, and two new ICHIP Advisors based in the United States who have global subject matter expertise in dark web and cryptocurrency issues and internet-based fraud and public health issues, respectively. Global Cyber Forensic Advisors are also based in Washington, D.C. In FY 2020, the ICHIP Network expanded to include regional ICHIPS in Panama City, Panama; Zagreb, Croatia; and Addis Ababa, Ethiopia. 12 ICHIP attorneys now serve in the Network, plus Global Cyber Forensic Advisors.

In addition to evaluating digital evidence, the CCIPS Cybercrime Lab technicians have provided extensive training on the use of digital forensics tools in IP cases to law enforcement audiences around the world.

IP enforcement is also an integral part of the mission of four sections of the Department's Civil Division: the Intellectual Property Section, the National Courts Section, the Consumer Protection Branch, and the Civil Appellate Staff. Through the Civil Division's Intellectual Property Section, the Department enforces the false marking statute, 35 U.S.C. § 292, and brings

affirmative patent and trademark litigation for infringement of IP owned by the United States. The Section also defends the decisions of the Copyright Office and the Patent and Trademark Office in district court. The National Courts Section initiates civil actions to recover various penalties or customs duties arising from negligent or fraudulent import transactions, many of which include importation of counterfeit goods. The National Courts Section also defends CBP enforcement of the ITC's Section 337 exclusion orders at the Court of International Trade; these orders are an important tool for patent enforcement. The Consumer Protection Branch conducts civil and criminal litigation under the Food, Drug, and Cosmetic Act, including prosecuting counterfeit drug and medical device offenses and assisting AUSAs throughout the country with their counterfeit pharmaceutical and device cases. Finally, the Civil Appellate Staff represents the United States in copyright and trademark cases in the courts of appeals, including participating as an amicus or intervenor in private IP litigation involving important government interests and defending decisions of the Copyright Office and the USPTO against constitutional and statutory challenges.

(a)(8) Efforts to Increase Efficiency

“(8) A summary of the efforts, activities, and resources that the Department of Justice has taken to—

(A) minimize duplicating the efforts, materials, facilities, and procedures of any other Federal agency responsible for the enforcement, investigation, or prosecution of intellectual property crimes; and

(B) enhance the efficiency and consistency with which Federal funds and resources are expended to enforce, investigate, or prosecute intellectual property crimes, including the extent to which the Department has utilized existing personnel, materials, technologies, and facilities.”

The Department works hard to ensure the effective use of limited resources devoted to fighting IP crime. One of the most important ways to reduce duplication of effort is to ensure that law enforcement agencies are pursuing unique case leads, and that prosecutors are not following prosecution strategies that duplicate those in other districts. To that end, CCIPS continues to provide ongoing support to the IPR Center in Arlington, Virginia. Among other things, the IPR Center serves as an investigation clearinghouse for FBI, HSI, CBP, FDA, and other agencies. CCIPS also works closely with the CHIP Network to assist in coordinating national prosecution initiatives. Along similar lines, NSD works closely with the NSCS Network to assist in coordinating national prosecution initiatives designed to counter the national security cyber threat. Department attorneys will continue to work with the IPR Center and the National Cyber Investigative Joint Task Force to identify and de-conflict investigative leads, as well as assist the CHIP and NSCS Networks to ensure that investigations and prosecutions are streamlined, not duplicated, and that charges are brought in the appropriate venue.

