



S.A.I.T.G S.I.T.E.S. newsletter January 2017

Scottish Anti Illicit Trade Group S.I.T.E.S Newsletter January 2017

The Scottish Anti Illicit Trade Group, (SAITG) has a pivotal role in bringing together public and private sectors with a clear focus and strategic aim of reducing the scale, impact and cost of illicit trade throughout Scotland.

The purpose of the Enforcement Sub Group is to share information and collectively target criminals involved in illicit trade.

The group met on Wednesday 30th November 2016 at the Crime Complex at Gartcosh

Message from Chair David Nolan



I would like to thank all the members who attended the 2nd meeting of SITES.

The concept of S.I.T.E.S has brought together the key players responsible for IP Crime Investigation in the Scottish business

community and has allowed them access to law enforcement on a scale which is the envy of other countries across Europe.

With HMRC, Police Scotland and Trading Standards all actively involved in assisting brand holders in the flow of

intelligence via the UK-IPO hub it has allowed the business community to work in tandem with our law enforcement colleagues to target criminals involved in the theft of our member's products.

This month has seen a major change in the way audio visual brands protect their products, FACT and the MPAA having worked together for many years have gone in separate directions.

The main players in protecting the audio visual industry have been allocated space in this newsletter to bring members up to date with their new business models.

We also welcome Intellect Solutions to Scotland who provide bespoke training packages on intelligence gathering and internet searching etc. Having studied the dark side of the internet as Head of the E Crime Unit of Central Scotland Police in my previous life, I recognize that they will be an asset working in partnership with our established brand protection members as IP Crime investigation in Scotland moves to the next level.

Intellect have produced an article at the end of the newsletter detailing the dark side of the web which is well worth a read and demonstrates to brands and law enforcement that we all need to invest in training to remain ahead of the criminals.

Finally can I take this opportunity to wish you all a Happy New Year in 2017.

AUDIO VISUAL INVESTIGATIONS

November saw a major change in the way audio visual brands protect their products. The main brand protection agencies involved in his form of investigation were invited to explain their future business models and responded as follows

FILM CONTENT PROTECTION AGENCY



Simon Brown from the Film Distributors' Association (FDA) said For more than 10 years, has fully funded a content protection programme on

behalf of the UK theatrical (cinema) film sector. During this time, it was outsourced and managed by FACT. Recent changes at FACT have created opportunities to redevelop this programme and ensure a seamless continuity of service.

The FDA's new dedicated initiative was launched in October 2016 - The FILM CONTENT PROTECTION AGENCY (FPCA) working in partnership with other bodies who share our goal of better safeguarding films in the UK. The core elements of the programme include the provision of

- Complimentary anti-piracy awareness training for cinema staff across the UK
- An experienced investigative capability to examine all reported incidents, with subsequent liaison with local law enforcement to consider prosecutions as and when appropriate.
- A rewards scheme for cinema staff who identify and disrupt illegal recording activity
- A dedicated hub within the FDA website www.launchingfilms.com , which includes an online quiz for cinema staff, with a quarterly prize of £500.
- Alerts (VRAs) to cinemas to highlight film releases considered particularly vulnerable at particular times.
- A point of contact for the industry, law enforcement and other associated bodies

FACT UK

FACT announced last month that it is expanding its intellectual property protection services to



organisations outside the audio-visual industry. However, recent changes have created new opportunities for the organisation and now FACT's expertise and technical knowledge are being extended to brands and businesses requiring support in protecting their content, brand and intellectual property.

FACT were recently involved in two successful English based investigations which have a bearing on Scotland which saw a male sentenced to four year imprisonment for his part in selling and distributing IPTV boxes to pubs. FACT has also secured close to £1 million to go back into the UK 'public purse' following a successful confiscation hearing. Simon Hopkins and Leon Passlow were ordered to pay back £992,947.60 by January 2017 or each face up to seven more years behind bars for their illegal Premier League broadcasts scam.

FACT Chairman, Mike Barley, said "We are about to embark on a new and exciting chapter for FACT which offers great opportunities to intellectual property rights holders both in the UK and overseas. FACT is valued and trusted by industry, government and law enforcement and its history of success is testament to its expertise and experience."

FACT Director General, Kieron Sharp, said "Over the years FACT has built a reputation as experts in intellectual property protection who you can value and trust, but until now our services have been available only to film, TV and sport. Now we are able to offer our expertise to brands and businesses looking for that extra support when it comes to protecting their products and content."

Fact can be contacted via the link at www.fact-uk.org.uk

Intellectual Property Office (IPO)



Intellectual Property Office

The Intellectual Property Office have established a dedicated Intelligence mail hub where business and law enforcement send real time intelligence data to each other ensuring that law enforcement agencies are able to act on any live intelligence coming into Scotland from the business community.

This innovation is in its infancy but intelligence logs being shared across the business have dramatically increased in number since this important link was formed.

The information submitted to the IPO is forwarded to Police Scotland, HMRC, Trading Standards and other relevant agencies.

