



## Fake Consumer Goods

The following information has been adapted from the National Crime Prevention Council. Read the entire article by clicking [this link](#) or visiting [www.ncpc.org](http://www.ncpc.org).

Fake consumer goods do a lot of harm. While some offer purchasers lower prices, the counterfeit goods are usually of poor quality. They unfairly compete with the originals, too, causing losses in revenue; cost people their jobs when sales of the originals are diminished by unfair competition; undermine economic growth; tarnish the reputation of the original brand; and have the potential for causing sickness, injury and even death.

The sale of fake consumer goods also breeds crime. Knockoffs can be produced so cheaply, and the profit margin is so high, it can attract organized crime groups who provide consumer goods at the wholesale level to vendors, discount stores, and even higher-end merchants, and use the profits to fund other criminal activities.

In addition, tax revenue that could go to schools, parks and municipal employees, like firefighters and law enforcement officers, is lost because the manufacturer, seller and buyer don't pay taxes. There is even the loss of income tax revenue from the people who lose their jobs at legitimate manufacturing plants.

Just about anything can be counterfeited. While the most heard about knockoffs include handbags and apparel, what many people don't know is



that auto parts, airplane parts and even spacecraft parts have been counterfeited. Most are imported from countries where labor is cheap. Real danger occurs when products like baby formula and soap are counterfeited. Even prescription and over-the-counter medications have been counterfeited.

The U.S. Chamber of Commerce estimates the value of pirated consumer goods and knockoffs at \$650 billion a year, a staggering sum. And more than 750,000 U.S. jobs are lost due to the trade in counterfeit consumer goods each year.

Even though government agencies, such as the FBI and the U.S. Department of Justice, are hot on the trail of many counterfeiters, they have trouble keeping up with the sheer volume of fake, imported consumer goods, most of which come from overseas, particularly from China and other Southeast Asian countries. China accounts for 79 percent of all knockoffs that are imported into the United States. In 2009, the Customs and Border Protection Agency of Immigration and Customs Enforcement, Department of Homeland Security, made 14,841 seizures of counterfeit goods, straining resources but putting a dent in the supply of illegal goods.



Many children's toys are counterfeited. Due to lax regulations in the countries where they are made, they may be dangerous and toxic.

Fake electrical goods also pose a threat to U.S. consumers. They include inferior batteries, wires, sockets, circuit breakers, timers, fuses, and lights. These counterfeits are usually of inferior quality and pose the risk of fire and failure of the product—if not whole electrical systems.

Other fake goods include the obvious: footwear valued at a stunning \$100 million in value was seized by border and customs officials in 2009. Ninety-eight percent of this footwear came from China. Consumer electronic products—cell phones, cameras, music players, and even computers—valued at more than \$38 million were also seized that year. Handbags, wallets and backpacks rounded out the Top Three list of fake imported goods with a value of more than \$21.5 million. And these are just the products that were caught.

A trained eye will frequently detect a fake. An inspection can go a long way toward eliminating a product from the counterfeit supply chain.

Individual consumers should also be savvy when purchasing goods, especially when the prices are steeply discounted. They will be protecting themselves from purchasing a shoddy product that may also be unsafe. Consumers should always:

- Examine the product carefully for signs of bad construction or design

- Look closely at the logo
- Try the product out, especially if it is an electronic good
- Ask where the product came from
- Ask who the seller is sharing the profit with
- Ask about any warranty or guarantee

Crime prevention professionals can help mitigate the sale of fake consumer goods by providing education about the dangers of these products at schools and community group meetings.

The dangers posed by the sale of fake consumer goods are well documented. In the long run, the low price for a cheaply made good may end up costing more in the long run when it needs to be replaced. Not only do consumers risk being ripped off when they aren't sure of the quality or source of the goods they are purchasing, but they may unknowingly be encouraging the spread of gangs and organized crime.

