

**Recording Industry Association of America
Nationwide Anti-Piracy Enforcement Bulletin**

A Monthly Newsletter – Informing, Communicating, and Educating – January 2006



The Recording Industry Association of America (RIAA) is the trade group that represents the U.S. recording industry. Its mission is to foster a business and legal climate that supports and promotes our members' creative and financial vitality. Its members are the record companies that comprise the most vibrant national music industry in the world. RIAA members create, manufacture and/or distribute approximately 90% of all legitimate sound recordings produced and sold in the United States.

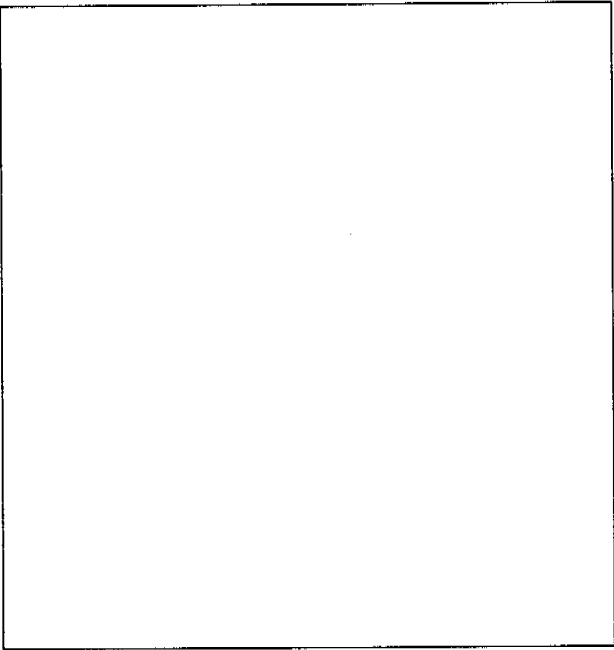
The Anti-Piracy Department of the RIAA investigates the illegal production and distribution of sound recordings, which costs the music industry hundreds of millions of dollars a year domestically.

Consumers, retailers, and replicators can report suspected music piracy to the RIAA by calling a toll-free hotline, 1-800-BAD-BEAT, or sending e-mail to badbeat@riaa.com.

REPORT MUSIC PIRACY

When reporting incidents of music piracy, please include the following information whenever possible:

- The location with street address and/or name of business
- Day and time the illegal recordings are being sold
- The genre and the amount of illegal recordings available
- The price of each item



PIRACY HURTS EVERYONE

Many do not understand the significant negative impact of music piracy. Though it would appear piracy only affects record companies, this impression is a mere fallacy.

Consumers lose because the shortcut savings enjoyed by pirates drive up the costs of legitimate product for everyone. Plus, good luck returning a pirated tape or CD when the quality is inferior or the product is defective, as it often is.

Retailers and distributors lose sales to pirates because they can't compete with the low prices charged for the cheaply produced illegal copies. Pirates such as street vendors can take away as much as 40% of a legitimate retailer's sales, often forcing them out of business.

Governments use the tax revenues generated from legitimate record sales to help pay for many public services such as education and health care.

For additional copies of the Enforcement Bulletin, or to add members to the mailing list, please contact Aj Jones at 202-775-0101 or ajones@riaa.com

Nationwide Enforcement Activity

This is a highlight of some of the enforcement activity conducted by various law enforcement agencies across the country. During the month of January, multiple enforcement agencies from thirteen different states conducted enforcement action to help reduce music piracy committed across the country.

Florida

On January 18, 2006, a Pensacola defendant was sentenced to five years probation, \$919 in fines and court costs and \$3,300 in restitution to the RIAA as the result of a raid in May of 2005 at the Pensacola Flea Market. Led by a joint operation consisting of members of the Escambia County State Attorney's Office, the Escambia Sheriff's Office, the RIAA and the MPAA, 4,062 piratical CD-Rs and fourteen vehicles used to transport the goods were seized. An unspecified number of CD-R burners were also seized at the time of his arrest.