Appendix A – Glossary

AUSA	Assistant U.S. Attorney
BJA	Bureau of Justice Assistance
CBP	Customs and Border Protection
CCIPS	Computer Crime and Intellectual Property Section
CES	Counterintelligence and Export Control Section
CHIP	Computer Hacking and Intellectual Property
DMCA	<i>Digital Millennium Copyright Act</i>
DOJ	Department of Justice
EOUSA	Executive Office for United States Attorneys
FBI	Federal Bureau of Investigation
FDA	Food and Drug Administration
FY	Fiscal Year
HSI	Homeland Security Investigations
ICHIP	International Computer Hacking and Intellectual Property
IFPH	Internet Fraud and Public Health
INTERPOL	International Criminal Police Organization
IP	Intellectual property
IPR	Intellectual property rights
IPEC	Intellectual Property Enforcement Coordinator
IPEP	Intellectual Property Enforcement Program
IPLEC	Intellectual Property Law Enforcement Coordinator
IPR Center	National Intellectual Property Rights Coordination Center
NSCS	National Security Cyber Specialists
NSD	National Security Division
NW3C	National White Collar Crime Center
OJP	Office of Justice Programs
OPDAT	Office of Overseas Prosecutorial Development, Assistance and Training
PRO IP Act	<i>Prioritizing Resources and Organization for Intellectual Property Act of 2008</i>
USAOs	United States Attorneys' Offices
USPTO	United States Patent and Trademark Office

Appendix B – Federal Bureau of Investigation Fiscal Year 2023 Report on Intellectual Property Enforcement

The Federal Bureau of Investigation (“FBI”) provides the following supplement on its intellectual property (“IP”) enforcement efforts pursuant to Section 404(c) of the *Prioritizing Resources and Organization for Intellectual Property Act of 2008* (“PRO IP Act” or “Act”), Pub. L. No. 110-403.



**FBI Report on
Intellectual Property Rights Enforcement
Fiscal Year 2023**

Prepared by:
Federal Bureau of Investigation
Department of Justice

Executive Summary

The FBI IPR enforcement strategy is to disrupt and dismantle international and domestic criminal organizations and individuals who manufacture or traffic counterfeit and pirated goods and/or steal, distribute or otherwise profit from the theft of intellectual property (IP). Investigative priorities include: theft of trade secrets; counterfeit goods posing a threat to health and safety; and, copyright and trademark infringement cases with a national security, organized crime, or significant economic impact nexus.

The FBI is a key partner at the National Intellectual Property Rights Coordination Center (IPR Center). In fiscal year (FY) 2023, the FBI pursued IPR enforcement through coordination with partners at the IPR Center, and the public and private sectors, to include domestic and foreign government agencies, rights holders, brand and content protection specialists, and other entities in strategic positions. Coordination included the joint pursuit of initiatives based on current or emerging threats, de-confliction, joint investigations, communication between intelligence components, and the synchronization of investigative strategies with private industry partners.

Summary of Overall Successes of FBI Policies and Efforts

Investigative and Prosecution Activity with Respect to Intellectual Property Crimes

At the end of FY2023, the FBI had 113 pending IPR investigations with the following areas of focus: 44 investigations of criminal theft of trade secrets; 9 investigations of copyright infringement related to software; 5 investigations of copyright infringement related to signal theft; 22 investigations of other copyright infringement; 16 investigations of trademark infringement; 2 investigations of counterfeit electrical parts; 4 investigations of counterfeit automotive parts; 6 investigations of counterfeit health products; and 5 investigations of other counterfeit health and safety products.

The following is a summary of statistics attributable to IPR investigations in FY2023:¹⁰ 6 arrests; 9 information/indictments, 39 disruptions, 7 sentencings, and restitution totaling \$18,461,393.

Collaboration and Training

In FY2023, the FBI collaborated with domestic and foreign law enforcement, IPR and industry partners through various formats, to include task forces, working groups, training, outreach, and case initiatives regarding copyright infringement, trademark infringement, counterfeit goods and theft of trade secrets. The FBI and IPR Center partner agencies increased relationships with private sector partners and trade groups to combat digital piracy and illicit streaming. In addition, the Economic Crimes Unit IPR team was a member of the FBI-led National Counterintelligence Task Force (NCITF) and participating in NCITF meetings to address instances of trade secret theft and other intellectual property violations involving a foreign government agency or an agent of a foreign power. Coordination through the NCITF facilitated routine communication with FBI investigators assigned to investigations related to theft of trade secrets, fostering the sharing of observations, trends, best practices, and subject tradecraft.

¹⁰ Source: Sentinel, as of 9/30/2023.