

# THE KESSLER REPORT

Your Source for Reliable Corporate Investigative and Security Information

Brand Protectors Edition

A Publication of Kessler International

Volume 12



Number 1

## Counterfeiters Target Obama and Nike

Saying that the manufacturing and selling of counterfeit goods is big business would be the understatement of the year. It's *really* big business.

According to the US Chamber of Commerce, between 5% and 7% of world trade comprises counterfeit products, totaling about \$500 billion.

### Counterfeit Triangle

New York City is undeniably one of the country's counterfeiting hotbeds, so much so that Mayor Michael Bloomberg dubbed several blocks of the City's famed Chinatown section as "Counterfeit Triangle" after a counterfeit ring was thwarted last year. In Manhattan alone, consumers buy about \$23 billion worth of faux merchandise, according to statistics.

Earlier this year, New York law enforcement officials cracked down on a major counterfeiting ring



A counterfeiting operation including products seized by New York law enforcement officials in April, manufactured and intended to distribute more than 100,000 pieces of merchandise, including 17 pairs of Nike sneakers bearing the likeness of Barack Obama.

where police seized more than 100,000 pieces of merchandise valued at about \$20 million. The items, manufactured in China and smuggled to the USA, were being stored at and sold from about 118 storage units in a Brooklyn, NY storage facility.

In this particular case, the buyers were not the average consumers looking to save a bunch of money on products they could never legitimately afford; rather, local retailers with stores most likely in New York's five boroughs purchased the goods to sell

to consumers, unsuspecting or otherwise.

The investigation began after the Brooklyn District Attorney's office learned that the storage facility was being used as a "citywide hub" for counterfeit dealers. Over the course of a year, investigators witnessed thousands of fake Nike sneakers being delivered to and sold from the facility on a daily basis. Investigators also purchased many of the imitation items.

"These arrests diminish a criminal enterprise that victimized individual consumers, who were defrauded with bogus merchandise, and the legitimate retail industry that lost sales to counterfeit vendors," NY State Police Superintendent Harry J. Corbitt said.

While officials would not comment on the quality of the seized imitation goods, they indicated that they had required an expert to identify the products as counterfeit.

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# The Problem with Pretexts

Attorneys, paralegals and other legal support staff often convince themselves that using a pretext to obtain information regarding a case, often a trademark in-use investigation, is something they can do themselves in order to quickly and easily gain access to critical information about the parties they wish to investigate.



Although this may be the case, it takes experienced

investigators who have established undercover contact companies, secure telephone numbers, fax numbers, and email addresses to obtain information that is usable in legal proceedings.

All too often, Kessler International is approached by law firms after they have made failed attempts at contacting the targets of their

**Quick Fact:**  
Kessler International was established in 1988.

investigations themselves in order to obtain details essential to their case. At this point, the other parties may have become suspicious or alert to the fact that they are being investigated, making investigation all the more difficult.

Our years of experience

legally and ethically obtaining information via telephone calls and emails for trademark in-use investigations make our success rate very high.

Our arsenal of undercover tools, database resources, and proprietary Internet research softwares make it

highly likely that we can track down and contact the most relevant party for information. All of our investigators are experienced and trained in the legalities of pretexting and ethics in investigation, protecting your interests and those of your client. **K**

## KESSLER'S CORNER

Everywhere you turn an expert is speaking, a conference is being created or a paper is being written regarding ethics in investigation. There are online discussions on licensed vs. unlicensed investigators and what qualifies one as being an investigator. Is it a matter of completing an online course? Does purchasing a membership from an organization that will provide you a printed manual and video, make one literally a card-carrying investigator? Don't count on it.