On January 20, 2006, the Motion Picture Association of America assisted members of the Volusia County Sheriff's Office in enforcement actions against a vendor manufacturing and selling CD-Rs & DVDs from a gas station on North Nova Road in Daytona Beach. The enforcement resulted in the arrest of one suspect and the seizure of 1,201 counterfeit CD-Rs, 228 counterfeit movie DVDs, 14 CD-R burners, a television and one VHS/DVD player. RIAA investigators responded to the Volusia County Sheriff's Office regarding the examination of the CD-Rs seized and providing depositions to the arresting officer.

On January 28, 2006, RIAA investigators assisted members of the Okeechobee Sheriff's Department in vendor enforcement and arrested two suspects at a flea market on US Highway 441 South in Okeechobee. Seized as a result were 3,500 CD-Rs and 300 counterfeit movie DVDs. Following the seizure, RIAA investigators assisted members of the Okeechobee Sheriff's Department on January 31 in a consensual search at a hotel on North Parrott

Avenue associated to the arrest made at the flea market. The search resulted in one arrest and 15 CD-R burners, 1,000 counterfeit CD-Rs, 30 molded CDs and 400 blank CD-Rs were seized.

Georgia

On January 11, 2006, Atlanta Police were conducting a narcotics investigation on a retail store located on Cascade Road in Atlanta. During their investigation, the officers arrested the owner on narcotics charges and uncovered a distribution operation run from a back room in the store. A total of 14,749 piratical CD-Rs and 4,440 piratical movies were recovered from the location. The suspect is cooperating with police and no further charges will be filed.

On January 14, 2006, after a brief investigation, members of the Atlanta Police Department, assisted by the RIAA, executed a search and seizure warrant at a known distribution location located on Ralph David Abernathy Boulevard. During the operation a total of 5,975 counterfeit CD-Rs, 2,980 counterfeit movie DVDs and 93 CD / DVD burners were seized from three locations within the flea market. Arrested on the scene were four suspects who were transported to central booking for further processing.

Illinois

On January 29, 2006, information was provided to RIAA Investigators that a large quantity of illegal music CDs and movie DVDs were being sold at a flea market in Matteson. Investigators went to the location and made an undercover purchase and contacted the Matteson police who upon their arrival, seized 4,313 counterfeit and

piratical CD-Rs. Both of the suspects on the scene were arrested and charged with felony violations and it was later discovered that the CDs were shipped from Los Angeles to Matteson via Federal Express mail.

Maryland

On January 24, 2006, a Baltimore man was recently found guilty for the sale of illegal music and movies and given a sentence of one year jail time, one year probation and fined \$5,000. This conviction is the result of the defendant's September 2005 arrest after the Baltimore City Police Department executed a search warrant at the defendant's place of business and confiscated 5,995 counterfeit and piratical CD-Rs and 1,740 counterfeit movie DVD-Rs.

On January 24, 2006, a Baltimore store owner received a seven year (suspended) prison sentence and five years probation after he was convicted in Baltimore City Circuit Court for the sale of counterfeit music and movies. This conviction and sentence is the result of defendant's arrest in November of 2005 after the Baltimore City Police Department searched his business and confiscated 5,517 counterfeit and piratical CD-Rs and 1,400 counterfeit movie DVD-Rs.

On January 25, 2006, a Maryland man was convicted and sentenced to 18 months in prison and 18 months probation resulting from an arrest by the Baltimore City Police after they observed the defendant at a local flea market selling illegal CDs and DVDs. At the time of his arrest, officers seized 555 counterfeit and piratical CD-Rs and 226 counterfeit movie DVD-Rs.

On January 26, 2006, a Baltimore city man was convicted with two charges for the unauthorized sale of counterfeit music and movies. He was sentenced to eight months in jail. The Baltimore City Police Department confiscated 218 counterfeit CD-Rs and 61 counterfeit movie DVD-Rs during the time of his arrest.