NOTABLE CONVICTIONS

There are a few notable convictions to report this month

Scottish Trading Standards secured the first conviction in relation to the sale and distribution of IPTV boxes configured to receive film and sports broadcasts and following on from this two males operating in England were also convicted for the sale of piracy-configured devices to both pubs and consumers.



A case against Terry O'Reilly, 53, and Will O'Leary, 43, was brought by The Premier League, the top professional league for football in the UK. It was alleged that the pair had been selling piracy-configured devices to both pubs and consumers.

One male was jailed for four years and the other was handed a two-year sentence, suspended for a year.

Links to the conviction can be found at <https://torrentfreak.com/uk-jails-pirate-iptv-box-supplier-for-four-years-161212/>

The streaming of infringing content is the biggest threat to the film and sports broadcasters and these convictions demonstrate that the courts will convict where there is evidence to do so.

NFRN updates

The National Federation of Retail Newsagents (NFRN) and Imperial Tobaccos *Suspect it? Report it!* campaign have teamed up to provide 50,000 UK retailers – including Scottish traders – with a range of in-store AIT activation materials, including info graphics, posters, stickers and till wobblers



The aim is to raise the profile and awareness of illegal tobacco amongst both the local retail community and their shoppers, helping them understand the multitude of threats to government, industry and society posed by the illicit trade.

The NFRN will be distributing the free packs through wholesalers throughout December.

The *Suspect it? Report it!* Website can be found at

www.suspect-it-report-it.co.uk

with a twitter feed at @suspect_report.)

NEW TOBACCO LEGISLATION



The new laws regarding the sale and branding of tobacco products are in the process of being implemented across the country and require to be in force by May 2017.

A guide has been produced by the tobacco industry and can be accessed via the link to the web site

www.packchanges.co.uk

We have reproduced a PDF document at the end of this newsletter outlining the changes which will affect all shops and tobacco brands in the New Year.

The main points of the new legislation relate to the amount of cigarettes and tobacco which can be sold and the packaging of the brands which must now be in plain packets.

As of May 2017 cigarettes can only be sold in packets of 20 with hand rolling tobacco now having to be sold in 30g packets.

LAW ENFORCEMENT VIEW

TRADING STANDARDS

Counterfeit BMW Parts



Falkirk man convicted of Trade Marks offences after Trading Standards Scotland investigation

On 9/9/2016 a 51 year old Falkirk man pled guilty at Falkirk Sheriff Court to an offence against the Trade Marks Act 1994.

James Cummings admitted selling motor vehicle parts and accessories bearing various BMW Trade Marks. A Trading Standards Scotland spokesperson said earlier “Illicit trade costs the United Kingdom economy approximately £40 million per week”.

The impact of illicit trade on the wider economy is reflected in job losses and lost revenue. On a personal level, illicit goods are invariably of poor quality and may also be injurious to health. Trading Standards Scotland is committed to tackling illicit trade and, along with our Police & local Trading Standards partners, will investigate any allegations with a view to prosecution.

Mr Cummings was later sentenced to serve a 60 Hour Community Pay back order.

IPTV SELLER CONVICTED

On 16/9/2016 a 56 year old Airdrie woman pled guilty in a UK landmark case held at Airdrie Sheriff Court in respect of various offences contrary to the Trade Marks Act 1994 and the Copyright, Designs and Patents Act 1988.

Christine Montgomery admitting selling devices which stream broadcasts that the public would normally have to pay for.

A Trading Standards Scotland spokesperson said

“Trading Standards Scotland and their partners will vigorously investigate such offences as they not only impact upon broadcasters, copyright owners and tax revenue, but are also grossly unfair to those law abiding members of the public who pay for their broadcast subscriptions.

To sell, advertise or possess devices which circumvent broadcasters encryption measures, facilitate the receipt or even view such encrypted broadcasts, is illegal.

I would urge the public not to engage in this criminality.

Offences are punishable by a fine and/ or imprisonment.

On 19/10/2016 Christine Montgomery was fined a total of £450.00 on 3 separate charges.

TRADING STANDARDS OUTLOOK

Operation Jasper – Trading Standards are currently involved in a number of on-going enquiries into online sale of counterfeit goods ranging from watches, clothing, CDs and DVDS , to sportswear equipment including trainers.

East Renfrewshire-East Renfrewshire’s trading standards team have recovered a quantity of branded jewellery and other accessories from a retail shop following a consumer complaint that the goods were being sold as 'really good fakes'. The investigation is ongoing and a report will be submitted to the Procurator Fiscal.

Importation Counterfeit goods- Trading Standards currently involved in a multi-agency operation targeting goods being imported into Scotland at our airports and ports with seizures made across Scotland.

Seizures- A number of cosmetics and T Shirts from various brands have been recovered across the country by Trading Standards.

Operation Tripletail- a multi-agency operation is currently underway targeting car wash premises in the central Scotland area where allegations have been made that the owners have been exploiting their employees.

