

November 11, 2011

The Honorable Lamar Smith  
Chairman  
House Committee on the Judiciary  
Washington, DC 20515

The Honorable John Conyers  
Ranking Member  
House Committee on the Judiciary  
Washington, DC 20515

Dear Chairman Smith and Ranking Member Conyers:

We the undersigned associations representing the state and local criminal justice community write to urge your support for legislation that would strengthen U.S. law enforcement's capacity to take action against foreign "rogue" websites that traffic in stolen and counterfeit American-made products which pose a severe risk to health and public safety and which help to finance criminal activity within our borders.

While counterfeiting and content thefts are not new, the proliferation and extent of these activities are unprecedented today. Criminals have turned to the Internet, abusing its virtually unlimited distribution opportunities to expand their illegal activities and increase their profits. Many of these sites are based overseas yet rely on U.S. Internet service providers, search engines, payment processors, and advertising services to reach U.S. consumers. Many of these sites deceive Internet users into thinking they are legitimate by accepting major credit cards as forms of payment and featuring advertising from well-known U.S. companies. And they are succeeding; a recent study found that just a small sample of 43 rogue sites generates over 53 billion visits a year.

Counterfeit products are often of inferior quality or harmful design, posing a serious threat to the health and safety of our citizens. Whether pharmaceuticals, baby formula, tooth paste, batteries, brake pads, or the many other counterfeit goods, these items put all people unknowingly at risk.

The cost is high. Copyright theft costs the U.S. economy \$3 billion annually in taxes lost to federal, state, and local governments, according to the Institute for Policy Innovation. As state and local governments struggle to prevent and respond to crime, every dollar matters.

More troubling, however, is the evidence that organized crime is turning to counterfeiting to finance their operations. U.S. Immigration and Customs Enforcement (ICE) reports "the trend of criminal organizations and terrorists to add counterfeit goods trafficking to their portfolio of criminal enterprises, using their ill-gotten proceeds to finance other criminal ventures." Further, the RAND Corporation has found that "DVD piracy, which has a higher profit margin than narcotics and minimal risks of enforcement, is attractive around the world as an element of criminal portfolios that also include drugs, money laundering, extortion, and human smuggling."

To effectively disrupt the rogue sites' business model, law enforcement needs the authority to enlist the help of other players in the Internet business, including infrastructure providers like ISPs and financial service providers like payment processors, to cut these sites off from the American marketplace. The

recently introduced bills, S. 968 and H.R. 3261, would authorize the use of these tools, helping to ensure that counterfeiters can no longer profit from this illegal activity.

We urge Congress to make the enactment of rogue sites legislation a top priority this year. On behalf of public safety community, we thank you for your leadership on this important issue.

Sincerely,

*National Criminal Justice Association*

*National District Attorneys Association*

*Major City Chiefs*

*Council of State Governments*

*National Troopers Coalition*

*National Sheriffs Association*

*National Center for Victims of Crime*

*National Domestic Preparedness Coalition*

*Association of State Criminal Investigative Agencies*

*National Association of Fusion Center Directors*

*International Union of Police Associations*

*National Association of Prosecutor Coordinators*

*Major County Sheriffs*

*National Narcotics Officers' Associations' Coalition*

*National Association of State Chief Information Officers*

Copies to:

The Honorable John Boehner, Speaker of the House, U.S. House of Representatives

The Honorable Nancy Pelosi, Democratic Leader, U.S. House of Representatives