Michigan

On January 19, 2006, a Detroit man was arrested after police observed numerous music CDs and movie DVDs inside his vehicle during a routine traffic stop. Police notified RIAA investigators and requested help with identifying the evidence. RIAA investigators responded to the Detroit Police Department and confirmed the illegality of 1,957 counterfeit and piratical CD-Rs. A total of 1,747 counterfeit movie DVD-Rs and eight CD / DVD burners were also seized.

On January 19, 2006, during a routine traffic stop, a Michigan State Trooper observed CDs and DVDs inside the suspect's vehicle. The driver admitted to the Trooper that he manufactures, distributes and sells counterfeit music and movies and was arrested accordingly. The Trooper notified FBI agents and the suspect agreed to a search of his residence where several CDs, DVDs and other manufacturing equipment were found at which point, RIAA investigators were requested to report to the FBI office to identify and inventory the evidence. Confiscated from the offender's vehicle and residence were a total of 8,024 counterfeit and piratical CD-Rs, 1,389 counterfeit movie DVD-Rs, 14 CD / DVD burners, 300 blank CD-Rs, 950 blank DVD-Rs, 90 empty jewel cases and 250 CD / DVD paper sleeves.

On January 19, 2006, a Detroit man was arrested after police observed numerous music CDs and movie DVDs inside his vehicle during a traffic stop. Police notified RIAA Investigators who responded to the request for help with identifying the evidence and confirmed the illegality of 1,957 counterfeit and piratical CD-Rs, 1,747 counterfeit movie DVD-Rs and eight CD / DVD burners, all of which were seized.

On January 29, 2006, a recidivist was arrested at the County Line Flea Market in Warren. RIAA Investigators made several undercover buys from the vendor and informed police of the illegal activity. Upon their arrival, officers confiscated 3,132 counterfeit and piratical CD-Rs, 383

counterfeit movie DVD-Rs, 10 CD / DVD burners, one CD player and one DVD / MP3 player. The suspect and his brother were arrested and charged accordingly.

Minnesota

On January 29, 2006, an informant advised RIAA Investigators that counterfeit CDs were being sold at the Minneapolis Convention Center. RIAA investigators went to the convention center and conducted a voluntary surrender agreement at a booth and confiscated 605 counterfeit and piratical CD-Rs. This case and the suspects involved are still under investigation.

New York

On January 3, 2006, RIAA investigators assisted the New York Police Department's Organized Crimes Investigations Division Unit in the execution of a search warrant on Rosedale Avenue in the Bronx. The enforcement resulted in one arrest and the seizure of eight towers containing 74 CD-R burners (52x), 3,400 counterfeit / piratical CD-Rs and 2,304 counterfeit movie DVDs. A separate search warrant executed on West 36th Street in New York City resulted in the seizure of 12,400 counterfeit and piratical CD-Rs and 12,960 counterfeit movie DVDs.

On January 5, 2006, the New York Police Department's 13th Precinct assisted by the RIAA, executed a search warrant at a sandwich shop in New York City. The enforcement resulted in one arrest and the seizure of 13,000 counterfeit / pirated CD-Rs and 6,505 counterfeit movie DVDs. An additional search on 8th Avenue resulted in five additional arrests and the seizure of 33,600 counterfeit CD-Rs and 19,104 counterfeit movie DVDs.

On January 10, 2006, RIAA investigators assisted the New York Police Department's Organized Crimes Investigations Division Unit

in the execution of a search warrant on West 27th St in New York City. Seized were a total of 8,100 counterfeit / piratical CD-Rs and 4,300 counterfeit movie DVDs.

On January 17, 2006, RIAA investigators assisted the New York Police Department's 63rd precinct with the execution of a search warrant on Church Street in Brooklyn. This action resulted in the arrest of two suspects and the seizure of 4,734 piratical CD-Rs. It was later discovered that one of the offenders admitted to making the CD-Rs in the basement of his apartment. After giving consent to search his residence, 44 CD-R burners and other raw materials were seized

On January 18, 2006, RIAA investigators assisted the New York Police Department's 79th Precinct in executing a search warrant at a retail record store on Fulton Street in Brooklyn. This action resulted in the arrest of 3 subjects and the seizure of 30,408 piratical and counterfeit CD-Rs.