Fife Trading Standards and HMRC carried out a joint



operation in Fife inspecting 28 premises across Fife for counterfeit and illicit tobacco and alcohol. The operation involved the use of Dixie a tobacco detection dog. A

considerable amount of illicit tobacco was recovered and Cheryl Burr, Assistant Director, Fraud Investigation Service, HMRC, said:

“The sale of illegal tobacco and alcohol will not be tolerated by us or our partner agencies. Disrupting criminal trade is at the heart of our strategy to clamp down on the illicit tobacco market, which costs the UK £2.4 billion a year, and the sale of illicit alcohol which

costs the UK around £1 billion per year. This is theft from the taxpayer and undermines legitimate traders.

“We encourage anyone with information about the illegal sale of tobacco or alcohol to contact the Customs Hotline on 0800 59 5000.”

A link detailing the operation can be found at

<http://www.fifetoday.co.uk/news/crime/trading-standards-sniff-out-tobacco-crime-in-fife-1-4311248>

MHRA (The Medicines and Healthcare products Regulatory Agency)

The (MHRA) is conducting a large scale investigation into the diversion of prescription only medicines to the criminal market

Following referrals from enforcement authorities in Scotland and the Republic of Ireland, MHRA became aware of a significant diversion of benzodiazepines and other hypnotics/anxiolytics.

Uncommonly, the medicines were legitimate UK products which had been diverted from the regulated supply chain. Following the referrals, investigations led by MHRA identified the scale and extent of the diversion.

As part of the ongoing investigation two pharmacists based in Yorkshire have been arrested following the purchase of more than 200 thousand packs of benzodiazepines and other powerful drugs. The proportion of these medicines dispensed by the pharmacists is very small. They have been arrested in relation to a number of offences including possession with intent to supply a controlled drug.

The investigation has shown an extensive network of criminality involving businesses such as wholesale dealers and including a small number of registered pharmacies in the UK.

There is no indication that this criminality has led to medicines shortages or issues with the legitimate supply of medicines to the public. Consequently, medicines supplied through registered pharmacies are unaffected.

When purchasing medicines online, we recommend people look for the [distance selling logo](#) and check our [Medicines Seller Register](#) that the pharmacy or online retailer is legitimate. Any websites selling medicines illegally can be reported to the MHRA [online](#).

Alastair Jeffrey, MHRA Head of Enforcement, said:

Selling medicines other than through the legitimate supply chain is illegal.

Evidence shows extensive criminality involving a number of businesses. As a matter of priority we are working with our regulatory and law enforcement colleagues to identify and prosecute those involved in this activity and to implement preventative measures to make sure this illegal industry is shut down.

Prescription only medicines are, by their very nature, potent and should only be prescribed by a doctor or appropriate healthcare professional. We would advise people not to buy medicines from unregulated sources as they pose a danger to their health.

We will continue to track down and prosecute those involved.

The link to the press release can be found at <https://www.gov.uk/government/news/regulator-investigating-the-diversion-of-prescription-only-medicines>

POLICE SCOTLAND

CWS

Gavin Gray, 25, is awaiting sentencing, after pleading guilty to four charges of fraud and offences under the Copyright Designs Patents Act 1988 at Hamilton Sheriff Court on Friday 13 January 2017.

Following a multi-agency operation involving Police Scotland, FACT, Sky, Virgin Media and other agencies in 2014, Gavin Gray was arrested for fraudulent activity in what is commonly known in the industry as 'card sharing'.

This is the first conviction of its type in Scotland. This cyber-enabled crime allows protected encrypted television broadcasts to be viewed without a valid

subscription to the broadcast provider and is the top level enabler for IPTV criminality.

Gray advertised his criminal business on dedicated card sharing websites and forums, supplying unlawful access to homes across Scotland, UK and Internationally with clients throughout Europe..

When officers searched his home in Mossend, Bellshill they seized Card readers, servers computer equipment along with £44,500 hidden in a safe in the loft. Police were also able to later seize monies from his bank account.

The subsequent investigation showed this criminal activity had been occurring for over 4 years with the cost to the broadcasting industry in excess of £1.2 million per year.

Below are the links to newspaper articles

<http://www.dailyrecord.co.uk/news/scottish-news/gardener-rakes-120k-sky-tv-9618747>

<https://www.thescottishsun.co.uk/news/432752/fraudster-raked-in-over-120000-running-racket-that-cost-tv-giant-sky-nearly-5million/>

<http://www.dailymail.co.uk/news/article-4120422/Landscape-gardener-raked-120-000-selling-cheap-Sky-sport-movie-deals-cost-broadcaster-1-2million-year-facing-jail.html>

Hard Goods

A well-known individual was caught selling counterfeit clothing from a stall at Polmadie Market. Several brands including Michael Kors, North Face, Ugg, were recovered from both his stall and nearby vehicle.

A search under warrant in the Lanark area found in excess of £30,000 of counterfeit clothing at a residential property.

A further Police led operation targeting an online geographical facebook seller found in excess of £35,000 of counterfeit products in the Hamilton area.