Having been in business for over two decades, we've seen all types of characters enter the industry, and many of them are there solely to make a buck and the bottom line is, they are often incompetent and simply can't get the job done. Many of our clients have come to us as a result of having used an incompetent investigator, and it's up to us to earn their trust. We aspire to engage in all of our work with the following tenets in mind:

*Honesty - To be trustworthy and candid, and to act so on behalf of all of our clients.*

*Integrity - To be sincere, truthful and resolute, and to honor our commitments.*

*Responsibility - To act dependably, reliably and decisively, and to be accurate and informed in our conclusions.*

*Trust - To inspire confidence and trust, and to treat all information and resources responsibly.*

Don't let your guard drop when choosing an investigator, expert witness, forensic accountant or computer forensics specialist. "Experts" are plentiful, but experienced, trustworthy experts who get results are often harder to come by.

Sincerely,  
Michael G. Kessler, CFE Cr.FA CICA DABFA FACFE  
President & CEO

## Counterfeiting Obama

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Among the items were fake Gucci, Coach, Louis Vuitton, and Prada handbags, Diesel Jeans, Timberland boots, Afflicationaand Ed Hardy T-shirts, and, most surprisingly, 17 pairs of fake Nike sneakers bearing the image of Barack Obama.

"In these tough economic times, people deserve to know that, when they spend money, the goods they buy are real," said Kings County District Attorney Charles J. Hynes. Selling counterfeit products cheats customers out of a right to know what they are buying and cheats manufacturers out of their fair earnings," Hynes added.

While greed is typically a major impetus supporting the counterfeit trade, Kessler International has witnessed a sharp increase in the purchase of counterfeit goods due the weak economic conditions that preclude consumers from affording the luxury goods they desire. **K**

## Harrowing Intellectual Property Statistics

.....  
American businesses lose \$250 billion and 750,000 jobs a year to intellectual property theft.

- US Chamber of Commerce

.....  
5-7% of world trade is in fake products totaling \$500 billion.

- US Chamber of Commerce

.....  
10% of all drugs sold in this country are counterfeit

-Food and Drug Administration

.....  
25% of drugs in developing countries are counterfeit

-World Health Organization

.....  
35% of software used around the world is pirated.

- Business Software Alliance

.....  
2% of 26 million airline parts installed each year are fake

- Federal Aviation Authority

.....  
Piracy cost MPAA Studios \$6.1 billion in 2005.

-Motion Picture Association of America Study

# Protect Your Cell Phone and Mobile Devices From Theft or Data Loss

Ten years ago, a lost or stolen wallet or pocketbook meant more than simply losing a sum of cash. It also meant losing a sense of yourself. You became frustrated and perhaps even fearful for what was now in the hands of a thief.

You also had to suffer from the daunting tasks of canceling and replacing credit cards, waiting hours at the DMV to order and receive a new driver's license, and worrying about having your social security card or other personal documents in the hands of strangers. And the loss of irreplaceable items such as family photos left you dismayed.

For many of us, a significant portion of our identity was contained within our wallets. That still remains true, except the wallet has since graduated into the "information age," populated by small electronic gadgets. The potential for loss is far greater today.

With the capability to hold so much more information than our modest wallets could ever hope to, devices such as the iPod, iPhone, Blackberry, PDAs, and the ordinary cell phone (not so ordinary anymore) have become a digital extension of our self. Without them, we feel incomplete and bewildered, virtually cut off from the remainder of society; an outcast without a lifeline of communication.



Before the advent of such devices, we were much more self-reliant. For example, ten years ago, we could easily recite the phone numbers of at least fifteen of our friends, family members, and colleagues. They were ingrained in our memory.

Now they reside on the memory of a tiny memory chip, and we are perplexed to recall more than a few. We have become slaves to the device of our choosing, relying upon them to tell us everything we need to know.

### Losing the Data Means Losing Your Mind?

Undoubtedly, the benefit of owning a world of information that fits within the palm of our hand is great. But, when that crucial device is lost or stolen, our world disintegrates faster than a Wi-fi signal in a dead zone. The cash in your pocket might still be safe, but the monetary value of some of these items is typically far more than we would ever carry in our wallet. However, it is the loss of self that is truly at stake.