On January 26, 2006, the New York City Police Department Organized Crimes Investigations Division Unit with the United States Secret Service and assisted by the RIAA and MPAA, executed four search warrants on Broadway in New York City. As a result, three suspects were arrested and the seizure of 23,000 counterfeit CD-Rs and 32,000 counterfeit movie DVD-Rs.

North Carolina

On January 10, 2006, RIAA Investigators assisted the NC Secretary of State's Office with a raid on a variety store located in Winston-Salem. A total of 2,009 counterfeit CD-Rs were seized and no arrests were made due to the strong possibility of the case going to federal law enforcement. Immigration Customs Enforcement is interested due to and estimated \$300,000 in counterfeit goods being seized from the location.

On January 18, 2006, the RIAA conducted a one hour training for 31 police cadets currently

attending the Western Piedmont Police Academy in North Carolina.

Oklahoma

On January 11, 2006, while executing a narcotics search warrant, Officers with the Oklahoma City Police Department seized six CD-R burners, two printers, one scanner and 850 piratical CD-Rs from the residence of the defendant. The suspect will be charged with violating Oklahoma's Actual Name Statute and also for drug possession.

Pennsylvania

On January 6, 2006, RIAA investigators conducted surveillance on Wayne and Chelton Avenues, an area known for the sale of illegal CDs and DVDs in Philadelphia. Investigators observed two males selling illegal CDs and DVDs and notified Philadelphia Police. The police arrived on the scene and seized 854 counterfeit / pirate CD-Rs and 782 counterfeit movie DVD-Rs. Both individuals were arrested and charged accordingly.

On January 10, 2006, a Philadelphia recidivist was convicted and sentenced to 23 months jail time and ordered to pay \$500 in restitution to the RIAA. The defendant has a history of several arrests for the sale of counterfeit music and movies. The latest arrest was during August of 2005 when Philadelphia police observed him attempting to sell illegal CDs and DVDs on a highway. Seized at the time of the arrest were 154 counterfeit CD-Rs, three counterfeit music DVDs and 141 counterfeit DVD movies.

On January 10, 2006, a seven time offender known widely for the sale of counterfeit music and movies pleaded guilty and was sentenced to 23 months in prison and one year reporting probation. He was also ordered to pay \$500 in restitution based on an arrest made in September of 2005 when Philadelphia police observed him selling illegal CDs and DVDs. Confiscated at the

time of his arrest were 156 counterfeit CD-Rs and 209 counterfeit movie DVD-Rs.

On January 27, 2006, following a six month investigation by RIAA investigators, Philadelphia Police (East Detective Division) executed search warrants at two residences believed to be manufacturing illegal music CDs and movie DVDs. Confiscated from the two residences were 468 counterfeit and piratical CD-Rs, two counterfeit music DVD-Rs, and 1,371 counterfeit movie DVD-Rs as well as a 357 Caliber Colt Combat Cobra handgun and a box of ammunition. The weapon was previously reported as stolen in New Jersey and one individual was arrested and charged.

On January 31, 2006, a Philadelphia man was found guilty and sentenced to 23 months in prison and ordered to pay \$5,000 in restitution to the RIAA. This conviction was the result of an arrest made in October of 2004 after Philadelphia police observed 289 counterfeit CD-Rs inside the defendant's vehicle.

Rhode Island

On January 28, 2006, the Rhode Island State Police and the United States Department of Homeland Security with assistance from MPAA and RIAA investigators, executed four search warrants and made a sweep of street vendors and mobile distributors in the City of Providence. This enforcement action resulted in the arrest of six suspects and the seizure of 8,492 counterfeit CD-Rs, 3,613 counterfeit movie DVD-Rs, one CD-R burner and five vehicles used to transport the illicit product.

