Chinese Organized Crime and Counterfeiting

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Summary

• Overview of Chinese Organized Crime

• Typical Counterfeit Transaction

• Consequences of Counterfeiting
Types of Chinese OC Groups

• Triads
  – Sun Yee On, 14K, Luen Group, Wo Group

• Gangs, tongs (ethnic or regional)
  – Taiwanese:
    United Bamboo
  – Others:
    Fuk Ching, Red Sun, Big Circle
Triads

• Not all triads are also OC groups - 15-20 out of 50+ triads in Hong Kong are involved in criminal activity

• “Triad” is a term for a Chinese secret society founded in the 1600s to operate against Qing dynasty rule

• Turned to crime in 20th century after fall of dynastic rule in China

• Use hierarchy and ritual, but are very loosely structured. Higher levels are their to resolve disputes, not direct operations.

• Can have significant turf battles between triads, but they will also be very cooperative when advantageous
Areas of operations for 7 of the largest Chinese Organized Crime Groups

- USA
- Canada
- Tri-border Area
- Europe
- Japan
- Southeast Asia/Philippines
- Australia

- Red Sun
- Big Circle
- 14K
- Luen Group
- Sun Yee On
- Wo Group
- United Bamboo
Common crimes

• Protection rackets

• Human trafficking ("Snakeheads")

• Heroin trade ("China White")

• Smuggling & Counterfeiting
  – Document fraud
  – Credit card fraud
    – Cigarettes
    – Consumer goods
Counterfeiting

- FY 2008 Customs IPR Seizures
  - 14,992 seizures;
    $273 million domestic value
  - $222 million (81%) of all seizures were from China
  - Top commodity: Footwear $102 million
    - 96% of this from China
  - Safety and Security Commodities:
    1,950 seizures; $62.5 million
Who cares?

• OECD estimates: $200 billion/year in counterfeit trade.

• Dangerous counterfeits
  – Baby formula, circuit breakers, aircraft and automobile parts, military equipment
  – Cigarettes, vodka

• Counterfeit Pharmaceuticals
  – <1% in industrialized countries but >30% in parts of Africa, Asia, Latin America
  – Medicine purchased online >50% counterfeit, particularly “Canadian” imported drugs
Who’s responsibility is it?

• Law enforcement
  – Wants seize-able assets
  – It’s a trade issue
    – Companies
      – Some care (Disney, Microsoft)
      – Others don’t (fashion)
    – Unless there’s strict liability
• Consumers?
Sources

- "Don deKeiffer, Lawyer for deKeiffer & Horgan." Personal interview. 27 Mar. 2009.