An extension of your personality exists on your device in the form of music,

ringtones, images, and games. You may have spent countless hours uploading them to your mobile device and likewise customizing the device to your liking. They can be replaced, but at the cost of time and frustration.

It is the loss of phone numbers and addresses, calendar schedules, and the multitude of e-mails and important notes and documents that hold true value. For many of you who still cannot be bothered with ensuring you have a backup of your information, then all that you have worked so hard to accumulate is gone, cruelly ripped away without the aid of an anesthetic.

### Calculating the Losses in Identity Theft

Aside from all that, there is also the additional implication of identity theft to consider. Depending upon how much information you have stored on your mobile device, you may have just given someone the perfect tool to steal your identity, especially if they are skilled in extracting information from such devices.

An iPhone, for example, on which you can browse the Internet just as you would on a desktop or laptop, may contain passwords, credit card numbers, and other sensitive data that hungry identity thieves will gobble up like candy.

So the questions that need to be answered are, "How do I protect my data?" and "How do I make a back-

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## Protect Your Cell Phone

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up of my data?"

Some mobile devices, such as basic cell phones, offer simple protection features, such as password locking. Other devices, such as the Blackberry, go much further than that. A number of customization options are available that can limit and restrict certain features of the Blackberry. Additional software and hardware options can further enhance the device's data protection, with encrypted passwords and/or encrypted files.

Surprisingly, the iPhone currently possesses only a rudimentary passcode feature that was recently revealed to have a security flaw. While a patch supposedly fixes this problem, many iPhone users are unconvinced. Luckily, there is software available for the iPhone that will allow you to increase data protection with a more secure password feature.

In most cases, a simple password is usually enough to deter the common thief from viewing your data - they're just looking for a quick buck for your product anyway. But if you want to ensure the information on your mobile device is as securely protected as it possibly can be, then don't just read the manual for your device; be sure to browse the Internet as well. You'll find ample amounts of software or tips for further protecting your device from prying eyes.

A Blackberry is equipped with a fairly simple backup application that enables the you to back up your data to your desktop PC or laptop with ease. Instructions for using the backup feature can be found in the manual. However, the backup only pertains to the basic information stored on the Blackberry as part of its regular feature set. Any third-party software that has been installed on the device will not be included in the backup.

The iPhone is configured to automatically create a backup of its information each time you connect it to the assigned computer, assuming you have set the preference to do so. Otherwise you will need to do it manually through the iTunes application. Any third-party software, such as games or additional utilities, should be kept in a folder on your computer for safekeeping as well, so that they are easily reinstalled onto a new device should there be a need for it.

Most cell phones will require additional hardware or software in order to create a backup. If you tend to have a lot of information on your cell phone, then purchasing such items is definitely worthwhile. As technology continues to advance, a number of options for cell phone data backup are available. These include small devices similar to USB memory sticks that connect to your cell phone and PC, making data backup and transfer rather

easy. Software options typically sync your cell phone to a desired e-mail program, sending your data as an Excel database file or a similar file.

Although each mobile device may possess its own unique security and backup functions, the fact that they are available means that you have only yourself to blame if you don't utilize those functions to their potential. By ensuring your security settings are always active and that regular backups are implemented, you can save yourself a tremendous amount of time, worry and frustration should any of these hi-tech "wallets" be lost or stolen. **K**

### Kessler Poll Results

Kessler International conducted a survey of professional association members, finding that the majority, 75%, do not know how their association's dues are spent.

### GUARANTEE OF DISCRETION

In addition to cost effective, thorough investigative services, the clients of Kessler International are assured the highest levels of discretion and sensitivity to individual situations. We never sell or rent client lists, or in any way reveal the details of our investigations.

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**Publisher:** Kessler International **Editorial Director:** Michael Kessler  
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