South Carolina

On January 15, 2006, York County Sheriff Department conducted a raid at The Flea Market at Pineville in Fort Mill and arrested three suspects. Seized from the vendors were a total of 1,292 counterfeit CD-Rs.

On January 26, 2006, Camden Police executed a search warrant at a retail location that was under investigation for distributing counterfeit goods. Upon entering the business, law enforcement located 739 counterfeit CD-Rs as well as numerous counterfeit trademark violations. The owner is currently under investigation in this matter. The defendant in this matter was arrested in July of 2002 after both of his retail locations were raided and over 3,400 piratical CD-Rs and 7,952 counterfeit cassettes were seized. He pled guilty in December of 2002 and was ordered to pay \$24,000 to the RIAA which was paid in full in less than a month.

On January 28, 2006, RIAA investigators assisted the Sumter Police Department with a raid at a flea market. Seized during the raid were 1,014 counterfeit CD-Rs, 288 counterfeit movie DVDs and the two vendors on the scene were arrested and charged.

Texas

On January 10, 2006, 55 members with the FBI, the EL Paso Police Department and the Texas Department of Public Safety received music piracy training from the RIAA.

On January 11 and 12, 2006, 64 members of the U. S. Customs and Border Protection and three members from the Houston Police Department received music piracy training from the RIAA at their offices in Dallas and Houston.

On January 14, 2006, acting on multiple complaints from member companies, RIAA investigators went to the 2900 block of Lombardy Lane in Dallas to investigate street vendors in the area of the El Paisano Taqueria and the Taco Grande Taqueria. While at the location, four individuals were found selling piratical CD-Rs. The investigators contacted patrol officers who arrived on the scene and proceeded to arrest all of the suspects. In total, 3,945 piratical CD-Rs were seized.

On January 20, 2006, four members of the Dallas Police Department's Central Deployment Unit received music piracy training from the RIAA. On the same day, members of the Dallas Police Department Central Deployment Unit arrested a street vendor in Dallas and seized 812 piratical CD-Rs attributed to the instruction at the training.

INTERESTING STATS CONCERNING COMMERCIAL MUSIC PIRACY IFPI REPORT 2005: KEY FIGURES

Music disc piracy rose 2% to 1.2 billion discs in 2004, the lowest level of growth in five years but nearly twice the number of pirated discs in 2000

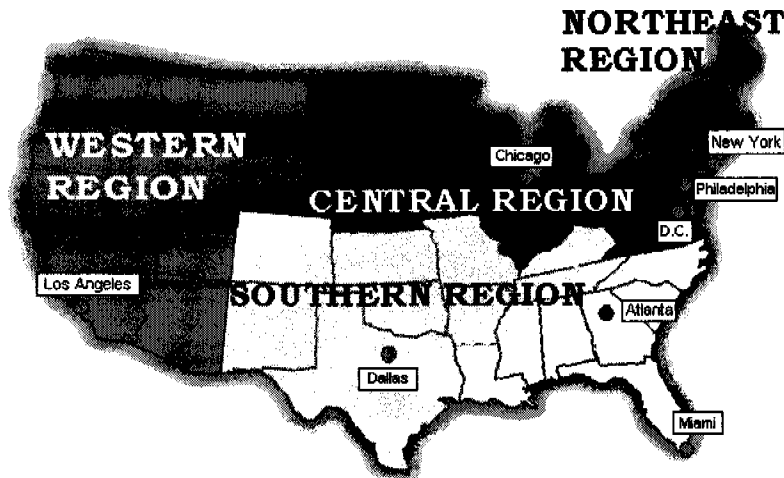
Anti-piracy enforcement efforts helped in the de-commissioning of 87 CD production lines (up from 68 in 2003) and the seizure of 28,350 CD burners, double the level of 2003

Sales of all pirate recordings fell slightly to 1.5 billion units, as cassette piracy fell by 28% to 390 million units in 2004

Pirate sales outnumber legitimate sales in 31 countries

Pirate operations are getting smaller but more numerous as disc piracy shifts increasingly to smaller-scale high-speed CD-R burning labs.

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