

**BRAND PROTECTION
CONFERENCE**
Integrating Security Innovations
Session IV

Knockoffs, Counterfeits and
Deterrents

**Profiling the Counterfeiter: The
Brand Selection Process and
Selection Criteria Used for
Knockoffs**

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Security Printing Consultant

Cast of Characters

Fraudster Mr. Richard D. Warner
Counterfeiter Mr. Greg Bassinger
Originator /SEP / Distributor / Issuer
 Dr. Steven Simske - HP

**Profiling the Fraudster /
Counterfeiter**

- Gainfully employed in your industry
- Years of experience/education/training
- Dual careers — legal and illegal

**Our Fraudulent Organizational
Structure**

- Business Plan
 - a) No Overhead
 - b) No HR Package/No Benefits
 - c) No Investments/No Depreciation Schedules
 - d) Bottom Line – 100% Profit

**Our Fraudulent Organizational
Structure cont.**

- Products and Services
 - a) Diversion – Money Laundering
 - b) Knockoffs/Counterfeiting and Forgery
 - c) Distribution – CPG's

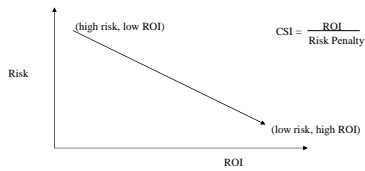
Our Fraudulent Organizational Structure cont.

- Customers – Organized Crime
 - a) Schedule I & II Pharmaceuticals
 - b) Diversion
- Victims
 - a) Brand Owners – Retailers
 - Brand name products
 - Good marketing and sales
 - Complex distribution chains
 - Rebates and/or tax differentials

Our Fraudulent Organizational Structure cont.

- b) Obscurity is not security
- c) Victim Qualifications – No Reverse Engineering
- d) Options – Intrusion and Coercion

Crime Selection Index (CSI)



Counterfeiting = CSI = \$5 millions/year

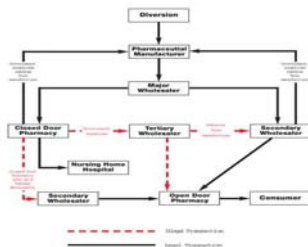
Introduce the Knockoff Project

Our Customer – Schedule I & II Pharmaceuticals
 Our Diversion – OTC Vitamins

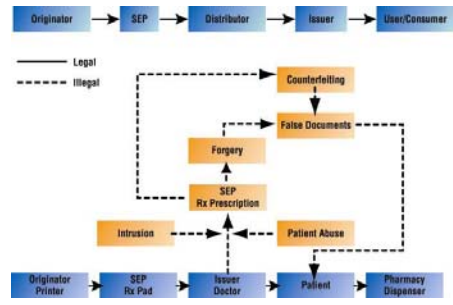
- a) Good Marketing and Sales
- b) Knockoff Vitamins – Internet
- c) Counterfeit the Label
- d) Distribution (Customer)

The Pharmaceutical Distribution Chain

PHARMACEUTICAL DISTRIBUTION CHAIN & DIVERSION



The Pharmaceutical Consumer Distribution Chain





Review of Candidate Label

- Looks OK to the unaided eye
- Icons and serialization maybe a problem
- Need random variable printing
- Traditional methods will not work

Let's Do A Pilot Run

- Options
 - a) Go Forward
 - b) Cut & Run
 - c) Choose a Different Victim

Introduce the Counterfeiter